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## CCF AUSTRALIA DIGGING INTO THE 2024-25 COMMONWEALTH BUDGET

Welcome to the Civil Contractors Federation Summary of the 2024-25 Budget, as we consider tonight's budget through the lens of the Civil Construction Sector.

In this budget, the Government takes a measured approach to financial management, focusing on bringing down inflation through restrained expenditure, delivering on the Government's housing commitment to build 1.2 million homes over the next 5 years, addressing the ongoing cost of living pressures on families and finally to prepare the Government for a Federal Election in the coming year.

Amidst these economic challenges, the Commonwealth has focused on delivering the housing delivery, recognizing the urgent need to enhance the availability and affordability of homes for Australians.

This Commonwealth budget for 2024-25 holds particular significance as it is the last budget to be delivered before a federal election in the next 12 months.

A further briefing and more detailed report (with webinar) to be forthcoming.

### The Overall Numbers

A budget **surplus** of **\$9.3 billion** is now forecast to be achieved in the 2023-24 budget year marking an improvement on last years \$4.2 billion surplus.

This is due to tax receipts from higher-than-predicted commodity prices (still lower than last year), and higher income tax from the labour market.

A deficit is expected next year.

Measure	2022-23	2023-24	2024-25	2025-26	2026-27
Real GDP	3.1%	1.75%	2%	1.5%*	2.25%
Employment Growth	3.5%	2.25%	0.75%	1.25%	1.75%
Unemployment Rate	3.6%	4%	4.5 %	4.5%	4.5%
CPI	9.9%	4.75%	2.75%	4%	5.25%

Statement 1: Budget Overview

A deficit of \$28.3 billion is forecast in 2024–25. The larger deficit is driven by the Government's cost-of-living relief and addressing unavoidable spending including terminating health funding and frontline services.

### Migration

Successive Federal Budget forecasts trended up over recent years from 180,000 in May 2021 reaching a peak of 528,000 in the 2022-23 budget year. This is forecast to drop to 395,000 over the 2023-24

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forecasts and will reach 255,000 in 2025-26. These forecasts that can only add more pressure on the Australian housing market and the infrastructure required.

Coupled with a downgrading of the FY2024 and FY2025 dwelling investment estimates there will be less than enough housing coming through exacerbated a mixture of planning red tape, infrastructure delivery procurement timeframes, and skills gaps associated with construction particularly civil.

The release of the latest population numbers and these budget estimates present a shocking reality that the nation is busting at the seams with not enough housing and stifled by the shortages across most trades in infrastructure that precedes it.

## **Infrastructure Pipeline**

The CCF are pleased to see the Commonwealth will maintain the Infrastructure Investment Program Pipeline at \$120 billion with growth over the forward estimates.

\$4.1 billion over seven years from 2024–25 for 65 new priority infrastructure projects across Australia under the Infrastructure Investment Program, with some key projects detailed below.

### **Key Budget Projects.**

- ACT - \$50m light rail stage 2b (NEW)
- ACT - \$27.2m for William Hovel Drive (ADDITIONAL FUNDS)
- NSW - \$1.9b for west Sydney to plan and build roads and rail - 14 projects (NEW)
- NSW - \$112million for the M1 Pacific Motorway Extension to Raymond Terrace (ADDITIONAL FUNDS)
- NT - \$72.0 million for the Port Keats Road (New)
- QLD - \$1.4 billion to enhance rail connectivity between Brisbane and the Sunshine Coast (ADDITIONAL FUNDS)
- QLD - \$134.5 million for the Mt Crosby Road Interchange Upgrade (NEW)
- QLD - \$42.5 million Bremer River Crossing westbound strengthening (NEW)
- QLD - \$431.7 million for the Coomera Connector Stage 1 project and \$39.4 million for the relocation of the Loganlea Station
- SA - \$120m Princes Highway upgrade Mount Barker Interchange SA (NEW)
- TAS - \$80m – Lyell Highway from Granton to New Norfolk upgrade (NEW)
- Tas - \$38.5 for Hobart Transport Infrastructure Planning/Keep Hobart Moving (NEW PLANNING)
- VIC - \$3.25b North East link (ADDITIONAL FUNDS)
- VIC - \$12.0 million for the Bridgewater Road and Portland Ring Road intersection upgrade
- WA - METRONET Perth (Existing enabling) \$1.14b (ADDITIONAL FUNDS) with and additional \$300m to deliver high capacity signaling in Perth (NEW FUNDS)
- WA - \$ 106 additional for Bunbury Ring Road (ADDITIONAL FUNDS)
- WA - 53.0 Great Northern Highway upgrades at Brooking Channel Bridge (NEW)
- WA - \$ 33.5m for Westport project (NEW PLANNING FUNDS)

- Regional - A further \$101.9 million is committed to upgrade regional airports and remote airstrips, delivering better connections and more resilient infrastructure for communities.

