

2026/27 Victorian Budget Delivers Stability but Fails to Drive New Momentum in Civil Construction

The Civil Contractors Federation Victoria (CCF Victoria) argues that the 2026/27 Victorian Budget provides short-term stability for the civil construction sector but falls short of delivering new initiatives to support future growth or address escalating industry pressures.

CCF Victoria attended the State Budget Lock Up, where the Government confirmed a return to an operating surplus of \$727 million and maintained the Budget's theme of "*Easier. Safer. More Affordable*".

While infrastructure investment remains significant at \$19.4 billion in 2026/27 (including new investment of \$4.4 billion), forward estimates show a gradual decline to \$15.3 billion by 2029/30, signalling a tapering of public sector construction activity.

CCF Victoria Executive Director Annie Kessell said the Budget supports ongoing work in the near term but lacks reforms to strengthen the medium-term pipeline.

"This Budget provides stability, particularly through continued investment in roads and maintenance works, but it does not introduce new initiatives to expand opportunity or address key cost pressures facing contractors," Ms Kessell said.

Key allocations include \$1.04 billion for road maintenance and resurfacing, \$860 million for social housing, and \$481 million for regional transport projects. However, the focus is increasingly shifting toward maintenance and smaller scale works rather than major new project starts.

CCF Victoria also noted ongoing workforce investment through Free TAFE funding, while highlighting concerns that limiting access to public providers restricts broader industry training capacity.

The organisation warned that rising debt levels and increasing interest costs will continue to constrain future infrastructure investment, while a tapering pipeline is likely to increase competition across the sector.

"As the pipeline moderates, the sector will become more exposed to market driven housing activity and cost volatility, particularly around fuel and materials," Ms Kessell said.

CCF Victoria is calling for targeted reforms to strengthen industry resilience and improve infrastructure delivery outcomes, including:

- Nationally consistent application of rise and fall contract mechanisms
- Standardised government payment terms
- Targeted measures to address cost escalation pressures in infrastructure delivery
- Enhanced funding support for local government capital works programs
- Temporary increases to fuel tax credit arrangements to support construction activity

“Stability is welcome, but without reform to contract conditions and cost recovery mechanisms, pressure on contractors will continue to build,” Ms Kessell said.

CCF Victoria will continue to work with government to advocate for a stronger, more sustainable civil construction pipeline.

MEDIA RELEASE

About CCF Victoria

CCF Victoria is the peak representative body for the state’s civil construction industry, which contributes around 50 per cent, approximately \$22 billion, in state tax revenue¹ across the civil, land development, infrastructure and materials industries.

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