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Committee Secretary  
House of Representatives Standing Committee on Regional Development, Infrastructure and Transport  
PO Box 6021  
Parliament House  
Canberra ACT 2600

### **Inquiry into Local Government Funding and Infrastructure Delivery**

The Civil Contractors Federation (CCF) welcomes the opportunity to contribute to the House of Representatives inquiry into local government funding and infrastructure delivery. CCF is the peak national body representing the civil construction industry, with over 1,800 contractor members across Australia, as well as associate members including local councils.

This dual representation gives CCF a unique perspective: we represent those who build and maintain infrastructure (civil contractors) and those who commission, own and maintain infrastructure (local governments).

Councils operate both as procurers of external civil works and as direct deliverers via their own workforce, particularly for local roads, parks, and community facilities. We therefore understand the challenges from both sides of the infrastructure delivery equation.

In this letter, we outline key points from CCF's full submission, focusing on:

- Term of Reference (iii) - barriers to infrastructure service delivery (especially workforce and labour hire issues)
- Term of Reference (iv) - opportunities to improve productivity and coordination in infrastructure delivery.

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.

Local governments manage a substantial share of Australia's infrastructure task with comparatively limited resources. Local roads account for around 77 per cent of the national road network, yet councils collectively raise only around 3 per cent of total national tax revenue. It is therefore unsurprising that infrastructure backlogs have emerged. The Australian Local Government Association, in its most recent *State of the Assets* report, found that approximately 10 per cent of local government infrastructure is in poor or very poor condition, with only around 70 per cent assessed as being in good condition.

CCF notes that councils' ability to deliver services and new projects is heavily influenced by both their workforce capacity and the funding frameworks they operate within.

We acknowledge the Commonwealth's role in supporting local government financially including through Financial Assistance Grants (FAGs) and targeted programs. The CCF echo ALGA's call for a review of these funding mechanisms (including a return to indexation and a gradual restoration of FAGs to at least 1% of Commonwealth tax revenue) to ensure councils have a sustainable base to meet evolving responsibilities.

## Barriers to Infrastructure Service Delivery

Workforce availability is now the single greatest cause of delay in the delivery of local and state-funded civil infrastructure projects. While a 2022 national survey by SGS Economics & Planning found that nine in ten councils were already experiencing skills and labour shortages, particularly in engineering and other technical civil roles, conditions have materially worsened.

The 2025 CCF Market Capacity Survey found that access to suitably skilled labour is the primary constraint on project delivery, with 70 per cent of contractors reporting that available candidates do not have the skills required to work on civil projects, and more than 50 per cent reporting an unwillingness among candidates to travel to regional locations. These constraints are directly delaying project delivery and limiting the ability of governments to convert funding commitments into completed infrastructure.

This shortage spans the broader civil industry as well, where record infrastructure investment has driven demand beyond current supply of skilled workers. The implications are felt in several ways:

- Staff recruitment and retention challenges: Councils, especially in regional and remote areas, struggle to attract and retain qualified engineers, project managers, planners and works crews. Limited career progression, lower pay relative to regional private sector occupations like mining/building, and location barriers all contribute to chronic vacancies. These gaps delay project planning and delivery. Contractors similarly report difficulty hiring experienced machine operators, site supervisors and other trades, leading to project delays or higher costs due to competition for talent.

- Limited internal capacity in smaller councils: Many local governments, particularly in rural and remote regions, have limited internal technical capability to design and manage complex infrastructure projects.
- It is not economical for every small Shire to maintain large specialist engineers for bridges, water treatment or major construction. This capacity gap often forces councils to either delay projects or pay for external consultants, and can lead to less informed procurement and oversight.

As a result, essential infrastructure work may be deferred until skilled labour can be procured or delivered sub-optimally. Building local capability is difficult when budget constraints limit training and when skilled professionals are in short supply. CCF sees this skills gap regularly when small councils go to market for works: without experienced client-side project managers, the procurement and delivery process can falter. Ensuring appropriate support and resource-sharing models is critical to overcome this barrier.

These workforce and capability issues directly translate into barriers to service delivery. When councils cannot hire the engineers or crews needed, projects take longer to scope and approve, and maintenance backlogs grow. Likewise, when contractors cannot source enough qualified workers, project timelines slip and costs rise. Ultimately, communities feel the impact through delayed or lower-quality infrastructure outcomes. Addressing the skills shortage is therefore paramount to improving delivery.

Importantly, there have been positive developments. CCF applauds the Federal Government's recent action to support civil construction skills.

From 1 January 2026, several key civil construction qualifications (such as Certificate III in Civil Construction and Plant Operations) have been added to the Australian Apprenticeships Priority List. This means employers hiring apprentices in these trades are now eligible for enhanced wage subsidies and other support, reducing the cost and risk of taking on apprentices. We welcome this recognition of civil trades as essential, and view it as an important step in tackling the skills shortage.

However, more can be done. CCF supports the expansion of this support to cover all civil trades including specialist plant operators, excavator operators and tunnel constructors, which currently do not all fall under the Australian Apprentice Incentive Scheme.

Another workforce aspect is ensuring secure and attractive employment pathways in local government. CCF supports measures to improve the certainty of employment for council infrastructure staff. This could include multi-year Commonwealth funding agreements that enable contractors and councils to confidently hire ongoing staff (rather than short-term hires tied to year-by-year grants). It could also include targeted incentive programs (such as relocation support or housing for professionals who move to regional councils) to help address the talent shortfall outside the capital cities.

We note that the *impediments to security for local government workers* identified by the Committee often stem from short-term funding and the lure of private sector opportunities; a coordinated approach is needed to make council roles more competitive and secure.

