



Business Beat to 30 June 2024

A QUARTERLY SURVEY OF BUSINESS SENTIMENT

Canberra Business Chamber

Canberra businesses in holding pattern as elections loom.

Business confidence and outlook has stabilised but remains negative at the end of the second quarter. ACT and surrounding region businesses remain challenged by economic and regulatory conditions.

BUSINESS CONDITIONS STABILISE

50 per cent of respondents to the Business Beat survey report that they **did not meet targets** in the first three months of 2024, with **36 per cent** reporting a **negative or very negative** view of business confidence. This compares to 65 per cent that had not hit their targets in the previous quarter and 44 per cent feeling negative.

Looking ahead, growth prospects have dimmed. **26 per cent** of respondents are **expecting their firms to shrink over the next 12 months** (same as last quarter), with just 24 per cent expecting to grow (down from 34 per cent last quarter). The remaining 50 per cent expect their businesses to remain stable.

A number of factors are impacting this, but the top issue this quarter was the **increased cost of doing business**. 71 per cent of respondents said this issue was either restricting or severely restricting their business from operating at its full potential. The cost of inputs, including labour, continues to rise, putting pressure on both prices and demand.

Red tape and compliance are the second biggest issue, with 58 per cent of business owners saying that this is having an impact or severe impact on them. There are particular concerns about the complexity of dealing with Government, liquor licensing, and Payroll Tax. Payroll Tax is seen as particularly difficult to administer, given the different rules that apply across the different states and territories.

At the same time, **44 per cent of respondents report decreased customer demand for goods and services driving poor business performance**. This will reflect both a continued reduction in spending on private sector outsourcing by the Commonwealth Government; and the impacts of higher interest rates and inflation on household budgets. Feedback suggests many customers are reprioritising their spending and seeking cheaper options in response to the tight economy.

OPINION SPLIT ON NUCLEAR POWER AND LIGHT RAIL

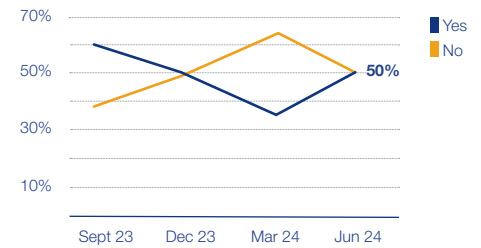
The business community appears divided on the **idea of introducing nuclear power to Australia** and the extension of light rail from Commonwealth Park to Woden.

Nuclear power does not have majority support from business at this stage.

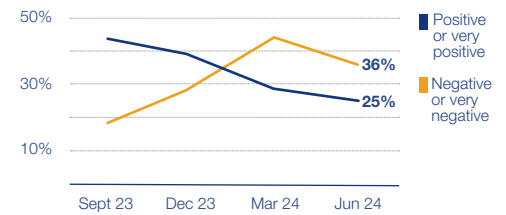
41 per cent of respondents indicated they support the idea of nuclear power, but 29 per cent oppose it and 30 per cent don't know. There is a view that alternative energy sources are needed, but there is significant concern about the cost and safety of nuclear options, lengthy timelines for implementation, and questions about how waste will be managed. A significant number of respondents said they did not have enough information to make an informed decision.

The extension of light rail from Commonwealth Park to Woden has the support of 51 per cent of respondents. 33 per cent are opposed, and 16 per cent say they don't know. Those supporting the idea believe that it will take cars off the road and support better connectivity across the city. Those opposed are concerned about the affordability of construction, and the fact that light rail journeys are expected to take longer than current journeys by bus. **There is a view that the Commonwealth should fund any extension**, and also that there is a need for a robust and accurately modelled business case before construction.

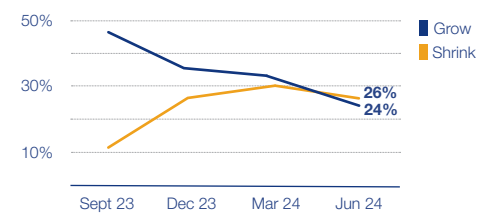
Overall, has your business met its targets over the last quarter?



Overall level of business confidence at the present time



Are you expecting your business to grow, remain stable, or shrink, over the next 12 months?



Top six issues restricting business from operating at its full potential

