



Legislative Assembly for the
Australian Capital Territory

Select Committee on Financial
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Procurement Legislative Compliance

Submission cover sheet

Inquiry into Financial Management and Government Procurement Legislative Compliance

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MASTER BUILDERS
AUSTRALIAN CAPITAL TERRITORY

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MASTER BUILDERS ACT

Submission to the ACT Legislative Assembly Inquiry into Financial Management and Government Procurement Legislative Compliance



Introduction

As the peak industry body representing ACT's building and construction sector, Master Builders ACT's membership spans residential, commercial, and civil contractors, as well as subcontractors, suppliers, and professional consultants involved in delivering Canberra's built environment.

Master Builders ACT plays a leading role in policy development, workforce training, and construction standards, engaging closely with government to ensure that regulatory settings promote both quality and affordability.

Master Builders ACT welcomes the opportunity to contribute to the inquiry into Financial Management and Government Procurement Legislative Compliance.

Master Builders ACT and its members have long called for significant changes to ACT Government procurement to ensure local firms are able to benefit from government investment in local projects.

This submission focuses on the *Government Procurement Act 2001* which has, over time, become internally inconsistent as it attempts to ensure "value for money" while simultaneously imposing unnecessary and costly administrative complexity to firms seeking to tender for construction work.

Master Builders ACT agrees that the ACT Government should deliver value for money and that government investment should support secure local jobs, which is why we oppose the Secure Local Jobs Code (SLJC) as it currently operates. This internal inconsistency makes it impossible for the ACT Government to comply with its own legal obligations.

The ability for local firms to be able to tender for local work should be a critical factor in this inquiry and Master Builders ACT urges the committee to give careful consideration to the impact of current procurement practices on local industry.

Background

The ACT Government's procurement frameworks have a significant impact on the ACT construction industry. The *Government Procurement Act 2001* (ACT) establishes the Secure Local Jobs Code (SLJC) which requires businesses to hold a SLJC Certificate if they wish to work on ACT Government funded construction projects.

Construction businesses are required to hold an SLJC whether they are working as head contractors or subcontractors. It requires the demonstration of industrial relations and workplace safety practices that go beyond statutory requirements.

Master Builders ACT supports the intent of the SLJC to promote local industry and ensure workers are treated fairly. However, we are concerned that the practical implementation of the SLJC, combined with broader procurement practices, is restricting access to ACT Government work for local SMEs.

SMEs are the backbone of the ACT construction industry. They employ local workers, train apprentices, engage local subcontractors and retain economic value within the Territory. A

procurement framework that marginalises these firms reduces the local benefits of government investment in housing and infrastructure and directly undermines the resilience and sustainability of the local industry.

The use of local small businesses in government construction contracts delivers significant economic benefits to the ACT. Local SMEs employ local workers, engage local subcontractors, and procure goods and services from within the Territory, ensuring that public investment is retained and recirculated in the local economy. This strengthens employment, supports apprenticeships and skills development, and sustains a diverse and competitive construction market. In contrast, reliance on non-local firms increases economic leakage, reduces local capability over time, and weakens the resilience of the ACT construction sector.

ACT Government procurement practices should work to support local industry rather than exclude local firms, particularly in the ACT building and construction sector.

Summary of recommendations

Master Builders ACT recommends that the inquiry consider:

1. **Reforms to the Secure Local Jobs Code** to ensure it supports, rather than inhibits, SME participation in ACT Government work.
2. **Procurement strategies that actively promote local industry**, including:
 - introducing a local capability test to assess the availability, capacity, and capability of local providers prior to engaging interstate firms
 - greater use of open tenders
 - active consideration of project packaging to suit local capability
 - reduction in submission response length for smaller projects
 - appointment of a Local Procurement Champion
3. **Stronger compliance and reporting requirements for subcontracting**, ensuring large contractors deliver genuine local workforce development.
4. **Consistent and transparent application of compliance standards**, with proportionality and procedural fairness.

Secure Local Jobs Code and small business in the ACT

Recommendation

Reform the Secure Local Jobs Code to ensure it supports, rather than inhibits, SME participation in ACT Government work.

The SLJC was introduced with worthwhile intentions to improve procurement practices across the ACT and to ensure public money is directed to businesses that treat their workers fairly and contribute to the development of local industry capability. Master Builders ACT supports these objectives.

