



# 2025-2026 ACT Pre-Budget Submission April 2025



# Executive Summary

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.

This budget submission provides insights from our members on how we can continue the growth of our economy, whilst also recognising the current fiscal position of the Territory as revealed by the Treasurer in the mid-year budget update.

There is no question that we are facing a housing affordability and choice crisis. Our population for the ACT and Capital Region continues to increase - so we must have the right economic parameters in place to support the housing supply we need. To achieve the target of 30,000 homes by 2030, it remains critical to improve planning processes and systems, attract investment, and deliver the appropriate infrastructure to meet this target.

Our budget submission highlights the ongoing need to revitalise our city. This involves more than workers returning to the office; rather, it requires long-term planning and investment in the buildings and spaces to make the city an attractive place to live, work, and play.

We look forward to working with the ACT Government to ensure that Tomorrow's Canberra is the best it can be.

## **James Service AM**

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# Tax reform for a fairer, more balanced regime

## The issue

The property sector is a significant revenue source for the ACT Government - contributing above 40% for many years. This comes with significant risk for the ACT economy.

Continued overdependence on the property sector for tax revenue is not sustainable - it creates barriers to growth and investment, and it impacts housing affordability.

The Lease Variation Charge is both a barrier to entry and targeted remissions under utilised by the ACT Government as a tool to facilitate development where it is needed.

The success of Canberra depends on greater diversification of the tax system, to reduce the burden on property, and rebalance the tax system to drive more investment.

## The solutions

### **Reduce reliance on Rates and Land Sales for Territory Revenue.**

Work with the Property Council on a review of Canberra's property taxes to create a sustainable tax position. The review should consider a more balanced spread of taxation across the economy away from property, and help reduce the impact of property taxation on housing affordability for both industry and the community.

### **Use Lease Variation Charge incentives to achieve planning and zoning reforms.**

- Consider Lease Variation Charge remissions to incentivise beneficial development, including adaptive re-use and precinct development.
- Reinvest Lease Variation Charges back into communities undergoing change in urban form, including enhancement of public realm and assets.

### **Establish a taskforce to review both residential and commercial rates and ensure they continue to be fit for purpose and competitive.**

### **Provide greater transparency on commercial rates and adopt a strategy of capping commercial rates to CPI increases to alleviate uncertainty.**

### **Assess rates and unimproved land values on the predominant use of the land.**

### **Reduce rates for ground floor commercial tenancies.**

### **Fund the development of a 10-year industrial and employment land strategy.**

# Put the property sector at the heart of housing solutions

## The issue

The ACT's population continues to grow, with current estimates that we will reach 784,000 by 2060. There is already significant pressure on housing affordability, which will only continue to increase if steps aren't taken to address the issues.

Population growth is good as long as it is matched with a strong and stable pipeline of new housing supply of all types - from build to own, retirement living, and build to rent, so that everyone has access to quality and affordable housing to suit their needs and their stage of life.

Housing and housing affordability must be a key consideration in the delivery of this budget.

## The solutions

### **Establish a cross-agency Housing Taskforce.**

- The ACT Government should consider establishing a cross-agency Housing Taskforce, drawing on the successful model introduced in NSW. It brings together staff from key agencies, including utilities, to resolve delays in development applications that require multi-agency input. This concierge-like position will fast-track much needed housing in the ACT.
- A core feature of the NSW approach is its focus on post-approval barriers to delivery. The Taskforce works directly with councils and proponents to resolve delays after development approvals, including infrastructure coordination and compliance matters. This kind of responsive, inter-agency coordination is currently lacking in the ACT system.
- A dedicated unit within the new EPSDD/TCCS/Access Canberra directorate would be empowered to troubleshoot delivery bottlenecks and drive coordinated responses both pre and post approval.

### **Unlock 60,000 new homes with sensible residential zoning reform.**

Progress gentle urbanism reforms and address the housing needs of the 'missing middle' by increasing density across residential zones in areas that are close to public transport and other local amenities, to allow for more diverse housing (duplexes, townhouses, terraces, and more).

### **Meet development application timeframes.**

- There remains a critical need to improve performance timeframes and quality of decisions across all agencies of government that are involved in planning decisions.
- Ensure the department is adequately resourced post the Machinery of Government changes.
- Commit to publishing more data on timeframe performance.
- Fast track strategic residential projects.

