



Canberra
Business Chamber

Canberra Business Chamber

Policy Platform

2020

1 March 2020



FROM THE CHAIRMAN

Canberra is a unique Australian city that began its life as a planned, custom-designed home for a fledgling nation's federal government. Perhaps understandably, the needs and achievements of Canberra's business sector were, for many years, overshadowed by those of government.

That may have been the case for much of the twentieth century, but in 2020, nothing could be further from the truth. We now live in a city with the highest business growth rate in Australia, and 30,000 active businesses as at June 2019, up by 18.5% over the year. The majority of these enterprises are small, but together they now employ nearly two thirds of Canberra's workforce.

We're still a city in which there are large amounts of government expenditure and investment. We are still home to major government departments and many public servants, with whom we proudly share this unique Capital. But our future lies unmistakably with the private sector, and any organisation or government body that loses sight of this fact risks harm to Canberra.

This is reflected in Canberra Business Chamber's (CBC) Statement of Purpose, adopted by the Board in May 2019:

Driving the economic prosperity and growth of Canberra through business.

As Chair of Canberra Business Chamber, my task is to provide businesses in the ACT and across the region with the assistance they need to prosper.

To determine the best approach for doing this, we engaged frequently with our members throughout 2019, and in early 2020 we asked them to identify the specific areas that they considered the most valuable in their partnership with the Chamber. The answers were: networking, workplace relations advice, and advocacy on behalf of the business community.

Accordingly, the board adopted three newly refined strategic pillars:

- Lead the discussion on issues that impact business in the ACT, and advocate to government and other stakeholders.
- Deliver value to members through access to Workplace Relations advice, and other resources and information.
- Deliver value to members through access to networks that help members connect, as well as build and continually improve their supply chain.

As a member-based, non-profit organisation, our capacity to achieve our goals is dependent on the support, input and energy of our members. As our membership grows, so does our understanding of the challenges of doing business in the ACT, and more importantly, our ability to influence the environment to alleviate business concerns.

The impacts of bushfires, smoke pollution and COVID-19 on the economy have been a stark reminder of the very real risk we all face from extreme environmental events, global health scares, attacks on free trade, and ever-evolving government policy. There has never been a more important time for businesses to rally together under the CBC banner.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Archie Tsirimokis'. The signature is fluid and cursive, with a large initial 'A'.

Archie Tsirimokis

Chair, Canberra Business Chamber



**Driving the economic
prosperity and growth of
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THE ACT ECONOMY: OVERVIEW AND KEY RISKS

Once considered a public service town, Canberra, and the sprawling Capital Region that surrounds it, is now home to Australia's fastest growing array of 30,000 private sector businesses, many of them recognised global leaders in their field. Times have changed, and it's the private sector steering the prosperity of the National Capital in the 21st Century.

The latest employment data shows that of the 234,700 people employed in Canberra, nearly two-thirds are in the private sector; private investment in the Territory rose by 1.3% over the past year, whereas public investment has declined; retail turnover in the ACT increased at almost twice the national rate, growing by 4.7% last year; and residential construction growth helped to support our building industry at a critical time when the sector has been struggling nationwide.

These enviable results give the ACT a well-earned reputation as one of the most successful and resilient economies in Australia. Our real economic growth rate is equal second highest in the nation at 3.0%; our unemployment rate is the lowest at 3.0%; our employee earnings are by far the highest, at \$1,827 per week on average; and inflation remains low.

While this rapid transformation of the National Capital's economic base brings many benefits to the community, it is also fraught with risks. The ACT private sector is driven by a handful of key industries, including tourism, education, and construction. The Territory has the highest annual business exit rate in Australia, at 13.3%. Furthermore, our economic diversification is yet to mature; the Territory is still often dependent

on the whims of the Federal Government, its coffers determining GST grant funds and critical Territory and Federal Government infrastructure projects.