In practice, the SLJC does not include any procurement requirement to support or preference local employers or employees. This absence creates significant confusion in both policy design and delivery amongst both stakeholders and the community.

The [Secure Local Jobs webpage](#) states:

'We understand that creating jobs for the local community is important and we want to make sure that the money we spend on goods and services goes back into the local economy.'

In addition, obtaining a SLJC Certificate can be administratively onerous, requiring:

- reviewing and updating workplace systems and policies to ensure they meet the requirements of the Code, which are different from what is required in other legislation
- the completion of detailed forms describing the organisation's industrial relations and workplace safety practices in the Labour Relations, Training and Workplace Equity Plan as part of the Ethical Treatment of Workers Evaluation
- the provision of multiple documents (already required under other legislation, such as tax and superannuation) as evidence of current business practices
- an independent audit of workplace practices, including the payment of a fee to an auditor.

The workplace relations and safety requirements required for the SLJC go far beyond those required in legislation, and even beyond other requirements such as accreditation with the Office of the Federal Safety Commissioner.

This system favours businesses that have mature and corporatised administrative systems, particularly larger entities. For some industry participants, particularly smaller businesses and those with limited administrative capacity, the volume and complexity of paperwork can present a barrier to entry.

The SLJC process is overly focused on filling out forms rather than demonstrated outcomes for workers and local workforce development.

Systems requiring substantial administrative effort tend to favour larger organisations, which disproportionately rewards interstate contractors at the expense of local businesses, directly at odds

with the stated purpose of the SLJC and in contrast to the ACT Government's own Canberra Regional Local Industry Participation Plan (LIPP).

Master Builders ACT welcomes the reforms to limited tender procurement that passed the Assembly in late 2025 but have not yet commenced. These reforms should make it easier for the ACT Government to engage local SMEs.

Additional practical reforms to the SLJC to improve the ability for local contractors to compete could include:

- introducing a tiered certification model, based on business size and/or contract value thresholds, with less paperwork required at the lower tiers and a simplified audit process for SMEs
- simplified guidance to compliance with the SLJC
- streamlining the certification process by including pre-filled information where available, or maintaining one database for prequalification information
- reducing or removing the need to provide a description of work practices where documentary evidence can instead be provided
- increased scrutiny of head contractors use of local subcontractors and work crews, particularly where the head contractor is a large interstate or multinational firm
- linking future eligibility of interstate or multinational firms to outcomes for local subcontractors and employment.

Master Builders ACT would welcome the opportunity to partner with the ACT Government on refining the SLJC to ensure fair and safe workplaces, which also ensuring SMEs are able to participate in Government projects.

Australian Secure Jobs Code

Master Builders ACT also notes the Australian Government's stated intention to develop a [Secure Australian Jobs Code](#), and emphasises that should this come into force, ACT businesses may be required to be compliant with two Codes contrary to any other jurisdiction.

Procurement practices and the Government Procurement Act 2001

Recommendation

Procurement strategies that actively promote local industry, including:

- introducing a local capability test to assess the availability, capacity, and capability of local providers prior to engaging interstate firms
- greater use of open tenders
- active consideration of project packaging to suit local capability
- reduction in submission response length for smaller projects
- appointment of a Local Procurement Champion.

While the Government Procurement Act 2001 has a strong focus on competitive tendering, fairness and transparency, and value for money for the ACT Government and its ratepayers, these outcomes are not always achieved through current tendering practices.

Master Builders ACT is concerned that current procurement practices particularly when combined with the SLJC are systematically reducing the ability of local SMEs to participate in ACT Government funded projects.

Specific concerns include:

- the use of limited tenders, particularly when these are issued to interstate firms while excluding local firms that may have the capacity to undertake the work
- procurement strategies that bundle multiple projects into single, large contracts beyond the capacity of local SMEs
- insufficient consideration of how procurement design affects local market participation
- real or perceived favouritism, influenced by factors external to the panel or tender considerations
- local capability testing to see if the local building and construction market can deliver.

Greater transparency over procurement decisions, including the reasons for packaging of works, the reason for limited or single select tenders, and the reasons behind the selection of tenders would assist to allay industry's concerns regarding real or perceived issues that lead to the exclusion of local industry participants.

Limited tenders to interstate firms, without demonstrable justification, undermine competition and weaken the local industry. They also raise legitimate questions about compliance with the intent and spirit of the Procurement Act.

