



2026-27

Federal Pre-Budget Submission

January 2026



Submission overview and key submissions

As the peak national voice of the civil infrastructure sector representing more than 1,800 contractors engaged in the civil construction industry in Australia, the Civil Contractors Federation National (CCF) is excited by the opportunities to reshape communities in metropolitan, regional and rural Australia.

Having responsibility for the construction and maintenance of Australia’s civil and industrial infrastructure works, CCF Members create the foundations of communities, and their role is critical to liveability. Our member activities include construction of housing enabling infrastructure such as earthworks, road, highway, subdivision, utility (water, power, communications), drainage, pipeline construction, trenchless technology, bridge, rail, tunnelling, ports and stadiums.

As several states embark on once-in-a-generation infrastructure programs, alongside major housing and energy investment, competition for skilled labour is intensifying. Prioritising civil occupations is essential to deliver the enabling infrastructure required nationally over the next five years.

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Civil Foundations for Australia's Future

Our priorities are:

Housing and Community Enabling Infrastructure

- Connecting Australians through sustained growth of federal infrastructure investment to build Australia's economic and social wellbeing. In particular infrastructure that supports communities and affordable housing is enabled by civil infrastructure.
- A more sustainable and balanced approach to project allocation for enabling infrastructure across all construction tiers and regions throughout Australia.

Paving the Way for Australian Energy Transition

- The CCF recommends increasing infrastructure investment to support Australia's energy transition. This includes funding critical projects such as grid upgrades, wind farms, and low-emission industrial precincts, which are essential for decarbonisation.
- CCF urges the Australian Government to prioritise and allocate substantial investment in Infrastructure as the bedrock of Australia's economy and is critical to achieving our energy transition goals, alleviating cost of living pressures, and support sustainable economic growth.

Our strategies to tackling our priorities:

Bridging the Skills Divide

- Building and skilling Australia's current and future infrastructure workforce requires a sharper focus in the Australian Apprenticeships Priority List. In 2026, a large number of occupations and qualifications were removed from the Priority List, significantly narrowing the range of roles eligible for additional support whilst civil qualifications were quite rightly increased. The inclusion of Certificate III in Civil Construction qualifications is a welcome and important step, but priority must be given to on-site, energy, housing and community-enabling civil shortage occupations such as Earthmoving Plant Operators and Excavator Operators. Awareness of the portability of our skills to critical minerals and defence jobs is also critical.

• Boosting Productivity in Infrastructure Delivery

- Australia must extract greater value from every infrastructure dollar and there is a national imperative to improve how projects are planned, procured, and delivered. Productivity growth is essential to ensure we can build the infrastructure required to meet national housing, energy, and economic goals.
- The Commonwealth should lead a national productivity agenda for civil construction. This includes better measuring and benchmarking project outcomes, harmonising state-based procurement and prequalification processes, and fostering innovation through modern contracting, skills development, and technology adoption. These reforms reduce duplication, accelerate delivery, and enable more infrastructure to be delivered with the existing budget.

• Infrastructure Procurement and Investment, More Constructive & More Productive

- The Australian Construction Sector has had a productivity drop over the last decade due in part to an increase in red tape compliance and reporting requirement during the procurement and delivery phase of infrastructure projects, the Commonwealth needs to take action on improving the productivity to ensure we can build and maintain the infrastructure that Australians rely on.

• Restoring Civility to Civil Worksites

- A balanced approach by working collaboratively with governments, unions, and industry to deliver practical industrial relations reforms that improve productivity, fairness, and workplace stability across the civil construction sector.

Our Priorities

Housing and Community Enabling Infrastructure

Civil infrastructure plays a larger role in underpinning Australia’s housing development and community growth than most would realise. Before any new homes can be built, whether by government or private developers, vital civil works must occur on the ground. This includes earthworks, building local roads, installing and connecting utilities, and laying the foundations necessary for sustainable development. Without adequate investment in “last kilometre” works, housing projects stall and Australia’s ambitious housing targets cannot be met.

Simply put, not one dollar can be effectively spent on building new houses until a dollar has been invested in civil works to prepare the site. Greenfield housing estates and urban infill projects alike depend on timely delivery of roads, water and sewerage systems, electricity and communications infrastructure. These critical works are being held back by workforce shortages and under-investment, creating a bottleneck in the housing supply pipeline. The Government’s ambitious housing goals, including social and affordable housing targets and broader supply objectives, will remain out of reach unless we address the infrastructure underpinnings of new dwellings.

In recent years, Australia has seen housing commencements slow significantly. Housing commencements unfortunately fell from about 229,008 dwellings in the 12 months to September 2021 to roughly 165,752 dwellings commenced in the 12 months to September 2024. But since that time there has been a positive increase in housing commencements that correlates closely with the increase in Roads, Highways and Subdivision spend.

In the 12 months to September 2025 dwelling commencements increased to 184,463. This correlates with a 54% increase in the ABS Engineering Construction Activity value of work done in Roads, Highways and Subdivisions with most of this increase in housing enabling infrastructure being government funded. As new primary indicators in the 2026 CCF Market Capacity Report show, an increase in value of work done in Roads, Highways and Subdivisions is a forward indicator of future housing output.

The CCF proposes a dedicated, sustained program of federal investment in housing-related civil infrastructure via a 20-year plan for housing enabling infrastructure, underpinned by a significant funding commitment: eg, a \$10 billion national civil infrastructure fund targeted at “last kilometre” projects. This fund would support projects in the \$10 million to \$100 million range that directly enable new housing across our cities and regions. By partnering with state and local governments, such a program would unlock stalled housing developments and accelerate new ones, especially in communities experiencing rapid population growth, high housing costs, and low rates of recent dwelling construction. Importantly, a long-term federal program that balances the infrastructure pipeline over coming decades, giving the civil construction industry confidence to invest in training and equipment knowing there is a stable flow of work ahead.

