



Productivity Commission Pillars

June 6 2025



Thank you for the opportunity to contribute to the Productivity Commission's inquiry into Australia's productivity reform priorities. The Civil Contractors Federation (CCF) commends the Commission on its efforts to identify practical and high-impact reforms across the five key pillars. This process represents a significant step toward modernising the foundations of Australia's economy, and we welcome the chance to engage constructively in shaping policy solutions that will drive sustainable growth.

1. Executive Summary

Australia's future prosperity depends on lifting productivity—and civil infrastructure is the most immediate and scalable lever we have to do it. From housing supply and energy transition to freight efficiency and disaster resilience, civil construction is the foundation upon which all other sectors are built. Yet it remains under-recognised in national productivity strategy.

To that end, there is a pressing need to better define and measure productivity within the civil construction sector. While the Australian Bureau of Statistics (ABS) effectively tracks productivity in the residential construction sector using key indicators—such as estimated dwelling stock, dwelling commencements and approvals, as well as broader data like median home prices and rental costs—these metrics offer a meaningful, actionable picture of how supply is meeting demand. The data is broken down by state and local government area, providing policymakers with clear visibility. In contrast, civil infrastructure lacks this level of granularity. The ABS only tracks the dollar value invested in non-residential construction, which does not offer a clear understanding of how Australia is progressing against its infrastructure delivery needs.

To drive productivity, we must first be able to measure it in terms that are both practical and policy-relevant.

Broad construction data or other vaguely connected aspects are a fantastic headline or topical for a speech at a conference, but some of the key questions we should be asking include:

- What is the total infrastructure maintenance backlog across Australia?
- How is this backlog distributed across individual states and territories?
- How long does it take each state or territory road agency to design, plan and construct new road infrastructure?
- How much does it cost to build a kilometre of road, and why does this vary so significantly between jurisdictions?
- What tiers of contractor are delivering more kilometres of road, at lower cost, and under what conditions?

In order to address productivity in the civil sector, and better deliver housing and community enabling infrastructure, we must first determine key metrics that are able to motivate action from relevant decision-makers.

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freight efficiency and disaster resilience, civil construction is the foundation upon which all other sectors are built. Yet it remains under-recognised in national productivity strategy.

The Civil Contractors Federation (CCF) submits this response to the Productivity Commission to highlight the central role of civil infrastructure in unlocking productivity gains across the economy. Our submission draws on the most recent Australian Infrastructure Environmental Scan (May 2025), and brings forward practical reforms grounded in the real-world experience of civil contractors delivering roads, pipelines, subdivisions, energy infrastructure and enabling works in every Australian community.

While the Commonwealth has committed over \$120 billion to infrastructure investment over the next decade, rising delivery costs, skills shortages, planning delays, and procurement distortions continue to hamper national outcomes. The challenge is not a lack of intent—but the need for smarter reform to maximise impact and value for money.

We make four key recommendations:

1. Prioritise Civil Workforce Development

Recognise core civil occupations—such as mobile plant operators, pipelayers, and construction supervisors—within national training and apprenticeship funding frameworks. Expand Free TAFE to include quality private Registered Training Organisations (RTOs), and ensure fit-for-purpose occupational entry standards reflect real site complexity. Establishing civil as a core pathway not only builds job-ready talent, but ensures we can scale the workforce in time to meet infrastructure goals.

2. Rebalance Procurement to Support SME Delivery

Infrastructure investment is increasingly dominated by megaprojects and Tier 1 contractors. Procurement reform is urgently needed to open access to smaller, local firms that can deliver \$10–\$500 million “last kilometre” infrastructure projects that directly support housing and community development. These projects often bring greater social, regional and economic benefits and can be delivered with fewer delays and better local engagement.

