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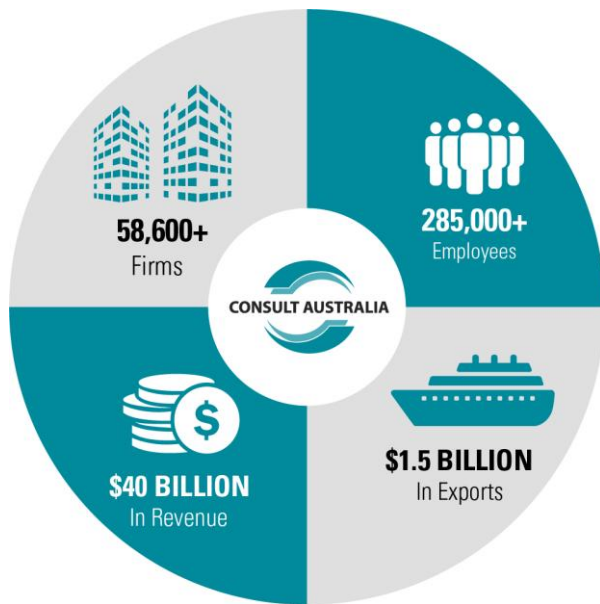
Building a Skilled and Adaptable Workforce – Interim Report

SUBMISSION TO PRODUCTIVITY COMMISSION

Consult Australia

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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 Building a Skilled and Adaptable Workforce under the five pillar productivity growth agenda. We support the intent of interim recommendations to:

- boost the quantity and quality of skills in Australia
- improve the adaptability of the workforce through opportunities to upskill
- streamline entry requirements to make better use of existing skills.

We are pleased to provide more information on key aspects:

- **Balancing training with business demands** — Given the challenges faced by small business, Consult Australia questions whether trialling financial incentives and advisory services are enough without some action to address other existing pressures. Consult Australia recommends further engagement with industry, specifically SME businesses to explore the issues and find practical ways for implementation that will address skills shortages and balance competing demands. Consult Australia would welcome the opportunity to host a forum with the Productivity Commission and our SME member businesses.
- **Barriers to occupational use** — Consult Australia's experience is that government procurement policies are likely to restrict or hamper occupational use. We provide examples to highlight the value of having intersecting policy levers to support productivity outcomes. In the case of workforce, nothing is solved by one policy lever. Consult Australia recommends the combined impact of government policies on occupational use is considered to build a skilled and adaptable workforce.

The members of Consult Australia design the future. With every design, advisory and engineering service provided by our membership, there is a positive impact on job growth, community connectivity, and economic productivity. Australia's productivity will continue to lag and the ability to innovate will remain stifled if the government does not address barriers to confidence, commerciality, mobility, coordination and quality.

Our industry is navigating the complexity of balancing systemic skills shortages with significant uncertainty on the forward program and continuity of work, as evident in the results of our [2024 Confidence and Continuity report](#). For our member businesses, lack of continuity of work makes it challenging to hold resources and/or invest in capability. Where member businesses work across jurisdictions, workforces are managed nationally, and pipeline coordination is important as members look across sectors for opportunities to support their business.

The solutions to the skills shortage crisis in our industry is multi-factored as reflected in our [Thinking smarter about skills](#) paper. The paper outlines the key challenges which are impacting education, recruitment and retention, along with proposed solutions. These workforce challenges are faced across the infrastructure and construction sector.

It is encouraging that the Commission has taken a broader view of workforce and not forgotten about the importance of enhancing the pathway from primary school to employment to grow the potential workforce and capacity.

A vital consideration that seems to be missing from the interim reports for the five pillars productivity growth agenda is the interplay between the five areas, as nothing happens in a silo. Our submissions, across the pillars, demonstrate how improvements in one area, such as workforce can benefit other areas such as business dynamism. Consult Australia has provided recommendations for building workforce and skills in its submission to the Interim Report into Investing into Cheaper, Cleaner Energy and the Net Zero Transformation.

Balancing training with business demands

The Interim Report recommends better target incentives to lift work-related training rates in small to medium enterprises (SMEs). This includes trialling:

- financial incentives to increase work-related training for SMEs
- SME advisory services to support work-related training.