Proposal: Commit to a long-term Commonwealth program (over a 20-year horizon) with a dedicated funding pool (around \$10 billion) for housing-enabling civil infrastructure projects. This program would finance critical local infrastructure – roads, water, sewerage, electricity and communications – in growing communities to support new housing developments, particularly projects in the \$10–100 million range that often struggle to secure funding.

Objective: Alleviate Australia’s housing shortage and reduce cost-of-living pressures by ensuring the infrastructure necessary for new homes is delivered in step with housing construction. Sustained federal co-investment in community enabling infrastructure will help bring forward the construction of new dwellings

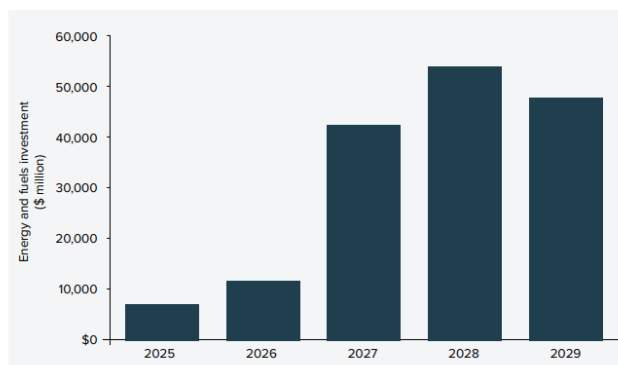
and support the national goal of 1.2 million new homes, while also creating jobs and improving living standards in communities across Australia.

Paving the Way for Australia’s Energy Transition

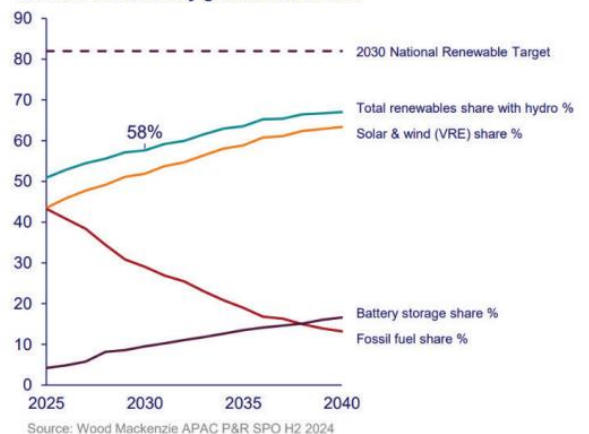
Australia’s commitment to net zero emissions and a cleaner energy future by 2050 hinges on a massive build-out of new energy infrastructure. The civil construction industry will be at the forefront of this effort: building renewable energy generation facilities, upgrading and extending electricity transmission lines, enabling new low-emission industrial precincts, and supporting the electrification of transport. Achieving the Government’s 2030 targets (for example, 82% renewable electricity by 2030) and beyond will require unprecedented coordination and investment in energy infrastructure. Yet at present, there is no single integrated plan to ensure all the pieces (generation, transmission, storage, and enabling civil works) come together efficiently.

A National Renewables Infrastructure Plan is needed to guide investments and align stakeholders during this transition.

Forward pipeline of energy infrastructure investment (2024-2025 to 2028-2029)



% Share of electricity generation to 2050



Major energy projects face a range of challenges: lengthy planning and approvals processes, community opposition, supply chain constraints, and workforce shortages in specialist trades. These factors have already caused delays and cost escalations in critical grid upgrades and renewable generation projects. For example, new high-voltage transmission lines needed to connect Renewable Energy Zones have been slower to commence than anticipated, and many wind and solar farm projects have been pushed back due to grid connection constraints and shortages of skilled labour. To overcome these issues, the Commonwealth should take a leadership role in strategic planning. A National Renewables Infrastructure Plan would map out the required projects and timelines to upgrade the electricity grid, build large-scale renewable generation (wind farms, solar farms, battery storage), and establish new clean energy industrial zones (for hydrogen production, green manufacturing, etc.). It would identify investment priorities, coordinate federal and state funding and approvals, and provide greater certainty to attract private investment in these projects.

Critically, the plan should also focus on enabling civil works and contractor capacity. Delivering renewable energy assets is not just an energy-sector task; it relies on civil construction for access roads to remote wind farm sites, ports and rail infrastructure to transport large components, trenching and laying of cables and pipelines, constructing substations and transformer foundations, and building facilities like battery sites or hydrogen plants. The Commonwealth can help de-risk and accelerate these projects by funding necessary enabling infrastructure and by ensuring civil contractors are engaged early. We recommend that the Government use its Rewiring the Nation initiative and other funding tools in a coordinated way under the umbrella of a National Renewables Infrastructure Plan. This should include clear targets and milestones (for

instance, kilometres of new transmission line built per year, number of renewable energy zone projects commenced each year, etc.) and involve industry expertise to ensure the plans are realistic and achievable.

The Civil Contractors Federation has been actively engaged in the development of the Energy and Regional Jobs Plans, working with government and industry stakeholders to highlight the critical workforce risks facing the transition. Throughout this process, CCF has consistently emphasised that civil construction capacity will be a binding constraint on delivery unless training and workforce development commence in affected regions immediately. Given the Government's stated closure timelines for major energy and industrial facilities, there is a limited window to build the local civil workforce needed to deliver transmission, site remediation, transport links and enabling infrastructure.

Delaying investment in training will not only undermine regional employment outcomes, but will place the delivery of the transition itself at risk.

Proposal: Develop and implement a National Renewables Infrastructure Plan to coordinate Australia's energy transition infrastructure needs. This plan, led by the Commonwealth in partnership with the states and industry, would outline and prioritise the necessary investments in electricity transmission upgrades, renewable energy generation project enabling works, and new low-emission industrial precincts. It would also marshal funding (through programs like Rewiring the Nation or other finance facilities) and streamline approvals to ensure these projects proceed on schedule, while supporting capable civil contractors to deliver the requisite works.

