

Inquiry into Financial Management and Government Procurement Legislative Compliance Submission by Yarralumla Residents Association

Submissions close 5pm on 13 April 2026 email LACommitteeCompliance@parliament.act.gov.au

Terms of Reference

That this Assembly:

- (1) notes the importance of the Financial Management Act 1996 to honest budget processes, and trust and confidence in the Budget and the Government;
- (2) notes the importance of the Government Procurement Act 2001 for honest and transparent procurement processes;
- (3) further notes that significant issues and potential breaches of the Financial Management Act 1996 and Government Procurement Act 2001 have come to light; and
- (4) establishes a Select Committee to:
 - (a) inquire into:
 - (i) the ACT Government's compliance with and potential breaches of the Financial Management Act 1996;
 - (ii) the ACT Government's compliance with and potential breaches of the Government Procurement Act 2001; and
 - (iii) any other related matters.

Scope and Approach

This submission focuses on the governance issues that affect the transparency and visibility of costs, procurement decisions, and financial exposure across major infrastructure programs.

The legislative framework requires that: value for money is demonstrated; procurement processes are transparent and justified; and fiscal risks clearly identified and disclosed. The main components are: *Financial Management Act 1996 (ACT)* and the *Government Procurement Act 2001 (ACT)*.

The submission is based on publicly available sources (see Attachment 1) including:

- ACT Budget Papers (recent years) – capital works program and forward estimates.
- ACT Audit Office reports:
 - Report No. 5 of 2021 – Procurement and Contracting for the Acton Waterfront Project.

- Report No. 7 of 2021 – Procurement exemptions and value for money.
- Report No. 8 of 2021 – Light Rail Stage 2A Economic Analysis.
- Report No. 10 of 2022 – Financial Results and Audit Findings.
- Report No. 11 of 2023 – Financial Results and Audit Findings.
- ACT Integrity Commission Special Report – Corruption complaint concerning Canberra Institute of Technology– Operation Luna Special Report Part 1
- ACT Integrity Commission Special Report: Corruption complaint concerning Canberra Institute of Technology – Operation Luna Special Report Part 2
- Legislative Assembly committee materials.
- Public infrastructure announcements and planning documents.

Overview

The current approach to major infrastructure delivery is characterised by fragmented procurement, incomplete cost visibility, and delayed or lack of business case disclosure. This creates a material risk of non-compliance with both the *Financial Management Act 1996* and *Government Procurement Act 2001*, particularly in relation to value for money, transparency, and proper use of public resources.

Key Issues

Across major infrastructure programs, information is often available but fragmented. Individual contracts may be disclosed, budget allocations published, and project announcements made. However, these pieces are rarely consolidated into a single, coherent picture. This fragmentation creates a disconnect between incremental approvals and the full financial commitment being made by the Territory. Two case studies are provided that highlight these issues.

Case Study- Light Rail Stage 2B

Light Rail Stage 2B represents a major public investment (~\$1.5–\$2.0+ billion) with significant long-term financial, urban and community implications.

The project is strategically aligned with ACT Government policy. However, the business case has a number of deficiencies, in particular:

- the solution (light rail) is assumed rather than assessed against alternatives
- economic benefits rely on non-transport “wider economic benefits” - 2.05B against costs of ~\$1.5B (30-year horizon)
- the high risk of cost escalation is not addressed (evidenced by Stage 2A increases of ~40% from \$577m to \$820m)
- risks are identified but not quantified – there should be risk-adjusted cost estimates (P50/P90)
- downside scenario testing is not provided.

The 2018 business case (part 1, part 2) shows a return of only 27 cents for each dollar spent, which has been said to be one of the lowest benefit-cost ratios in ACT infrastructure analyses. An updated 2019 business case shows that the project only reaches viability if wider economic benefits are included, assumptions the ACT Auditor General previously questioned.

Case Study- Southern Gateway Corridor

The Southern Gateway proposal illustrates how these systemic issues manifest in practice. Whilst the proposal has high-level strategic rationale, it has been put forward without a publicly demonstrated business case and a cost: benefit analysis is absent. Procurement is being undertaken in a disjointed, fragmented manner that precludes transparency and understanding of the entire project costs and risks. These systemic procurement issues have been identified by ACT oversight bodies. Value for money has not been publicly demonstrated and multiple procurement activities on the Southern Gateway have been undertaken in advance.

Procurement Unique Identifier	Contract Title	Directorate	Execution Date	Expiry Date	Amount	Suppliers
PISL0011304	Southern Gateway Three Dimensional Animated Videos and Visualisation Renders Attachments	Suburban Land Agency	12 Jan 2026	12 Jan 2029	\$ 330,000.00	• Formswell Design
PISL0011483	Southern Gateway Traffic Count Attachments	Suburban Land Agency	3 Dec 2025	31 Mar 2026	\$ 288,926.00	• The Trustee for BVY Trust
PISL0009749	Detailed Land and Attributes Survey for Engineering and Civil Design for Southern Gateway Attachments	Suburban Land Agency	20 Oct 2025	18 May 2026	\$ 395,450.00	• ACT Survey PTY LTD
PISL0009750	Detailed regulated and mature tree survey for Southern Gateway Attachments	Suburban Land Agency	22 Sept 2025	27 Mar 2026	\$ 63,195.00	• Mrs MELINDA MYLEK
PIC10009528	Integrated Waste Scales Attachments	Canberra Institute of Technology	28 Aug 2025	27 Aug 2028	\$ 79,508.00	• Waste Check Technologies Pty Ltd
PIEP0004816	Southern Gateway Infrastructure Capacity Study Attachments	Environment, Planning and Sustainable Development Directorate	24 Feb 2025	20 Feb 2026	\$ 122,980.00	• SMEC Australia

Together, these case studies show a pattern that project-level decisions are being progressed incrementally without a consolidated view of total cost, risk, or fiscal exposure.

