Business Beat – July 2026

A SURVEY OF BUSINESS SENTIMENT IN THE ACT

Canberra BUSINESS CHAMBER

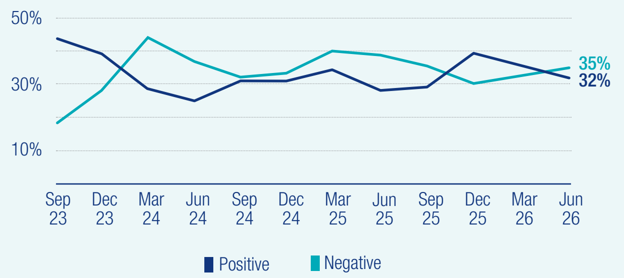
DECLINE IN OPTIMISM - GLOOMIER OUTLOOK FOR MANY

After a slight uptick in positivity at the start of the year, business sector confidence has declined on the back of the Iran War, a tightening economy and the Federal Budget.

CONFIDENCE HAS DECLINED

At the start of the year, 39 per cent of businesses reported feeling positive about business conditions, but this **slumped to 32 per cent by the middle of the year**. 35 per cent of respondents report that they are feeling negative at their business in the middle of the 2026 calendar year, compared to 31 per cent at the start of the year.

Overall level of business confidence at the present time.

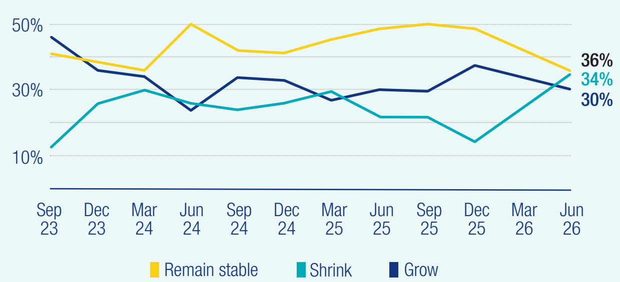


OUTLOOK FOR THE NEXT 12 MONTHS

The outlook for the **next 12 months has worsened**, with 34 per cent of respondents expecting their businesses to shrink, compared to just 14 per cent at the beginning of the year. We have also recorded a reduction in the proportion expecting to grow (30 per cent now compared to 37 per cent previously) and remaining flat (36 per cent now compared to 49 per cent previously).

This points to a deteriorating outlook for business, and concern that the **next 12 months will be substantially more challenging than previously expected.**

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

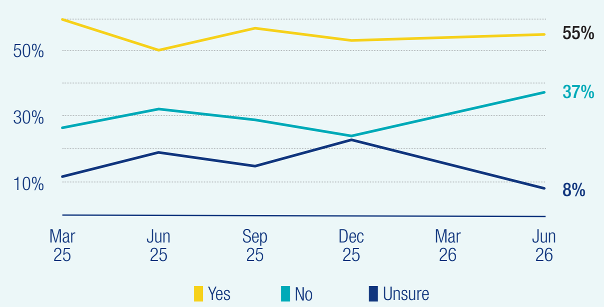


INCREASING PROFITABILITY CHALLENGES

We have seen a jump in the number of businesses indicating that they are **unprofitable at the present time** (37 per cent compared to 24 per cent previously).

However, this is largely because the proportion of businesses that were previously unsure if they would be profitable has declined substantially (eight per cent now compared to 23 per cent in the previous survey). The number of businesses reporting that they are profitable has also increased slightly to 55 per cent (up from 53 per cent previously).

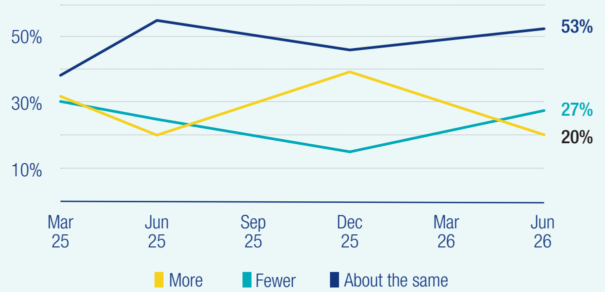
Overall, is your business making a profit this year?