Recent global, national and local events, in particular the global outbreak of COVID-19, extreme weather events, bushfires in and around the ACT, the impact of smoke haze on the economy, and international trade disputes all point to a massive dialling up of the risk level.

It's in this highly uncertain environment that CBC listens to and clarifies business concerns and co-ordinates their mitigation, while providing cohesive and practical assistance to help our local businesses not only survive but continue to succeed.

CBC's policy priorities, representing our members' main concerns, can be encapsulated in four key areas, covered on the following pages.

A handwritten signature in black ink, appearing to read 'Graham Catt', with a long, sweeping horizontal line extending to the right.

Graham Catt

CEO, Canberra Business Chamber

Counts of Australian Businesses, including Entries and Exits, 2018-2019

20 February 2020

Businesses by Main State, June 2018 – June 2019



	Operating at start of financial year	Entries	Exits	Net movement of surviving businesses	Operating at end of financial year	Change	Percentage change %	Entry rate %	Exit rate %
New South Wales	783,034	123,569	99,920	697	805,986	22,952	2.9	15.8	12.8
Victoria	618,209	101,526	79,217	218	640,736	22,527	3.6	16.4	12.8
Queensland	448,742	66,377	57,990	741	457,870	9,128	2.0	14.8	12.9
South Australia	149,888	19,642	16,861	210	152,459	2,571	1.7	13.1	11.2
Western Australia	230,604	31,977	29,353	261	232,967	2,363	1.0	13.9	12.7
Tasmania	38,445	4,884	4,152	271	39,448	1,003	2.6	12.7	10.8
Northern Territory	14,479	2,153	1,795	61	14,776	297	2.1	14.9	12.4
Australian Capital Territory	28,563	5,282	3,796	2	30,051	1,488	5.2	18.5	13.3
Other Territories/Currently Unknown	1,327	312	176	3	1,460	133			
Australia	2,313,291	355,722	293,260	0	2,375,753	62,462	2.7	15.4	12.7

(a) Multi location businesses are only classified to a single geography. Businesses in the profiled population that operate across multiple states or territories are only classified to a location at the State level. In this data cube, for smaller geographies, these businesses are included in the No usual address category for the relevant state or territory. Please refer to the Explanatory Notes for more information.

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Priority 1:

ECONOMIC GROWTH AND DIVERSITY

Private-Public Partnerships

As the number of Canberrans using public transport bear out, the new Capital Metro Light Rail network is a success and is expected to become even more popular once it spreads to other town centres. At a total estimated cost of over \$3 billion by 2023, the Light Rail has injected significant stimulus into the economy and stands as a prominent example of what we're able to achieve when private industry partners with prudent public administration.

We see the Public-Private Partnership model as an important way forward in developing the ACT's economy and its many assets. However, a key concern is that these critical projects are often sporadic and less-than-optimally planned due to short-term focus and the arbitrary nature of the politically based processes through which they are approved and progressed.

This is not conducive to a sustainable, long-term, planned approach to delivering major infrastructure, and in turn, can hinder private sector investment.

CBC encourages governments to develop a more cohesive, long-term implementation plan for infrastructure development in the ACT, so that we can see much-needed projects, such as the new Convention Centre, and the Canberra-Sydney Rail Link, completed more quickly and efficiently.

In some cases, investment in new precincts has come at the expense of established businesses in others.

