

Opinion

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Cutting Infrastructure Spending Won't Solve Our Housing Crisis

Calls by the NSW Productivity Commissioner Peter Achterstraat to scale back government infrastructure spending to free up labour for housing construction are a dangerous oversimplification of a complex problem.

Civil contractors—those who build roads, tunnels, and rail networks—cannot simply jump off an excavator and start building homes.

Civil contractors are not going to leave major projects like the Sydney Metro, Western Sydney Airport, Lismore flood reconstruction, and regional bridge-building, and start laying bricks for apartment complexes. It's an entirely different set of skills, training, and equipment. The assumption that reducing infrastructure projects would magically create a labour pool for housing construction ignores the realities of the very different roles people play in the construction industry.

Construction is not one interchangeable workforce. There's a clear distinction between 'vertical' construction—building houses, apartments, and commercial buildings—and 'horizontal' construction, which is the realm of civil contractors. The latter specialise in roads, bridges, tunnels, railways, earthworks, water and energy infrastructure, and more.

Civil contractors play a vital role not only in preparing land for housing construction but in providing the infrastructure that makes housing and communities viable and liveable. Without the roads, utilities, and transport systems these professionals build, new housing developments are isolated, disconnected, and unsustainable. It's not an either-or situation. Cutting government infrastructure projects would either diminish the viability of the civil construction industry in NSW or see businesses relocate to other states. Either way, we risk losing the civil construction skills we rely on for critical works, while also stifling the very development we aim to support.

We should also consider the long-term consequences of winding back government infrastructure investment. If civil contractors are left without work, their businesses could fold, and the skills developed over decades would be lost. Who will build the next round of critical infrastructure—whether it be for energy transition, road maintenance, or future housing projects—if we allow this expertise to fade away?

The industry needs confidence to stay and provide secure jobs, and apprenticeships for people in NSW, and that confidence comes from a steady pipeline of work and consistent government policy.

Rather than forcing a false choice between infrastructure and housing, governments should focus on solutions that address both. Streamlining planning approvals, supporting skills development, reducing construction costs, and incentivising residential construction are all practical steps forward. Civil contractors are an essential part of the puzzle—not an expendable or transferrable resource.

Cutting government infrastructure spending is not good policy and won't solve our housing crisis. Nor is it the solution for building local industry capability or securing a future made in Australia. It's a short-sighted approach that risks damaging the very foundations of our state's future growth.