Objective: Support Australia's clean energy transition by ensuring the required civil infrastructure is in place to build and connect renewable energy projects. Federal leadership through a National Renewables Infrastructure Plan will help attract investment, prevent bottlenecks in the rollout of renewable energy, and enable civil contractors to deliver the roads, foundations, transmission corridors and other works needed for decarbonisation. The result will be timely delivery of energy infrastructure that meets Australia's emissions targets and powers a sustainable economy.

Our Strategies

Bridging the Civil Skills Divide

Domestic Skills Stream

Australia faces a civil construction skills shortage at a time when demand for these skills has never been higher.

With at least three states delivering once in a lifetime infrastructure projects, other states and industries such as critical minerals and defence competing for these skills, we need to ensure that civil occupations are prioritised to build to create the enabling energy, health, education, housing and community enabling infrastructure across the country in the next five years.

A fundamental reason is the "civil skills divide": civil construction trades and occupations have historically been undervalued in our training and migration systems compared to traditional building trades. For instance, under current occupational classifications, a tradesperson building houses is considered skilled (and thus has access to apprenticeship incentives and skilled migration pathways), whereas an equivalent plant operator building a road or laying pipelines is often classified as an unskilled labourer.

This outdated view does not reflect the reality on modern civil worksites, where operating advanced tech machinery or managing complex civil works requires high levels of training and expertise.

The consequences of this skills divide are evident in project delays, higher costs, and an inability to meet infrastructure targets. Jobs and Skills Australia's analysis continues to list key civil occupations, such as Excavator Operators and Earthmoving Plant Operators, as being in national shortage for multiple years running. Yet these occupations have not been adequately recognised on the Australian Apprentice Priority List unlocking training support and incentives. While the recent inclusion of Certificate III in Civil Construction qualifications is a welcome and important step, the current settings still fall short of what is required.

Occupations List shortage analysis undertaken by Jobs and Skills Australia calculates that:

- Excavator Operators have been in shortage in every state and territory for each of the last 5 years.
- Grader Operators with the exception of one occasion (Vic-2023) have been in shortage in every state and territory for each of the last 5 years.
- Loader Operators with the exception of one occasion (Vic-2023) have been in shortage in every state and territory for each of the last 5 years.
- Bulldozer Operators with the exception of three occasions have been in shortage in every state and territory for each of the last 5 years.
- Linemarkers with the exception of two occasions have been in shortage in every state and territory for each of the last 5 years.
- Earthmoving Plant Operators are in shortage or regional shortage across all jurisdictions in 2025.

One key factor behind this shortfall is the shortage of civil construction capacity to deliver the enabling infrastructure for housing developments. Skills deficits among civil construction trades (e.g. earthmoving and excavator operators, and drainage specialists) have constrained the rollout of housing-enabling works like roads, drainage, and utilities in new subdivisions.

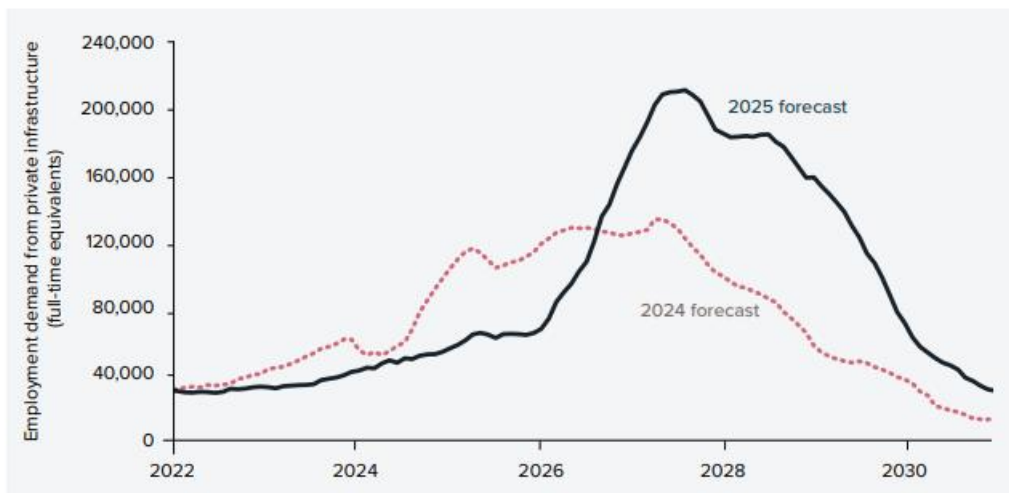
We acknowledge and welcome the Commonwealth's recent steps to support housing-enabling infrastructure, such as:

- Prioritising civil training for certificate III Civil Construction; Civil Plant Operations, Foundations, Trenchless Technology;
- \$78m for Advanced Entry Trades Training program in which civil trades are recognised for funding;
- the \$500 million Housing Support Program (a competitive fund to help local and state governments connect essential services and amenities for new housing developments). The scale of the housing challenge demands a longer-term and larger-scale commitment to civil infrastructure delivery.

To bridge this divide, targeted measures are required. First, civil trades must be fully recognised in the Government's training incentive programs for the on-the-ground construction outcomes. While the recent inclusion of selected civil-related Certificate III qualifications on the Australian Apprenticeships Priority List is a welcome and important first step, these roles may be limited primarily to white-collar and para-professional occupations such as Civil Engineering Technicians and Draftspersons. Whilst Jobs and Skills Australia calculate these occupations as being in shortage in every jurisdiction for each of the past five years, these roles do not address the acute on-the-ground trades shortages currently constraining infrastructure delivery.

We therefore urge the inclusion of core civil construction trades, for example Certificate III in Civil Construction and Certificate III in Civil Construction (Plant Operations), on the Australian Apprenticeships Priority List for 2027 to have skills gaps filled and trades on-the-ground. This would make apprentices in frontline civil occupations eligible for additional support payments and encourage more young people to enter these careers, putting civil trades on an equal footing with apprenticeships in electrical, plumbing, and other traditional trades. Expanding eligibility beyond technician-level roles to include field-based civil trades is essential if training incentives are to meaningfully address workforce shortages and support the timely delivery of Australia’s infrastructure pipeline.