3. Streamline Approvals and Lift Digital Capability

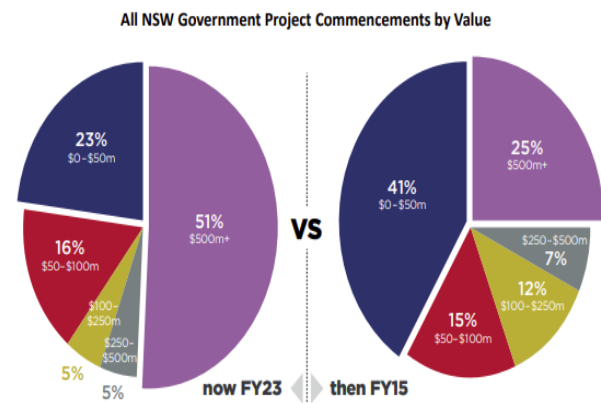
Planning and environmental approval delays are crippling infrastructure timelines—particularly in renewables and housing-enabling works. A national benchmarking and pipeline transparency tool, combined with harmonised digital reporting and one-stop approval processes, would improve accountability and delivery speed. In a sector where time delays cost billions, digitising and unifying systems is essential.

4. Accelerate the Net Zero Transition through Civil Investment

Renewable energy rollout is being delayed not by construction timelines, but by approvals, connection barriers, and transmission bottlenecks. Civil works—site access roads, grid connection corridors, and earthworks—must be fast-tracked and resourced as core elements of the energy transition. Civil capability is a prerequisite to Australia’s clean energy future.

2. Creating a Dynamic and Resilient Economy

The strength of Australia's economy depends on a dynamic and competitive civil construction sector. Yet, current procurement and regulatory settings are undermining small and mid-tier contractor participation. A review of infrastructure pipelines shows a concerning trend: the share of publicly funded infrastructure projects under \$50 million has fallen dramatically, from 41% in FY2015 to just 23% in FY2023.



One of the most significant productivity barriers by contractors is the impact of environmental approvals on project timelines.

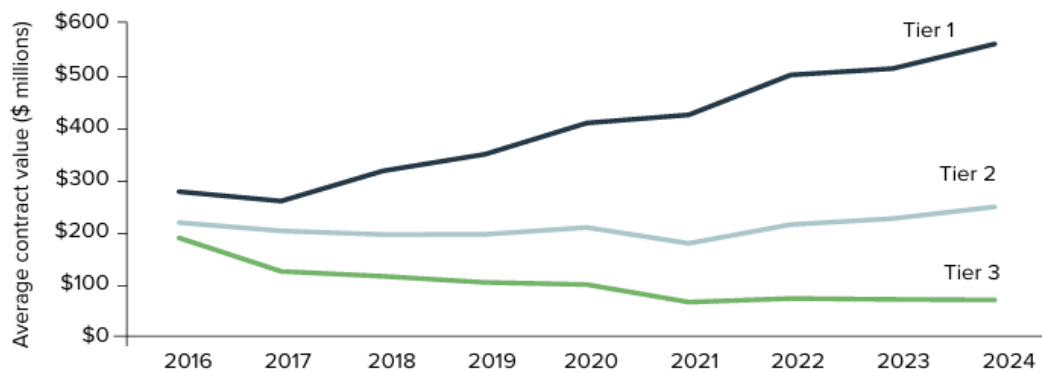
Despite strong demand for enabling infrastructure to support housing, energy, and freight priorities, civil contractors report that project delays of 12–36 months are not uncommon due to drawn-out state and Commonwealth planning and environmental assessment processes. In particular, projects that span multiple jurisdictions or require duplication of approval across levels of government are most vulnerable.

These delays not only escalate costs but also create bottlenecks in labour deployment and equipment mobilisation. The Crookwell 3 Wind Farm example is emblematic: while the civil works for the project were completed in under 12 months, the approvals process took over a decade. Other contractors note similar inefficiencies in subdivisions, stormwater networks, and road upgrades—particularly where outdated planning schemes and overburdened assessment teams prevent timely decision-making.

Contractors have also highlighted inconsistencies in the application of environmental criteria and ongoing changes in policy interpretation, further undermining certainty. Accelerating approvals does not mean abandoning safeguards—it means applying consistent, transparent, and proportionate processes. A clearer national framework for environmental approvals, aligned with housing and infrastructure priorities, is essential to improving civil delivery outcomes and lifting productivity. While there are plans to simplify environmental approvals at the national level, duplication across jurisdictions remains a significant cause of delay. These overlapping requirements not only add time and cost, but also reduce clarity for contractors, investors and project proponents—many of whom must navigate multiple, inconsistent processes for the same project scope.

