

# MEDIA RELEASE



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## Business groups back business policy announcement

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Business groups have welcomed the Canberra Liberals announcement today that if elected they would freeze commercial rates for two years and establish a new “Red Tape Taskforce” to investigate all business taxes, fees and red tape and determine areas that can deliver lower taxes and better services.

Canberra Business Chamber CEO Graham Catt said “We’re pleased to see that the Canberra Liberals have responded to calls from businesses and committed to freeze on and review of commercial rates.

“Our members have a very clear belief that there is more work needed on tax reform in the ACT and reform to commercial rates which lead to higher rents, reduced property values and the risk of investments and jobs moving interstate.

“It is time to take a pause, review the current tax regime and work with the private sector on reforms that will help businesses, create jobs, and still provide a sustainable revenue base for the Territory in the long term.”

A pause on any increases, along with a review and restructure of the controversial commercial rates regime has been a key ask of industry and business of all political parties.

Adina Cirson ACT Executive Director of the Property Council of Australia “When you have a closer look under the hood of the ACT tax engine, it’s business and commercial property which is really carrying the load. Commercial rates are nine times higher than residential rates and stamp duty receipts have stayed the same. What we know is that any increase to rates, particularly at this time will potentially mean less investment, less office, retail and mixed-use developments, resulting in a narrower tax base as businesses drift over the border.”

Some caution has been expressed by business around the AU \$2million threshold, and all are keen to understand what the Canberra Liberals will do with increases after the two-year freeze.

“One of the things that is critical – now more than ever - is transparency and certainty about future rates rises so they can be factored into leases with tenants. As landlords and tenants work constructively right across the city to get through the current COVID-19 conditions, but continue to see significant downfalls in revenues, we must be sure that the next government is sharing the load being borne by tenants and landlords alike,” Ms Cirson said.

Anthony Brierley, General Manager of the ACT Branch of the AHA also welcomed the announcement of a task force to investigate business taxes, charges and red tape. “Liquor licensing fees are currently suspended, but for the hospitality industry to survive we need them urgently reviewed before they recommence with a vengeance in April 2021,” he said. “To rebuild from COVID-19, we need a fee structure that supports hospitality businesses and the jobs dependent upon our industry.”

Master Builders ACT CEO Michael Hopkins said, “Local construction companies struggle to deal with the level of red tape in the ACT’s tendering system with many finding it too hard to apply for work with the ACT Government.

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The ACT's procurement system creates multiple layers of pre-qualification requirements which duplicate, and in some cases conflict with, Federal Government requirements. The impact of the ACT Secure Local Jobs Code alone has led to a 26% reduction in the number of construction businesses eligible for ACT Government work in the first 12 months of the Codes operation. The Code also creates an environment where union friendly companies are given an unfair advantage when tendering for ACT Government work."

Mr Catt said that "it is the private sector will need to lead the growth of jobs. Two thirds of Canberrans are employed by the ACT's 30,000 plus businesses. To achieve our goal of economic growth and jobs for all Canberrans we need to do everything we can to support business, and especially small business – the engine room of our economy."

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