Strengthened Transparency Measures

The main issues that need to be addressed are:

- Fragmentation of projects into multiple procurement packages.
- Limited transparency of cumulative contract variations.
- Use of procurement exemptions or limited tenders in high-value contexts.
- Lack of consolidated whole-of-project cost reporting.
- Insufficient linkage between project-level decisions and Territory-wide fiscal impact.

These practices are operational deficiencies that create a significant risk that statutory obligations relating to value for money, transparency, and proper use of public resources are not being fully met.

The following measures would strengthen governance and public confidence

- Publication of whole-of-project cost summaries (including original estimate, approved budget, current forecast and expected final cost.
- Report cumulative contract variations and updated total costs.
- Disclosure of procurement approaches and justification for limited competition.
- Release of updated business cases where assumptions change.
- Map project costs to fiscal impacts in Budget Papers and fiscal risk statements.
- Implement formal gateway review processes for major projects.
- Business case to demonstrate positive benefit cost ratio without the inclusion of wider economic benefits
- Projects transparency on broader fiscal impacts (borrowing, debt servicing, and long-term operating costs.)

Improving transparency in infrastructure delivery is essential for ensuring value for money, maintaining public confidence, and supporting long-term fiscal sustainability.

Clear, consolidated, and accessible reporting will enable both policymakers and the community to better understand and evaluate major investment decisions.

Attachment 1

Light Rail / Corridor Economic Approach (Contextual Risk)

Requirement	Observed Behaviour	Assessment	Source
Sound economic appraisal (best practice)	Stage 2A business case excluded some costs and did not include disruption impacts	Weak appraisal	Auditor-General Report 2021
Full cost inclusion in CBA	Construction disruption impacts omitted	Material omission	Auditor-General

Southern Gateway Corridor Procurement Issues

Legislative / Policy Requirement	Observed Approach	Assessment	Evidence / Source
Government Procurement Act 2001 – s22A (open, effective and ethical competition)	Use of Selective procurement for “Southern Gateway Framework Engagement” (\$76,043)	Borderline/Questionable	ACT Contracts Register
Procurement Principles – Value for Money (whole-of-life)	Multiple separate consultancy contracts (engagement, renders, traffic counts, surveys) rather than a single integrated package	Potential Risk (Fragmentation/salami slicing’ concern)	ACT Contracts Register (multiple SGC-related contracts totalling ~\$550k+)
Transparency / Accountability expectations (Procurement Regulation)	Public-facing materials (framework, options, CBA) not yet released, despite ongoing procurement	Transparency gap	Planning Directorate statements
Best practice (Gateway/Business Case discipline)	No publicly available Cost-Benefit Analysis for the corridor-wide program	Major governance gap	No published CBA

Comparative ACT Procurement Issues

(Used to demonstrate systemic risk and relevance to Southern Gateway)

Requirement	Observation/Issue	Assessment	Source
Procurement Regulation – Procurement Board review required for procurements >\$1M.	False and misleading statement to justify Advance payment on a contract.	“The conduct seriously undermined the probity of the procurement process, enabled a substantively unjustified contract and, additionally, was directed to obstruct or hinder administrative and government oversight.” A Confirmed Breach.	Integrity Commission – <i>Operation Luna</i> Part 1 and Part 2 (2024).
Procurement Regulation – transparency (contract value disclosure).	Concern that the payment schedule might be redacted on the Contracts Register.	Potential Breach.	Integrity Commission – <i>Operation Luna Part 2</i> .
Government Procurement Act 2001 – s22A (Open and Effective Competition).	Audit findings indicate risks to genuine competitive tension in procurement processes, including concerns about predetermined outcomes in ostensibly open processes, reliance on select tender approaches, and instances where agencies did not approach the open market at the outset.	Potential risk to compliance with open and effective competition requirements and to demonstrating value for money.	ACT Auditor-General Report No. 5 of 2023.
Procurement Board referral requirements.	The Auditor-General’s findings indicate that procurement governance weaknesses—including lack of visibility to the Government Procurement Board, risks of predetermined outcomes, and failure to fully test the market—can materially reduce competitive tension and limit effective oversight of procurement decisions. These conditions create a heightened risk that contract variations and procurement decisions are not subject to sufficient independent scrutiny, undermining confidence that value for money and	Governance failure.	Auditor-General Report No. 5 of 2023.

Requirement	Observation/Issue	Assessment	Source
	open competition requirements are consistently achieved.		
Value for Money/Contract Management.	Procurement processes frequently lacked documented evaluation plans and reports, meaning value for money was not systematically demonstrated; no evidence of whole-of-life cost consideration.	Serious governance failure/systemic weakness.	ACT Auditor-General Report No. 7/2021.
Value for Money / Contract Management.	Acton Waterfront: cost increase from \$9m → \$46.8m, 16 variations, untendered additional work and an additional \$1.1m in design work.	Systemic procurement and contract management failure.	ACT Auditor-General Report N0.5/2022 - <i>Procurement and contracting activities for the Acton Waterfront Project.</i>
Variation control / notification requirements.	Variation 11 increased contract value by ~\$620k and was not notified on the ACT Government Contracts Register , with inadequate documentation and failure to administer the variation in accordance with contract requirements.	Confirmed Breach: serious failure of procurement governance and contract management controls.	ACT Auditor-General Report N0.5/2022 - <i>Procurement and contracting activities for the Acton Waterfront Project.</i>