



Canberra Business Chamber

SUBMISSION

Australian Capital Territory Budget 2019-20

12 November 2018

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Forward

The Chamber is an employer organisation representing over 5,000 organisations and businesses in direct membership, and over 10,000 affiliated industry and association groups across the ACT Region. Members of the Chamber are typically small to medium sized businesses and community organisations.

The Chamber's aim is to represent the interests of the private sector, by providing access and avenues for members and industry to both Federal and Local Government to assist shape and develop policies that are in the best interest for ACT business.

Members of the Chamber are interested in business growth and prosperity of the Canberra Region and recognise that there are several key areas where the ACT Government could invest funding and support to ensure the ongoing economic growth of the ACT.

Whilst the current economic conditions are conducive to business we must invest resources now into the longer-term planning of the ACT.

Priorities

Long term inclusive planning

The long-term success of Canberra as a place to visit, live, work and invest is dependent on a clear long-term vision for the city. The ACT Government has been progressing many different plans and frameworks to further the city including the City and Gateway Draft Urban Design Framework, Planning Strategy Refresh, New Bus Network, Precinct Renewal Program, Better Suburbs, suburban Master Plans, Public Housing renewal to name a few. These are however individual instruments to achieve specific objectives which are often not seen as interlinked or co-dependent. An inclusive planning process is required that brings the elements of the respective plans together and provides a clear vision of the future. This inclusive plan needs to articulate how all the disparate plans will complement and enhance the city and its people.

Such a plan would allow longer term financial planning for the Government, allow for the capitalisation of opportunities as they arise (particularly relating to Commonwealth Government infrastructure funding and initiatives), develop the human capital skills for the future and provide confidence to business to invest.

Build to perpetuate economic growth

Significant infrastructure projects such as Light Rail Stage 1 and the ACT Law Courts have stimulated private sector investment in Canberra. However, private sector investment is on the decline now that these projects are completing. Long-term planning of all infrastructure which is clearly articulated to industry would provide confidence in a known pipeline of infrastructure that would perpetuate private sector investment. The previous budget announcements to upgrade the Canberra Theatre and commitment of \$1.2 million to plan

for a new theatre complex is welcomed, however more needs to be done to build a pipeline of infrastructure projects. The Chamber continues to advocate for the prioritisation of non-transport infrastructure to 1) a new convention centre, 2) new theatre complex and 3) a new sporting stadium. The economic impact of such developments for the Government, business and the community will be both short and longer term.

Develop to create value and resilience

Building new infrastructure to meet the demands of the ACT population growth is only one part of ensuring a pipeline of investment into Canberra. Once built we need to maximise the potential of this investment. The extensive work that the ACT Government and business have done to bring daily international flights into and out of Canberra and a fresh food handling facility at Canberra Airport is one example where ongoing investment in promotion is critical to maximise utilization and attract more businesses into the market. This new infrastructure also needs the workforce to underpin its success. Whilst Canberra is in the enviable position of have one of the lowest unemployment rates in the country at 3.6%, we are also becoming capacity constrained by the availability of workforce. We need to find more ways of tapping into underutilized workforce through more inclusive workplaces that recognise and value diversity whether it be youth, disability, vulnerable, culture, mature aged and the like.

This will cement long term economic viability and ongoing investment. The ripple effect of the exploitation of assets and infrastructure creates more employment opportunities, increases the visitor economy, provides greater connection of Canberra to the Region and ultimately helps to diversify our economy making it more resilient.

Activate and rejuvenate to maximise investment

Rejuvenation of the Canberra City Centre remains the highest priority for the ACT. A vibrant City Centre supports tourism, community engagement, business activity, and is reflective of Canberra's status as the Nation's capital. The current state of the City Centre is not fit for purpose and could only be described as haphazard at best with pockets of dilapidated and unused infrastructure. Whilst we appreciate that the City Renewal Authority has been tasked with facilitating this renewal process, work to date has not resulted in any notable rejuvenation of this space and more needs to be done to fast track physical construction works to compliment the activation initiatives. A working City Centre attracts investment, creates job and effectively diversifies the economy whilst simultaneously representing Canberra's brand to visitors and the local community.

