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Select Committee on Financial
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Submission cover sheet

Inquiry into Financial Management and Government Procurement Legislative Compliance

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

Melanie Wilde

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Table of Contents

1. Introduction	3
1.2 What this looks like in practice	4
1.3 Counting the Costs and the Sector Sustainability Program: current context and recent funding increases to the ACT community sector	5
2. Structural Imbalance in Procurement and Oversight.....	6
3. Inconsistent Governance Frameworks Across Funded Entities	6
4. The Role of Primary Health Networks	7
5. Proactive Risk Management: Strong Frameworks, Limited Reach	7
6. Limitations in Oversight and Escalation Pathways.....	9
7. Constraints of the Current Regulatory Environment	9
8. Systemic Risk Factors	10
9. Value for Money and Market Structure.....	10
10. Funding Models and Independence	11
11. Governance in Practice	11
12. Public Investment and Outcomes	12
13. Workplace Integrity and Moral Risk	12
14. Workforce Pressures and System Performance	13
15. Prevention, Social Health, and Procurement Design	14
16. Structural Efficiency and Commissioning Scale	15
17. Partnerships with Philanthropy and Innovation	16
18. Under-recognised Risk in a High-Trust System	17
19. Central Observation.....	17
20. Recommendations.....	17
21. Conclusion.....	18
Sources and References.....	19

1. Introduction

I welcome the opportunity to provide a submission to this Inquiry, drawing on my experience as Chief Executive Officer of an ACT Government-funded peak body, my service on the boards of ACT Government-funded community service and health organisations, my broader engagement with ACT Government commissioning in the community services and mental health sectors, and a substantial body of work in impact measurement across local and international contexts. These observations are informed by over twenty years across non-profit, community and legal services, including more than a decade in executive leadership and governance roles, alongside an academic background in law, public administration, economics, and financial management.

My direct experience of ACT procurement is in community services and mental health, and this submission speaks primarily to that context. The ACT Government's Community Services Directorate (CSD) and Health Directorate (ACTHD), together fund over 250 services, delivered by over 100 organisations. Many of the principles raised are likely relevant across the broader ACT procurement system, but I have spoken to what I know.

The submission focuses on system-level observations relevant to governance, accountability, and value for money — structural features of the current system that, in my view, create risk and limit the effective use of public funds. These observations are directly relevant to the ACT Government's obligations under the Financial Management Act and procurement frameworks, particularly in relation to value for money, proper use of public resources, and effective oversight.

For much of my career I have advocated for increased investment in community services. It has not been straightforward to arrive at the concerns set out here. But experience brings a corresponding obligation to speak up when we have seen that system settings appear to be limiting impact.

Public funding in this sector is grounded in a simple expectation: that when people reach for help, it is there, and it works. We contribute our tax dollars, including targeted levies, out of a shared commitment to care for one another and to honour the dignity of our neighbours. That expectation is the moral covenant on which public trust rests. In an era where government is no longer the primary provider of services but the steward and commissioner of them, that covenant becomes more distant and fragile.

Procurement is often treated as a technical or administrative exercise. In reality, it is one of the few instruments through which that trust can be shaped, protected, and upheld. It is the primary lever through which the ACT Government shapes the structure, performance, and outcomes of the community services system. While legislative and regulatory reform of commissioned entities — private and non-profit alike — is important and ongoing at ACT and Commonwealth levels, that reform is necessarily incremental, and constrained by legislative scope and resources. Procurement, by contrast, operates in real time: it determines who is funded, what is valued, and which models are scaled, and in doing so shapes behaviour, capability and impact across the sector.

Used strategically, procurement has the capacity not only to improve compliance, but to drive system-wide efficiency, strengthen governance, and enable more effective and preventative models of service delivery. The international literature on strategic and proactive procurement is consistent: where supply arrangements are robust, relationship-driven and forward-looking, commissioners spend less time

managing reactive crises and more on development, innovation and value. Proactive procurement improves transparency, enables earlier identification of risk, and strengthens the commissioner–provider relationship. This is particularly essential in community services, where disruption to service continuity lands directly on people in crisis.

The broader context is one of increasing economic and service pressure, particularly in relation to health and mental health, which is a significant and growing driver of demand across the system, with downstream impacts on acute services, emergency departments, housing, justice, and social supports.

At the national level, the NDIS reform debate is instructive. The Grattan Institute's June 2025 report *Saving the NDIS: How to rebalance disability services to get better results* concluded that substantial new Commonwealth and State funding for foundational supports is unlikely to materialise after 18 months of negotiation, and proposed instead redirecting a portion of existing NDIS funding into a tier of foundational supports. The point for present purposes is not the specific recommendation, but the underlying reality: governments are not returning to block-funded service models, and reactive procurement responses to system stress carry significant cost and equity risks. Fraud and integrity concerns within the NDIS have also drawn increasing public attention; while some characterisations of the scale of the problem appear overstated, the NDIA's own figures confirm it is a real issue, and one that underscores the importance of proactive risk management in any large commissioned service system.

