



Canberra Business Chamber

AUSTRALIAN CAPITAL TERRITORY BUDGET 2017-18

**Submission to the ACT Government
20 December 2016**

Contact

Robyn Hendry

Robyn.hendry@canberrabusiness.com

0418 462151

Recommendations

- 1. The 2017–18 ACT Budget include funding to support roll-out of the Small Business Initiative to help start-ups successfully transition to the micro-business stage.***
- 2. The 2017–18 ACT Budget provide funding to support ACT businesses who are exporting or exploring opportunities for trade. In particular, funding should be focused on ongoing delivery of relevant training and skills capacity development and management of Trade Missions.***
- 3. The 2017–18 ACT Budget provide funding of \$200,000 per annum for a period of no less than three years for employment of a Business Trade Liaison Officer to be based in the Chamber and share knowledge of opportunities and support an increase in exports by local businesses.***
- 4. The ACT Government work with NSW and the Commonwealth to improve transport networks and connections within the Canberra Region.***
- 5. The ACT Government develop a prospectus to attract all elements of the supply chain needed to realise the ACT's potential as a regional freight hub.***
- 6. The ACT Government maintain its commitment to the Australia Forum and work with the Federal Government to deliver this project. The Federal Government must agree to lead development and construction of the Australia Forum by allocating Budget funding, utilising support and assets estimated to be valued at \$130 million including the proposed site and proceeds from the existing site committed by the ACT Government, and utilising funds provided for in the ACT Greens/Labor Parliamentary Agreement to foster private sector investment.***
- 7. The ACT Government allocate \$70,000 in non-recurrent funding in the 2017–18 Budget to support establishment of the CBR Region Business Lounge.***
- 8. The ACT Government provide funding to establish an Internship Coordinator position and digital tools to develop and maintain relationships between the labour market and education and training institutions to help prepare our future workforce and support the growth strategy of our education and training sector.***

- 9. The ACT Government work with relevant organisations to investigate potential areas of skills shortages and implement initiatives to expand the region's workforce.**
- 10. The 2017–18 ACT Budget allocate funding for the Brand Canberra Program to enable it to continue operating for a further two years.**
- 11. The 2017–18 Budget provide increased financial support for the Special Event Fund.**
- 12. Implementation of permanent site for Floriade be commenced without delay to provide greater certainty to the ongoing development of the event.**
- 13. The ACT Government provide additional funding for Visit Canberra and Canberra Convention Bureau and guarantee this funding for the next four years to lift visitor numbers to the region.**
- 14. Increase capital funding for the National Arboretum and re-establish the free Parliamentary Triangle bus service to enhance the visitor experience.**
- 15. Fund a strategy to further grow regional tourism with a view to supporting strong international and regional connections, in particular air services.**
- 16. The Canberra city centre be rejuvenated to ensure it accurately reflects the city's identity as a progressive city and a place where locals and visitors are drawn to.**

The current state of business in the ACT economy

The ACT has enjoyed a strong 2016, recording some of the highest economic growth in Australia.

According to the October 2016 Commsec *State of the States* report, the ACT is the third ranked economy in the country. It is ranked number one on housing finance, second on economic growth and third ranked on retail trade, unemployment, business investment and population growth.

Retail trade in particular was a strong performer over the period, up 5.1 per cent on a year ago.

Private sector businesses have been a driving force behind the economic success of the ACT in 2016-17.

However, despite these strong indicators, more needs to be done to support local businesses and ensure their sustainability.

In the third quarter of 2016, the ACT recorded its highest number of business failures in three years, with 228 businesses closing their doors.

Business failures during July–September were 83 per cent higher than the preceding quarter, according to Dun & Bradstreet's Australian New and Failed Businesses report.

A recent survey by Canberra Business Chamber in partnership with Deloitte, shows businesses are generally confident about the coming year.

Over 80 per cent of businesses are as, or more, optimistic than they were last year when it comes to the next 12 months and 90 per cent of small and medium enterprises (SME) are looking to grow their business.

In addition, 77 per cent of Canberra Region SMEs plan to diversify their products and services and a whopping 94 per cent are focused on increasing efficiency. A third of local businesses are planning to expand sales globally in the near future.

However, businesses see some barriers to their expansion intentions, in particular the burden created by red tape, rising costs and local skills shortages.

The Canberra Business Chamber is recommending a series of measures that are estimated to require modest funding, but which we believe can generate a significant

return on investment. A comprehensive business case can be developed for any measures the ACT Government wishes to explore further with the Chamber in the lead up to the 2017–18 ACT Budget.