Recommendations

Recommendation 1

Commit funds to develop a comprehensive long-term infrastructure plan (both transport and non-transport) that has a minimum 20-year horizon with priority given to:

- A new convention centre
- A new theatre complex
- Sporting stadium
- Duplication of the Barton Highway
- Temporary measures such as expansion of the National Convention Centre banqueting space

The Chamber believes that the priorities of the infrastructure plan should reflect a new convention centre, a new theatre complex followed by a new sporting stadium. These longer term large scale developments need to be supported by smaller interim measures that will provide the conduit to permanent large scale infrastructure.

A long-term infrastructure plan would give the business community a level of confidence that there was a pipeline of development within Canberra which would promote private sector investment. The plan needs to be considerate of the future needs of Canberra, current asset lifespan and depreciation, Regional asset development, population trends, environmental issues and cost. The plan needs to be developed in consultation with the community, business and political parties to ensure that the plan endures.

A long-term infrastructure plan for the ACT would provide benefits across the economy through capability and capacity building in the workforce, private sector investment attraction and economic savings.

A long-term infrastructure plan would provide economic efficiency for Government. The rate at which projects are released to the market has a direct impact on prices; at times of peak demand the unit cost of construction can be up to 40% higher than that in a lower demand period. This is particularly evident for a 'lumpy pipeline' where project workload is unstable and is not driven by longer term strategic planning.

Cost is however not the only factor at play, the infrastructure pipeline has many influences on the behaviour, structure, capacity and capability of industry. A well-structured and managed pipeline of projects can lead to a number of benefits including: increased certainty of investment, innovation, increased competition, skills development, capacity building

market confidence, efficient procurement and delivery.

Recommendation 2

The ACT Government commit to exempting any new projects which contain federal government funding from the *Secure Local Jobs Procurement Rules* so that individual contractors do not have to apply for individual exceptions.

Recommendation 3

The ACT Government commit to no new taxes, increases in taxes, rates, fees or charges be applied to the property, building or construction industry to give small and family businesses a chance to adjust to the long-term ACT taxation reforms.

The Chamber understands the approach taken by the ACT Government for long-term tax reforms. However, the broadening of the tax base is having a negative impact on investment in the ACT. The reduced rate of return on investment and consequential property valuation will impact confidence in the ACT property sector and its financial attractiveness for the investor and financiers.

This can be evidenced through the land tax increases on residential property introduced through these reforms. Residential property investors have seen increases in rates and land taxes that equate to more than 20% of the amount of rental landlords of those properties can expect to receive. Such drastic increases cannot be passed onto residential tenants thus lowering returns on investment and the preparedness to invest in residential property.

An unintended consequence of these tax reforms is the negative impact on the availability of affordable housing within the ACT residential property market. Private investment in the residential property market is essential to the diversity of the housing stock in the ACT and is a key component of the ACT Governments broader strategy to provide affordable housing.

The flow on effect of these reforms is also impacting the commercial property sector with rates for commercial properties increasing, on average, by a multiple of 4 to 5 times. Commercial properties above \$600,000 now pay property rates of 5.2% on unimproved land value, in effect stamp duty every year. Reductions in other business taxes such as insurance does not offset these costs when compared to the rise in general rates. Again, the passing of these significant costs to the tenants is not a viable solution even though it is generally contractually possible. Tenants slugged with significant rent costs are contemplating the viability of doing business in the ACT. The attractiveness of renting in Queanbeyan or even moving further afield is becoming a reality for businesses in the ACT.

Unlike residential where houses turn over approximately every 8 years, commercial property is often a long-term investment and therefore lower stamp duty is not of any benefit, instead it taxes organisations that want to invest in the long term in Canberra.

The combined impact of the changes, for commercial property owners and tenants, is that rentals are likely to be pushed up, vacancy rates will increase (especially in the industrial suburbs), property values will be significantly adversely affected, investment in such properties will be reduced, and both tenants and landlords will be looking for alternative places to invest or run their businesses.

Recommendation 4

Commitment of funding to assist the transition of businesses to the ACT Government's climate change targets and to maximise uptake of associated change initiatives. This could take the form of:

- Programs that are tailored to businesses like the successful *actmart* program
- Programs which foster innovation and critical thinking such as the Small Business Innovation partnerships program
- Incentives for upgrading technology
- Education programs demonstrating benefits for business
- Case study development to foster a business leader approach
- Financing assistance

The Chamber has been working closely with the ACT Government to identify impediments for business to transition to the Government's climate change targets and initiatives. One of the key issues identified from these consultations is the lack of understanding by business of the policy, its impact on business and the expectation of Government of business to transition.

