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## **POLICY CHANGES NEEDED TO KEEP OPTIMISM ON THE UP**

Canberra businesses are currently feeling positive about their potential for growth according to the latest **Deloitte SME Survey**, but the jurisdiction's costly workers compensation premiums and failure of the ACT Government's procurement policy to fully support local industry participation are risks to future expansion.

Canberra Business Chamber has partnered with Deloitte to undertake six-monthly surveys of local businesses to develop a time series of business sentiment.

Today they released findings from the third survey in this series.

Businesses who took part in the survey represented all sectors, business size and came from across the ACT.

"What businesses told us is they are optimistic that in the next 12 months their revenue and staff numbers will increase," Canberra Business Chamber CEO, Robyn Hendry revealed.

Over two-thirds of respondents believe their revenue, employment, or both will grow in the coming year.

"The ACT currently has the second lowest unemployment rate in the country, but this week we saw our weakening jobs market blamed for the Territory falling one place in national economic rankings," Ms Hendry said. "Therefore, it is great to see businesses still seeing the potential for jobs growth."

Diversifying goods or services, incorporating online sales, efficiency gains, and expansion into new markets are all expected to play a role in future success.

"Around 60 per cent of respondents already sell goods or services outside the ACT, which shows how well our business sector already performs on the national and international stage," Ms Hendry said. "It was gratifying to learn that local businesses are continuing to seek out new opportunities. Nearly 50 per cent of businesses plan to diversify further into Australia and 30 per cent seek to export."

While feeling confident about their own business, respondents remain less optimistic about economic conditions in the ACT and Australia. In fact, 42 per cent of respondents anticipate economic conditions will hinder their capacity to expand.

"In particular, respondents raised the ACT's workers compensation and procurement policies," Ms Hendry said.

"Canberra businesses have told us for a number of years they feel overlooked when it comes to the awarding of ACT Government contracts. We actually held meetings this week with businesses who recently lost ACT Government contracts to national firms and with the Local Industry Advocate, Kate Lundy to discuss this issue.

"The Chamber wants to ensure our competitive, skilled ACT companies are given a fair chance to secure government work. We are calling on the ACT Government and the Local Industry Advocate to do more to ensure ACT businesses have a real chance when tendering for contracts."

One survey respondent indicated that the cost of workers compensation in the ACT is actually putting their business viability at risk.

Another stated: "Workers' compensation insurance should be underwritten and regulated by the ACT government as it is in NSW. ACT companies have a huge disadvantage when competing against companies that come in from other states who have workers' compensation premiums nearly half that of companies from the ACT."

According to the 2016 Safework Australia report *Comparison of workers' compensation schemes in Australia and New Zealand*, the ACT has the third most expensive workers' compensation premiums as a percentage of payroll in Australia. ACT premiums are over 20 per cent greater than in NSW.

"These high rates put ACT businesses at a distinct disadvantage when competing with others, especially firms just over the border," Ms Hendry said.

Based on the results of the survey, Canberra Business Chamber will continue focusing on workforce issues, particularly ensuring the ACT does not face skills shortages in the future.

Compared to the private sector in other states, survey participants said ACT businesses must compete with high public service salaries when looking for staff and this impacts on capacity to attract skilled employees from within the local market.

"Respondents indicated that when they face difficulties getting skilled staff, part of the problem is that the skillset is not available in the ACT or people don't have enough experience," Ms Hendry said.

"We have been pushing for better business and tertiary education integration to provide more opportunities for work integrated learning for people studying in the ACT and to match education courses with local business needs.

"Our goal is to encourage more people to study in the ACT, to stay here and work when they graduate, and identify and address potential skills gaps before they arise."

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