



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2024-2025

Ms Nicole Lawder MLA (Chair), Ms Suzanne Orr MLA (Deputy Chair),
Miss Laura Nuttall MLA

ANSWER TO QUESTION ON NOTICE

Asked By: Leanne Castley MLA

Addressed to: Minister for Business

Redirection: N/A

Reference: Business

Hearing Date: 29/07/2024

In relation to: Business conditions and government response

QON lodgement Date: 30/07/2024

Answer Due date: 06/08/2024

- 1) Given the tough business conditions and noting the most recent business beat survey to 30th of June which indicates more businesses are negative than positive about their business. What changes have you made to business strategy since being appointed minister in December 2023?
- 2) Could you outline what budget item was a result of your advocacy as business minister?
- 3) The business beat survey reports that the number one issue restricting businesses from operating at their full potential is the 'increased cost of doing business'. Minister, is it true that this budget raises the tax take from the business sector? Yes or No?
- 4) Could you outline any actions this budget has to tackle the increased cost of doing business?

Mick Gentleman MLA, The answer to the Member's question is as follows:

- 1) The [ACT Small Business Strategy 2023-2026](#) (the Strategy) was launched in July 2023, and is the outcome of the consultations and engagements the government has had with business owners and industry peak bodies to understand how best the government can support and champion small businesses in the ACT. That consultation included peak representative bodies that continue to participate in the Business and Economic Development Consultative Forum (Canberra Business Chamber; Master Builders Association of the ACT; Canberra Region Leaders Tourism Forum; CPA Australia; Australian Hotels Association; Canberra Women in Business; and the Property Council of Australia).

The core elements of the strategy remain the same regardless of the economic conditions:

- to improve business experience when dealing with government,
- support for business growth,
- showcasing our local small businesses,
- futureproofing small business, and
- taking a one-government approach to business.

There is flexibility within the strategy's actions to adapt the measures if necessary.

- 2) The 2024-25 Budget commits \$167 million toward economic development, tourism, sports and arts, including \$3.550 million over two years to promote and attract investment to the ACT, foster innovation and support key sectors in the ACT's knowledge economy.

The Budget reflects the ACT Government's priorities and aspirations for our growing community – to be the best place in the country to live, to work, to invest, to do business in, to study and to call home.

- 3) The Government will bring forward the introduction of a payroll tax surcharge for large national and multi-national businesses operating in the ACT by one year, to 2024-25, and increase the surcharge in 2025-26. This will result in:
 - a 0.25 percentage point surcharge for businesses with Australia-wide wages above \$50 million and a 0.5 percentage point surcharge for businesses with Australia-wide wages above \$100 million, in 2024-25; and
 - a 0.5 percentage point surcharge for businesses with Australia-wide wages above \$50 million and a 1 percentage point surcharge for businesses with Australia-wide wages above \$100 million, from 2025-26 onwards.

The payroll tax surcharge on large national and multi-national businesses will impact less than 2 per cent of all businesses operating in the ACT.

The payroll tax threshold will remain at \$2 million, the highest of all Australian jurisdictions, exempting around 90 per cent of businesses from payroll tax. Universities who have a campus in the ACT will not be subject to the additional payroll tax surcharge.

The Government will restore a single set of tax rates for all commercial properties from 2025-26. This measure adjusts for the freeze in average rates for Average Unimproved Value (AUV) properties of \$2 million or below in 2020-21 as part of the Government's COVID-19 Economic Survival Package. This freeze was implemented through lower tax rates for these properties, which will have remained in place for five years.

- 4) As part of the ACT's ongoing tax reform, the tax-free threshold for commercial stamp duty will increase to \$1.9 million in 2024-25.

The Government will support the delivery of energy bill assistance to all households and eligible small businesses in the ACT from the Commonwealth's extension of the Energy Bill Relief Fund across 2024-25. The eligible small businesses will receive \$375 across 2024-25.

Programs funded under previous budgets that provide cost-free business planning, guidance and support also continue, including the Canberra Business Advice and Support Service (CBASS) and the Aboriginal and Torres Strait Islander business support program (Badji).

Approved for circulation to the Select Committee on Estimates 2024-2025

Signature: 

Date: 

By the Minister for Business, Mick Gentleman MLA