Comparison of 2024 and 2025 forecasts of demand for labour from private infrastructure



Secondly, the Commonwealth should support state and industry efforts to upskill and innovate within the existing workforce. We call for increased funding and support for programs that allow civil contractors, local governments and others to trial and adopt more efficient technologies and systems. For example, providing grants to pilot modern machinery (such as semi-automated or remote-controlled earthmoving equipment), advanced digital construction management tools, or innovative construction techniques (like 3D machine control and modular bridge construction) can significantly boost on-site productivity. These initiatives not only improve output but also make civil trades more attractive to new entrants by demonstrating that the industry is modernising with cutting-edge technology. We also support expanding Recognition of Prior Learning opportunities – many workers in related fields (such as agriculture or mining machinery operators) could quickly transition into civil construction with formal recognition of their skills and some targeted gap training. Federal support to reputable RTOs to process RPL for such workers would accelerate the supply of qualified civil operators.

Finally, modernising occupation classifications to properly reflect civil occupations as skilled roles must continue as a priority. The civil construction sector stands ready to assist the Government in the review process to ensure roles like plant operators, pipe layers, and road construction supervisors are correctly defined. This will flow through to better policy outcomes (from eligibility for training subsidies to skilled visa settings) and ultimately help build a workforce capable of delivering Australia’s infrastructure agenda. Our own industry surveys consistently show that civil contractors have capacity to take on much more work if the skilled labour is available. By breaking down the artificial divide between civil and other trades, we can tap into that capacity and meet Australia’s infrastructure needs.

While expanding domestic training pipelines, apprenticeships, and Recognition of Prior Learning (RPL) is essential, these measures will not be sufficient on their own to close Australia's skills shortages in the civil construction sector. Even with significant new incentives for civil skills, stronger completion rates, and improved training capacity, there will remain a substantial workforce gap in the short to medium term. Infrastructure delivery pressures are immediate and growing, and the pace of project demand is outstripping the speed at which new workers can be trained locally. For this reason, migration must form a necessary and strategic part of the overall workforce solution, alongside domestic training and skills reform.

Offshore Skills Stream

Australia's migration settings therefore require a targeted rethink if they are to meaningfully support skills shortages, workforce capacity, and infrastructure delivery. Public debate is often framed around headline migration numbers, but the more important issue for skills policy is the composition and targeting of the Migration Program. If a greater proportion of arrivals were genuinely skilled and aligned with national workforce shortages, particularly in priority sectors such as civil construction, there would be far less community concern about migration levels and a far stronger productivity dividend.

Although the permanent migration program is formally capped at 185,000 places per year, only a small proportion of those places are allocated to offshore skilled entrants. Analysis by the Australian National University highlights that just 12 per cent of permanent migration places go to offshore skilled migrants, with a large share instead taken up by partners, children, and family migrants. This leaves too few places for employer-sponsored and priority skilled workers, despite strong and growing demand from industry. Employer-sponsored migrants consistently deliver the strongest labour market outcomes, yet their numbers remain constrained, creating a structural imbalance between labour market needs and permanent migration settings.

There is also clear evidence of skills misallocation within the current migration system. The Federal Government's 2023 Migration Review found that 51 per cent of overseas-born university graduates with bachelor's degrees were employed in unskilled jobs three years after graduation. This represents a major loss of productive capacity for the Australian economy and underscores the need for a more targeted, employer-led migration framework that prioritises occupations experiencing genuine, long-term shortages, rather than generic qualification-based intakes that do not align with labour market demand.

These challenges intersect directly with the issues identified in CCF's *Bridging the Civil Skills Divide* policy work, particularly around skills prioritisation and the need to better underpin gap training and Recognition of Prior Learning (RPL) pathways for skilled migrants. Many migrants arrive with relevant experience in civil construction but face unnecessary barriers to rapid skills recognition, forcing them into lower-skilled roles while the sector continues to experience acute labour shortages. Expanding civil-specific RPL programs and structured gap training pathways for skilled migrants would help unlock this latent workforce capacity more quickly and productively.

Structural constraints at the state and territory level further undermine effective skills targeting. For example, in Queensland the annual allocation of subclass 190 skilled nomination visas is approximately 1,600 places per year, which must be shared across all industries triggering priority skills demand. This creates intense competition between sectors and significantly limits the ability to direct migration to civil construction occupations, even where infrastructure delivery pressures are most acute.

We acknowledge that the Government's 2023 Migration Strategy took a step in the right direction by indicating that skilled operators of heavy construction equipment would be eligible for the new "Skills in Demand" visa stream, subject to meeting skills shortage and wage criteria. However, more needs to be done to fully open up training and skilled migration pathways for civil trades. In addition, the national classification

system (OSCA/ANZSCO) that underpins these decisions is decades old and has misclassified many civil construction roles as low-skill labour when they are in fact skilled trades. Updating these classifications is critical to removing barriers and modernising the perception of civil occupations.

A rebalanced migration program, with a stronger Skilled Stream focus, expanded employer-sponsored pathways, and clearer transition routes from temporary to permanent visas, would materially improve workforce capacity in civil construction and other priority sectors. This should be supported by civil-specific skills prioritisation on national and state migration lists, expanded RPL and gap training funding for skilled migrants, and closer alignment between migration settings, Jobs and Skills Australia workforce projections, and the national infrastructure pipeline.

Done properly, these reforms would allow Australia to ease critical skills shortages, accelerate infrastructure delivery, and reduce reliance on short-term labour solutions, while ensuring migration policy is better serving the country's long-term workforce and economic needs.