The implication for ACT procurement is straightforward: in an environment where reactive funding responses are constrained and cost-shifting risks are material, the quality of the ACT's own commissioning, oversight and proactive risk management becomes the principal determinant of whether upstream pressures are alleviated or reinforced over time.

1.2 What this looks like in practice

Before turning to systemic analysis, it is worth being concrete about the kinds of conduct that arise in inadequately governed and inadequately overseen community sector organisations. The Institute of Community Directors Australia, in an article by Matthew Schulz published 10 April 2024, drawing on Australian Ombudsman investigations into the not-for-profit sector, has summarised the recurring pattern of complaints as including:

- serious financial misconduct - including allocating work to family or friends, forged documents, weak audit and financial controls, board members receiving kick-backs during the sale of assets, and board members approving substantial pay rises for themselves
- failure of a provider to deliver a funded service
- lack of accountability of a community service organisation to clients or their stakeholders/ members regarding how the funded package or service was delivered
- unfair allocation of resources within an organisation
- poor governance processes, including nepotism at board level

- conflicts of interest and favouritism in employment, using government money and resources for personal benefit
- using funds to deliver a different service from the one agreed with the government agency
- obtaining funding for the same service from multiple programs, agencies and jurisdictions
- obtaining funding for capital works, then delaying construction in order to bank the funds and earn interest
- stealing government-funded assets, or, in one case, using them to run a private business
- colluding with government frontline staff to obtain funding, or to agree to weak or minimally specified delivery outcomes in return for funding
- falsely reporting that services had been delivered when they had not, or delivering at a lower quality than required

I have observed multiple instances of almost every pattern set out above in the ACT community sector. I am not suggesting these are universal. Many ACT community sector organisations are well led, well governed, and delivering with integrity and impact. I have worked in and alongside many of them, and continue to do so. It is precisely because the reputation, quality and standing of those organisations, not to mention those working within them, is put at risk by the conduct of others that I raise these issues. In that sense, this submission is offered on behalf of the well-run majority of the ACT community sector - whose work, and whose integrity, deserves the protection of stronger system-wide settings - as much as it is offered in the public interest.

Nonetheless, the pattern outlined above is sufficiently common, and sufficiently consistent with the typology that Australian integrity bodies have documented, that it cannot be treated as exceptional. It is a feature of the operating environment that public funds enter the moment they leave the Territory and flow into independently-governed entities under current oversight settings.

1.3 Counting the Costs and the Sector Sustainability Program: current context and recent funding increases to the ACT community sector

It is important to locate these observations within the recent ACT context. The 2021 ACTCOSS report *Counting the Costs*, and the subsequent 18-month *Sector Sustainability Program* co-led by Susan Helyar (Community Co-Lead) and Fiona May (Government Co-Lead), whose final report was delivered in December 2024, have documented serious and sustained resourcing pressures across the ACT community sector. These include workforce strain, rising demand (with 83 per cent of organisations reporting increased demand in 2024), and significant unmet need (52 per cent reported being unable to support some clients; 56 per cent reported longer waiting times).

The ACT Government's response — including \$10 million over two years in the 2025–26 Budget, alongside a 3.35 per cent indexation increase to eligible funding agreements — is a meaningful acknowledgment of those pressures, and the leadership shown by ACTCOSS, Susan Helyar, and sector colleagues in driving that conversation should be recognised.

I support many of the arguments made in that body of work, including the case for better-resourced evaluation and monitoring, improved indexation practice, and more realistic funding of unmet need. This submission is not intended to contradict that evidence.

It is, however, critical that, at a moment when significant additional resourcing is flowing into the sector in response to this advocacy, overall resourcing adequacy is not conflated with structural efficiency, governance integrity, or accountability. These are distinct questions. A sector can be under-resourced in aggregate *and* simultaneously subject to material structural inefficiency, governance weakness, and oversight gaps. Resolving the first does not, on its own, resolve the second. My concern is precisely that, in the current reform conversation, these two questions can become elided, and that additional funding without parallel attention to structural integrity and proactive risk management risks compounding rather than resolving the problems this submission identifies.

2. Structural Imbalance in Procurement and Oversight

In my experience, there is a structural imbalance between the rigour that appears to be applied at the point where community services are procured, and the level of oversight once funding is awarded. Tender processes typically require detailed submissions addressing governance, compliance, and capability. However, there appears to be less consistent and systematic assurance of these elements over the life of a services contract. This creates a risk that initial representations are not routinely tested or verified in practice.

