



Canberra
Business Chamber

Business Beat to 30 September 2024

A QUARTERLY SURVEY OF BUSINESS SENTIMENT

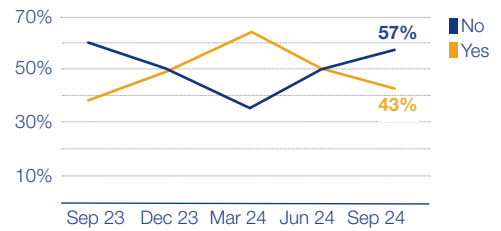
A tough three months for businesses in Canberra but positive signs for the next 12 months.

The majority of businesses did not meet business targets over the last quarter, and business confidence remains negative. However, the outlook for the next 12 months is for improvement with 34 per cent of business expecting growth.

BUSINESS CONFIDENCE IS NEGATIVE WITH MORE BUSINESSES NOT MEETING TARGETS

Economic conditions appear to have worsened over the last quarter, with 57 per cent of respondents to the Business Beat survey reporting that they did not meet their business targets in the third quarter of 2024 (to 30 September). This compares to 50 per cent in the previous quarter.

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

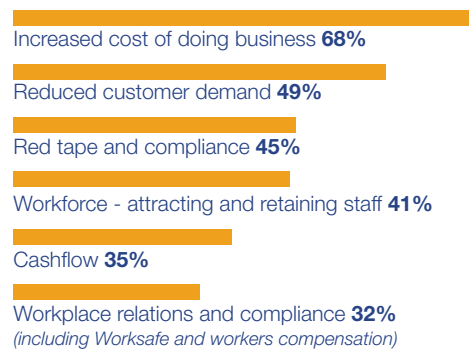


BIGGEST ISSUES

As in previous quarters, the biggest issue affecting businesses in Canberra is the increasing cost of doing business. 68 per cent of respondents said this issue was either restricting or severely restricting their business from operating at its full potential.

This, coupled with reduced customer demand affecting 49 per cent of respondents, creates a difficult environment for business to grow. The combination of these issues creates a challenging environment for business, with higher costs and reduced revenue.

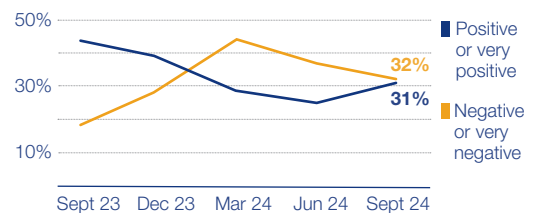
Biggest issues restricting business from operating at full potential



BUSINESS CONFIDENCE IMPROVES SLIGHTLY

32 per cent of respondents report a negative or very negative view of business confidence (a small improvement on the 36 per cent recorded last quarter), but the outlook for the next 12 months is slightly better than the last report suggested.

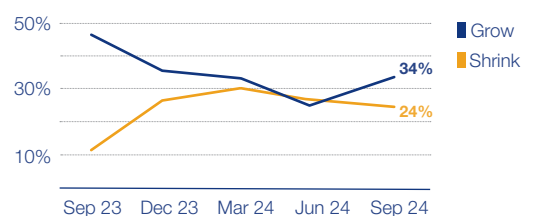
Overall level of business confidence



GROWTH PROSPECTS LOOKING UP

Looking ahead, 34 per cent are expecting their businesses to grow over the next 12 months (up from 24 per cent last quarter), and 24 per cent expect their firms to shrink over the next quarter (down slightly from 26 per cent). This suggests that more businesses have moved from a stable to a positive outlook, although around a quarter of businesses in the Territory remain significantly challenged.

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



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ACT ELECTION PRIORITIES

Respondents identified a number of policy and operational setting shifts that they would like to see become a focus for the new Government that will be elected on 19 October.

Key areas of opportunity that would improve the environment for business include:

- + reducing the payroll tax and land tax imposts on businesses;
- + identify ways of reducing workers' compensation insurance;
- + improving access for small business to ACT Government procurement opportunities; and
- + reducing red tape and compliance.



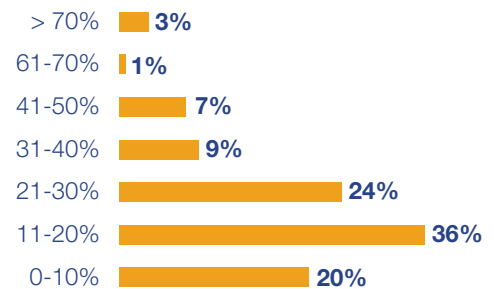
**ACT ELECTION
19 OCTOBER 2024**

- ↓ payroll and land tax
- ↓ workers' compensation insurance
- ↓ red tape
- ↑ procurement opportunities

INSURANCE COSTS CONTINUE TO RISE

Insurance is a major cost for business, and flows directly through into the price of goods and services and the price of insurance is rising significantly, adding to the cost of doing business. 44 per cent of respondents report an increase in their insurance premiums of more than 20 per cent over the last two years. The rising cost of insurance is a significant issue. The costs of workers' compensation issues are seen as unmanageable by many respondents. There is a particular issue in relation to mental health and wellbeing claims by employees which are driving up the cost of premiums.

Size of business insurance premium increases over the last two years



ARTIFICIAL INTELLIGENCE TOOLS BECOMING MAINSTREAM

Our Business Beat survey also asked businesses in Canberra about the use of artificial intelligence (AI) tools and found that **62 per cent of businesses are using AI, although only 21 per cent are using these tools often**. Conversations about AI often focus on the enormous potential for AI to transform business in the future, but the majority of businesses are using these tools in some form right now. This trend is likely to continue over the coming months and years.

Does your business use artificial intelligence tools?