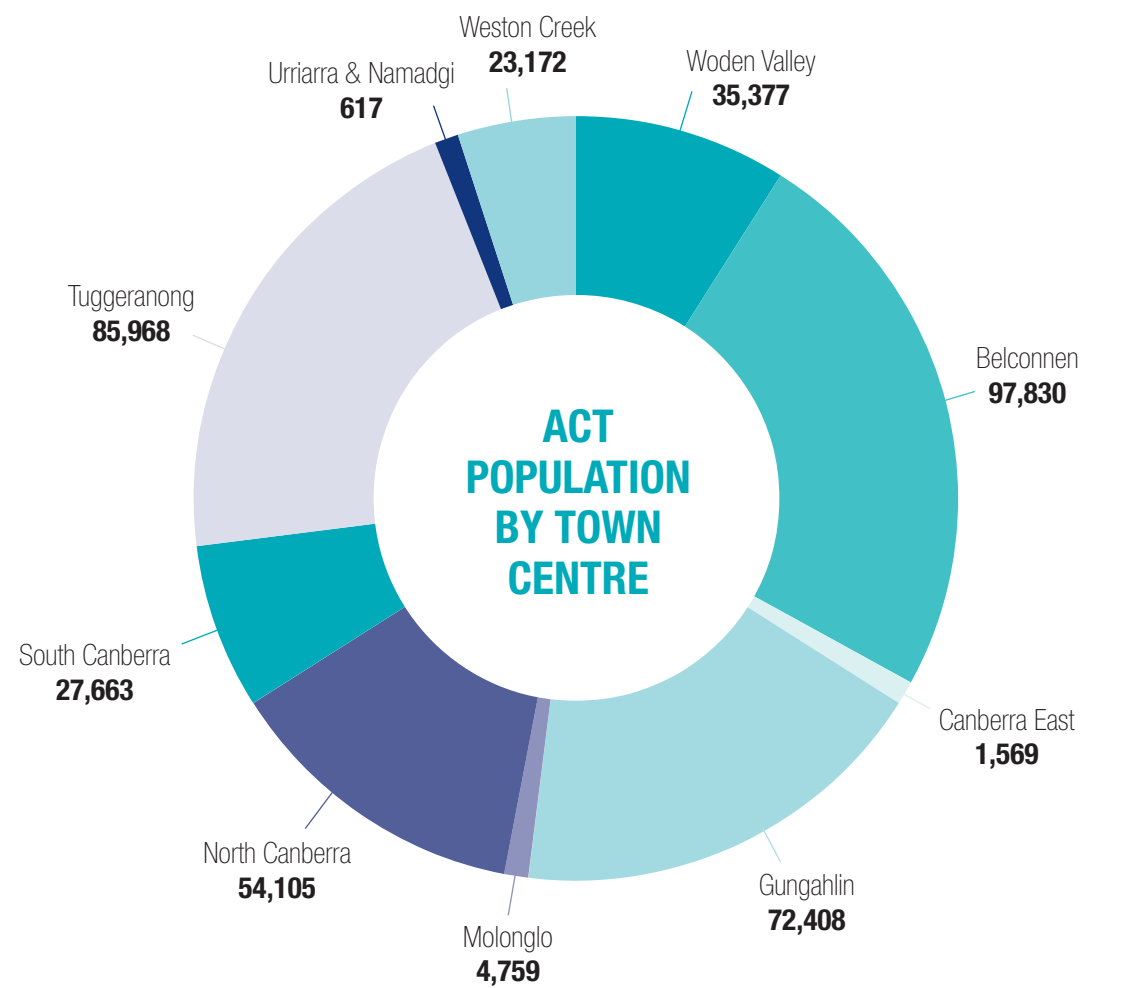


CBD & Local Precinct Improvement

Canberra is a living, growing entity that requires diversity in the types of businesses and projects it supports, and diversity within the various community hubs, or town centres, that are a critical part of our city. This approach is beneficial to residents, local businesses, and the environment. Town centres have grown rapidly over the past decade, particularly in the north of the city.

Unfortunately, the growth in new facilities and new businesses in some areas has been haphazard at times, and in some cases, investment in new precincts has come at the expense of established businesses within others. Civic is a good example: the once-thriving Garema Place business district had fallen into relative disrepair, until concentrated efforts were made to revitalise it as both a business and bustling entertainment district.

The Chamber actively worked with stakeholders to support these improvements and more recently has engaged with local precinct business groups, affected members, and the ACT Government to support renewal for districts like Philip, Mitchell and Fyshwick.