The ACT's own procurement architecture is explicit that probity and risk should be assessed on a lifecycle basis. The Probity in Procurement Guide (published December 2020) requires probity planning to commence at an early stage and recommends probity advisor engagement for medium, high and extreme risk activities. The Government Procurement Rules 2024 mandate that Territory entities assess probity risk levels and scale advisor engagement accordingly. In principle, these instruments contemplate a proactive, risk-based posture that continues through contract management.

The gap I have observed is not in the architecture but in its reach once the contract is signed. In an outsourced service environment, that reach gap can result in a divergence between formal compliance and actual operational integrity, and because the operational integrity sits inside independently-governed non-government entities, the Territory has limited direct visibility into whether the commitments made at tender are being sustained.

3. Inconsistent Governance Frameworks Across Funded Entities

Community sector organisations receiving public funds operate under a range of legal structures, including companies limited by guarantee, incorporated associations, and unincorporated entities. These structures are subject to materially different governance, reporting, and enforcement requirements. Despite this, they are often treated equivalently within procurement frameworks.

The significance of this inconsistency is amplified where contracted entities are not incorporated under the [Corporations Act 2001](#) and are therefore not subject to ASIC oversight, statutory director duties, or the disclosure and solvency obligations that apply to companies. In the case of Aboriginal corporations,

the Corporations (Aboriginal and Torres Strait Islander) Act 2006 provides a strong, culturally informed equivalent regime. Outside those frameworks, the governance floor can be significantly lower.

The result is a contractual environment in which the ACT Government may be commissioning services from entities whose governance obligations are determined more by their accident of legal form than by the scale, criticality or public funding profile of the service they deliver. Contractual expectations may be framed against one standard while the entity itself is governed under another, producing variability in accountability and a lack of clarity regarding enforceable governance expectations across the system.

4. The Role of Primary Health Networks

An additional layer of the ACT commissioning environment that is important to note is the role of Capital Health Network (CHN), the ACT's Primary Health Network. CHN is Commonwealth-funded under the PHN program and commissions a significant proportion of primary mental health, suicide prevention and psychosocial services in the Territory. This means that community services funding reaching ACT providers flows through at least three commissioning streams - the Community Services Directorate, the ACT Health Directorate, and Capital Health Network - often to overlapping cohorts of providers and clients.

ACT Health Directorate and Capital Health Network announced a Memorandum of Understanding in October 2025 formalising a commitment to joint planning, stronger collaboration in commissioning initiatives, and targeted action in priority areas. This builds on earlier collaborative commissioning activity under the ACT Regional Mental Health and Suicide Prevention Plan 2019–2024 and its 2025–2030 successor.

I have found it difficult to identify a clear framework for scrutiny in the ACT Legislative Assembly of how this layered commissioning environment is governed including how oversight obligations, probity expectations, reporting standards, and protected disclosure arrangements align (or do not) across the three streams. The October 2025 MOU is a welcome step toward joint planning. The question I would respectfully invite the Committee to consider is whether the governance, oversight, and proactive risk management principles being applied to ACT-commissioned services are equally applied to CHN-commissioned services delivered by the same or overlapping provider base, and whether reforms arising from this Inquiry should be designed to operate consistently across the commissioning streams within which ACT residents receive services.

I raise this point cautiously, noting that CHN is a Commonwealth-funded entity and not within the direct remit of the ACT Government. Nevertheless, it commissions services delivered to Canberrans by organisations that are often simultaneously funded by the ACT, and the principles in this submission regarding consistency of governance, oversight and accountability are, in my view, equally relevant wherever public funds are directed to community sector providers in the ACT.

5. Proactive Risk Management: Strong Frameworks, Limited Reach

The literature on proactive procurement draws a clear distinction between reactive oversight (e.g. an audit after the fact, investigation after a failure) and proactive risk management, which includes fraud

risk assessment, testing of internal controls, early (“pre-probity”) engagement of probity expertise before issues arise, and continuous monitoring across the contract lifecycle. The ACT Government has established the foundations of this proactive approach in its own procurement architecture:

- The Probity in Procurement Guide (Procurement ACT, December 2020) requires probity planning at an early stage in the procurement lifecycle and recommends probity advisor engagement for medium, high and extreme risk activities.
- The Government Procurement Rules 2024 (Disallowable Instrument under the Government Procurement Amendment Act 2024) require Territory entities to assess probity risk levels and scale advisor engagement accordingly.
- The Chief Minister, Treasury and Economic Development Directorate (CMTEDD) Risk Management Framework and Policy and more recent 2024–25 procurement reform activity describe co-developed risk assessment and risk workshop tools designed to “uplift the effectiveness of risk assessment activities” across the procurement lifecycle.
- The ACT Auditor-General’s Report No. 2 of 2022 on Fraud Prevention sets expectations around fraud risk assessments and the testing of internal controls across Territory entities, moving the conversation beyond post-hoc audit into prevention and assurance.
- The ACT Integrity Commission, now several years into its operations, has publicly emphasised prevention-focused integrity work rather than reactive investigation.