As well as funding for:

- \$540.0 million for the Australian Rail Track Corporation to invest in the interstate rail network, including \$150.0 million for the Maroona to Portland Line Upgrade in Victoria.
- \$1.0 billion for the Roads to Recovery Program
- \$200.0 million for the Safer Local Roads and Infrastructure Program
- \$150.0 million for the Black Spot Program
- \$100.0 million over four years from 2025–26 for an Active Transport Fund to support the construction and upgrade of bicycle and walking paths across Australia.

It's the water, sewerage electrical and utilities infrastructure, it's what sits in the ground as well as the more visible roads prior to any chippie turns up on a residential site that can now be prioritised to fund civil trades as part of this package.

## Housing

With this being the nation's political challenge, \$12.3 billion has been earmarked for new housing programs in a federal budget pitch to ease fears of chronic shortages that force up rents and prices, with new support for women and children who need shelter after fleeing domestic violence.

In recognition of the role of civil contractors, a \$1 billion agreement has been signed with the States and Territories to fund housing enabling infrastructure for roads, bridges, water, and sewerage to unlock new housing developments.

It is vital that the \$1 billion is allocated in \$10 million, \$20 million, and \$50 million housing-enabling contracts to maximize the number of new homes, and the CCF will be making representations to the Commonwealth flagging this.

The CCF believes the Commonwealth Government should further increase this investment to \$2 billion next year and \$4 billion in FY 2026-27 as inflation eases and industry capacity expands as a recurrent program of works.

Additionally, another \$1 billion will be directed towards crisis and transitional accommodation for women and children fleeing domestic violence, and youth under the National Housing Infrastructure Facility.

This includes increasing the proportion of grants for this investment from \$175 million to \$700 million in the Budget to be able to support crisis and transitional housing infrastructure.

In simplest terms not one dollar in housing can be spent until a dollar has been spent in civil with this announcement critical for civil to play its role in delivering housing enabling infrastructure.



## **Construction Skills and Migration funding foundational for housing enabling infrastructure**

The Civil Contractors Federation has welcomed the announcement of \$90.6 million in the 2024-2025 Federal Budget to inject \$90.6 million to boost the number of skilled workers in the construction and housing sector with migration streamlining to support housing enabling infrastructure.

This injection of funds will assist us to meet our national targets of building 1.2 million homes over the next five years to 2029 and we need to be nimble moving ahead to bring all components of delivery in this way as country to pivot to achieve this target.

The government has announced \$90.6m to boost the number of skilled workers in the construction and housing sector, creating 15,000 fee-free Tafe places and 5,000 places for pre-apprenticeships.

The Government is providing \$1.8 million over three years from 2025–26 to support small and medium businesses to access Group Training Organisation (GTO) services for clean energy, manufacturing and construction apprentices. The Government will reimburse GTO fees for up to 800 small and medium businesses.

The Government is providing \$1.8 million to deliver streamlined skills assessments for around 1,900 migrants from comparable countries to work in Australia's housing construction industry.

Homes in greenfield or brownfield developments where subdivision, water, sewerage, roads, energy transformation and essential infrastructure previously not coming through with Federal Government recognized skills shortages across civil trades compounding the lack of housing underway. With the Federal review of Australian Apprenticeship Incentives set to close the day after Federal Budget, there is a need for this review to prioritise the skills funding as announced to incentivise civil training.

### **Migration**

The Government is reforming Australia's migration system as outlined in the Migration Strategy published in December last year. This Budget supports skills in demand, with around 70 per cent of the permanent Migration Program allocated to skilled visa categories.

The Government will also introduce a new National Innovation visa to attract exceptionally talented migrants and replace the Global Talent visa and the Business Innovation and Investment visa. These actions complement reforms being developed for the points test used for certain skilled visas. Green Energy Transition.

The CCF will be engaging with Government further on these measures, to ensure contractors are able to benefit under the new strategy.

### **Energy**

The Civil Contractors Federation is the peak national representative body for the Australian civil construction industry comprising over 1,800 civil construction companies across the construction supply chain.

The federal Government has committed to reaching net zero greenhouse gas emissions by 2050 and is developing six sector plans covering:

- electricity and energy
- transport
- industry
- resources
- agriculture and land
- the built environment.