EMPLOYMENT INTENTIONS DECLINE

More businesses overall are expecting to **shrink their headcounts over the next 12 months,** with 27 per cent expecting to employ fewer people, compared to just 15 per cent at the start of the year. The number of firms expecting to increase headcount has shrunk to 20 per cent down from 39 per cent).

Do you expect to employ more or fewer people in your business over the next 12 months?



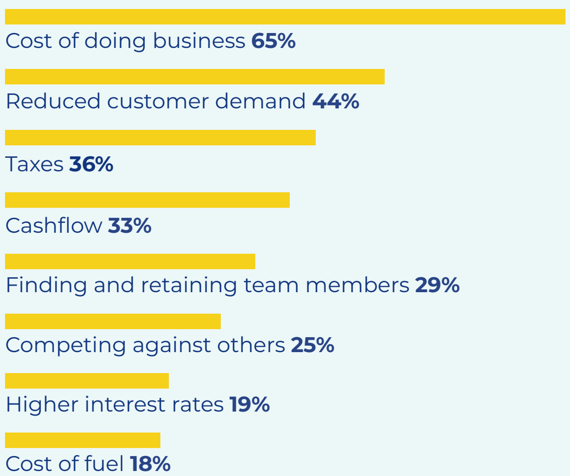
THE BIGGEST CHALLENGES FOR BUSINESS RIGHT NOW

We are facing a cost of doing business crisis, with 67 per cent of respondents identifying this as one of the biggest challenges. The second most significant issue is reduced customer demand (44 per cent). This means that businesses are facing a double whammy of higher costs and less income, creating an unsustainable position for many.

Many respondents expressed strong concerns about government policy not supporting business growth, economic uncertainty and weak demand, regulation and compliance. Some respondents have significant concerns about tax increases for capital gains and taxes set out in the recent Federal Budget. Others are concerned by the expansion of the ACT payroll tax, and some are challenged by Government procurement processes and policies. Many businesses experience these pressures as overlapping rather than isolated problems, pointing to a heavily challenged business environment.

The clearest priority is relief from taxes, rates, payroll tax, fees, rent, insurance, utilities, and other operating costs. Respondents also want simpler and more stable regulation, more accountable and consultative government, and procurement rules that give local SMEs a fairer chance to win public work. Industrial relations and labour costs, direct small-business assistance, broader economic development, infrastructure, and skills policy form a second set of priorities.

What are your biggest challenges at the present time?



WHAT WOULD MAKE A DIFFERENCE?

Respondents pointed to several things that would make a difference to their businesses right now. **Tax and operating cost relief** was the largest single theme followed by **economic stability** and **regulatory simplification**. Businesses also indicate that they need more clients, more contracts and prompt payment (particularly from Government).

ARE THERE POSITIVES IN THE BUSINESS ENVIRONMENT?

Among those who did identify positives, respondents most often pointed to **a continuing flow of work and projects, support from the local business community, and the resilience needed to keep operating.**

Technology and AI, Canberra's stabilising public-sector base, skilled people, and cautious hopes of recovery provided smaller but still meaningful sources of optimism. However, around half of respondents could not identify positives in the current environment.

PRIVATE CAPITAL INVESTMENT IS DOWN

Gross State Product
↓ **0.6%**

In the first quarter of the year, State Final Demand fell by 0.6 per cent in the ACT, one of three states to record a decline (Tasmania fell by 0.7 per cent and Northern Territory fell by 0.4 per cent).

Other states all saw their final demand grow by 0.5 per cent (South Australia and Queensland) to 1.8 per cent (New South Wales).

Private Capital Investment
↓ **10.4%**

Private fixed capital formation in the ACT fell by 10.4 per cent in the previous quarter, **the worst performance of any state or territory** (Northern Territory, South Australia and Tasmania declined by 6.9 per cent, 1.7 per cent and 1.1 per cent respectively.

Among those states that saw growth, New South Wales saw an increase of 9.5 per cent over the same period, Victoria increased by 3.5 per cent and Queensland by 1.4 per cent, and Western Australia by 1.1 per cent.

This continues to reflect economic uncertainty and cost pressures in the ACT that are translating into reduced investment intentions.