Proposal: Take decisive action to address skills shortages in civil construction trades. Key steps include: (a) adding critical civil occupations in perpetual national shortage (e.g. earthmoving plant operators, excavator operators and other civil plant operators) to the Australian Apprenticeships Priority List for 2026-27 and ensuring they are included in Jobs and Skills Australia's Core Skills Occupations List for migration; (b) increasing support for fast-tracked skills development through quality training and Recognition of Prior Learning programs to get more workers certified for civil roles; and (c) expediting the update of ANZSCO classifications to properly recognise civil trades as skilled occupations

Objective: Build an adequately skilled civil construction workforce to meet current and future infrastructure demand. Recognising civil trades in apprenticeship and migration programs will attract new entrants and overseas expertise into the sector, easing the skills crunch. In tandem, promoting technology adoption and upskilling within the existing workforce will boost productivity. Closing the civil skills gap will enable Australia to deliver vital infrastructure – from housing developments to major transport and energy projects – without costly delays, while also providing more Australians with rewarding careers in a modern civil construction industry.

Boosting Productivity

The Commonwealth Government plays a pivotal leadership role in improving productivity in Australia's infrastructure sector. Public infrastructure spending is significant (around 15% of the Commonwealth's budget), and even modest efficiency gains can save billions of dollars and bolster economic growth. Recent national economic reform discussions, including the 2025 Economic Reform Roundtable on productivity, underlined the need to lift productivity across all industries, including construction. The civil construction industry, which delivers the roads, rail, water, and energy infrastructure underpinning our economy, must become more efficient to meet Australia's future needs.

A stronger federal focus on infrastructure performance and regulatory efficiency is needed. In its July 2025 Interim Report on Creating a more dynamic and resilient economy, the Productivity Commission proposed a program of systematic, sector-based regulatory reviews to address cumulative regulatory burdens, particularly in sectors where complex and enduring "thickets" of regulation have emerged. CCF believes the civil construction sector is an ideal candidate for such a review, given its exposure to three tiers of government and highly divergent state and territory regulatory regimes.

A Productivity Commission-led sectoral study could identify regulatory bottlenecks, quantify compliance costs, and recommend practical harmonisation pathways to reduce unnecessary burden, improve competition, and lower infrastructure delivery costs for taxpayers.

Alongside regulatory reform, the Commonwealth should expand its role in providing expert infrastructure advice and in benchmarking project outcomes across states and territories. By measuring key productivity indicators, for example tracking the national infrastructure backlog, comparing the cost per kilometre of road or rail construction, and evaluating contractor performance, the Government can identify systemic inefficiencies and spread best practices. Consistent national benchmarking would highlight where improvements are possible and spur healthy competition to deliver projects faster and more cost effectively.

This work would complement a Productivity Commission sectoral review by providing a stronger evidence base on how regulatory settings, procurement practices, and delivery models directly affect productivity outcomes.

Reforms to procurement processes are critical to boosting productivity. Currently, civil contractors face a patchwork of different tendering and prequalification requirements in each state and territory, leading to duplicated effort and unnecessary inefficiency. We recommend harmonising procurement and contractor prequalification across jurisdictions. Mutual recognition of contractor credentials and a standardised, streamlined tender process would reduce administrative costs and enable contractors to focus on delivery. Reducing duplication in tender documentation and avoiding repetitive prequalification submissions will particularly benefit small and medium-sized contractors, improving their ability to bid on projects and increasing the sector's overall productivity.

These reforms should be informed by national benchmarking and a Productivity Commission assessment of how regulatory divergence is constraining market entry, competition, and efficient project delivery.

An immediate opportunity is to build on recent skills initiatives to enhance productivity. The Government has funded Recognition of Prior Learning (RPL) programs to accelerate skills development in the residential building sector, an approach that should be extended to civil construction. Fast-tracking the credentialing of experienced workers through quality Registered Training Organisations (RTOs) will quickly bolster the skilled civil workforce. Alongside this, supporting greater adoption of technology on worksites, such as digital project management tools, automation, and modern construction techniques, and reforming supply chains to secure critical materials will help drive down costs and timelines. A national civil construction productivity agenda led by the Commonwealth, including annual performance benchmarking, sectoral regulatory reviews, and structured sharing of innovations between states, will ensure that Australia's infrastructure pipeline is delivered with maximum value for money.

Proposal: Establish a national infrastructure productivity and benchmarking program to drive efficiency improvements across civil construction. This should include expanding the Commonwealth's infrastructure advisory capacity (for example, through a boosted Infrastructure Australia) to measure and compare project costs and performance nationwide, commissioning the Productivity Commission to undertake a sectoral review of civil construction regulatory and compliance burdens with a focus on harmonisation opportunities across states and territories, and working with the states to harmonise procurement and prequalification processes.

Objective: Achieve measurable improvements in civil construction productivity, reducing unit costs and project delivery times by standardising best practices, eliminating duplicative tender and regulatory requirements, and upskilling the workforce (through measures like expanded RPL and technology adoption). These steps will enable Australia to build more infrastructure with the same investment and boost economic output.

Innovation in Motion - Building a Productive Construction Industry

Innovation is the engine of productivity growth in any industry, and civil construction is no exception. Embracing new technologies, methods, and materials will be crucial for Australia to meet its infrastructure objectives under the constraints of a tight labour market, ambitious climate goals, and budget pressures. Government policy settings can either encourage innovation or inadvertently hold it back. We believe the Commonwealth can take a proactive role in fostering innovation in civil construction – smoothing the path for new ideas and ensuring that the regulatory and funding environment rewards efficiency and ingenuity.

One immediate policy concern is the potential impact of changes to taxation or funding arrangements that underpin current construction operations. For example, the Fuel Tax Credits scheme provides vital support for civil construction businesses by offsetting the fuel excise on diesel used in off-road heavy machinery. This scheme has a significant bearing on contractors' operating costs. We urge the Government to maintain the existing Fuel Tax Credits program and to definitively rule out any reduction or removal of this support. An abrupt change to the fuel credits would effectively act as a new tax on civil construction, raising the cost of every road, bridge and pipeline project. It could force contractors to scale back investment in new equipment or pass on higher costs to clients, undermining productivity improvements. Certainty in this area will give firms the confidence to continue investing in modern, more efficient and lower-emission machinery without fear of a sudden cost impost.

