

Productivity Commission

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Investing in Cheaper, Cleaner Energy and the Net Zero Transformation – Interim Report (August 2025)

Executive Summary

The Engagement Institute welcomes the opportunity to comment on the Productivity Commission's interim report on Investing in Cheaper, Cleaner Energy and the Net Zero Transformation. Improving community engagement will assist in speeding up approvals processes and increasing public trust in the transition process.

Evidence from Australia and internationally demonstrates that when engagement is genuine, transparent, and well-resourced, communities are more likely to support infrastructure projects, and governments are more likely to achieve policy goals without costly disputes or delays. Conversely, inadequate engagement has repeatedly caused significant financial losses, project cancellations, and reputational damage. NextGen Engagement research shows that projects with robust early engagement are up to 30% more likely to proceed on schedule than those where engagement is delayed.

Establishing a strong foundation for engagement starts with working to a common understanding of what engagement is. The Engagement Institute defines engagement as follows:

Engagement is an intentional process with the specific purpose of working across organisations, stakeholders, and communities to shape the decisions or actions of members of the community, stakeholders, or organisation in relation to a problem, opportunity, or outcome.

For engagement to be meaningful and successful, it needs to be undertaken for the right purpose, at the right time, and with the right people.

Our submission makes practical suggestions for how the Commission's recommendations can be implemented, advocating for enforceable national engagement standards, embedding engagement in regional planning, broadening access to social risk data, and requiring proponents to demonstrate engagement maturity through independent tools such as EngageMark. We further recommend embedding engagement expertise in key agencies and roles to ensure engagement informs all priority projects.

Introduction: Engagement as the Social Infrastructure of the Transition

The clean energy transition represents not only a technical and financial undertaking but a profound social transformation. It will reshape landscapes, generate new industries, and require the retirement of existing assets that communities have depended on for decades. These shifts present both opportunities and disruptions, and it is through high-quality engagement that they can be addressed constructively.

The Australian Energy Infrastructure Commissioner identified in the Community Engagement Review that poor community engagement practices were decreasing trust in developers and the energy transition, projects delayed due to community concern.

Wind farms in Victoria and South Australia have faced legal challenges and delays where communities felt excluded from decision-making. Projects that incorporated benefit-sharing mechanisms, such as community co-ownership and local investment funds, have been more successful. These examples illustrate that engagement is not merely about risk avoidance but about co-creating opportunities.

Indigenous Australians must also be engaged as active leaders and partners in the clean energy transformation, not passive consultees. Embedding enforceable First Nations engagement standards within national environmental laws will ensure this leadership role is recognised and resourced.

Finally, engagement underpins democratic legitimacy and economic productivity. Where communities perceive exclusion, trust in institutions deteriorates, slowing down the system-wide transformation. Where engagement is meaningful, trust is enhanced, approvals are expedited, and projects proceed with greater confidence from all stakeholders.

Speeding up approvals for new energy infrastructure

The Commission's focus on speeding up approvals is welcome. Identifying social risks in project design early can assist in speeding up approvals, and ensuring high-quality engagement undertaken at the right times in a project can both assist in speeding up approvals. Building trust and legitimacy in project design and delivery can assist in reducing conflict, minimising costly delays, and ensuring projects achieve durable outcomes.

Australian and international case studies demonstrate the relationship between engagement and efficiency:

- European offshore wind projects have been fast-tracked when regional engagement frameworks identified risks early and addressed them transparently.

- Canadian energy projects under the Impact Assessment Act (2019) have advanced more smoothly where consultation, including Indigenous consultation, was embedded from the outset.

Embedding engagement into legislation as a core component of environmental assessment is not red tape, instead it is a way to lift standards and bring communities along with a decision.

Recommendation: Embed community engagement as a legislated requirement in environmental assessments.

Introduce national environmental standards

The Australian Government's Nature Positive Plan included engagement, and First Nations engagement, as two of the proposed standards. The Engagement Institute recommends retaining both environmental standards relating to engagement in any reforms to environmental laws.

Embedding engagement as a part of national environmental standards will assist with elevating engagement to a core, strategic project consideration and assist in preventing engagement from being sidelined into a secondary consideration.

Recommendation: Ensure national environmental standards include engagement standards, developed in partnership with the engagement sector.

Facilitate regional planning

Regional planning can reduce duplication and create clearer pathways for investment. It provides an ideal opportunity to engage with communities early in project consideration, assisting in guiding site selection and early identification for project proponents of social risks.

Community participation in regional planning ensures:

- Areas of high social value (e.g., tourism or recreation spaces) are protected.
- Areas with potential environmental, cultural and agricultural value are identified for further research
- Low-risk zones are identified where projects can advance with less opposition.
- Consultation fatigue is reduced by addressing common issues upfront.

Recommendation: Embed community engagement requirements in all regional planning processes, including renewable energy zones.

Provide greater access to information

The Productivity Commission has emphasised the importance of access to information such as environmental and cultural heritage data. To be truly effective this must be expanded to include social risk in this data. Communities often have already identified areas of significance, and mapping these can prevent repeated questioning and frustration.

Providing this information upfront ensures that proponents begin with a complete risk picture, allowing engagement to focus on solutions rather than problem identification.

The risk of ‘consultation fatigue’ often arises where communities have repeatedly provided the same or similar advice on social and related project risks, without feeling heard or recognised in providing this information. Including ‘social data’ as a form of information will demonstrate to community that their input has had meaningful and longer-term impact.