## Opportunities to Improve Productivity and Coordination

Despite the challenges outlined, there are significant opportunities to boost productivity and improve coordination in how local infrastructure is funded and delivered. CCF's submission outlines several recommendations, which we summarise below.

These focus on streamlining processes, fostering collaboration, and making the most of every infrastructure dollar; ultimately aiming to get more done, faster, for our communities.

### 1. Streamline and Standardise Procurement

Procurement complexity is a major constraint on delivery efficiency. Councils often face inconsistent procurement frameworks, tender processes, and grant conditions across federal, state and local programs. For smaller or regional councils with limited procurement capacity, this fragmentation creates delays, duplicated effort, and higher compliance costs.

CCF recommends the Commonwealth lead a national procurement reform agenda focused on local infrastructure. Key elements should include:

- **Model contract templates and procurement guidelines**, developed collaboratively with industry and local government associations, and adopted across jurisdictions. This could include standard conditions of contract (based on AS or NEC models), tender evaluation frameworks, and streamlined engagement pathways.
- **Consolidation of infrastructure grant programs**, reducing the number of single-purpose grants and instead supporting flexible, program-based or untied infrastructure funds.
- **Simplified acquittal and reporting requirements**, particularly for low-risk, shovel-ready projects under a defined value threshold.

A good example is South Australia's LGA Procurement model, which provides pre-qualified panels and standard documentation for councils across the state – improving consistency and reducing tender timeframes. Federal investment in scaling similar models nationally would save both councils and contractors time and cost, reduce disputes, and free up internal resources for project oversight and planning.

### 2. Embrace Collaborative Delivery Models and Smarter Risk Allocation

Traditional models like design–bid–build are not always appropriate for modern local infrastructure projects, particularly when dealing with complexity, market constraints or shared risks. Councils often revert to fixed-price contracts with inflexible terms that place

disproportionate risk on contractors — especially in uncertain ground conditions or volatile pricing environments.

CCF recommends greater adoption of collaborative and risk-aware delivery models, such as:

- Early Contractor Involvement (ECI), where contractors contribute during design and scoping stages to improve constructability, cost estimates and risk mitigation.
- Alliance or collaborative contracting, particularly for technically complex or schedule-critical projects (e.g. culvert replacements in flood zones, or integrated drainage-road upgrades).
- Standing panel arrangements for common infrastructure needs like resealing, kerb and gutter or footpaths — improving continuity of works and contractor availability.

Where councils lack the internal capability to implement these models, the Commonwealth (with states) should provide model contracts, training resources and shared procurement advisors.

In regional WA, for example, the Wheatbelt Secondary Freight Network adopted an ECI model that allowed local contractors to contribute early and de-risk the delivery phase. This improved pricing certainty and supported more timely approvals.

We also urge support for smart packaging strategies:

- Very large contracts can deter local suppliers and reduce competition.
- Unbundling into smaller, manageable packages can attract SMEs and enable staged delivery.
- Conversely, bundling similar works (e.g. multiple bridge upgrades) into a regional contract can unlock economies of scale, particularly in remote areas.

Councils should be supported to tailor delivery models to suit project risk, local market depth, and internal capability.

The CCF appreciates the Committee's focus on identifying barriers and opportunities in local infrastructure delivery. In summary, we have highlighted that *workforce shortages, insecure employment practices, and limited internal capacity* are key barriers that need addressing, and that *improvements in funding coordination, procurement processes, and collaborative delivery* represent significant opportunities to boost productivity. By investing in people (skills and secure jobs) and reforming processes (streamlining funding and procurement, and encouraging partnerships), the Commonwealth can empower local governments to deliver better infrastructure outcomes. This will not only reduce backlogs and improve service delivery but also create economic efficiencies and stronger communities.

CCF is committed to being part of the solution. We represent both the councils striving to deliver projects and the contractors building them – and we are keen to continue working with all levels

of government to implement the recommendations we have outlined. We have already seen positive steps, such as the inclusion of civil construction trades on the priority skills list and ongoing discussions around grant reform. These give us confidence that, with sustained effort, the barriers can be overcome. We would welcome the opportunity to provide further detail or case studies to the Committee, including successful examples of shared services or streamlined procurement from around the country.

Thank you for considering our submission. We are optimistic that this inquiry will lead to practical reforms and initiatives that enhance local government infrastructure delivery for the benefit of communities nationwide. CCF looks forward to continuing engagement with the Committee and the Government on these critical issues.

## About Civil Contractors Federation Australia

The Civil Contractors Federation is the registered organization for the civil infrastructure industry nationally, representing 1,800 businesses ranging from those smaller business to a sizeable group of employers with around 1,000 employees each. CCF has branches in each state and territory to support Contractor and Associate Members in the regions and in the cities.

Civil Contractors Federation is the only Registered Organisation recognised as the peak body representing the industry nationally for:

- Infrastructure Policy;
- Industrial Relations;
- Training and Workforce Development;
- Construction of all major roads, rail, bridges, ports, water, sewerage, utilities and developments supporting the energy transition.

Civil Construction refers to the design, construction, and maintenance of the physical and naturally built environment, including public works such as roads, bridges, dams, airports, drainage, energy, water, sewerage systems, pipelines and railways.

Across Australia, Infrastructure Projects have been and remain the cornerstone of Australia's communities and cities.

The infrastructure sector is delivering a major public infrastructure pipeline valued at \$230 billion over five years supporting our everyday way of life and every business. Civil Construction is its foundation industry, without the civil industry nothing is built.