Business Impact of Extreme Climate & Health Events

A recent issue for business is the significant harm caused by the ACT bushfires and the ensuing hazardous levels of smoke. These reduced business turnover as consumers stayed at home, saw a massive downturn in visits to attractions, and a greatly reduced level of accommodation bookings over the summer. The subsequent hailstorm, which damaged business vehicles and equipment, is another issue that placed a burden on business resources. The global Coronavirus outbreak will cause more harm to the community, in terms of health outcomes and significant negative impacts on our economy.

CBC will continue to spearhead lobbying for business assistance initiatives that help alleviate the ongoing economic impacts of these events on local businesses. Particularly during the immediate aftermath of an event, where uncertainty and misinformation can exacerbate outcomes, clear, co-ordinated communication to and from our members is a linchpin strategy.

Budget Management & Government Relations

Canberra Business Chamber has consistently maintained an extremely productive working relationship with all levels of the ACT and Federal Governments, irrespective of political inclination. Our mantra is economic responsibility and sound fiscal management of public funds, combined with the unarguable need for business input into ACT Government decision-making processes. We have the machinery in place to amplify the voice of business, the voice of Canberra's future, so that it is heard by the right people at the right time, to effect positive change for the community.

Priority 2: SKILLS AND WORKFORCE

Canberra has a job market that is unique in Australia, a result of the city's original design as the seat of Australian Government. The problem, in a nutshell, is this: the public sector has a substantial workforce of over 90,000 people in this city, on often generous wages and conditions. This competition makes it extremely difficult for businesses to source skilled staff at a reasonable cost, if at all. This is particularly true in the fastest growing areas of our economy which include tourism, general information technology, education, renewable energy, and cybersecurity.

Unfortunately, economic data that presents the ACT as having a very strong job market masks this unique dilemma. Over the past year, Canberra has had, by far, the largest increase in job vacancies at 9.2%, higher than any other jurisdiction; the next closest being WA's 5.3%. The rest of Australia has stagnated or experienced negative growth in job openings. At the same time, our 3.0% unemployment rate is the nation's lowest, and our participation rate the second highest at 70.6%.

In speaking with members, we are acutely aware that a common theme is the difficulty with which local businesses struggle to attract and retain suitably qualified staff, across many sectors.

Therefore, we've been proactive in pursuing the creation of an ACT workforce plan that provides clear targets for growth across industry sectors, and the skills that will be in demand. Planning must address both the development of educational and training facilities within the ACT, and strategies for skilled migration.

Ultimately, a business is only as good as the people who work together to shape it. We recognise that businesses deserve the very best talent in their industry. Canberra is already an attractive destination for students and workers; and with suitable plans in place and implemented, we can foster local talent to meet business needs well into the future.

Priority 3:

GOVERNMENT EFFICIENCY, REGULATION & TAXATION

Commercial Rates


In 2012, the ACT Government made a commitment to undertake major tax reform over five years, starting with the 2012-13 ACT Budget. Key changes included the eventual abolition of a range of duties and taxes, to be replaced by progressive land taxes and higher rates. CBC gave cautious support to this tax reform agenda; in theory it would broaden the Territory's tax base, increasing efficiency and stabilising ACT own-source revenue, making us less reliant on ever-changing Commonwealth Grants Commission GST funding allocations each year.

In speaking to members and businesses across the ACT, there is a clear message, that in practice, the current commercial rates system significantly penalises businesses, for no apparent reason.

Commercial properties are often valued at higher than market prices, and the top marginal rate for commercial properties is nine times higher than the top residential property tax rate. Adding insult to injury, in many cases the higher rates are also applied retroactively, slugging bamboozled businesses with even larger tax bills. Based on member feedback, we've seen an increases in commercial property rates of up to 500%.