In 2024, five Tier 1 companies captured more than 40% of all civil infrastructure work. Many of these firms are foreign-owned, and their capacity to deliver in Australia is increasingly constrained by global demand. This not only exposes the country to sovereign supply chain risk but also sidelines local contractors who are more attuned to community needs and who reinvest in the domestic economy.

Figure 30: Average contract value by tier of construction company (2016 to 2014)



Source: Infrastructure Australia analysis of GlobalData (2024)

Such trends restrict the dynamism of the economy. Without diversified project delivery pathways, market entry becomes harder, and innovation stalls. A healthy civil ecosystem relies on a steady flow of local and regional projects that encourage competition, skill development, and local job creation.

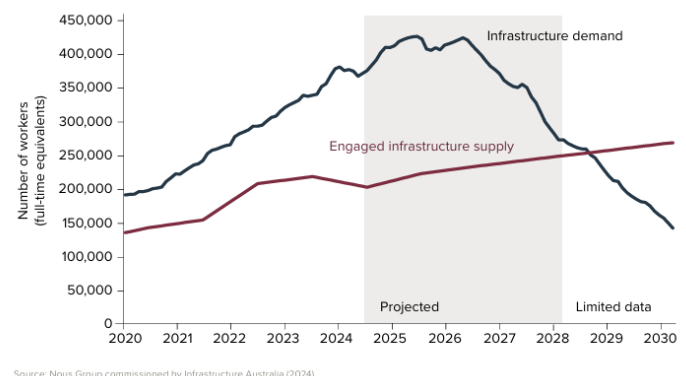
CCF recommends targeted procurement reform to:

- Prioritise local and regional projects in the \$10–\$500 million range.
- Ensure fairer risk allocation in contracts to prevent cost blowouts and adversarial disputes.
- Mandate local contractor participation for federally funded infrastructure works.

The result would be a more resilient, locally anchored economy, with better value-for-money infrastructure and stronger community trust.

3. Building a Skilled and Adaptable Workforce

Australia faces a shortfall of 197,000 infrastructure workers over the next five years. The most acute shortages are not in engineering or architecture, but in civil trades: plant operators, pipelayers, labourers, and site supervisors. The skills system does not adequately recognise or support these roles.



Source: Nous Group commissioned by Infrastructure Australia (2024)

While the overall workforce shortage has eased slightly—thanks to a combination of softer demand and more deliberate project pacing by governments—the sector remains under pressure. Recent recalibrations to national infrastructure pipelines have brought demand closer to the industry’s actual delivery capacity, a positive shift that reflects more realistic planning. However, this doesn’t mean the challenge has disappeared.

Shortages persist across all major occupational groups, and for the first time, trades workers are forecast to be in higher shortage than engineers. With 64% of new infrastructure workers expected to come from Vocational Education and Training (VET) pathways, the importance of a robust, responsive skills system is clearer than ever. Higher education and migration are expected to contribute 25% and 10% of workforce supply, respectively—but those inputs alone won’t solve the problem.

Today, only 20–45% of civil construction workers hold a Certificate III or IV qualification, compared to 60–80% in other construction fields. This is largely due to a lack of national funding and recognition for civil apprenticeships. Without targeted training policies, we risk falling even further behind on infrastructure delivery goals.

Examples of the current imbalance include:

- Stop/go traffic controllers, after a 3-day course, can earn more than university-qualified teachers or police officers.
- Interior decorators and farriers are included on the Apprenticeship Priority List, while highly technical roles in earthmoving and infrastructure are not.

Beyond funding, there is a cultural gap. Civil occupations are often not promoted as career pathways despite offering high earnings, transferable skills, and long-term demand. We need better policy settings, industry collaboration, and school-to-career promotion to change this.

CCF recommends:

- Immediate inclusion of civil occupations on the Australian Apprenticeship Priority List.
- Extension of Free TAFE eligibility to high-quality private RTOs delivering civil qualifications.
- Harmonised occupational licensing reforms that reflect real-world technical and safety requirements.
- A national campaign to elevate the status of civil occupations as critical infrastructure careers.

A skilled, well-trained civil workforce is essential to achieving productivity improvements and delivering the housing, transport, and energy projects the country needs.