Beyond maintaining stable settings, the Commonwealth should actively incentivise innovation and efficiency gains. We recommend establishing a Construction Productivity and Innovation Fund – a grants program dedicated to supporting initiatives that modernise construction methods and improve productivity. Such a program, to be introduced in the 2026-27 Budget, could provide competitive grants to civil contractors, technology providers, research institutions or industry partnerships for projects that trial and adopt new technologies. For example, grants could co-fund the implementation of advanced digital project management systems (Building Information Modelling and other data-driven tools), automation and robotics on construction sites, use of innovative materials or low-emission construction techniques, and other efficiency-boosting ideas. Similar programs in other sectors have shown that modest public co-investment can de-risk innovation for businesses and accelerate the spread of breakthroughs across an industry. Over time, this will reduce construction costs and help Australia meet objectives like emissions reduction (through greener construction practices) as well as delivering infrastructure faster.

Regulatory reform is another lever to promote innovation. The Commonwealth, in collaboration with state governments, should continue cutting red tape that unnecessarily slows down construction or adds cost without commensurate benefit. This includes simplifying and digitising approval and reporting requirements for infrastructure projects, especially where multiple jurisdictions are involved. For instance, aligning environmental assessment processes between federal and state levels, or creating one-stop digital portals for permits, can shave months off project timelines. It also involves updating standards and codes promptly when new techniques or materials have proven effective, so that outdated rules do not block the uptake of better ways of building. Where appropriate, the Commonwealth could encourage “regulatory sandbox” approaches in construction, allowing innovative practices to be tested on pilot projects under controlled conditions before fully updating regulations.

Overall, keeping innovation in motion in the civil construction sector will require a partnership approach. Industry is already investing in technologies like autonomous equipment, drone surveys, and advanced prefabrication to improve efficiency. Governments can complement these efforts by providing a supportive policy environment (stable tax settings, targeted funding, streamlined regulations) and by being an informed client – specifying innovative solutions in government project tenders and sharing the lessons learned from those projects with the wider industry. By working together in this way, we can build a more productive

construction industry that meets the infrastructure needs of tomorrow using the best technologies and practices of today.

Proposal: Promote innovation and efficiency across the civil construction sector through supportive policies and programs. The Commonwealth Government should maintain crucial support mechanisms (such as the Fuel Tax Credits scheme) that keep construction costs manageable, and introduce targeted incentives – for example, a Construction Productivity and Innovation Fund in the 2026-27 Budget to help contractors adopt new technologies and modern practices. Additionally, the Commonwealth should collaborate with States and Territories to streamline or remove duplicative regulations and speed up approvals, fostering an environment where new ideas can be implemented swiftly on projects.

Objective: Boost productivity and reduce costs in infrastructure delivery by driving widespread innovation. Steady tax policy and new incentive programs will encourage contractors to invest in advanced machinery, digital tools and upskilling of their workforce. Streamlined regulatory processes will cut down delays and administrative burden. Together, these actions will help transform the civil construction industry into a more efficient, technologically advanced sector – one that can deliver Australia’s infrastructure needs with improved safety, speed, and sustainability.

Infrastructure Procurement and Investment: More Constructive and More Productive

The way Australia plans and delivers infrastructure projects has a profound impact on productivity and value for money. In recent decades, the focus of major public infrastructure delivery has often been on mega-projects (generally awarded to a few tier-one firms) which carry significant cost and risk. While large projects are sometimes necessary, an over-reliance on them can lead to cost overruns, delays, and limited opportunities for local contractors. We have seen multiple multi-billion-dollar projects run significantly over budget or behind schedule, contributing to a decline in productivity in the construction sector. At the same time, smaller-scale but vital projects – especially those under \$500 million – can deliver outsized benefits for communities by improving local infrastructure and spreading economic activity, yet such projects often struggle to secure funding or attention.

The Commonwealth Government has a unique ability to influence better outcomes through how it funds and oversees infrastructure investment. First, maintaining a strong and stable pipeline of infrastructure funding is essential. The 10-year forward infrastructure capital program (currently about \$120 billion in federal commitments) should be preserved at least at its current level, if not increased to account for construction cost inflation and the expanded scope of national priorities (for example, disaster resilience works and regional infrastructure needs). In the wake of the Government’s 90-day review of the Infrastructure Investment Program in late 2023 (which refocused priorities and removed or deferred some projects), it is critical that any savings be reinvested into priority projects and that the overall commitment to infrastructure is not allowed to diminish. Keeping the pipeline at a minimum of \$120 billion over ten years (in real terms) will provide certainty to industry and ensure that capacity and skills are retained. The Commonwealth should also encourage directing a greater share of this pipeline toward a larger number of smaller, community-level projects rather than concentrating solely on a few mega-projects.

Secondly, we need innovation in procurement and project delivery models. Traditional procurement methods can be risk-averse and inflexible, often transferring excessive risk to contractors and resulting in adversarial relationships and inefficiencies. We recommend piloting new approaches that encourage collaboration, fair risk-sharing, and creativity in delivery. For example, the Commonwealth could trial alternative contracting models such as collaborative alliances or incentive-based contracts that reward early completion and cost savings. It can also break up very large projects into smaller packages that mid-tier Australian firms can bid for, fostering a “Made in Australia” approach that grows local capability. The benefits of this approach include greater local content, more appropriate risk allocation (with contractors

taking on projects commensurate with their capacity), workforce upskilling across a broader range of companies, and more evenly distributed economic growth across regions.