Taken together, these represent strong foundations for a proactive risk management approach and the ACT Government can credibly say it is endeavouring to shift from reactive auditing toward prevention.

The critical limitation, however, is that frameworks primarily govern the conduct of Territory entities and the conduct of the procurement process itself. Their effective reach into the operational conduct of the independently-governed community sector organisations that deliver the commissioned services, which is where the downstream risk to public funds and service users actually sits, is materially limited.

Where contracted entities are not Corporations Act regulated, not subject to ASIC director duties, not subject to the Auditor-General’s fraud prevention expectations, and not within scope of ACT protected disclosure legislation as currently interpreted, the Territory is largely reliant on the goodwill and capability of individual boards and executives to translate the spirit of these frameworks into operational practice. In a sector that is in practice lightly regulated, this is a fragile assumption on which to rest public confidence.

In summary, the ACT has well-developed frameworks and strong statements about proactive risk management. But the gap is assurance - how those expectations are actually verified within funded organisations. That gap is most acute where entities are not incorporated under the Corporations Act 2001, sit outside formal integrity oversight, and are not clearly covered by protected disclosure regimes. In that environment, even where reportable corruption arises, potential whistleblowers are unlikely to understand their options, and ACT Government decision-makers themselves may lack clarity about how protected disclosures can be made and handled.

6. Limitations in Oversight and Escalation Pathways

Protected disclosure frameworks in the ACT, as in most Australian jurisdictions, were designed in an era when government directly delivered the majority of community services. They provide protections primarily for public servants raising concerns about the conduct of public sector entities. In the current environment, in which the community services system is predominantly delivered by non-government organisations on behalf of government, the people best placed to identify governance, financial or integrity concerns in service delivery are very often employees of those non-government organisations.

Current operational interpretations of ACT protected disclosure legislation appear to exclude community sector workers in government-funded organisations from accessing formal disclosure protections. This is a structural gap, and an increasingly consequential one given the level of service delivery that is undertaken by the contracted community sector.

The consequences of this gap are systemic rather than individual. They include:

- Legal ambiguity about whether community sector workers are eligible to make protected disclosures to the Directorate commissioning their employer's services.
- A chilling effect that deters disclosure, even where serious governance or financial concerns would ordinarily meet a public-interest threshold.
- Inconsistency of escalation pathways across Directorates, with no single front door, published timeframes, or clear expectations of how Directorates should respond when concerns are raised by a community sector worker or service user.
- A structural mismatch between the fraud prevention and controls testing expectations that apply to Territory entities under the Auditor-General's Fraud Prevention framework, and the absence of equivalent expectations or reach into the funded organisations that deliver most services.

This is a design problem from an earlier era of service delivery. Addressing it does not require wholesale legislative overhaul in the first instance; it requires clarity about current eligibility under protected disclosure legislation, consistent escalation pathways for concerns raised about funded organisations (by staff and by service users), and an explicit extension of proactive risk management expectations into contractual frameworks so that the frameworks already in place inside government are replicated, on a proportionate basis, inside the funded service system.

7. Constraints of the Current Regulatory Environment

There is a common assumption that registration with the Australian Charities and Not-for-profits Commission (ACNC) provides a comprehensive layer of regulatory oversight. In practice, its role is more limited than is often assumed. While ACT Federal MP and Minister for Charities Andrew Leigh is to be commended for his work in strengthening the ACNC, as is Commissioner Sue Woodward, it remains a comparatively under-resourced body, with approximately 140–150 staff and an annual budget of around \$20–\$25 million to regulate more than 60,000 registered charities nationwide, which collectively absorb tens of billions of dollars of public and tax-deductible funds annually.

It is also notable that, to date, the ACNC has not disqualified a single director across the entire history of Australian charities. This is unlikely to be because the sector has been free of governance failures.

Further, the ACNC is not designed to receive or investigate protected whistleblower disclosures, which further limits its capacity to identify and respond to more serious governance concerns.

Where organisations are not subject to Corporations Act 2001 requirements, or, in the case of Aboriginal organisations, the comparable and detailed Corporations (Aboriginal and Torres Strait Islander) Act 2006, and where government oversight is primarily contractual rather than regulatory, there may be no single body with clear responsibility for proactively identifying and addressing governance risks. This is precisely the environment in which the ACT's own procurement and integrity architecture is asked to do work it was not, on its own, designed to do.