4. Harnessing Data and Digital Technology

Digital innovation presents one of the most powerful productivity levers for infrastructure delivery. Yet civil contractors, particularly SMEs, face barriers to adoption due to cost, training,

and system complexity. A lack of interoperability between state procurement platforms, inconsistent reporting requirements, and variable access to digital capability tools all undermine national progress.

Technology such as Building Information Modelling (BIM), artificial intelligence (AI), digital surveying, and project management platforms can substantially reduce rework, improve safety, and enable better collaboration across supply chains. But SMEs are too often locked out.

CCF recommends:

- Funding support and incentives for SME adoption of digital tools and project management platforms.
- Creation of a national digital infrastructure benchmarking system that tracks approval timelines, overruns, and unit costs.
- Consistent digital procurement and reporting frameworks across jurisdictions to streamline compliance and performance tracking.
- Investment in digital literacy programs for the civil workforce.

Harnessing technology will not only drive faster and better project delivery, but also lay the foundation for data-driven infrastructure planning, regulatory coordination, and long-term national productivity growth.

5. Investing in Cheaper, Cleaner Energy and the Net Zero Transformation

Australia's energy transition is critically dependent on civil infrastructure. Yet approval timelines and permitting bottlenecks are undermining delivery. The Crookwell 3 Wind Farm is a clear case study: the project took over a decade to receive approvals, but only one year to build once civil works commenced.

Grid-scale renewables require significant civil support: site access roads, earthworks, drainage, and transmission corridors. Without this enabling infrastructure, energy projects cannot proceed on time or at scale. Delays in transmission construction are already adding up to \$1,100 to NSW household energy bills due to elevated wholesale electricity costs.

National targets of 82% renewable generation by 2030 are now under threat, with modelling from Wood Mackenzie and Rystad Energy forecasting a shortfall of up to 17 percentage points. The bottleneck is not technology—it is infrastructure.

To enable net zero at least cost, CCF recommends:

- A nationally coordinated, single-window approach to planning and environmental approvals.
- Targeted investment in transmission corridors and Renewable Energy Zones (REZs).
- Workforce development programs focused on renewables-related civil trades.
- Recognising civil contractors as essential to grid, generation and storage delivery.

Civil contractors are ready to build the roads, transmission links, and site foundations needed to accelerate Australia's energy transition. Unlocking this capacity is a matter of reforming approvals, supporting skilled labour, and aligning infrastructure with energy strategy.

6. Conclusion and Recommendations

Civil construction is not a background industry—it is the platform upon which Australia's productivity rests. From the homes we need to build, to the energy we must deliver, and the resilience we must embed, none of it is possible without a capable, supported, and productive civil infrastructure sector.

To realise national productivity improvements, the Civil Contractors Federation recommends:

1. **Workforce Reforms:** Prioritise civil workforce development through apprenticeship funding, Free TAFE access, licensing reform, and national careers promotion.
2. **Procurement Reforms:** Rebalance procurement to support SMEs and last-kilometre projects that unlock housing, reduce costs, and build community resilience.
3. **Approval and Digital Systems Reform:** Accelerate approval reform, invest in digital benchmarking and standardise procurement/reporting frameworks nationally.
4. **Net Zero Civil Investment:** Recognise civil infrastructure as a core pillar in energy transition planning and deliver enabling infrastructure on time.

CCF welcomes the opportunity to engage further with the Productivity Commission and government stakeholders on these recommendations. Australia cannot lift productivity without civil construction—and civil construction cannot succeed without reform.

About the Civil Contractors Federation

The Civil Contractors Federation is the peak national representative body for the civil construction industry in Australia, providing on behalf of our members and industry a clear, unified and strong voice on the critical issues affecting the sector. Our 1900 members who range from tier 1, 2, 3, SMEs and one person ABN holders, are responsible for the construction and maintenance of Australia's civil infrastructure.

CCF members are responsible for the construction and maintenance of Australia's infrastructure, including road construction, plant operation, pipeline construction, trenchless technology, bridge construction, rail construction, utilities and tunnelling.

Members also play a vital role in the residential and commercial construction industry by providing earthmoving and land development services including the provision of power, water, communications and gas.



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