Recommendation: Expand data systems to include social risks and community-identified priorities.

National standards for engagement

National standards for engagement must be co-designed with professional engagement practitioners to ensure they are meaningful and practical. Overly prescriptive requirements (e.g. mandating fixed numbers of meetings, or specific meeting types) risk creating box-ticking exercises without improving outcomes.

Co-designed standards will reflect contemporary best practice, allow for contextual flexibility, and be measurable. The Engagement Institute is well-placed to assist in this process by leveraging practitioner networks and research partnerships. The Productivity Commission’s related interim report on Creating a more dynamic and resilient economy identified a lack of engagement with regulated industries as a risk for practical implementation, and the introduction of an engagement standard would effectively introduce a regulatory requirement for the engagement sector. As with the introduction of any new regulation, engagement with the sector is essential to ensure the suggested regulatory pathway is practically workable and suitable for the industry.

Engagement must be a core project function, not an afterthought. Senior engagement professionals should be embedded in project teams alongside engineers and environmental experts. Poorly planned and sequenced engagement undermines credibility and trust. While the risks of engaging too late are well understood, engaging too early can occur when there is insufficient information for community to have genuine input. Properly sequenced engagement builds long-term partnerships and accelerates delivery.

An organisation's engagement maturity is a good indicator of whether the organisation will engage in a way that is strategic and appropriately sequenced.

The Engagement Institute has an organisational engagement maturity tool, EngageMark, which provides independent certification framework with an evidence-based mechanism to distinguish between organisations with genuine capability and those treating engagement as operational or tokenistic.

Recommendation: Co-design national engagement standards with professional engagement practitioners.

Recommendation: Treat engagement as a core strategic project function from inception.

Recommendation: Require proponents to be independently assessed and certified for engagement maturity (e.g. through EngageMark).

Focusing on Priority Projects

Set up a specialist 'strike team' for priority projects

Strike teams for priority projects should include engagement specialists alongside engineers, planners, and environmental experts. Their role includes:

- Identifying social risks early.
- Advising on proportional engagement strategies.
- Ensuring communities have clear, accessible channels for communication.

International experience demonstrates the value of this model. Canada's Impact Assessment Agency deploys engagement specialists in review teams, strengthening relationships with Indigenous and local communities.

Recommendation: Embed engagement professionals in strike teams for priority projects.

Establish an Australian Government Coordinator-General for priority projects

The proposed Coordinator-General has the potential to streamline decision-making for major projects. Given the suggestion that the role include 'investigate and help resolve delays', engagement must be one of its explicit responsibilities to ensure efficiency. Integrating the functions of the Australian Energy Infrastructure Commissioner into the Office of the Coordinator-General could assist in resolving delays and issues relating to social licence and social risk.

Recommendation: Establish the Coordinator-General with explicit responsibilities for community engagement and national standards.

Recommendation: Absorb the Australian Energy Infrastructure Commissioner into the Office or role of the Coordinator-General.

Comprehensive List of Recommendations

1. Embed community engagement as a legislated requirement in environmental assessments.
2. Ensure national environmental standards include engagement standards, developed in partnership with the engagement sector.
3. Embed community engagement requirements in all regional planning processes, including renewable energy zones.
4. Expand data systems to include social risks and community-identified priorities.
5. Co-design national engagement standards with professional engagement practitioners.
6. Treat engagement as a core strategic project function from inception.
7. Require proponents to be independently assessed and certified for engagement maturity (e.g. through EngageMark).
8. Embed engagement professionals in strike teams for priority projects.
9. Establish the Coordinator-General with explicit responsibilities for community engagement and national standards.
10. Absorb the Australian Energy Infrastructure Commissioner into the Office or role of the Coordinator-General.

Conclusion

Australia's clean energy transformation is one of the most significant undertakings in its history. Its success depends on partnerships with communities, with social risk considered alongside other technical risks such as engineering and finance. Engagement reduces risks, accelerates delivery, and ensures fairness and inclusivity.

Engagement:

- Builds community trust in government by building social cohesion;
- Helps to ensure that government policies, programs, and projects provide genuine social benefits to the community;
- Provides communities, including our First Nations peoples the opportunity to input into projects providing valuable local knowledge; and

- Provides government with additional evidence to inform decision-making.

By legislating enforceable standards, embedding engagement expertise in governance, and adopting structured certification tools such as EngageMark, Australia can deliver a transition that is not only cleaner and cheaper but also fairer and more sustainable.

The Engagement Institute commends the Productivity Commission for recognising the central role of engagement as an opportunity to improve the speed and social licence to operate of the clean energy transition. We look forward to continuing to partner with the Australian Government on the transition.

Sincerely



Marion Short
Chief Executive Officer

About Engagement Institute

The Engagement Institute (formerly IAP2 Australasia) is Australasia's leading voice for community and stakeholder engagement. As the peak body and a trusted authority in community and stakeholder engagement, we support and empower engagement professionals to do what they do best.

We challenge outdated ways of thinking, embedding engagement at the heart of decision-making and delivering better outcomes.

As a proud affiliate of the International Association for Public Participation (IAP2). We have grown from a collective of passionate practitioners united by a shared vision for more meaningful engagement and evolved into a dynamic and influential network of over 15,000 members.

With engagement experts, industry specialists, and advocates all committed to positive progress, our reach extends across industries, communities, and landscapes. Our vision is **'meaningful engagement, shaping better futures'**.

Through collaboration and innovation, we're pushing the industry forward, driving better decisions and creating lasting impact.