8. Systemic Risk Factors

Taken together, these dynamics create a set of systemic risk factors, including:

- Misalignment between contractual expectations and legal obligations
- Variability in governance standards across funded entities
- Limited proactive oversight once funding is awarded
- Unclear or ineffective escalation pathways, particularly for community sector staff
- Fragmented regulatory responsibility across Commonwealth and Territory commissioning streams
- Limited extension of the Territory's proactive risk management expectations into the funded provider base

In my experience, these conditions can allow governance or financial issues to persist without timely detection or intervention.

9. Value for Money and Market Structure

A further issue is the overall efficiency of current funding allocations within the community sector, particularly in relation to peak bodies. In the ACT context, a significant proportion of public funding is directed toward peak organisations that often share overlapping memberships and stakeholder bases. While these bodies play an important role, this structure raises questions about duplication and value for money. In particular:

- Multiple organisations may be funded to represent similar cohorts
- Membership bases frequently intersect
- There is limited transparency regarding the distinct value contributed by each entity relative to its funding

This may dilute impact and create inefficiencies in how public funds are deployed.

10. Funding Models and Independence

There is also a broader question regarding the funding model for peak bodies. Peak organisations that derive a greater proportion of their income from members may be better positioned to demonstrate value, maintain independence, and remain responsive to those they represent. By contrast, heavy reliance on government funding can weaken the connection between representation and accountability.

This is consistent with a substantial body of Australian research on peak bodies, which documents that heavy reliance on government funding is associated with constraints on advocacy capacity, or self-censorship, and reduced independence from the commissioning agency. Resource dependence theory provides a well-established theoretical account of why this dynamic arises, even in the absence of explicit pressure: organisations funded primarily by a single stakeholder become progressively responsive to that stakeholder's priorities over time.

This is certainly the dynamic that I have experienced within the ACT context.

From a procurement standpoint, when it comes to peak bodies, consideration could be given to encouraging more diversified funding models and linking public funding to demonstrated member engagement and value.

11. Governance in Practice

In addition to structural issues, there are aspects of governance practice that warrant attention. In my experience within the sector, I observed issues such as:

- Annual general meetings that appeared to meet only minimum compliance requirements, with limited visibility and very low member participation
- Limited engagement from larger member organisations, with decision-making effectively concentrated among a small number of participants
- Weak evidence of active, representative governance in organisations that are funded to act as sector-wide voices
- Poor record-keeping in relation to major governance decisions, including a failure to record resolutions, board minutes and board appointments on a regular basis
- Weak financial record-keeping
- Poorly drafted constitutions, some of which go so far as to include broad clauses purporting to validate any decision or action undertaken by a board even where it may have breached other rules contained in the constitution
- Boards at times constituted of individuals appointed largely on the basis of personal relationships, and who may bear no formal relationship to the sector nor possess relevant skills-based criteria.

These observations raise questions about how effectively current governance arrangements reflect and represent the constituencies these organisations are intended to serve. This is particularly concerning given that ACT Government consultation and program design processes often rely on these government-funded sector bodies as representative voices, without requiring clear or consistent evidence of that representation.

There appears to be limited expectation for demonstrable indicators such as AGM participation rates, the number and diversity of board nominations, or the capability and independence of board members.

Similarly, there is little visible assessment of whether these organisations embody the values they are expected to represent. In areas such as mental health, this would reasonably include demonstrating that organisations operate as safe, stable, trauma-informed workplaces with sound employment practices. This is especially relevant in light of existing frameworks such as the Secure Local Jobs Code, which underscores the importance of fair, ethical, and sustainable employment standards in publicly funded work.

12. Public Investment and Outcomes

In reviewing publicly available information and sector-wide patterns, there are instances that raise broader questions about how effectively current funding and oversight arrangements identify and respond to service quality, governance, or performance concerns.

This is particularly relevant in areas where funding is supplemented by targeted public contributions, such as levy-based mechanisms such as the domestic and family violence levy. While there is strong and commendable community support for investment in critical areas such as domestic and family violence, it is both reasonable and appropriate to expect a high level of transparency regarding service performance and impact. Equally, there is an expectation that governance arrangements reflect a high degree of professionalism and capability, with boards and executives able to demonstrate relevant expertise, qualifications, and experience suited to the complexity of these fields.

It is also worth acknowledging that, as in any sector, human dynamics such as networks and relationships inevitably play a role. In a high-trust environment such as the community sector, this places a premium on governance and leadership appointments being grounded in merit, capability, and transparency — via competitive processes for governance appointments, and with probity processes applied rigorously and in a manner that is visible to stakeholders. Clear standards and consistent practice are central to maintaining public confidence.

There are circumstances that raise questions about the robustness of these controls: situations where significant public funds appear to be directed to private individuals or entities with connections to governance structures, with limited evidence of relevant capability, and where oversight mechanisms such as defined deliverables, monitoring, and transparent board decision-making are not consistently evident. These observations point to the need for stronger, more explicit, and consistently applied probity frameworks across the system — of exactly the kind the ACT's own Probity in Procurement Guide and Procurement Rules 2024 contemplate — extended in a proportionate way into the operating life of funded entities.