# Put the property sector at the heart of housing solutions

## **Further support build-to-rent in Canberra.**

### **Continue review and development of a planning lease variation and rates system that supports the provision of build-to-rent housing.**

- Develop specific definitions within the Territory Plan and Design Guidelines for build-to-rent to encourage further investment and development.
- Remove rental caps for developments that meet the characteristics of institutional-grade build-to-rent.
- Apply residential rates instead of commercial rates to institutional grade build-to-rent still premised on long-term residential use.
- Adopt an appropriate planning framework suitable for institutional-grade build-to-rent, not simply mirroring normal build-to-sell developments.

## **Ensure ageing in place, retirement villages and seniors living are addressed with the housing solution.**

- Establish a target for senior housing, including retirement villages. Set land release targets for existing and greenfield development, considering that seniors predominantly want to age in place in their existing community.
- Give additional consideration to Lease Variation Charge remissions and planning incentives that recognise the commercial viability of seniors living, including, but not limited to retirement living.

## **Local centre reinvestment.**

- Facilitate greater urban consolidation in local and group centres and encourage mixed-use development and greater densities in single storey existing development with underutilised on-grade car parking and open space.
- Work with industry on precinct development and ensure that barriers such as Lease Variation Charges and planning approvals do not prohibit innovative precinct development.

# Deliver the essential transport and events infrastructure needed for city growth

## The issue

We have a strong infrastructure pipeline in the ACT with a 10-year infrastructure plan and ACT Transport Strategy.

The Canberra Light Rail is the largest infrastructure project in the history of the ACT. We are also undertaking many 'once-in-a-generation' projects such as the Theatre Precinct, Convention Centre, and the new Canberra Stadium.

To success of Canberra as a world-class destination depends on commitment to deliver against these plans, to make our city more productive and better connected.

We must build real momentum with the delivery of the infrastructure projects already committed and continue to plan for the future.

## The solutions

### **Progress the delivery of the Convention Centre.**

Previous budgets have contained funding to progress planning for the new Convention Centre precinct. This funding must continue in collaboration with external stakeholders such as the Federal Government to ensure the project remains on track for delivery within this parliamentary term.

### **Progress the delivery of the Canberra Stadium.**

Progress must be made on proposals for Canberra Stadium to ensure the stadium is well supported by public transport, with strong connections to the night-time economy, and accommodation.

### **Develop a 20-year plan for Canberra that includes a vision for high-speed rail.**

# Prioritise Civic, to ensure Canberra remains a world-class destination

## The issue

The CBD is the engine of our economy, with the greatest concentration of jobs, education and social infrastructure.

The combination of working from home and the establishment of office precincts around Canberra are reducing the vibrancy of Civic. Whilst there remains a place for offices and a case for people to return to the office, the changing dynamic of Civic cannot be ignored.

We must prioritise Civic to realise its pre-pandemic potential and beyond as a world-class destination.

## The solutions

### **Create the regulatory and tax settings that allow our city to thrive.**

- Provide greater flexibility for commercial properties to change lease purpose clauses on the ground floor without Lease Variation Charge and GFA restrictions.
- Encourage ground floor and streetscape connection.
- Remove Lease Variation Charge payments for adaptive reuse conversion to residential, build-to-rent, and retirement living.

### **Provide support for businesses and owners impacted by the light rail construction.**

Tangible and practical support must be provided to those businesses and building owners impacted by the light rail construction. The long-term benefits of light rail in the city are understood, however, if support is not provided these businesses will not remain viable long enough to see the benefits.

### **Establish a Night-Time Economy taskforce, which includes a review of safety and crime prevention to protect the community and businesses.**

### **Show leadership by encouraging Government employees to return to the office at least three days a week.**

- Subsidised or free public transport and parking on Monday and Friday.
- Create a targeted campaign that invites people back into the city.

### **Investigate the suitability of vertical schools to be developed in the city precinct.**

# Provide incentives for a more sustainable, energy-efficient city

## The issue

The ACT continues to lead the country in the transition to net zero and electrification. Property has a significant role to play, with the built environment accounting for more than 50 per cent of Australia's electricity use, and almost a quarter of emissions.

Policies to make buildings more energy efficient will reduce emissions faster and is vital that we encourage the uptake of energy efficiency initiatives and incentives best practice development and community creation.

The challenge is to ensure the transition from fossil gas is efficient, all-electric buildings are economically sustainable, and the transition does not result in stranded assets.

## The solutions

### **Create a strategy for incentives for high-quality retrofits.**

Work closely with industry to support the transition for complex buildings. Targeted programs must include financial incentives with capped statutory charges, and complex building infrastructure upgrades including plant room, building heights, and increased gross floor area. Encourage ground floor and streetscape connection.

### **Accelerate the shift to high-performance, sustainable buildings with planning incentives.**

These incentives include fast tracked development applications, density and height bonuses for more sustainable and higher performing buildings.