Through its funding agreements with states, the federal government can encourage best-practice procurement. This may involve setting conditions or offering co-funding bonuses for projects that adopt measures like early contractor involvement (to draw on contractors’ expertise in the design phase), the use of digital project management tools to track progress and productivity, and stronger project governance to catch issues early. Active project oversight from Commonwealth agencies, in partnership with states, can help mitigate cost overruns and delays by ensuring transparency and accountability for major investments. Identifying and fast-tracking “critical enabler” projects (for instance, local road upgrades that unlock new housing areas or port improvements that facilitate exports) should be a collaborative effort across governments, guided by input from industry and communities.

Ultimately, a more constructive and productive infrastructure sector will result from smarter investment and procurement strategies that the Commonwealth can champion. By prioritising value and outcomes over simply the lowest upfront cost, and by investing in capability (both within government and industry), we can deliver infrastructure more efficiently. The recent decline in construction sector productivity, as noted by Infrastructure Australia and others, signals that business-as-usual is not sufficient – we must evolve how projects are selected and executed. The civil construction industry stands ready to partner on trialling these reforms; our members have on-the-ground experience of what works and what doesn’t. With federal leadership, Australia can develop replicable models of efficient infrastructure delivery that will serve us well in the decades ahead.

Proposal: Refocus infrastructure investment and procurement to boost productivity and local benefits. The Commonwealth should maintain at least the current \$120 billion ten-year infrastructure pipeline (in real terms) and direct a greater share of funding to small and mid-sized projects across Australia. It should pilot innovative procurement models that emphasise collaboration and fair risk-sharing, and require (through federal-state funding agreements) that states and territories streamline their project delivery processes. Specific initiatives could include packaging projects into sizes that allow mid-tier contractors to compete, implementing early contractor involvement on major projects, and strengthening oversight to avoid cost blowouts.

Objective: Deliver more infrastructure with better value for money by making the construction sector more efficient and inclusive. A diversified pipeline of projects will maximise opportunities for Australian contractors of all sizes and spread economic gains to communities nation-wide. Improved procurement and project management practices will reduce costly delays and overruns, increasing the overall productivity of infrastructure spending. These changes aim to ensure every dollar of Commonwealth investment goes further in building the transport, utility and community infrastructure Australians need.

Restoring Civility to Civil Worksites

Productivity on construction sites is not just about materials and machines; it is also about people. A fair, safe and harmonious workplace is essential for efficient project delivery and for attracting and retaining skilled workers in the industry. In recent years, the industrial relations landscape in construction has been marked by instability and conflict in some quarters, especially following the abolition of the Australian Building and Construction Commission and a series of industrial disputes. Issues such as unlawful site conduct, intimidation, and protracted strikes or lockouts can significantly disrupt worksites,



driving up costs and causing delays. At the same time, the construction workforce faces its own challenges, including long working hours, high injury rates, and mental health stresses. To truly “restore civility” to civil worksites means addressing both the industrial climate and the workplace culture in order to support productivity as well as worker wellbeing.

The Civil Contractors Federation calls for a construction-specific industrial relations reform initiative in 2026 that brings all stakeholders together to forge a more productive and respectful work environment. The Commonwealth should lead a consultation process with industry employers, employee representatives (including unions), and relevant regulators to identify reforms that balance the need for project efficiency with fair wages, conditions, and safety.

Our focus should be modernising enterprise bargaining and agreement-making in construction with a goal to reduce adversarial approaches and encourage cooperative models that reward productivity improvements.

Proposal: Initiate a 2026 Industrial Relations Reform Package for the construction industry, with broad consultation, to ensure the IR framework supports productivity, fairness and sustainability on civil worksites. Key elements should include establishing clearer and faster dispute resolution processes specific to construction, encouraging collaborative enterprise agreements that drive productivity improvements (while protecting workers’ rights and safety), and strengthening oversight and enforcement of unlawful worksite behaviour to uphold respectful standards.

Objective: Create an industrial relations environment in civil construction that underpins efficient project delivery while also safeguarding workers’ rights and safety. By reducing conflict and uncertainty on worksites, projects can proceed without disruption benefitting the broader economy. At the same time, improving the culture and conditions in construction will help attract and retain skilled labour, contributing to a more stable, productive and resilient industry in the long run.

Conclusion

In conclusion, the Civil Contractors Federation National (CCF) underscores the pivotal role of the civil construction industry in Australia’s economic and social development. Our members are instrumental in delivering the essential infrastructure that enhances community liveability and supports national growth. The 2026-27 Budget priorities set forth by CCF are strategically aligned with the nation’s objectives to address housing shortages, advance the energy transition, boost productivity, develop workforce skills, and promote environmental sustainability.

By advocating for sustained federal investment in housing-enabling infrastructure, CCF aims to alleviate housing pressures and support the Government’s housing targets. Emphasising the need for procurement reforms and innovative project delivery models, we seek to enhance productivity within the construction sector, ensuring timely and cost-effective completion of projects. Addressing the skills gap is critical; therefore, we call for the inclusion of civil trades on the Australian Apprenticeships Priority List and the Core Skills Occupations List for migration. This inclusion will facilitate the development of a skilled workforce capable of meeting current and future infrastructure demands. Environmental sustainability and energy transition remain cornerstones of our agenda – we advocate for the establishment of a National Renewables Infrastructure Plan to guide investments that align with Australia’s net-zero targets, ensuring that the civil construction industry contributes effectively to the nation’s clean energy future.

The CCF is committed to collaborating with government entities, industry stakeholders, and communities to implement these priorities. Through collective effort, we can build a resilient, prosperous and sustainable future for all Australians, reinforcing the civil construction industry’s role as the backbone of the nation’s development.

