

ICE submission to the Australian Productivity Commission: Interim report on investing in cheaper, cleaner energy and the net zero transformation

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About the ICE

The Institution of Civil Engineers (ICE) is a 97,000-strong global membership organisation with over 200 years of history.

It is a centre of engineering excellence, qualifying engineers and helping them maintain lifelong competence, assuring society that the infrastructure they create is safe, dependable and well designed.

Its network of experts offers trusted, impartial advice to politicians and decision makers on how to build and adapt infrastructure to create a more sustainable world.

For more information, please contact: policy@ice.org.uk.

Submission

Speeding up approvals for new energy infrastructure

Infrastructure projects should be assessed, prioritised and pursued against their contribution to Australia's long-term vision – and decarbonising the grid is a national priority. ICE supports the Productivity Commission's recommendation to establish a Clean Energy Coordinator-General and specialist strike team to reduce bottlenecks for priority renewable energy projects. Centralising expertise and responsibilities can support the improved rollout of clean energy infrastructure, provide a clear channel of support for project proponents, and help ensure Australia meets its clean energy objectives.

There are similarities here to the UK government's Clean Power 'Mission Control', an initiative launched in July 2024 to accelerate the country's transition to clean energy by 2030. Mission Control is a centralised task force within the Department for Energy Security and Net Zero to break down barriers to energy infrastructure development, coordinate actions across government and industry, monitor progress in real time, troubleshoot delays, fast-track critical projects, and provide strategic advice on investment locations and infrastructure needs.

It is important to note there are currently high levels of investment across different areas of the Australian economy – transport, housing, defence and energy – which increases demand for materials and skilled labour. This will continue to exacerbate challenges in the delivery of new energy infrastructure.

The ICE also notes the Commission's recommendation to amend the Environment Protection and Biodiversity Conservation Act 1999 (Cth) to require the Minister to consider the needs of the energy transition when approving projects. This change is consistent with embedding national priorities into approvals. Embedding sustainability, decarbonisation and resilience into

decision-making will ensure approvals support broader economic and social outcomes. But reforms must also maintain environmental safeguards and public confidence.

Engagement with First Nations communities must continue to be central to the process. International experience, including from Peru, Canada, and New Zealand, demonstrates that integrating Indigenous perspectives into infrastructure planning strengthens outcomes and improves delivery.¹ ICE recommends appointing a dedicated field engagement expert within the approvals strike team to guide proponents in effective and appropriate engagement. Early, culturally sensitive consultation with Traditional Owners reduces late-stage conflict, provides certainty for proponents, and ensures projects receive appropriate social licence and deliver for the communities they seek to serve.

Our consultation with members and government officials in Australia has highlighted that improving productivity in infrastructure delivery requires both cultural and systemic change across the full project lifecycle.² If the government seeks to accelerate approval times for priority energy infrastructure, this must not come at the expense of robust evaluation processes. While speeding up approvals will be vital to achieving net zero by 2050, reforms must establish appropriate safeguards, standardised processes, and alignment with national priorities. If well targeted, this will provide both pace and certainty while maintaining community trust.

Reducing the cost of meeting emissions reduction targets

The ICE acknowledges the urgent need to establish enduring, market-based mechanisms that support investment in clean and green energy. Current policy settings – including the Renewable Energy Target (RET) and the Capacity Investment Scheme (CIS) – have successfully reduced costs and accelerated the deployment of renewables by enabling them to compete more effectively with fossil fuels in wholesale energy markets. However, both are due to end before 2030. Without a successor framework, Australia risks losing momentum in decarbonising its electricity sector.

The ICE supports the Productivity Commission’s recommendation for a nationally consistent, technology-neutral, market-based incentive framework to guide the electricity transition beyond 2030. International experience demonstrates that clear, predictable, and cost-reflective policy settings are essential for building investor confidence and enabling least-cost investment in new generation capacity. For example, the UK’s Contracts for Difference scheme reduced offshore wind prices by over 70% in less than a decade, while the EU Emissions Trading System has provided a durable mechanism for driving down emissions across multiple sectors.³

The ongoing National Electricity Market (NEM) review⁴ presents an opportunity to embed such a framework into Australia’s policy landscape. Embedding emissions incentives alongside reliability and system security will provide a comprehensive and integrated approach to energy market reform. The ICE supports the recommendation that non-NEM jurisdictions, such as Western Australia and the Northern Territory, also align with these principles to avoid fragmented approaches.

Once a national framework is in place, overlapping state- or technology-specific schemes should be phased out unless rigorous analysis demonstrates that they deliver clear additional benefits, such as innovation spillovers or enhanced reliability. A consistent national approach will reduce duplication, improve efficiency, and ensure public funds are deployed where they achieve the greatest impact.