Small Business Support

Small business is the engine room of the ACT economy.

Of the 26,000 businesses operating in the ACT, 97 per cent are small businesses employing less than 20 people. Of these, 16,000 are micro businesses employing one or two people.

For its size, the ACT has an impressive number of businesses who are major national and global players. Most of these have developed from small roots and at one stage were simply one or two men or women pursuing an idea they believed in.

The Chamber believes others with a good idea should be helped to build the foundations that will enable them to run a sustainable small business and perhaps grow in the future if this is their goal.

In 2016, the Chamber commenced a new Small Business Initiative, which is aimed at those who are starting out in business, intending to start a business or have an idea for a business.

This initiative provides a suite of programs to support businesses transition through to the micro business level.

In collaboration with CBR Innovation Network and associated business support programs, the Chamber is helping those new to business by providing access to fundamental business training and advice as well as the support of mentors.

Opportunities will be generated for those on their 'start-up' journey to connect with other people in business and potential clients.

New businesses, start-ups and business intenders are also eligible for discounts on training workshops and Chamber membership.

This program is delivered at a cost of \$99 per business. Canberra Business Chamber calls on the ACT Government to invest in this program to enable its delivery at no cost or reduced cost for these innovators.

Recommendation 1: The 2017–18 ACT Budget include funding to support roll-out of the Small Business Initiative to help start-ups successfully transition to the micro-business stage.

International Engagement and Trade

Canberra Region businesses are increasingly looking overseas for new customers and opportunities to expand.

Latest figures tell us that in 2015 the ACT's value of exports in goods and services reached over \$1.6 billion, an increase of 16.2 per cent over the previous year. During that period education exports increased by 10.3 per cent to \$451 million, accounting for 28.3 per cent of total service exports, and 10 per cent of all Australian services in research and development were exported from Canberra.

In the past year, highly-subscribed Trade Missions to Singapore, the United States and China opened up new markets for a significant number of local businesses.

Canberra Business Chamber has launched the Canberra International Support Network, which connects local companies with advisors and potential customers to expand their international reach. It has also signed MoUs with the Singapore Business Federation and Wellington Chamber of Commerce to make these important trade partners more accessible to Canberra Region businesses.

The ACT Exporters Network provides a forum for exporters to network, share knowledge and expand their export activities. The aim of the Network is to provide private sector leadership for the Canberra regional export drive.

The TradeStart network is an extension to Austrade's own offices and is delivered in partnership with Canberra Business Chamber.

The prime objective of Austrade's TradeStart network is to assist small and medium sized exporters to achieve long term success in international markets. It offers exporters the combined resources of Austrade and each partner organisation, providing local assistance and a direct link to Austrade's services and overseas network. The number of local businesses taking advantage of this available assistance and advice is growing by about 20 per cent each year.

The increased focus on exporting by Canberra Region businesses can perhaps best be demonstrated by the exponential increase in the number of applicants for the ACT Chief

Minister's Export Awards. Applicant numbers have grown by more than 100 per cent in recent years, and in 2016 the ACT had its first-ever winner of an Australian Export Award.

Previously local exporters and potential exporters could access a pool of training activities to improve their knowledge and capacity. These were delivered through the Chamber and supported by the ACT Government and included training workshops designed to help businesses become international trade and market ready.

Canberra Business Chamber would like to continue to offer this type of training to increase skills which experience has demonstrated are required by businesses seeking overseas customers, for example skills in pitching a product or service in an initial meeting.

The Chamber believes strategic engagement with trade commissioners and associated staff at embassies representing current or potential trade partners could help significantly lift the return attributed to exports.

The ACT is home to nearly 80 embassies and high commissions representing the needs of their own nations and seeking to strengthen ties with Australia.

These embassies present a relatively untapped potential to engage with current and prospective export markets on behalf of ACT businesses.

There is no local presence responsible for strategically engaging with embassy staff to promote Canberra businesses or gather information that will benefit local exporters.

Currently interaction with commissioners occurs on a transactional basis.

Canberra Business Chamber is proposing the 2017–18 ACT Budget provide the Chamber with funding for employment of a Business Trade Liaison Officer.

This resource will take ACT engagement with embassies and high commissions from a transactional approach to a more systemic and strategic approach, which will have positive benefits for all ACT businesses – current and future – who are exporting expertise and products to international markets.

The Business Trade Liaison Officer would strategically work with embassy staff responsible for trade to understand these markets and nurture relationships in order to gather and share intelligence and make introductions with ACT businesses.