13. Workplace Integrity and Moral Risk

In addition to structural and funding considerations, there are material issues relating to workplace culture and integrity within parts of the sector. There is conduct visible in the sector that would be unlikely to be tolerated in more tightly regulated environments, including conduct affecting workers in

particularly vulnerable positions such as single parents, people with lived experience of mental ill health, and those from refugee and other marginalised backgrounds. This is not universal — there are many organisations and leaders demonstrating strong, ethical practice — but where governance is weak and external oversight limited, poor practice can persist without timely challenge.

One dimension is what is increasingly described as moral injury: the harm experienced when people motivated by purpose encounter environments inconsistent with the values that drew them to the work. In a sector where many workers are driven by lived experience and a commitment to others, the effects can be acute. Over time, these dynamics contribute to burnout, attrition, and the loss of experienced, values-driven people. This has direct consequences for service quality and continuity. It also creates a system-level risk: the erosion of capability in a sector expected to carry a growing share of complex social need.

These considerations reinforce the importance of strong governance, capable leadership, and effective oversight. They also point to the need for procurement and funding frameworks to place explicit weight on organisational culture, workforce practice, and the lived experience of staff, not only on service outputs.

14. Workforce Pressures and System Performance

There are broader workforce indicators that warrant consideration. Publicly available sector data has pointed to high levels of burnout and workforce strain within community services. At the same time, industrial advocacy has focused on improving pay and conditions, including access to basic entitlements — such as paid parental leave with zero tenure requirements — that are not consistently available across the sector, despite being considered baseline gender, equity and human rights protections in comparable global jurisdictions, and provided to a generous level for equivalent public and private sector roles.

This is particularly concerning given that the average community sector worker is a woman in her 30s–40s. Workforce profile surveys have consistently identified the need for basic parental leave and other child-related protections and standards as a core driver of turnover in the community sector.

Procurement settings can be used more deliberately to lift workforce standards and, in turn, system performance. In particular, giving clear weight in tender evaluation to demonstrated employment practices — competitive remuneration, secure employment arrangements, and access to core entitlements — would create a strong incentive for organisations to invest in their workforce. Over time, this would support improved capability, stability, and service quality.

At present, there are indications that the sector is not consistently attracting or retaining depth of expertise across core functions such as finance, law, governance, and organisational management. In the ACT context, I have observed comparatively limited senior capability in areas including policy development and engagement, financial management, human resources, and legal literacy, relative to other jurisdictions in which I have held similar roles. There also appears to be limited use of external benchmarking against comparable roles in the public and private sectors, with minimum industrial settings at times treated as a ceiling rather than a baseline. Over time, this can contribute to a self-

reinforcing cycle in which capability constraints persist, affecting organisational performance and the effective use of public funds.

While funding constraints are often cited as the primary driver of poor working conditions and salaries in many community service organisations, there is also a question of how effectively existing resources are prioritised and managed, particularly where governance and executive skill levels are limited. A stronger alignment between funding and demonstrable workforce standards would support more disciplined decision-making and reduce reliance on incremental funding increases as the sole response to workforce pressures.

There are also equity and safety considerations. In a sector that employs a significant number of people with lived experience and delivers services to vulnerable communities, consistent access to basic entitlements and fair working conditions is not only a workforce issue but a matter of organisational integrity. Where these are not in place, there is a risk of adverse impacts that may not be readily visible or easily escalated, particularly given the practical barriers individuals may face in seeking redress. These dynamics reinforce the case for using procurement as a lever to set clear expectations, reward strong practice, and support a more sustainable and capable workforce over time.

If workforce pressures remain high and conditions comparatively poor, the system may unintentionally drive skilled and experienced workers away from the sector, undermining service quality and continuity over time. This is not solely a question of funding. It points to the importance of governance, organisational capability, and how resources are allocated and managed in practice.

15. Prevention, Social Health, and Procurement Design

There is also a broader economic and policy question regarding the balance between crisis-oriented services and preventative approaches that truly sit at a primary intervention level. A significant proportion of funding in the community services system is directed toward services that are at times described as preventative, but in practice are more accurately characterised as secondary or tertiary oriented services – that is, they respond once issues have already escalated. Such services tend to be heavily resource-intensive and realistically limited in the extent to which they can scale, even where there may be an argument that they are reducing even greater expenditure and demand in the tertiary sector (for example in hospital admissions for mental health.)

There is an opportunity to more explicitly incorporate a social health lens into procurement design. This would include greater emphasis on upstream interventions that strengthen connection, reduce isolation, and build community resilience before crisis points are reached. International evidence supports the effectiveness of such approaches. In particular, social prescribing models, community-based interventions, and investment in accessible third spaces — community hubs, libraries, social enterprises, and informal gathering places — have been associated with improved mental health and wellbeing outcomes and reduced demand on acute services.