Aside from being unfair, this regime can only be counterproductive in the long term. Households may not change their living arrangements in response to rate increases; **businesses facing substantially higher commercial property rates can, and often do, choose to relocate operations to just outside the ACT's borders, such as in nearby Queanbeyan.**

Worse still, business and private investors may not find it worth their while to invest in the Canberra market at all. As it stands, the ACT tax system creates a significant burden and competitive disadvantage for local businesses.



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Regulatory Issues

There are a number of regulatory issues, which, like artificially high business taxes, add to the cost of doing business in the ACT, or even block sources of revenue by being unnecessarily restrictive.

One example is the Secure Local Jobs Code, stipulating that ACT Government procurement contracts only be awarded to those businesses deemed ethically sound. Again, there seems to be a somewhat unbalanced aspect to the determination of the ethical standards required to meet the Code: business organisations and peak bodies are not always represented on the Code's advisory council, while unions are. We've already initiated dialogue with the ACT Government on this issue, and will pursue it until we can achieve an optimal outcome.

Rationalisation of ACT Government Ministries

The Chamber has dealt with governments at all levels for many years. We have observed that while private enterprises face naturally occurring competitive pressures that instil a need for greater efficiency and agility, government as a rule does not. Over time, the various functions of the ACT Government have expanded to encompass 37 different Ministerial Portfolios, each with a range of overlapping responsibilities. By our reckoning, there are at least 4 different portfolios, covered by 3 different ministers, that make up the overall business portfolio.

The Chamber can certainly help members navigate this maze, but we believe that reform is required to deliver a truly business-friendly government.

We have proposed that the ACT Government undertake a review and reform of the current portfolios, and creates a new Minister for Business.

This will provide the business community with an advocate in the cabinet room, and government with the ability to view business opportunities and challenges from a cross sectoral perspective.

Priority 4:

MORE SUPPORT FOR ACT BUSINESSES

Canberra Business Chamber provides a range of resources and information to assist our members. There are many services, however, that are outside our remit, and thus highlight **a genuine opportunity for the ACT Government to step in and provide further tailored business assistance measures.**

Small Business Advisory Services

We support the Canberra Innovation Network (CBRIN) and the vital role it plays in fostering business start-ups, and we seek to partner with them whenever possible.

Unfortunately, other types of businesses have few similar options. The ACT is currently the only jurisdiction that does not fund a 'one-stop-shop' advisory service for small businesses in general. We have engaged with government representatives to obtain additional funding and fill this major gap in the government's business strategy. We are proud to support the delivery of this service by the Southern Region Business Enterprise Centre.

Climate Change Transition Support

Government initiatives such as climate change targets have an impact on local business. The message from the ACT business community is one of support for action on climate change, and the Chamber will continue to engage with government to ensure impacts are understood and that support arrangements are put in place. We need to ease the costs of transition (including capital expenses) to new energy policy settings, provide information, and ensure that the ability of ACT businesses to compete is not compromised.



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**Canberra
Business Chamber**

Canberra Business Chamber has a distinguished record as a highly effective vehicle for empowering local businesses. However, as a member-driven non-profit organisation, you – the Canberra and region business community - determine our effectiveness. The more members we can have involved in the process, the stronger our voice, and the greater the impact.

An integral part of the Chamber's business support role is as the facilitator of regular high-level networking opportunities. More than just social functions, these allow our members to directly access key players in the business community. They also support the cross-pollination of ideas which may otherwise never have happened.

As the peak industry body for Canberra business, our goal is to give our members every measure of support and all manner of opportunities to grow, while serving as a focal point for co-ordinating, clarifying, and relaying business concerns to relevant industry and Government bodies.

As Canberrans, we know that your success is our success, and in turn, the reason why our city stands out as a sought-after place the world over in which to live, work and play.

Canberra Business Chamber

Level 3, 243 Northbourne Avenue, Lyneham, ACT 2602
PO Box 6308, O'Connor, ACT 2602

02 6247 4199

info@canberrabusiness.com

www.canberrabusiness.com