QON No. 006

Legislative Assembly for the **Australian Capital Territory**
Select Committee on Estimates 2026–2027

Inquiry into Appropriation Bill 2026–2027 and Appropriation (Office of the Legislative Assembly) Bill 2026–2027

Answer to question on notice

Asked by: Mr Thomas Emerson MLA

Addressed to: ACTCOSS

Redirected to:

Reference: Community Sector

Hearing: 3 July 2026
In relation to: 26/27 Budget Community Sector perspective
Question received: 3/07/2026
Answer Due: 22/07/2026

(1) Does the current pre-budget submission process impose an unnecessarily heavy administrative burden on smaller organisations.

A democratically elected Government has an obligation to govern for everyone, including sections of the community that have a diminished public voice, and the allocation of funding through the budget is a central part of fulfilling that obligation. The community sector is one potential pathway for Government to hear from parts of society whose voices are often the most muted. However, mirroring wider society, the sector includes many smaller organisations who do not necessarily have the infrastructure, time or capacity to effectively transfer information to Government in ways that impact the budget – this is an ongoing informational challenge.

Our observation is that the minimum amount of input to mount a successful budget submission is high. The budget submission process requires both the time to engage with the public sector and the presentation of a relatively detailed business case. Small organisations will usually not have the requisite time nor capacity to engage with this process as they are funded for service delivery and do not have resourcing and expertise for budget advocacy, especially those that are predominantly volunteer-led. While the budget is one pathway for community sector organisations to engage with Government, it is not the only one, nor is it always the most appropriate. Organisations will often seek other means for advancing their advocacy, whether directly to Government through commissioned contracts or via peak bodies like ACTCOSS that have the requisite resources to engage in a budget process.

The resource-intensive nature of budget bids is in some ways necessary to ensuring that Government gets value-for-money, but it is also a barrier for ideas to enter the process from less privileged and resourced actors. This is a difficult informational balance for Government to manage.

While it is not the case that every small organisation or individual needs to be making budget bids, there ought to be a lower entry point to better enable new ideas to enter the process. As ACTCOSS advocated in our 2025-26 budget submission, a simplified template made publicly available, early in the budget cycle is a reasonable starting point.

(2) Do you believe there is sufficient engagement with organisations on why they did or not did receive funding through the budget process.

Engaging community organisations in the budget process is one of the most effective ways for the government to understand the needs of the most disadvantaged Canberrans. People experiencing that disadvantage are the least likely to be reached by other forms of consultation, and the community organisations that work alongside them every day carry knowledge the government cannot get anywhere else. The government should take advantage of this channel to ensure it is making decisions with the best possible information.

The budget process is inherently complex and, from the outside, opaque. It is hardest to navigate for the organisations with the least capacity, particularly smaller and volunteer-led services. Nevertheless, the 2026-27 budget has been broadly positive for the community sector, both in process and in outcome.

As regards process, ACTCOSS and the sector have been working constructively with ACT Treasury to improve the ability of community organisations to engage with the process. We commend Treasury for its efforts working with the sector to support better engagement with the budget.

As regards outcomes, the 26 per cent increase in real community sector funding from $252 million in 2025-26 to $327 million in 2026-27 was a welcome investment. As was the decision to make permanent the community sector funding uplift of $23.7m over four years.

On engagement with individual organisations about funding outcomes, there is room for improvement, but the natural home for that conversation is within the government's procurement and commissioning processes rather than the budget itself. The ACT Government is still finishing its first round of commissioning for the community sector. While important improvements have been made to date, significant work remains. This could include clearer links between the early phases of the commissioning process which determine community need and the budget itself. Procurement is one of the later steps in commissioning, and there is significant room for the government to improve consistency and transparency in engaging with community organisations that have participated in procurement processes. Providing clear feedback to unsuccessful local applicants can help level the informational playing field. The government's ongoing commissioning reforms, which aim to move beyond transactional contracting towards collaborative, outcomes-based partnerships, are the right vehicle for lifting the quality of this engagement.