Recommended Commonwealth Policy Positions Summary

The Civil Contractors Federation urges the Australian Government to adopt the following policy proposals in the 2026-27 Budget to address critical challenges in civil infrastructure delivery, workforce development and economic productivity:

1. Boosting Productivity

- **Proposal:** Establish a national infrastructure productivity and benchmarking program. The Commonwealth would expand its advisory capacity (through Infrastructure Australia or a similar body) to measure and compare infrastructure delivery performance across jurisdictions, and work with states to harmonise procurement and contractor prequalification processes.
- **Objective:** Drive improvements in civil construction efficiency (lower costs and faster delivery) by spreading best practices nationally, reducing duplication in tendering, and ensuring Commonwealth infrastructure dollars are used as effectively as possible.

2. Housing and Community Enabling Infrastructure

- **Proposal:** Launch a 20-year Commonwealth investment plan with around \$10 billion dedicated to “last kilometre” housing-enabling infrastructure (local roads, water, sewer, power and communications connections) for new housing developments. Fund projects in the \$10–100 million range in partnership with states and councils, particularly in high-growth or housing-stressed areas.
- **Objective:** Support Australia’s housing targets by providing the critical civil infrastructure needed to unlock new housing supply, thereby helping to alleviate housing shortages and improve affordability in the long term.

3. Paving the Way for Australia’s Energy Transition

- **Proposal:** Create a National Renewables Infrastructure Plan to coordinate and prioritise the civil infrastructure required for the clean energy transition. This includes planning for transmission grid upgrades, renewable energy zone access works, and infrastructure for emerging low-carbon industries, backed by funding and financing tools such as the Rewiring the Nation initiative.
- **Objective:** Accelerate progress towards net-zero emissions by ensuring that grid projects, renewable generation facilities, and related infrastructure are delivered on schedule. This will attract investment, prevent bottlenecks in the energy transition, and enable civil contractors to build the roads, foundations and transmission links needed for decarbonisation.

4. Bridging the Civil Skills Divide

- **Proposal:** Recognise and invest in civil construction skills. Key actions: add critical civil occupations (e.g. earthmoving plant operators and excavator operators) to the Australian Apprenticeships Priority List for 2027 and include them in Jobs and Skills Australia’s Core Occupations List for skilled migration; boost funding for training and Recognition of Prior Learning programs to quickly upskill workers into civil trades; and fast-track the update of ANZSCO/OSCA occupation definitions to properly classify civil trades as skilled.
- **Objective:** Build a larger, skilled workforce to deliver Australia’s infrastructure pipeline by removing barriers that have historically limited entry into civil trades. This will close the skills gap, reduce project delays caused by labour shortages, and create new career pathways in a modern civil construction sector.

5. **Building a Productive Construction Industry**

- **Proposal:** Introduce policies that encourage innovation and modernisation in civil construction. Protect key support schemes like the Fuel Tax Credits program to keep construction costs stable, and implement a Construction Productivity & Innovation Fund (grants program) in the 2026-27 Budget to support contractors in adopting new technologies and efficient practices. Push for regulatory streamlining (removing duplicative approvals and updating outdated standards) to accelerate the uptake of innovative construction methods.

- **Objective:** Boost the construction sector's productivity by accelerating the uptake of new technologies and methods. Stable tax policy and targeted incentives will encourage investment in advanced machinery and digital tools, while simpler regulations will reduce delays. Together, these steps will lower infrastructure delivery costs and timelines, helping Australia build more and better infrastructure for the future.

6. **Infrastructure Procurement and Investment – More Constructive and More Productive**

- **Proposal:** Reform how infrastructure is selected and delivered to improve productivity. Maintain or increase the Commonwealth's 10-year infrastructure pipeline (at least \$120 billion) and allocate a greater share to numerous smaller projects nation-wide. Pilot collaborative and innovative procurement models that emphasise fair risk-sharing and involve mid-tier contractors, and attach conditions to federal funding that encourage states to streamline project delivery and avoid cost overruns.

- **Objective:** Get better value and outcomes from infrastructure spending by enabling a wider range of capable contractors to participate and by reducing inefficiencies in project delivery. These measures will help curb cost blowouts on major projects, speed up completion times, and ensure communities across Australia benefit from timely infrastructure improvements.

7. **Restoring Civility to Civil Worksites**

- **Proposal:** Commence a construction industry IR reform process in 2026 focused on improving workplace relations and culture. Develop measures to simplify dispute resolution and support productivity-enhancing agreements, while also enforcing lawful conduct on sites through a dedicated compliance focus (filling the gap left by the ABCC).

- **Objective:** Ensure the industrial relations framework for construction promotes a safe, fair and cooperative environment, thereby minimising disruptions from conflict and enhancing overall productivity. A more civil and collaborative workplace culture will also improve the industry's appeal to workers, helping to attract and retain the skilled workforce needed for upcoming projects.

About CCF National Office

CCF is the nationally recognized peak body representing the industry for civil construction which refers to the design, construction, and maintenance of the physical and naturally built environment, including public works such as roads, bridges, dams, airports, ports, drainage, energy, water, sewerage systems, pipelines, and railways which is truly National Community Enabling Infrastructure that builds Australia.

The CCF National Office represents the industry for civil construction through both:

- Civil Contractors Federation National Registered Organisation (CCFNRO - ABN 41 639 349 350) is registered with the Fair Work Commission as the nationally Registered Organization for Civil Construction under the provisions of the Fair Work Act 2009 (Cth) with roughly 1200 registered contractor Members ranging from smaller businesses to tier 1 builders with over 1,000 employees each and 600 Associate Partners; and
- Civil Contractors Federation Australia (CCFA LTD - ABN 89 618 345 261) as per its objects was established for the charitable purposes of promoting, protecting and advancing the civil construction industry in Australia for the public benefit including by being the peak body representing the civil construction industry in Australia. Each State and Territory has branches that operate as incorporated entities with each jurisdiction electing a representative to the CCFA LTD Board. To achieve these objects CCFA LTD may, without limitation:
 - undertake facilitation and coordination functions in relation to the civil construction industry in Australia;
 - provide education and training;
 - lead discussion and implement policy for best practice and safety in the construction industry.