Recent ACT inquiry processes into the night-time economy and fiscal sustainability further reinforce the importance of this broader lens. Submissions from across business, community, and social sectors consistently highlight the role of place-based infrastructure, local activation, and coordinated community

assets in supporting both economic vitality and social wellbeing. These insights align with a growing body of international practice that recognises social connection as a critical determinant of long-term system demand.

This also suggests a need to broaden how the ACT conceptualises contributors to community wellbeing. Sectors such as hospitality, clubs, property, and social enterprise are often engaged primarily through regulatory or economic frameworks. However, they also represent significant elements of the Territory's social infrastructure, particularly in their role as accessible, informal spaces for connection and participation.

Consideration could be given to:

- Broadening eligibility within tender processes to include community-led, place-based, and non-traditional providers
- Explicitly valuing preventative and social connection outcomes within evaluation criteria
- Enabling partnerships that leverage existing social infrastructure across sectors
- Piloting funding models that support the development of third spaces and community infrastructure

This would support a more balanced system in which investment is directed not only toward responding to crisis, but toward reducing the likelihood of crisis occurring in the first place. In international contexts, including the United Kingdom, models such as community-integrated pubs and “hub in the pub” service delivery approaches have demonstrated how existing social infrastructure can be leveraged to deliver low-cost, community-centred services that strengthen connection, reach people before crisis and reduce demand on acute systems.

16. Structural Efficiency and Commissioning Scale

A related issue is the structural efficiency of the current provider landscape. The ACT system includes a large number of comparatively small organisations, many of which operate with their own internal corporate functions — finance, human resources, governance support, and compliance. While this model may be appropriate in truly place-based or highly specialised contexts, its widespread application raises questions about duplication and administrative overhead.

In practice, the ACT community carries the significant cost of multiple organisations each maintaining parallel corporate structures, with associated costs that may not directly contribute to service delivery or outcomes. Over time, this fragmentation can reduce system efficiency and limit the proportion of funding that reaches frontline services.

There is an opportunity for procurement to more actively encourage models that achieve economies of scale while preserving service quality and local responsiveness. This could include:

- Encouraging consortium-based delivery models, where organisations collaborate to share corporate infrastructure while delivering services locally
- Supporting peak bodies or intermediary organisations to facilitate bulk purchasing of professional services such as finance, HR, legal, and IT support

- Investing in proactive market engagement and stewardship by commissioning agencies, so that the ACT has visibility of a broad field of capable providers, including those able to demonstrate efficiency at scale, and is not, by default, reliant on a narrow or static provider base for significant procurements.
- Incorporating efficiency and shared services capability into tender evaluation criteria.

Data from the ACT sector sustainability work cited earlier (at 1.3) is consistent with this concern. In *Counting the Costs* (ACTCOSS, 2021), only around 6 per cent of organisations reported receiving funds from four or more ACT Directorates, and this group spanned medium-sized organisations in the \$1–5 million income range as well as very large organisations at \$10 million and above, while some very large organisations engaged with only one Directorate.

The pattern matters for two reasons. First, it suggests that cross-Directorate funding intensity is not simply a function of organisational scale; it reflects other factors, including organisational positioning and relationships with individual Directorates. Second, where an organisation draws funding from four or more separate commissioning relationships, no single Directorate holds a comprehensive view of that organisation's total public funding profile, contractual commitments, or performance across the system.

This is precisely the environment in which some of the structural risks documented by Australian integrity bodies — including obtaining funding for the same or overlapping services from multiple programs, agencies or jurisdictions — can arise without detection, and is a direct argument for more coordinated, cross-Directorate oversight of significant providers.

17. Partnerships with Philanthropy and Innovation

There is also an opportunity to strengthen collaboration between government and philanthropy in shaping a more effective and innovative service system. Philanthropic organisations have demonstrated capability in identifying high-performing, entrepreneurial service models, supporting innovation, and scaling approaches that deliver measurable impact. Examples in the ACT context include organisations such as the Snow Foundation, which has supported a range of innovative service models and social enterprises, demonstrating how community-led, low-cost models can deliver both social and economic value at scale. Philanthropists in the ACT have also taken impressive steps toward collaboration in their role as funders, in many ways modelling this practice for recipients.

There is an opportunity for government to more systematically engage with this expertise, including:

- Drawing on philanthropic insights in procurement and commissioning design
- Partnering to identify and scale high-impact models
- Supporting pathways for innovative providers to enter and grow within the system

A more integrated approach between government and philanthropy would support a system that is not only more accountable, but also more adaptive, innovative, and capable of delivering sustained impact over time.