(3) Are there any additional revenue-raising measures that you would have liked to have seen considered in the budget.

ACTCOSS is committed to playing a constructive role on policy for the revenue side of the budget. A sustainable budget position is in the long-run interests of the Canberrans in deepest need. Governments in severe fiscal crisis tend to cut social programs first, and public funds spent on elevated interest repayments cannot be spent on community services. While the Territory's position is manageable, the ACT should look to stabilise its finances, and we caution that the impulse to cut community services in a fiscal crunch is ultimately self-defeating, because these services operate upstream of more expensive acute interventions in the health and justice systems.

ACTCOSS is currently developing and costing several revenue measures for future budget cycles that are progressive, equitable, efficient and evidence-based. Our positions are still in development, but our initial directions include the following:

1. **Rates: Addressing Bracket Creep** - On rates, we see scope for additional marginal rate thresholds at the top of the residential land general rates schedule. Rates levied on unimproved land value are the most efficient revenue instrument available to the Territory, and the valuation-based component is the fairest and most efficient part of the system. Taxing unimproved land value taxes immoveable wealth and the economic rent derived from it. ACTCOSS supports the government's 20-year tax reform program replacing conveyance duty with general rates, and we welcomed the 2026-27 Budget's approach of reducing the fixed charge in nominal terms and funding conveyance duty concessions through a progressive increase to the valuation-based component. Additional top thresholds would extend the same logic and raise revenue from those most able to contribute. We suggest that the revenue neutrality of the reform program could be relaxed through larger and progressive rate increases over and above stamp duty reductions. The administrative cost of this proposal is negligible given that it leverages the existing rates schedule.
2. **Gambling –** The Eslake Report identified increased gambling taxation as one of the few revenue options available to the Territory that carries no adverse GST consequence, and found the ACT collects a smaller share of gambling losses than any jurisdiction other than Western Australia. This is because the ACT collects a smaller percentage of what is spent on gambling than almost any jurisdiction, and our initial analysis suggests the gap is concentrated in the products associated with the most harm. ACTCOSS has not settled on design details but sees a strong case for the Territory to lift its gambling tax effort.
3. **Incentivising electrification for rental properties -** ACTCOSS is also examining a measure to address the split incentive that stalls electrification in rented homes, where the landlord chooses the appliances, but the tenant pays the energy bills. Renters have lower incomes than owners and higher energy costs relative to income, and they are currently last in the electrification transition. A measure of this kind would be dually calibrated to change behaviour with tapering revenue as landlords respond to the incentive.

ACTCOSS would welcome the opportunity to engage further with the government and the Assembly on revenue policy as this work matures.

(4) Does the funding uplift for the community sector in this budget go far enough.

(a) If not, what level of uplift would make for a sustainable future for the sector.

The 2026-27 Budget delivers the most significant increase in community sector funding in many years. Total funding rises from $252 million in 2025-26 to $327 million in 2026-27, an increase of around 26 per cent in real terms. This is a positive investment in the whole service delivery system, of which both the ACT Government and community sector form a part. It is especially positive because it is focused on cost-effective upstream measures rather than more expensive acute services. While a good investment, this does not address historical underfunding of community services.

The permanent funding uplift of $23.7 million over four years converts last year's one-off $5 million boost into ongoing, indexed funding. ACTCOSS welcomes this as genuine progress on the historical underfunding of the sector.

The uplift is welcome, but does not fully close the gap. ACTCOSS's 2026-27 budget submission sought an uplift of $20 million per year commencing in 2027-28. The distribution of the uplift also remains under Government deliberation. ACTCOSS is working with members to identify which pressures the uplift can address and which remain unmet.

Community sector sustainability also depends on structural cost drivers that sit beneath any single uplift. Community services are inherently labour-intensive, so their costs rise faster than general inflation. Mandatory employer costs, including superannuation guarantee rises, the long service leave levy, insurance, and compliance costs are not fully captured by the current Community Sector Indexation formula. It also does not account for the increase in proportion of the community requiring assistance or increasing client complexity.

Approved for circulation to the Select Committee on Estimates

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