Submission Cover Sheet

Inquiry into the Fiscal Sustainability of the ACT

Submission number: 019

Submitter: Canberra Business Chamber

Date authorised for publication: 10 March 2026

3 March 2026

The Chair
Select Committee on the Fiscal Sustainability of the ACT
Legislative Assembly for the Australian Capital Territory
BY EMAIL

Introduction

1 The Canberra Business Chamber is the peak body representing the ACT's business sector. Our membership is diverse, reflecting the 35,000 or so businesses operating here. The private business sector is a key part of the ACT economy, and drives employment, economic growth and, ultimately, the revenue base of the ACT Government.

2 We wish to make a submission to the Inquiry on the Fiscal Sustainability of the ACT. We apologise that this submission is late, but hope that you will be able to consider it.

General comment

3 Overall, we are concerned about the fiscal sustainability of the ACT Government's finances. The costs of the Government are increasing, and the the Canberra Business Chamber is concerned about public sector debt - and also ongoing increases in rates, taxes and other charges. These have a negative effect both on consumer demand for services from businesses, but also on businesses themselves. Ongoing increases in the tax burden on business ultimately acts as a disincentive for businesses to operate here in the ACT.

4 There are clearly areas in which the ACT Government needs to spend money to support the people, communities and businesses of the Territory, and additional investment is required in some areas. A new Convention Centre, for example, will have significant positive benefits for the economy, will stimulate economic growth

5 However, it is not sustainable to see ongoing increases in rates, taxes and charges in the long run. We acknowledge that the ACT is a small jurisdiction with a limited tax base. We are concerned that, over time, we are becoming more out of balance with competing jurisdictions.

The current economic environment

6 The Canberra business community, as well as the Canberra consumer community has been facing challenging times.

7 Over the last couple of years, businesses have faced steadily escalating costs, as well as a depressed operating environment. Many businesses report that their revenues have fallen, as their costs have increased. Businesses are often unable to increase their costs because consumers are also squeezed and unable to pay more. A significant proportion of businesses report that they are not generating a profit. This is not a sustainable position in the long-run, and carries a risk that businesses will not survive.

8 We respectfully suggest that the focus should be holding all rates, fees, taxes, levies and other charges steady, rather than assuming they can be increased - and finding efficiencies to support this. Such efficiencies could include different ways of delivering services, outsourcing to the private sector, or by identifying lower priority activities that can be ceased.

Common business practice in budgeting

9 Over recent years, many businesses have found that they are under significant pressure, with increased costs and, in some, cases, reduced revenues. The normal business response to this situation is to rebudget and prioritise. Good business practice is to budget from the ground-up and to identify areas of savings before looking to put up prices. Applying this in a Government context would be seeking to new fund new spending by reallocating existing spend to areas of higher priority or need.

Public sector precedent

10 We note that Dr Chalmers, the Federal Treasurer, and Senator Gallagher, the Federal Finance Minister, have recently asked Commonwealth agencies to identify savings of five per cent within their budgets. The intention is that this spending will be reallocated within the Federal budget.

The ACT Government should do likewise

11 We recommend that the ACT Government implement a similar approach and seek to identify savings of between 5-10 per cent as part of its budget process. This would enable the funding to be reallocated to higher areas of need.

What would this mean in practice?

12 Often, businesses can identify and realise significant efficiencies across multiple areas including IT, licensing, travel, systems, catering, carparking, vehicles. While we do not have visibility over a line-by-line general ledger of

the ACT Government, we respectfully suggest that it would be prudent and sound to undertake a ground-up budgeting exercise as part of a move towards a more sustainable fiscal environment.

13 We would be happy to provide any further information, or appear before the Committee if that would be of assistance.

Yours faithfully

[redacted]

Greg Harford
Chief Executive