Packaging of works

Master Builders ACT strongly submits that the ACT Government should make greater use of appropriately packaged works that allow local SMEs to compete.

This includes:

- breaking large programs of work into smaller, discrete packages that reflect the scale and capability of local contractors
- designing procurement scopes that align with the demonstrated capacity of ACT-based SMEs.

Such practices would enhance competition and reduce risk for the Territory. It would also deliver greater value for money while concurrently strengthening local industry capability and market resilience. It would also require a more active role for the ACT Government in project management.

While the LIPP and the various elements of the SLJC attempt to facilitate the creation of local jobs, the reality is that better-resourced interstate contractors regularly win work by promising to engage local businesses, which may or may not eventuate.

Where the ACT Government engages large interstate head contractors or project managers, there should also be a stronger focus on how those contractors package works for subcontracting.

Master Builders ACT is concerned that interstate head contractors aggregate subcontract packages in ways that favour large national subcontractors or interstate supply chains, limiting opportunities for local businesses to participate.

Stronger procurement conditions and compliance oversight are needed to ensure that subcontract packaging genuinely supports local industry development, rather than satisfying high-level participation commitments.

Failure to treat project and subcontractor packaging as a deliberate policy lever represents a missed opportunity to align procurement outcomes with both the economic and social objectives underpinning the ACT Government's construction investment.

To deliver better value for money for the Territory, it is recommended that early engagement with design and planning be undertaken outside the packaged works to ensure a well-defined and tightly scoped project.

The disengagement of local businesses from ACT Government construction work has flow-on effects for the broader ACT economy. Public sector construction investment often provides critical stability during periods of reduced private sector activity, including during economic shocks such as the COVID-19 pandemic.

Where local businesses are effectively locked out of government work, they are deprived of this stabilising opportunity, increasing the risk of business failure and job losses during downturns.

Subcontracting practices and local workforce development

Recommendation

Stronger compliance and reporting requirements for subcontracting, ensuring large contractors deliver genuine local workforce development.

Master Builders ACT is particularly concerned about the disconnect between SLJC and LIPP commitments and actual outcomes for local jobs.

Members report that:

- large interstate firms promise to government that they will provide work to local subcontractors that often fails to occur in practice
- local subcontractors are engaged only at minimal levels
- workforce development benefits flow disproportionately out of the ACT
- many workers on site are from interstate.

Master Builders ACT recognises that there may be legitimate reasons for bringing individuals or businesses with specialised skills from interstate on specific projects, but our members report that the use of interstate subcontractors is common, and occurs at the expense of local business.

Greater transparency around the tendering and packaging processes of interstate head contractors and project managers would assist industry and government to understand the nature and extent of the problem of work going to interstate subcontractors.

If a substantial amount of work is in fact being done by local ACT and region firms, then this transparency will assist to reduce rumours and encourage local firms to tender for works on ACT Government-funded sites with interstate head contractors.

If local industry participation is to be a genuine objective of procurement policy, there must be a stronger focus on ensuring that head contractors are not imposing unnecessary structural barriers to local participation.

The ACT Government should take an active role in monitoring the subcontracting practices of interstate firms to ensure there are genuine opportunities for local businesses to participate in local works.

Currently, compliance scrutiny falls most heavily on local SMEs at tender stage, rather than on large interstate firms during project delivery.

Conclusion

The ACT building and construction industry is dominated by capable, compliant and community-based small and medium businesses.

These businesses are essential to our local employment of 18,000 workers, skills development and economic diversification in a city too often in the shadow of government employment.

The current procurement framework in the ACT places prohibitive barriers for SMEs to participate in ACT Government-funded work. Master Builders ACT stands ready to partner with the ACT Government to ensure that local businesses benefit from government investment, ensuring that the money remains local and has flow-on effects for the broader ACT economy.

Greater transparency and a focus on outcomes, rather than paperwork, will also assist both the ACT Government and industry to better understand any challenges in government procurement for local businesses, and ensure that both government and industry can work together on practical solutions.

A procurement framework that unintentionally excludes local SMEs while privileging large interstate firms risks breaching not only the intent of the SLJC, but also the statutory obligations under the *Financial Management Act 1996* and the *Government Procurement Act 2001*.

Master Builders ACT urges the inquiry to place the accessibility of government work for local SMEs at the centre of its examination and to recommend reforms that use ACT Government procurement as a lever to ensure local workforce development.

ENDS