Submission Cover Sheet

Inquiry into the Fiscal Sustainability of the ACT

Submission number: 016

Submitter: Property Council of Australia (ACT & Capital Region)

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PROPERTY COUNCIL of Australia

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Select Committee on the Fiscal Sustainability of the ACT
ACT Legislative Assembly
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Canberra ACT 2601

By email: LACommitteeFiscal@parliament.act.gov.au

Dear Committee

Inquiry into the Fiscal Sustainability of the ACT

About Us

The Property Council of Australia is the leading advocate and biggest employer for the nation's largest industry. In the ACT, the property sector continues to account directly for more than $4.5 billion in economic activity, a further $2.1 billion indirectly, and one in seven jobs.

Property is the beating heart of the ACT's success across all measures – with almost 45 per cent of tax and royalty revenue being contributed by the sector. The continued success of Canberra depends on the success of property, development, and the built environment.

Members of the ACT & Capital Region Division of the Property Council include the people and companies who plan, design, invest, own, manage, support, and build the homes for Canberrans. We are committed to great cities, strong economies, and sustainable communities.

Overview

We welcome the opportunity to provide a submission to the Inquiry into the Fiscal Sustainability of the ACT. While the state of the Territory's finances is important for all Canberrans, it is of particular importance and relevance to our sector, as one of the largest contributors to ACT Government revenue. We support the Committee's objective of an independent, evidence-based review of the Territory's finances and fiscal settings at a time when many state or territory governments are facing structural pressures, often driven by rising demand and costs. For the ACT, of increasing concern, is the growth in interest expenses which indicates that it is becoming more expensive to service the debt we already have. This raises material risks around the ongoing delivery of services and infrastructure here in the Territory.

The challenges currently faced by the ACT cannot be resolved solely by raising revenue (which we do not recommend). There must be disciplined expenditure prioritisation by the ACT Government, in conjunction with an increase in productivity in service delivery.

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Noting that the Committee intends to engage an external expert to conduct an independent review of the Territory's finances, we recommend that any such review take into consideration the following statements and recommendations:

- **Establish a Funding Strike Team for housing and infrastructure**. A dedicated unit (which could also have dual functions) to identify programs, develop shovel-ready proposals, coordinate co-funding, and ensure the ACT's submissions to the Commonwealth are high-quality and aligned to federal objectives.

- **Continue to use the Housing Accord Targets**. While we are behind our targets, the ACT is one of the few jurisdictions that has a chance of meeting the Housing Accord Targets, provided productivity and feasibility is increased. The ACT Government must continue with the Construction Productivity Agenda previously announced and obtain funding where available to improve and support planning processes and deliver enabling infrastructure.

- **Review property-based levies and charges against housing supply impacts**. As part of this review, the expert must consider the cumulative burden and feasibility effects across all typologies (including but not limited to greenfield, infill, build to rent, affordable, and commercial). The cumulative impact is stifling feasibility and reducing housing supply.

- **Prioritise measures that do not reduce housing supply**. In a market that is struggling to deliver the housing supply required, the fiscal strategy needs to avoid measures that increase per-dwelling costs (such as LVC), or slow approvals. The ACT's housing strategy relies on enabling a substantial pipeline and urban intensification, and this must be considered as part of any review undertaken.

- We support a tax mix that shifts toward broad bases at low rates, avoids penalising housing construction inputs, and aligns with supply goals (for all property typologies). Where the ACT still needs additional revenue to support services, the reforms should prioritise base-broadening in the least distortive way and ensure phasing and predictability to avoid policy shocks and disincentives to investors.

I would welcome the opportunity to appear at any public hearings and discuss these issues further.

Regards,

[redacted]

Ashlee Berry
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Property Council of Australia