



29 November 2011

## **LOCAL BUSINESSES TO BE HIT UNFAIRLY BY EFFICIENCY DIVIDEND INCREASE**

In the wake of today's announcement that government departments will have to make major cuts in spending next year, Canberra Business Council has expressed concern about the impact on local businesses.

"While the Council recognises the need for fiscal discipline in view of the current challenging global financial conditions, the increase in the public sector Efficiency Dividend to 4% and other cuts in spending will have a disproportionate impact in the ACT", Canberra Business Council CEO, Chris Faulks said.

"The Government has claimed there will be no "forced" public sector redundancies; the union has claimed up to 3,000 public sector job losses. The real risk is job losses in the private sector", Ms Faulks said.

"The main areas the Government is expecting departments to find savings in are reductions in the use of consultants and contractors, printing and publication expenditure, and staff training,"

"These are the services that are provided by private sector businesses in the ACT. For many local companies the majority of their business is providing products and services to the Federal Government.

"The private sector in the ACT is much more heavily reliant on Government work than in other states and territories so cuts in spending on consultants, contractors, printing, advertising etc. will have a significant impact on businesses in Canberra and the region.

"The sectors that potentially will be hardest hit include consulting firms, individual contractors, recruitment agencies, the local IT industry, training providers and the printing sector.

"To more than double the efficiency dividend with little notice means these businesses have not had time to prepare and limit their exposure.

"The Council commends the Government for recognising the unique position of most of the National Institutions in Canberra by exempting them from the increased Efficiency Dividend and calls on the relevant Ministers to extend the exemption to the NCA, Botanic Gardens and National Portrait Gallery.

"The capacity of these institutions to carry out their important work has already been effected by the current efficiency dividend and they could not endure further cuts."

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