The ACT Government will need to support the ACT business community to move towards zero net emissions to ensure ongoing economic stability. This will need to include a variety of education, information and training which may need to be enterprise specific, sectoral and ACT-wide support to reduce uncertainty and limit disruption as part of the move towards zero net emissions.

An initiative could be the development of a broad business education program linking the CBR brand to clean, green and competitive practices. This can be leveraged further with 'place to live', and associated community aspirations.

Continuation of initiatives such as the Small Business Innovation Partnerships program, and programs which recognise innovation, through which government procures specific

assistance for complex government problems, and its potential to support the move towards zero net emissions. This might include first mover advantages to attract new industries to the ACT and the region, and joint projects with other jurisdictions.

The ACT Government needs to consider appropriate support arrangements to ease the cost of transition and to ensure that ACT businesses do not become uncompetitive during the changeover. This should include appropriate support to ameliorate capital expenses relating to transition.

Recommendation 5

Commit funding to enhance building quality in response to the inquiry into Building Quality in the ACT. Key priority for funding:

- Education of the building supply chain on roles and responsibilities
- Adequate resourcing of enforcement and auditing of the legislated building quality standards

Whilst the Chamber acknowledges that the Standing Committee on Economic Development and Tourism inquiry into Building Quality in the ACT will not report on its findings until early 2019, there is already overwhelming evidence to support change and the implementation of initiatives to drive building quality in the ACT.

A building supply chain approach to education on respective roles, responsibilities and building quality is required. Changes to the building industry have seen a decline in the level of detailed design documentation (design and construction approach to developments is common place and the level of recorded 'as built' construction documentation has declined), greater onus on building contractors to select and install building systems and components, less building practitioner on-site supervision and an increase in substitutable building products. These factors can have an impact on the resultant building quality outcome.

ACT Government could provide a leadership role by ensuring that ACT Government procuring requirements include a higher level of engineering and architectural design and enforcement. This could be led by the Chief Engineer and the Government Architect through the setting of benchmark design documentation standards and auditing. The results of this work could inform targeted education and awareness for practitioners.

Improving regulatory oversight and education of roles and responsibilities of building certifiers/practitioners which could include the ability for some form of auditing (by a third party or Government) of the building work with disciplinary consequences. A code of conduct with a legislative basis for building certifiers to ensure that there is a clearly defined expectation where their role starts and finishes.

Recommendation 6

Commit funds to dedicate resources to the planning department for the review and revision of the Territory Plan and the development of the necessary guidance, training and information for implementation. This will support the consistent and transparent interpretation of planning requirements and decision making.

Recommendation 7

Commit funding of \$200,000 to progress the development of the online Canberra Tourism Dashboard.

A prototype of an online Canberra Tourism Dashboard has been developed by the Chamber in concert with a team of IT students from the Australian National University. The aim of the dashboard was to demonstrate the value to local industry and government of bringing together local datasets to visualise tourism trends using an interactive portal. The pilot dashboard was populated with de-identified data sets from businesses within the tourism industry.

The project has also raised the profile of what is possible and has the potential to strengthen how Canberra performs in the tourism sector as a whole. A larger and more robust dashboard could provide Canberra businesses with access to better data and hence greater insights into what is affecting their tourism businesses. No other jurisdiction has taken this approach, as other larger States have significant, though rather narrow, data available from Tourism Research Australia.

Having been proven as a concept, the model also has potential application in other areas including, for example, tracking progress towards zero emissions.

Funding of \$200,000 would provide the resourcing to:

- Map sources of data including collection parameters, across the industry
- Define a collection framework, focusing on existing and desired collection categories
- Design the pilot dashboard, using learning from the prototype, including user interface

In the longer term, a fully developed Canberra Tourism Dashboard could be funded through ongoing user-based subscriptions.

Recommendation 8

Commit funds to improved rail connectivity to Sydney and the region as a means of opening economic growth. Improved rail connectivity would need to be considered in the context of the broader infrastructure plan which may include:

- Commitment to \$5 million matching funding to NSW Labor commitment for faster rail to Sydney
- Commitment to preserve the corridors of land for future rail development

The Chamber is a supporter of improved rail connectivity to improve economic growth. The Chamber supports investment in the short and longer-term initiatives that could result in better rail infrastructure for Canberra. This includes support for the ACT Government to \$5 million for faster rail business case to Sydney to match the NSW Labor Party commitment (if elected in 2019). In the longer term the Chamber would seek the ACT Governments commitment to funding that retains the option in the future to pursue high speed rail, this would include funds to preserve the land required to undertake this development in the future.

