



CANBERRA  
BUSINESS COUNCIL

16 January 2012

## MEDIA RELEASE

### **ACT MUST CONTINUE TO BUILD STRONG BUSINESS BASE**

The Institute of Public Affairs (IPA) report released today showing the ACT imposes the second heaviest tax burden on business reinforces the Canberra Business Council's (CBC) call for the ACT Government to undertake reforms to diversify the local economy.

"According to the IPA, a major contributor to the ACT's high tax is its property tax structure.

"In its 2011 ACT Budget Submission, Council warned the Government the ACT had become too dependent on taxes and charges on the property sector," Canberra Business Council CEO, Chris Faulks said.

"However, over the past 10 years we have seen a number of innovative local businesses flourishing outside of this traditional sector and achieving success in areas such as IT, consulting, health, education and training, and manufacturing.

"Some of the country's highest growth companies are headquartered in Canberra," Ms Faulks said.

"Three ACT businesses were included in the 2011 BRW List of Australia's Fastest Growing Companies. We are also home to a 2011 Australia Export Award Winner and a company ranked by BRW as one of the top 20 places to work in Australia.

"The success of these firms shows Canberra is a great place to do business but we can take further steps to make the ACT a more attractive place to establish a new company.

"What the IPA report reveals is that it would be timely for the ACT Government to re-examine its current taxation structure and see if there are reforms that would encourage the inception of more local businesses.

"During the Quinlan Review of ACT Taxation; which was completed last year and is currently with the Treasurer; CBC called for improvements to land taxes, stamp duty and the Fire and Emergency Services Levy.

"Council would also support a reduction in payroll tax in the ACT to more closely align it with that of other jurisdictions.

"Unless the ACT's taxation system is more competitive with other states and territories we can't expect businesses to establish and thrive here," Ms Faulks said.

"CBC looks forward to the recommendations of the Quinlan Review giving ACT businesses a more level playing field in the future.

"While any taxation reform may impact on the Budget bottom line in the short-term, it would broaden the ACT's economic base and make it less dependent on property taxes; which will become increasingly important in the future as the ACT runs out of land for new developments.

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