These initiatives will benefit the whole region, making the Canberra region economy stronger and increase demand for international flights and freight services to underpin the associated increase in business travel and imports and exports.

It is important to increase the export reach of the Territory in order to continue to diversify the economy and to limit its vulnerability to external events, such as reductions in Federal Government spending and employment.

Recommendation 2: The 2017–18 ACT Budget provide funding to support ACT businesses who are exporting or exploring opportunities for trade. In particular, funding should be focused on ongoing delivery of relevant training and skills capacity development and management of Trade Missions.

Recommendation 3: The 2017–18 ACT Budget provide funding of \$200,000 per annum for a period of no less than three years for employment of a Business Trade Liaison Officer to be based in the Chamber and share knowledge of opportunities and support an increase in exports by local businesses.

Regional Development

The ACT and NSW governments recently signed an MoU to underpin a more cooperative approach to regional development. This is warmly welcomed by Canberra Business Chamber.

Building on this partnership, Canberra Business Chamber would like to see governments work more closely together on regional development.

The ACT Government, NSW Government and Commonwealth Government all have a role to play in improving regional connections to support all parts of the Canberra Region.

In particular, they must work together to improve road linkages, such as the Barton Highway, and support flights between each of the regional airports – Canberra, Dubbo, Wagga, and Merimbula.

These connections would be one spoke in creation of Canberra as the region's freight hub. Canberra is the natural location for the region's freight hub as it has the only international airport.

It is recommended the ACT Government develop a prospectus to attract all elements of the supply chain needed to realise the ACT's potential as a regional freight hub. This requires all parties, governments and the private sector, to work collaboratively as freight hub development cannot be achieved by a single stakeholder.

The Canberra Region currently lacks an appropriate venue of international standard to host major national and international meetings. Being able to host such meetings is an integral part of Canberra's role as the national capital – the seat of the Australian Government, the home of national institutions and a recognised knowledge and innovation hub.

It is proposed a world-class convention centre be constructed in the ACT. This centre is known as the Australia Forum.

Meetings of significance will stimulate intergovernmental outcomes, opportunities for industry, innovation and knowledge development across the region, together with mobilising ideas from communities and individuals.

A report by EY on the potential economic benefits of the Australia Forum demonstrates it will strongly contribute to the region's economy and employment.

The expenditure of delegates attending Australia Forum events is estimated at \$3 billion in the first 20 years. This is \$1.6 billion more than the current convention facility is anticipated to bring into the economy.

The ACT Government is to be commended for the support it has provided which includes provision of an iconic site for the Australia Forum and a commitment for funds from the sale of Canberra's existing convention centre site to be allocated to this project.

Funding for further work on the business case development for the project is also included in the ACT Greens/Labor 2016 Parliamentary Agreement and this is welcomed by the Chamber.

Canberra Business Chamber is calling on the Federal Government to lead development of the Australia Forum convention centre and the ACT Government to work with it to identify and attract private partners.

Government support for development of a 'precinct', including the new Australia Forum site, redevelopment of the existing NCC site, potentially a major sports ground and a

high volume upscale hotel near the Australia Forum. Additionally, including the project to lower Parkes Way may be another opportunity to create further economies of scale and enhance attraction of the private sector to engage in this development.

As part of the broader approach to regional connectivity Canberra Business Chamber is proposing to develop a business lounge for the ACT.

The CBR Region Business Lounge would offer the Chamber's members and the members of regional chambers a space to network, hold meetings with potential clients, and expand their capacity to secure business by partnering with others.

The lounge would be located in the Chamber building on Northbourne Avenue close to the city centre with access to light rail when complete. It would provide parking, coffee, private meetings rooms, printing and Wi-Fi.

Canberra Business Chamber believes a centrally located business lounge would help ACT and region businesses collaborate, be more productive and grow.

In addition, it has the potential to solidify Canberra's place as the region's business centre by expanding the reach of local businesses into the region and drawing regionally based businesses to the ACT.

The Chamber is proposing to encourage other business entities in the region to partner with it and offer their own members lounge access. This could entice businesses around the region to visit the ACT more often to do business. There are over 10,000 businesses located outside of the ACT, including Yass, Queanbeyan, Goulburn, Yass and Cooma. It would enable Canberra-based businesses to broaden their networks and identify opportunities and partnerships beyond our borders.

Recommendation 4: The ACT Government work with NSW and the Commonwealth to improve transport networks and connections within the Canberra Region.

Recommendation 5: The ACT Government develop a prospectus to attract all elements of the supply chain needed to realise the ACT's potential as a regional freight hub.