Recommendation 9

Commit funding to address workforce constraints through skills development, workforce participation and VISA regulation. Funding and support targeting:

- Data to support the immediate skills needs and analysis for emerging skills needs
- Consultation with business on the best means of addressing skills gaps (including the funding of skill sets). This could involve a pilot project involving business and education institution/s focused on developing specific skills within a capacity/capability constrained sector.
- Increased participation of the ACT population into the workforce, particularly inclusion of youth, disability, culture, mature aged and the like.
- VISA policy settings to facilitate workforce shortage management

The 2018 ACT Small Business Survey commissioned by the Chamber indicates that small business is looking to unskilled workers to meet their workforce needs. Employers will be looking to upskill workers using the available skills supports provided through the education sector and ACT Government funded initiatives. The identification of the areas of skills shortage and skills gaps will be instrumental in supporting business to continue to grow and contribute to the economy. Funding needs to be targeted at skills sets within the education

sector to fulfil these skills gaps. The skills development pathways also play a vital role in unlocking the untapped potential workforce which includes youth, disability, culture, mature aged and the like within our community which can be overlooked workforce participants. Greater inclusivity not only increases workforce participation rate it contributes to the social fabric of the ACT.

Growth areas within our economy, such as tourism, are particularly vulnerable to workforce shortage. Given the trajectory of this sector to continue to grow, the importance of understanding the workforce needs cannot be understated. In addition to increasing skills, further consideration needs to be given to the policy settings for meeting workforce needs through VISA regulation. The levers available to increase skills, participation and workforce numbers need to be considered and appropriately funded to address workforce constraints.

Recommendation 10

Commitment of \$150,000 per annum to fund a small business initiative to help start-ups successfully transition to the microbusiness stage. Funding could be focused on:

- Dedicated resource committed to triage and direct to available resources
- Hosting of workshops on business basics

The Chamber has identified a gap in the support for prospective business development in Canberra. Historically, support was given to start-ups through the ACT funded Canberra BusinessPoint. Since the cessation of this program the Chamber has continued to receive enquiries seeking assistance. Generally, this assistance is targeted support for the individual which aims to provide general business information about regulatory requirements including registration requirements, statutory responsibilities and business practice. This type of program could work in concert with initiatives such as the University of Canberra *Legal Advice Clinic for Small Business* to ensure that potential and existing small business have the tools to be successful and contribute to the ACT economy.

The proposed initiative would also provide support to the development of the social enterprise and for purpose businesses within the ACT which are being incubated through various other initiatives. These types of business add a new dimension to the business profile of the ACT and inherently provide employment of people with a range of abilities leading to improvement in workplaces and consciousness including a new level of businesses for the community to choose when doing business in Canberra and the region.

Recommendation 11

Commit \$20,000 to fund a Sector Innovation Co-Design event for social enterprise businesses within the ACT that could inform a Social Enterprise Sector Strategy.

Social Enterprises are businesses which trade in goods and services with a social, cultural or environmental purpose and which reinvest most of the surpluses they generate in the fulfilment of their purpose.

The increase in the growth and economic importance of social enterprise has been recognised nationally (<http://theconversation.com/how-social-enterprises-are-building-a-more-inclusive-australian-economy-88472>) and internationally (<https://www.gov.scot/Publications/2017/04/8804/1>).

The ACT already has many social enterprises of all sizes and types at varying stages of development operating in the region.

Given its size, the unique nature of its community and its leadership in supporting innovation and new enterprises, the ACT is particularly well placed to expand this sector and maximize the benefits, both economic and social, to the whole community.

However, there needs to be a high-level strategy to stimulate and support social enterprise businesses, to develop stronger and more sustainable organisations and to develop market opportunities for these businesses in the ACT, the Region and more widely.

It is hoped that such a sector strategy could be developed in consultation with the ACT Government as a means of demonstrating a shared vision for this sector in the ACT.

One avenue to progress the strategy is a CBR Innovation Network facilitated event, such as a Sector Innovation Co-Design event with the CBC, Mill House Ventures, appropriate ACT Government personnel and all relevant stakeholders. Outcomes of this event would form that basis of a social enterprise sector strategy into the future.



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16TH November 2018