The Commission requested further information on these recommendations. Consult Australia agrees that it is important to understand how small business operate to inform these recommendations.

In our 2025 survey (not yet published), the biggest challenges experienced by SME respondents were:

- meeting client requirements
- work/life balance and mental health/wellness
- staff recruitment/retention
- escalating costs of doing business
- legislative/regulatory changes.

Additionally, 57% of SME business respondents identified wages/salaries as their most rapidly increasing cost. Most SME businesses surveyed pay above award, and market rates to attract and retain staff and already offer ongoing training and development as part of staff retention strategies. This is in an environment where SME members are competing with much larger businesses for talent. There is complexity to the capacity issues faced by our members as in the longer term there are systematic skills shortages, but in the short term there is insufficient pipeline certainty so there is capacity to deliver. With this complex interplay, our member surveys since 2013 consistently show shortages across civil engineering and structural engineering, and a growing need for technology, AI and coding skills.

Further, it should be noted that over 90% of Consult Australia members (including sole traders and small businesses with only one office location) provide services in more than one jurisdiction and navigate the custom regulation and requirements in each jurisdiction. Every billable hour spent navigating complex regulation and onerous client requirements represents income foregone and impinges on time available for workforce health and development.

Given the above challenges, Consult Australia questions whether trialling financial incentives and advisory services are enough without some action to address the existing pressures.

Consult Australia therefore recommends further engagement with industry, specifically SME businesses to further explore the issues and find practical ways for implementation that will address skills shortages and balance competing demands. Consult Australia would welcome the opportunity to host a forum with the Commission and our SME member businesses.

Barriers to occupational use

The Interim Report focuses on occupation entry requirements (OER) and recommendations include cross-jurisdictional coordination to remove excessive and unproportionate regulations and incentivising reform through the National Competition Policy.

Consult Australia provided a [submission](#) to the Commission's National Competition Policy Analysis inquiry and [supports](#) its' interim recommendations, which include instigating an independent evaluation of Automatic Mutual Recognition scheme. Consult Australia would like to see further reform to deliver increased occupation use that will enhance productivity and enable our members to plan, design and deliver infrastructure around Australia.

As mentioned above, our industry faces systematic skills shortages in the long term but unclear pipeline certainty in the short term. In this complex environment it is even more important that the existing workforce is not restricted from participating and continues to grow. Consult Australia's experience is that government procurement policies, rather than the laws, are more likely to restrict or hamper occupational use. We provide examples below to highlight the value of having intersecting policy levers to support productivity outcomes. In the case of workforce, nothing is solved by one policy lever. Consult Australia recommends the impact of government policies on occupational use is considered to build a skilled and adaptable workforce.

Examples of procurement policy practices creating occupational use hurdle

Target setting without market knowledge

Procurement policies can set a target for employment of underrepresented groups; however, these do not necessarily account for the lead time needed to develop skilled people, especially in technical roles and this impacts of the size of the available workforce. This makes the target difficult, if not impossible to achieve without other interventions much earlier in the education system.

For example, a university engineering degree takes approximately 5.5 years to complete, with at least an additional 5 years of professional experience to meet the requirements for independent practice and for registration as a professional engineer in many jurisdictions.

It is vital to acknowledge that industry cannot solve this pipeline of talent alone, especially for disciplines where it is shown that decisions can be made as early as primary school.

Preference for localism

A procurement requirement for local experience on similar projects can restrict the diversity of market participants tendering. This requirement can reduce the ability of businesses to introduce new people from other jurisdictions or sectors to develop their experience. It also limits using overseas complementary resources.

An over-reliance on local experience on similar projects can mean that jurisdictions miss out on expertise and innovation that suppliers have provided in other jurisdictions.

Focus on corporate experience over practitioner experience

Where procurement and/or prequalification requires corporate experience, valuable practitioner experience is ignored. This is notable given turnover within our industry is between 10–20%. This requirement can limit the diversity of market participants. For example, this requirement would limit an SME where the practitioners have relevant project experience, but that was developed at a different (likely larger) business. However, that larger business still benefits from the project experience, even if none of the delivery team remain.

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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