This Budget continues investment in effective emissions abatement, including through \$63.8 million to support emissions reduction efforts in the agriculture and land sector.

The Government is also investing \$399 million to establish the Net Zero Economy Authority and support the economy-wide net zero transformation. This Budget also invests an additional \$48 million in reforms to the Australian Carbon Credit Unit scheme and \$20.7 million to improve community engagement.

Particular projects include:

- \$19.9 million to process assessments for priority renewable energy related projects.
- \$17.7 million to reduce the backlog and support administration of complex applications under the Aboriginal and Torres Strait Islander Heritage Protection Act, and progress the reform of Australia's cultural heritage laws.
- 8 billion over the decade to put Australia on the path to being a global player in hydrogen and unlock a new generation of opportunities for green industry and clean energy exports in our regions.
- 566.1 million over the decade for Geoscience Australia to progressively map the whole of onshore Australia by 2060, delivering high-quality data and information of regional and remote areas' resource potential – advancing the understanding of Australia's potential for critical minerals, alternative energy sources, groundwater, and other resources necessary for the transition to net zero.

This Budget accelerates growth of new industries by establishing the \$1.7 billion Future Made in Australia Innovation Fund and delivering a 10-year extension of funding to the Australian Renewable Energy Agency. It also delivers the \$44.4 million Energy Industry Jobs Plan and \$134.2 million for skills and employment support in key regions.

The Future Made in Australia package establishes time-limited incentives to invest in new industries. The Hydrogen Production Tax Incentive will make Australia's pipeline of hydrogen projects commercial sooner, at an estimated cost of \$6.7 billion over the decade. This Budget also expands the Hydrogen Headstart program by \$1.3 billion.

## **EPA and Environmental Approvals**

\$121 million to establish a National Environmental Protection agency is included in this year's budget, with legislation to be brought to Parliament later this year by the Minister for the Environment and Water.

The National EPA will be responsible for:

- issuing permits and licenses for projects
- project assessments, decisions, and post-approvals
- compliance and enforcement of federal regulations
- assuring states, territories and other Commonwealth decision makers apply National Environmental Standards under accredited arrangements.

The Government is currently consulting with industry groups such as the CCF on how the new regulator is rolled out and

The CCF are hopeful that the new regulator will give industry unambiguous approval timeframes and an improved regulatory framework to enable contractors to focus on rolling out infrastructure.

An additional \$51.5 million to stand up a new agency called Environment Information Australia which will give the public and businesses easier access to the latest environmental data, release State of the Environment reports every two years, and report on progress on national environmental goals.

\$24.5 million has been allocated to improve planning processes in seven priority regions so it's clearer to business where complying development can more easily occur and where the 'no go' areas are as a trial.

Finally an additional \$7 million will support for more staff to assess project proposals from business, and more tailored support to help business more effectively comply with environment law.

## **Future Made in Australia**

The Commonwealth have announced funding for a range of projects under a new \$22.7 billion Future Made in Australia policy, which aims to directly support Australian industry and innovation, particularly in green energy.

Establishing an investor single point of contact is part of the Budget's Future Made in Australia package and will help encourage and facilitate the private sector investment required for Australia to succeed and remain an indispensable part of the global economy.

The new “front door” mechanism will Provide a single point of contact for investors and companies with major investment proposals and deliver a joined-up approach to investment attraction and facilitation,

Other measures include:

- \$1bn for the Solar Sunshot production of solar panels in the Hunter
- \$1bn to PsiQuantum to build the world’s first fault tolerant quantum computer in Brisbane
- \$840m for Arafura’s rare earth metals production in the Northern Territory
- An export agreement to sell armoured vehicles made by the German defence manufacturer Rheinmetall
- \$566m over 10 years for GeoScience Australia to map what is under Australia’s soil and seabed
- \$400m in new loans to Alpha HPA for Australia’s first high-purity alumina processing facility in Queensland; and
- \$185m to Renascor Resources to fast-track the development of stage one of its Siviour Graphite Project in South Australia; and
- \$100m to speed up environmental approvals, including assistance for business.

### Stage 3 Tax Cuts

The Commonwealth’s amended Stage 3 Tax Cuts in effect from July 1<sup>st</sup> this year.

