ACT Government

City and Environment Directorate

ERC budget discussion - outlook and options

February 2026

CED is facing an ~$82million (~10%) budget cliff in 2026-27

- From 26-27 CED is facing an **$82.3m (10%)** step down in budget from $841.6m to $759.3m.
- This is due to ceasing initiatives, the impact of the savings targets, and unfunded base cost increases.
- The story is similar for other agencies.

	CRP Budget *	2.5% unfunded cost escalation **	Growth FY26 / FY27	Equals: Cost pressure***	
	$m	$m	$m	$m	%
2025-26	841,647.00	-19,470.53			
2026-27	778,821.00		-62,826.00	-82,296.53	-9.78%
			Expense BC 26/27	-133,360.00	
				-215,656.53	-25.62%

* P51 2025-26-Budget-Statements-E.pdf
** Guestimate of unfunded cost escalations such as wages and inflation on goods and services
*** Assumes no new activities

Reprioritisation is actively underway, with some savings benefit over the longer term

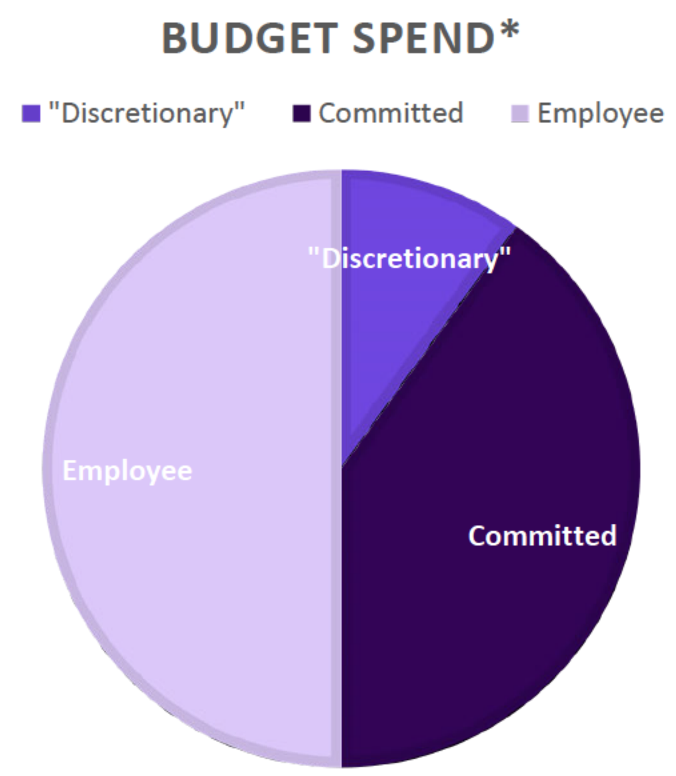
- We have identified a significant number of ‘lower priority activities’ for potential reprioritisation in 26-27.

- Reprioritisation remains subject to Ministers’ agreement.

- Real cash savings from re-prioritisation will not be immediate. Ceasing initiatives are often performed by permanent staff and FY26/27 business cases remain uncertain.

Immediate structural rebalancing is essential for CED to meet its 26-27 budget

- Employment Costs in CED make up ~50% of all budget expenses
- Roughly ~40% of non-employee costs are committed contracted spend, for example light rail and waste service delivery
- The remaining budget could be considered somewhat “discretionary” non-employee spend
- Reducing employee expense remains the most impactful area to achieve budget rebalancing



* Estimates based on 2025/26 spend to date and remaining

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We propose, for decision, three actions to occur in parallel this financial year

1. Action 1. Cross-directorate mobility where suitable roles with reasonable fit identified

2. Action 2. Continued cross-agency efforts to reduce organic growth of permanent workforce

3. Action 3. Whole-of-CED Voluntary Redundancies offered

Action 1. Cross-directorate mobility where suitable roles with reasonable fit identified

Summary

- Is an existing feature of the ACTPS employment framework
- A service-wide process to move positions to other agencies where reasonable fit and suitable work available
- New Mobility Advisory Group established to support agencies
- OIRWS to oversee process and advise

Benefits

- Reduce recruitment costs for vacant roles
- Retain long term ACTPS staff
- Consultation, but not agreement, required

Risks

- Low volume of suitable placements
- Limited to transferrable roles (corporate, policy, admin)
- Does not support whole-of-territory budget rebalancing
- Moving unwilling staff may affect morale and create industrial risk

Action 2. Continued cross-agency efforts to reduce organic growth of permanent workforce

Summary

- Introduce an ACTPS-wide approach to restricting the use of fixed-term contracts. Options include:
  - Temporary vacancies up to 12 months may be gazetted, but are restricted to existing permanent officers only
  - Temporary vacancies over 12 months not recommended and would require relevant delegate approval/union consultation

Benefits

- Slows growth in overall workforce
- Reduces likelihood of secure work conversions

Risks

- Union consultation effort
- Eliminates or diminishes job opportunities
- Represents a change to employment policies
- Flow-on vacancies as permanent staff move around

Action 3. Whole-of-CED Voluntary Redundancies be offered this financial year

Benefits
- Achieves fundamental long-term rebalancing of budget
- Significant 3-year (and potentially ongoing) total cost avoidance
- Minimal Union risk as uptake is voluntary

Risks
- Due to Employee Termination Payments (ETP), unlikely to mitigate full 26-27 cliff, real savings come in 27-28 and beyond
- Operational workforces are, on average, older. A greater uptake could occur in these cohorts
- Lower than expected uptake (tough job market, economic situation, etc)

Scenarios	Uptake Rate	Estimated FTE reduction	Estimated annual 1 year saving	Estimated one off ETP cost	Estimated net saving 26-27	% impact on 26-27 budget cliff	Remaining 26-27 budget cliff	Total 3 year avoided cost
Low estimate uptake	3%	114	$17,725,693	$7,476,408	$10,249,285	12%	$72,047,245	$45,700,672
CED Annual Separation rate	6%	229	$35,451,387	$14,952,816	$20,498,571	25%	$61,797,959	$91,401,344
Target reduction	9.78%	**373**	**$57,785,761**	**$24,373,090**	**$33,412,670**	**41%**	**$48,883,860**	**$148,984,191**
Extreme estimate uptake	12%	457	$70,902,774	$29,905,632	$40,997,141	50%	$41,299,389	$182,802,689

Action can occur quickly, but requires a timely decision if we wish to see benefit this FY

ACTION	March 2026	April 2026	May 2026	June 2026
	4 WEEKS	8 WEEKS	12 WEEKS	16 WEEKS
1 Mobility	Preparation	Consult & Finalise 2 - 8 weeks depending on volume		
2 Temp contracts	Preparation and Consultation 2 - 8 weeks depending on process support required by directorates			
3 VRs	Preparation	Consult & Finalise up to 12 weeks due to volume and associated work		

In conclusion

- CED, like many agencies, is facing a substantial budget step down in 26-27.
- Reprioritisation efforts offer some benefits but will take time and won't resolve the budget cliff.
- Immediate structural rebalancing is essential if we wish to mitigate continued budget issues for CED, and the Territory more broadly.
- We have proposed 3 concurrent actions, with a whole-of-CED VR round likely the most impactful, particularly when viewed over a 3-year period.