Recommendation 6: The ACT Government maintain its commitment to the Australia Forum and work with the Federal Government to deliver this project. The Federal Government must agree to lead development and construction of the

Australia Forum by allocating Budget funding, utilising support and assets estimated to be valued at \$130 million including the proposed site and proceeds from the existing site committed by the ACT Government, and utilising funds provided for in the ACT Greens/Labor Parliamentary Agreement to foster private sector investment.

Recommendation 7: The ACT Government allocate \$70,000 in non-recurrent funding in the 2017–18 Budget to support establishment of the CBR Region Business Lounge.

Improved coordination and support to boost the labour market

One of the ACT strongest sectors is the education industry. Our world-class tertiary and technical education providers not only attract students from interstate and overseas, but help prepare our future workforce – our single greatest comparative advantage when growing the private sector.

Canberra Business Chamber believes it is essential to integrate ACT employers, both private and public, into the growth strategy of our education and training industry.

It is proposing a dedicated resource be funded to develop and maintain a comprehensive relationship between the labour market and education and training institutions.

The Chamber is currently working on an initiative to support this goal with the CBR Innovation Network.

A key part of effective work-ready education and training is placements and experience in workplaces. As our education and training sector grows there will be increasing demand for work experience to be available.

Work integrated learning, cadetships, work placements and work experience will be fundamental to the growth and success of the ACT's education and training providers.

Unfortunately, there is currently a deficiency of work placements and a disconnection between the education and training market and those who can provide on the job experience.

Support is sought for an Internship Coordinator to be embedded in Canberra Business Chamber.

The Internship Coordinator will help ensure education and training and work experience support the future needs of the ACT labour market and students. Digital tools will be developed to support the work of the Coordinator.

By identifying and matching education and training opportunities with work placements and internships, this initiative will help students get work ready, provide employers with experienced staff and reduce the risk of future skills shortages.

It will be the role of the Internship Coordinator to motivate and support employers to provide workplace experience to ensure there are enough placements to support growing student numbers and students have a rich learning experience.

Increasing the number of students who undertake internships and work placements in the ACT, and ensuring this is a mutually enjoyable and beneficial experience, is also expected to increase the number of people who stay and work in the region after they graduate. Retention of talent in the ACT provides a greater return on government investment in our education sector.

The ACT is currently in the enviable position of having relatively high employment. However, businesses are beginning to express concern that additional workforce will be required to ensure the ACT has the number of talented workers it will need in the future.

The ACT Government, in partnership with relevant bodies, must investigate to determine the areas of potential skills shortage and explore initiatives to nurture and retain local talent, attract more people to work in the ACT, and encourage those studying in the region to stay and work here.

This work will assist decision-makers target funding into training and measures that will address potential future skills shortages.

Better connections within the region will facilitate people living outside of Canberra to travel in for work and continued promotion of the Canberra Region as an attractive place to work and live will play an important role.

Recommendation 8: The ACT Government provide funding to establish an Internship Coordinator position and digital tools to develop and maintain relationships between the labour market and education and training institutions to help prepare our future workforce and support the growth strategy of our education and training sector.

Recommendation 9: The ACT Government work with relevant organisations to investigate potential areas of skills shortages and implement initiatives to expand the region's workforce.

Promoting the Canberra Region and increasing visitor numbers

The ACT has just recorded its highest number of international visitors ever, with over 200,000 overseas travellers visiting the region in the year ending September 2016 – undeniable proof that the many charms of the capital are being recognised around the world.

Tourism is a key component of the ACT economy. Tourism supports 14,700 jobs and contributes \$1.6 billion to the Gross Territory Product.

The CBR Brand is all about growing the reputation of Canberra and our region and attracting more people to visit, study, live and do business here. It's about celebrating what's special about our city.

Developing a strong brand for Canberra makes good business sense. If we attract more people, spending and investment to our region, it means more skills, more jobs, more services, more prosperity and a better way of life.

The goal of the CBR Brand is to tell people what is special about our region and have these instantly come to mind whenever anyone mentions the Australian capital.

Our weather, our city planning, our outstanding events, our social and recreational offerings, our amazing food and wine, our educational and national institutions should all be conjured up when someone sees the CBR Brand or hears the name Canberra.

Since its inception, Brand Canberra program has developed the fundamentals for promotion of our region, including building a digital front door for the region through canberra.com.au.

Now these fundamentals are in place, it is essential to continue to nurture and allow the program to build on its achievements. Therefore, the Chamber is calling for the program to be funded for an additional two years.