From 1 July 2024, these changes will:

- Reduce the 19 per cent tax rate to 16 per cent (for incomes between \$18,200 and \$45,000).
- Reduce the 32.5 per cent tax rate to 30 per cent (for incomes between \$45,000 and the new \$135,000 threshold).
- Increase the threshold at which the 37 per cent tax rate applies from \$120,000 to \$135,000.
- Increase the threshold at which the 45 per cent tax rate applies from \$180,000 to \$190,000
- New personal tax rates and thresholds for 2024-25

#### New personal tax rates and thresholds for 2024-25

Current tax rates	
0 –18,200	Tax free
18,201 – 45,000	19
45,001 – 120,000	32.5
120,001 – 180,000	37
>180,001	45
New tax rates from 2024-25	
0 –18,200	Tax free
18,201 – 45,000	16
45,001 – 135,000	30
135,001 – 190,000	37
>190,001	45



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## Defence

- \$35.0 million will upgrade Australian Defence Force bases in North Queensland with major investments in Townsville's Lavarack Barracks and RAAF Base are expected to create at least 600 jobs during construction.
- Northern Australia will also experience benefits associated with the \$286.9 million investment under the Defence Fuel Resilience Program. Over the next decade, northern Australia will benefit under the rebuilt 2024 Integrated Investment Program, which includes investments of \$14.0 billion – \$18.0 billion to ensure Defence has a logistically connected and resilient set of bases, ports and barracks across Australia's North.
- \$22.5 million will maintain and repair essential assets in the Indian Ocean Territories, Jervis Bay Territory and Norfolk Island, supporting these communities to have uninterrupted access to essential goods and services.
- \$166.2 million over five years from 2023-24 in grants to support small and medium businesses and local defence industry as part of the Defence Industry Development Strategy.

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## **FEDERAL BUDGET BUILDS FOUNDATIONS FOR AUSTRALIANS WITH HOUSING ENABLING INFRASTRUCTURE**

The Civil Contractors Federation (CCF) has welcomed the 2024-25 Budget, providing 65 new infrastructure projects worth \$4.1b, assurance of the \$120b Infrastructure Investment Program and Commonwealth's recognition of the critical link between civil infrastructure, housing supply and community.

These new and existing infrastructure projects, for roads, bridges, water, and sewerage alongside the Federal Government's \$1b allocation for housing-enabling infrastructure and another \$1b for the National Housing Infrastructure Facility lay foundations to building housing and community.

With the Commonwealth advancing the largest investment in housing-enabling infrastructure and construction since World War II, this acknowledgment comes at a crucial time as Australian families face pressure from inflation and cost of living.

"You can't spend a dollar in housing until you spend a dollar in civil and there is balance struck here to get infrastructure in the ground and for homes to come out of the ground," said Civil Contractors Federation CEO Nicholas Proud.

"It is vital that the \$2 billion in housing enabling infrastructure is allocated in \$10 million, \$20 million, and \$50 million housing-enabling contracts to maximize the number of new homes right across the country and get ourselves out of the current decade low housing supply slump.

"A strategic dispersal via the states and territories will ensure our civil contractors can efficiently roll out housing enabling infrastructure across Australia.

"The CCF believes the Commonwealth Government should further increase this housing enabling infrastructure investment to \$4 billion next year and \$6 billion in FY 2026-27 as inflation eases and industry capacity expands.

"Amidst the current pressures of skills shortages, material scarcities, and high inflation in the construction industry, the Government's budget demonstrates a balanced and responsible approach to the economic climate we find ourselves in," added Mr. Proud.

The CCF also acknowledges the Commonwealth for maintaining the \$120 billion Infrastructure Investment Program Pipeline, signaling sustained growth over the coming years. This move gives CCF members some confidence for future projects.

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Noteworthy projects include an additional \$3.25 billion for Victoria's North East Link, \$1.9 billion for projects around Western Sydney's Aerotropolis, and \$1.15 billion to fully fund the Sunshine Coast rail link. These projects are pivotal for propelling the nation forward.

“Not only is the Commonwealth continuing to roll out infrastructure, but the CCF also welcomes the investment of \$90.6 million to increase the number of skilled workers in the construction and housing sector, which includes creating 15,000 fee-free TAFE places and 5,000 pre-apprenticeship positions.

“This investment will allow the civil construction Industry to ramp up capacity over the coming years with a locally trained workforce.

"This budget not only underpins investment for the local projects Australians expect each budget cycle, but also takes important steps that can grow the civil industry, acknowledges the role of civil in housing, and demonstrates long-term support for our industry.

“Between tackling inflation and fulfilling housing and infrastructure promises, the Government's budget takes a balanced and mature approach in the current economic environment,” he said.

**For further enquiries - CCF National Director of Policy and Advocacy Rowan Carter on 0407 896 862**