In addition to policy reforms, there is also an opportunity to address energy project costs through improved procurement and contracting practices. Competitive tendering focused solely on lowest cost has historically stifled innovation and limited

¹ ICE (2025) [How can governments ensure their infrastructure plans support indigenous communities?](#)

² ICE (2024) [ICE policy position statement: how can infrastructure delivery productivity in Australia be improved?](#)

³ UK Government Department for Energy Security and Net Zero (2023) [Offshore wind net zero investment roadmap](#); European Commission (2025) [EU Emissions Trading System has reduced emissions in the sectors covered by 50% since 2005](#)

⁴ Department of Climate Change, Energy, the Environment and Water (2025) [National Electricity Market wholesale market settings review](#)

opportunities for collaboration. Procurement reform should therefore be pursued in parallel, ensuring that quality, resilience, innovation and whole-of-life costs are rewarded above the lowest upfront price.

Infrastructure contracts in Australia are often labelled as “standard” but are in fact heavily customised. The influence of legal advisors in government procurement processes has entrenched a preference for bespoke agreements that increase complexity, raise transaction costs, and deter capable contractors from bidding. This uniqueness also undermines efficiency once projects are underway, as contracts are frequently set aside after execution and only revisited when disputes arise. Adjustments to manage cost pressures, delays, or changes in scope are then handled on an ad hoc basis, further eroding delivery certainty.

These challenges are compounded by poor risk allocation, which contributes to runaway project costs, schedule overruns, strained relationships, and, in some cases, project failure. Placing a disproportionate share of risk on contractors is particularly problematic in the current environment, where firms already face declining profitability, escalating material and labour costs, supply chain disruptions, workforce shortages, and increasing climate and cyber-security risks. A healthy contractor market is essential in underpinning competitive tension, and lifting the quality of infrastructure provision over time. Such contractual practices undermine the very investor confidence and least-cost outcomes that well-designed emissions reduction frameworks seek to achieve.

To address this, Australia should adopt collaborative contracting approaches in the delivery of clean energy infrastructure. These models, which ICE champions internationally, ensure that risks and rewards are shared fairly between government, investors, and contractors.⁵ By fostering openness, regular communication, and joint accountability, collaborative contracts can reduce disputes, encourage innovation, and deliver more predictable outcomes. Embedding these practices into the clean energy transition would strengthen trust between government and industry, improve efficiency across the project lifecycle, and ultimately support Australia’s long-term decarbonisation objectives.

Fill gaps and eliminate overlaps in transport

With a growing focus on emissions reduction incentives for heavy vehicles, it is important to note that sufficient charging infrastructure is still needed to support the light vehicle user transition to EVs. It is only possible to change public behaviour if infrastructure and services are in place to allow people to make different choices without undue friction.

Public engagement must also be part of a broader program of infrastructure upgrades to accelerate the net zero transition. Research carried out in the UK by Transport for the North highlighted that consumers within the EV market still need more choices of affordable new models within the market. Choices in the second-hand vehicle market and options for repairing and servicing hybrid and electric vehicles also remain limited.⁶

There is also a need to reduce vehicle size. The bigger the vehicle, whether internal combustion or electric, the lower the fuel efficiency and higher the emissions⁷. Improved design guidance, including for the size of parking bays, can thus help encourage a move away from purchasing larger cars. Behavioural or ‘nudge’ interventions (such as the introduction of blue triangles on number plates) can also act as an encouragement and a visual reminder to other road users of the benefits of switching to a zero-emission vehicle.⁸

The UK’s National Infrastructure Commission highlighted that public attitudes towards congestion charging increased in support when people understood that the revenue raised would be spent on improvements to local transport.⁹

⁵ ICE (2025) [NEC Contracts](#)

⁶ Transport for the North (2024) [How Can We Increase Consumer Confidence in the Electric Vehicle Transition?](#)

⁷ Sustrans (2023) [Why Are Cars Getting Bigger? A Deep Dive Into How UK Regulations Are Enabling Car Size Growth](#)

⁸ UK Department for Transport (2020) [Road to Zero in Sight as Green Number Plates Introduced on UK Roads](#)

⁹ UK National Infrastructure Commission (2023) [The Second National Infrastructure Assessment](#)

Addressing barriers to private investment in adaptation

ICE agrees that a climate risk database, resilience rating system and guidance on cost-effective resilience upgrades are positive steps towards improving housing resilience in Australia. Agreed goals for housing resilience across all levels of government would allow for coordinated policies and the development of adaptation standards – which are powerful tools that support private businesses in their climate change adaptation journey by demonstrating best practice.

Adaptation and resilience must be a key consideration for councils and communities shaping future local plans, and resilience must be embedded into land-use planning and development decisions. Local planning authorities should set out clear expectations for the information they require from applicants on climate resilience impacts and ensure that this information is accessible to all. No new development should be permitted that exacerbates existing climate risks.

One of the challenges with making climate resilience and adaptation a priority is that its value is not fully captured in monetary terms, meaning it is not measured or rewarded accurately. In general, flood risks and the impact of climate change are often assessed, but other climate hazards are not always taken into account.

The world is already experiencing an increasing frequency of extreme weather events and other climate change impacts. Countries, organisations and communities need to develop adaptation solutions and implement action to respond to the impacts of climate change that are already happening, as well as prepare for future impacts.