Events tourism is a significant driver of visitor numbers to Australia and to the ACT. Events tourism includes conferences, festivals, sporting matches and exhibitions.

Looking purely at business events tourism, over 37 million people attended more than 412,000 business events across Australia in 2013–14. These events directly generated \$28 billion in direct expenditure, \$13.5 billion in direct value and nearly 180,000 direct jobs (Business Events Council of Australia: The Value of Business Events to Australia).

The Canberra Region records an upswing in visitor numbers during major events such as Floriade, the National Folk Festival and National Gallery exhibitions.

To support events tourism, the ACT Government has established a Special Event Fund. Based on the value of event tourism to the ACT economy, the Chamber would like funding for events to be increased.

In terms of Floriade, around 400-500,000 people attend this event each year. However, despite its status as a well-known drawcard, this event is currently without a permanent home. Implementation of a permanent site for Floriade should be commenced without delay to give greater certainty to the ongoing development of this signature event for Canberra.

The ACT tourism industry, through the 2020 Tourism Strategy, has set a goal to grow the value of overnight visitor expenditure to \$2.5 billion in 2020.

Private tourism and hospitality providers are investing heavily to increase the ACT's attractiveness as a tourism destination, but more needs to be done to promote the Canberra region and lift its share of visitor numbers.

Tourism Research Australia's Tourism Forecasts 2016 estimates total visitor nights in the ACT by 2025 at over 16 million. However, this still lags behind Tasmania, despite the ACT now having an international airport.

Canberra Business Chamber supports calls for the ACT Government to match the commitment being seen from the private sector by increasing its tourism marketing budget.

The National Arboretum is a major visitor drawcard as well as a key pillar in the promotion of the Canberra Region. Capital spending must be increased to ensure the National Arboretum lives up to its potential as an international standard visitor attraction.

Following the enormous investment which has been made in land provision and tree planting, it will not be useful or provide the necessary return on investment to short

change or delay the capital expenditure required to enhance and provide for the appropriate visitor experience at the Arboretum.

Transportation is a significant contributor to visitor experience. The easier it is for a tourist to travel around a location and visit attractions, generally the more positive their experience. Therefore, the ACT needs transportation options that tourists can easily access to travel between sites of interest.

The Chamber is recommending that until such time as light rail be developed as a viable alternative, the ACT Government re-establish the visitor free bus service around the Parliamentary Triangle.

As discussed earlier in this submission, improved regional connections will improve the seamless movement of people and goods. In terms of tourism, these connections can allow visitors to access the whole region easily, drawing more people to the Canberra Region and encouraging them to travel between destinations. Therefore, the Chamber reiterates its call for funding of regional transport connections, particularly air services.

Recommendation 10: The 2017–18 ACT Budget allocate funding for the Brand Canberra Program to enable it to continue operating for a further two years.

Recommendation 11: The 2017–18 Budget provide increased financial support for the Special Event Fund.

Recommendation 12: Implementation of permanent site for Floriade be commenced without delay to provide greater certainty to the ongoing development of the event.

Recommendation 13: The ACT Government provide additional funding for Visit Canberra and Canberra Convention Bureau and guarantee this funding for the next four years to lift visitor numbers to the region.

Recommendation 14: Increase capital funding for the National Arboretum and reestablish the free Parliamentary Triangle bus service to enhance the visitor experience.

Recommendation 15: Fund a strategy to further grow regional tourism with a view to supporting strong international and regional connections, in particular air services.

Urban Renewal

The ACT Government has announced its intention to establish an Urban Renewal Authority. The Chamber commends it on this program as it believes development of the city must be coordinated to ensure all development contributes to and reflects Canberra's identity as a progressive and vibrant city.

In particular, the Chamber calls for development of the city centre's character to be curated by the ACT Government, with other stakeholders and the broader community. This curation must cover all parts of development and be guided by the establishment of guiding principles which influence design - from footpath material to shop window awnings through to building heights, set back allowances and the public realm – to ensure the city centre demonstrates Canberra's best self. This is the next level of city planning for the ACT.

Government intervention needs to include taking decisive action on regulation and reform as well as employing the expertise of those skilled in building city character.

Recommendation 16: The Canberra city centre be rejuvenated to ensure it accurately reflects the city's identity as a progressive city and a place where locals and visitors are drawn to.



Canberra Business Chamber

Canberra Business Chamber, Ground Floor
216 Northbourne Avenue, Braddon ACT 2612, Australia

PO Box 6308 O'Connor ACT 2602

www.canberrabusiness.com

T - 02 624704199