18. Under-recognised Risk in a High-Trust System

The community sector operates within a high-trust environment, characterised by strong public goodwill, the essential nature of services, and a workforce that is overwhelmingly motivated by social purpose. These are strengths. However, they may also contribute to a context in which scrutiny is uneven. Compared to the private sector and public administration, which are subject to more consistent and visible regulatory and performance disciplines, community sector organisations may face fewer practical consequences for weak governance or underperformance.

This creates a risk that issues which would attract rapid attention in other sectors may persist for longer periods without equivalent challenge, particularly where there are sensitivities associated with withdrawing or redirecting funding from essential services. This reinforces the importance of ensuring that accountability mechanisms in the sector are robust, proportionate, and consistently applied — and that the proactive risk management posture already evident in the ACT’s procurement architecture is extended in a proportionate way into the funded provider base.

19. Central Observation

The central issue is not simply the level of funding directed to the sector, but the strength of governance, accountability, and oversight mechanisms that determine how that funding is used. Where governance is weak, increased funding alone is unlikely to translate into improved outcomes. Strengthening accountability and oversight is therefore critical to ensuring that public investment delivers its intended impact.

The ACT Government has credible foundations for a proactive risk management posture — the Probity in Procurement Guide (2020), the Government Procurement Rules 2024, the CMTEDD Risk Management Framework, the Auditor-General’s Fraud Prevention framework (Report No. 2 of 2022), and the prevention focus of the Integrity Commission. The principal challenge is not the design of these frameworks but their reach into the operating life of the funded community sector organisations where the risk to public funds actually sits.

Procurement should be understood not as a technical process, but as the central policy instrument through which governments can shape markets, incentivise quality, and enable innovation. Used well, it has the capacity to unlock more effective, scalable, and community-centred models that respond to both current pressures and future need.

20. Recommendations

To strengthen accountability and value for money, I recommend consideration of the following reforms:

1. **Establish minimum governance standards.** Require all funded entities to meet consistent governance benchmarks regardless of legal structure, proportionate to scale of public funding and criticality of service.
2. **Extend proactive risk management into the funded provider base.** Require funded entities above agreed thresholds to undertake fraud risk assessments and controls testing consistent (in principle)

with the expectations set out in the Auditor-General's Fraud Prevention framework, and to engage probity support on a risk-based basis consistent with the Probity in Procurement Guide.

3. **Strengthen ongoing oversight.** Introduce periodic governance and compliance reviews, linked to funding agreements, with published expectations for what is being assessed.
4. **Align contractual expectations with enforceable standards.** Ensure clarity between legal obligations and procurement requirements, particularly where contracted entities are not Corporations Act regulated.
5. **Clarify protected disclosure eligibility for the community sector.** Provide definitive guidance on whether, and how, community sector workers in ACT Government-funded organisations may access protected disclosure protections, and extend or supplement the framework where the current reach is inconsistent with the current profile of service delivery.
6. **Improve escalation pathways.** Establish accessible, independent mechanisms for raising concerns about funded organisations — applicable to staff, clients, and community members — with published timeframes and clear referral relationships with the Integrity Commission and the Auditor-General where appropriate.
7. **Ensure that government funding directorates clearly understand their obligations under protected disclosure laws,** including who qualifies, and respond appropriately — neither so risk-averse that they fail to investigate, nor so cautious that they impede proactive, integrity-focused response.
8. **Align commissioning across streams.** Pursue practical alignment of governance, probity and integrity expectations across ACT-commissioned and Capital Health Network-commissioned services in the ACT, recognising that providers and client cohorts frequently overlap.
9. **Encourage diversified funding models.** Support greater alignment between peak bodies and their members through co-contribution or membership-based funding.
10. **Increase transparency on outcomes.** Require clearer reporting on service reach, impact, and performance over time, proportionate to the scale of public funding.

21. Conclusion

The ACT Government plays a critical role as both funder and steward of public trust. The architecture of proactive risk management is broadly in place. The reform task is to extend its reach into the funded community sector where most services are now delivered, so that the values statements and frameworks the Territory has invested in translate into consistent practice across the system Canberrans actually experience.

This task is especially critical at this time. Community sector funding has increased substantially. ACT taxpayers are being asked to pay additional levies on top of that. Demand continues to rise, and cannot be met by the sector alone. Realistically, the solutions lie in bigger structural reforms around housing, tax, the NDIS and other fundamental economic systems. In that context, Canberrans are entitled to know what their money is actually buying: what is working, what is not, what is scalable, and what is demonstrably preventative rather than crisis-oriented and thus resource intensive and limited.

Stronger governance, sharper accountability, and a procurement system that reaches into the operating life of funded organisations will not, on their own, solve the ACT's service challenges. But, without them, no increase in funding will either.

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