Submission Cover Sheet

Inquiry into the Fiscal Sustainability of the ACT

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12 February 2026
Jo Clay
Member of the Legislative Assembly

By email: LACommitteeFiscal@parliament.act.gov.au

Dear Ms Clay

Please find below the CPSU submission to the Select Committee on the Fiscal Sustainability of the ACT.

CPSU looks forward to the opportunity to appear at public hearings next month.

Regards

[redacted]

Maddy Northam
CPSU Regional Secretary

Community and Public Sector Union submission to the Select Committee on Fiscal Sustainability of the ACT

The Community and Public Sector Union (CPSU) is the major union for ACT Public Service employees across most directorates. We are committed to providing a strong voice for our members on work health and safety and industrial matters and key public policy and political debates.

The CPSU welcomes the opportunity to provide input to the Committee's inquiry. This submission is made on behalf of our members across the ACT Government who live and work in Canberra and actively contribute to the social and economic wellbeing of the Territory.

The ACT faces structural limits arising from vertical fiscal imbalance and a narrow own-source revenue profile, with payroll tax already under sustained pressure due to the Australian Public Service and limited scope to expand materially without economic and equity trade-offs.

It is CPSU members who are on the frontline when service expectations and fiscal reality collide. They are the ones taking the calls, working the counters, visiting homes, running the clinics, managing cases and responding in real time when systems or policies don't match community expectations. They are the ones seeing vacancy after vacancy go unfilled and picking up the workload.

Our key focus is to ensure that efforts to strengthen the Territory's fiscal sustainability do not result in cuts to public services or jobs, and instead prioritise investment in an effective, stable and local public sector workforce that delivers for the community.

Below are CPSU recommendations:

Reduce reliance on external consultants and contractors

Limit spending on consultants, contractors and labour hire. Using temporary employment in the ACTPS costs more in addition to forcing workers into insecure work. Insecure workers have less capacity to get loans, secure rentals and contribute to the local economy. Further, any investments made in these workers does not have a long term benefit to Canberrans, as their organisational knowledge is lost when their contract ends.

Stop using external recruitment firms

The ACTPS must cease engaging executive recruitment firms to fill senior roles in the ACT Public Service and on government boards. The ACTPS has internal human resources and recruitment teams. These teams should be trusted to fill public service jobs and any funding for external firms redirected toward rebuilding internal capability.

Reduce outsourcing

Outsourcing public service functions is an unnecessary cost to the government. Many of these functions could be fulfilled by permanent public servants.

By way of example, CPSU understands that the government is charged significant amounts each year for external radiology reporting by Everlight. Instead, Canberra Health Services could hire radiologists and invest in its own workforce.

Strengthen ACT Government access to Commonwealth funding

Prioritise increased Commonwealth investment in early-intervention mental health, especially in schools, to reduce long-term service and system costs.

Machinery of Government (MoG) changes

MoG changes are often pursued with the expectation of rapid efficiency gains. In practice, while structures can be redrawn quickly on paper, efficiencies are inherently lagged. Real benefits depend on:

- proper consultation and engagement with affected staff
- effective transition and integration of functions
- harmonisation of systems, policies and processes
- accountability

In the short to medium term, MoG changes can lift cost and operational risk due to:

- dual running of systems and processes
- transitional governance and reporting overheads
- temporary productivity loss during organisational change
- time required to clarify accountabilities and delegations
- the need to manage risk, morale and retention through genuine engagement and consultation.

Expecting immediate fiscal dividends from MoG changes risks undermining delivery and eroding workforce trust. A realistic framework should:

- set time-bound expectations for when efficiencies are likely to materialise
- fund transition and change management properly
- avoid layering efficiency dividends or staffing cuts/recruitment freezes on top of major structural change
- measure benefits over the forward estimates, not a single budget cycle.

This approach reflects the operational reality of large restructures and increases the likelihood that MoG changes deliver durable gains.

Procurement

Investing in public services also means investing in central procurement capability to leverage Territory purchasing power. Fragmented procurement across directorates leads to lost economies of scale, inconsistent contract terms and duplicated effort. Strengthening central procurement and category management will:

- deliver structural efficiencies and better prices over time
- lift supplier performance and risk management
- reduce duplication and transaction costs across the system.

This is an "invest to save" reform. Modest capability investment yields ongoing fiscal and operational benefits.

Low value procurement

CPSU members continue to tell us that low-value procurement and payment processes impose disproportionate internal cost relative to risk and value. While the Government Procurement Amendment Bill 2025 established a $500 minor purchase threshold, members tell us this does not go far enough. We recommend:

- increase the minor purchases threshold to $5,000 to better align controls with risk and reduce transaction costs.
- introduce tiered procurement toolkits (low/medium/high risk) with clear criteria, standard templates and proportionate approvals.
- expand purchasing card use including for low-value invoice payments where suppliers accept credit cards. This would cut processing costs, shorten payment cycles (supporting small suppliers) and lift productivity.

This should be accompanied by clear guidance, transaction limits, merchant category controls and routine monitoring to maintain probity and financial controls while improving efficiency.

Legal issues

Routine, repeatable legal issues are too often treated as bespoke matters, driving cost, delay and risk aversion while eroding internal capability. Expanding GSO guidance products would:

- lift baseline legal capability across directorates
- improve consistency and speed of delivery
- reserve bespoke advice for genuinely complex matters

This builds institutional capability and reduces recurring demand pressure on legal services.

Build internal capability and future leadership pathways

The ACTPS should review recruitment practices to better support and grow the existing workforce. Further, there should be investment in structured talent development pathways to ensure the ACTPS is developing the SES and Executive leaders of tomorrow rather than outsourcing leadership capability. There should be a focus on developing Aboriginal and Torres Strait Islander, culturally and linguistically diverse, disabled and LGBTQIA+ leaders.

Wellbeing Framework

A sustainable workforce is fundamental to a sustainable budget. The Wellbeing Framework should reflect this by highlighting:

- Well-staffed workplaces reduce psychosocial harm, lower injury rates, and create safer work environments.

- Early intervention and prevention can significantly reduce long-term workers' compensation costs and improve recovery outcomes.

- Government should account for the true cost of unmanaged WHS risks including absenteeism, staff turnover, lost productivity and compensation liabilities.

Social Return on Investment

The ACT Government benefits directly when it invests in its own workforce. Public servants who live locally, spend locally, supporting ACT businesses and strengthening the Territory's economy.

Closing

The ACT Government should harness the practical insight of CPSU members. A credible sustainability agenda must embed frontline feedback from CPSU members into design and decision making, not treat it as an afterthought. That means genuine consultation and co-designing reforms with staff and resourcing change properly so we don't set people up to fail.

CPSU calls on all members of the Legislative Assembly to rule out staffing cuts, blanket efficiency dividends or recruitment freezes. Cuts, freezes and efficiency dividends hollow out capability, shift costs, increase risk and degrade service quality, reducing community trust in the public service.