



2026-2027 ACT Pre-Budget Submission



Executive Summary

The property and construction sector underpins Canberra's economy. It funds a significant share of the ACT Government's own-source revenue, supports one in seven local jobs, and delivers the homes, workplaces and infrastructure that allow the Territory to grow. If Canberra is to continue to prosper, the property industry must remain viable, investable and confident.

That confidence is currently under pressure. The ACT, like the rest of Australia, is operating in a high interest rate environment, with sharply increased costs of finance, ongoing construction cost pressures, and growing feasibility challenges. Projects are already stalling or being delayed, apartment supply is tightening, and the broader supply chain is hurting. In this environment, additional or unexpected taxes, charges or regulatory burdens risk pushing viable projects over the line - not by slowing them, but by stopping them altogether.

Our advocacy over the past two years has been constructive and impactful. We acknowledge that government has engaged positively with us, and that meaningful work is already underway across planning reform, housing delivery and investments. This submission builds on that momentum. However, the 2026-27 Budget is a critical inflection point. What the industry needs most now is certainty and confidence, not surprise or instability, at a time of growing global and domestic uncertainty.

Accordingly, this submission focuses on a small number of priorities that will materially influence investment decisions:

- A firm pause on new or increased property and construction taxes and charges in 2026-27, providing confidence to proceed with projects already under feasibility pressure.
- Decisive action on Lease Variation Charges (LVC), including simplification and targeted remissions to unlock housing supply and urban renewal where it is needed most.
- Practical stamp duty reform, particularly for off-the-plan purchases, to support medium to high density delivery and first-home-buyer participation.

Put simply, you cannot get blood out of a stone. The Territory's revenue base depends on a functioning, confident development pipeline. If government wants Canberra to grow - to deliver homes, jobs and services - it must back the industry that builds it. Certainty, restraint and targeted reform in this Budget will send the strongest possible signal that the ACT remains open for investment and committed to sustainable growth.



Ashlee Berry

ACT & Capital Region Executive Director
Property Council of Australia

Better tax and investment settings

Background

The property sector is a significant revenue source for the ACT Government, with the proportion of own-source revenue increasing each year. This comes with significant risk for the ACT economy at a time when competition for capital is high.

Continued overdependence on the property sector for tax revenue is not sustainable. In the current high interest rate environment, with elevated finance costs and tightening feasibility, the ACT's tax settings are increasingly acting as a barrier to investment, housing supply, and construction activity at the very time the government needs the industry delivering homes, infrastructure, and economic stimulus.

As outlined in multiple submissions to the ACT Government, the LVC remains a significant barrier to investment. Without timely reform and targeted remissions, otherwise viable projects will continue to stall, particularly in infill and urban renewal locations where housing is most needed.

The success of Canberra depends on a more diverse and balanced tax base that reduces the burden on property and avoids further cost escalation through new or unexpected charges. The 26-27 Budget should prioritise stability, restraint, and targeted relief to restore confidence and unlock private capital.

Apartment, infill and build-to-rent projects are particularly sensitive to cumulative taxes, charges and delays. These projects are also critical to meeting housing supply targets, supporting urban consolidation and improving affordability. Where feasibility is undermined, projects do not proceed - constraining housing choice, reducing construction activity, and ultimately limiting the Territory's revenue base. Targeted reform is therefore essential to support delivery.

Better tax and investment settings

The solutions

Pause any new or increased property or construction-related taxes, charges or levies in 2026-27. This is needed to avoid compounding current cost pressures, and should include at a minimum Developer Licensing, the increase to Public Unleased Land Fees, and the implementation of NCC2025.

Commit to a review of cumulative development taxes in the ACT. Continuing to tax the property sector will not improve housing affordability. This review should include LVC, infrastructure contributions, development application and approval fees, utilities and connection charges, in addition to rates and stamp duty, with a view to creating a more sustainable tax position for the Territory, that isn't solely reliant on property taxes as well as improving housing diversity and affordability.

Amend the definition of 'off the plan' under the Taxation Administration (Off the Plan Unit Duty Exemption Scheme) to provide stamp duty exemption on the first transfer of ownership. This move will open a significant amount of stock for first home owners, who are currently not able to access stamp duty exemptions once a new apartment complex has had its units plan registered. It is jeopardising new projects as existing stock is no longer a feasible investment.

Implement a Territory-wide Lease Variation Charge simplification and remission framework to achieve planning and zoning reform objectives.

This would include adaptive re-use, precinct development, and reinvestment or offsets to encourage enhancement of public realm and assets. LVC remains a key barrier to development and is one of the most direct levers that the ACT Government has at its disposal.

For commercial ground floor tenancies, reduce rates and remove the requirement for complex 'change of use' cases. Providing greater flexibility for commercial properties to change lease purpose clauses on the ground floor without LVC and GFA restrictions should reduce the number of vacant ground floor tenancies in the city.

Provide long-term certainty and support around rates and land tax treatment for build-to-rent developments. Stable and predictable settings are essential to attract the institutional capital required to deliver professionally managed rental housing at scale in the ACT. There is also a need to remove rental caps that meet the characteristics of institutional grade build-to-rent, apply residential rates, and account for nuances as part of the planning framework.

Planning for better cities

Background

A well-functioning planning system is fundamental to delivering better cities, stronger communities, and sustainable growth across the ACT. Planning settings shape not only the quality of our built environment, but also whether homes are delivered at speed, infrastructure is efficiently utilised, and whether private investment is attracted rather than deterred.

The ACT industry supports the government's ambition for more liveable, sustainable, and inclusive cities. However, those outcomes can only be achieved where planning frameworks are clear, consistent, and capable of delivery in practice. In a market already facing high finance costs and feasibility pressures, increasing complexity, failing to curtail third-party appeals, and misalignment between planning, environmental and infrastructure settings are contributing to delays, increased costs, and heightened project risk - ultimately undermining housing supply.

The industry supports the ACT Government's sustainability objectives, including reducing emissions across the built environment. However, the transition to lower-carbon outcomes, particularly in relation to embodied carbon, must be practical, evidence-based and aligned with project feasibility. Poorly sequenced or cost-blind regulation risks delaying housing delivery and increasing costs without achieving better environmental outcomes. Planning settings should prioritise clarity, consistency and incentives that reward high-performance outcomes, rather than relying on blunt regulatory measures that undermine viability.

As Canberra continues to grow and consolidate, particularly through infill and medium-density development, it is essential that planning reform focuses on certainty, feasibility, and the timely delivery of homes and infrastructure. If delays and uncertainty persist, approved projects will continue to stall, slowing housing delivery and weakening the development pipeline. This Budget represents an opportunity to build on the work undertaken over the past 2 years, to align planning ambition with actual delivery.

Finally, Canberra does not operate in isolation from its surrounding region. Planning, housing and transport policy must reflect the ACT's role within the broader Capital Region labour and housing market. Closer coordination with the NSW and Commonwealth Governments is essential to support workforce mobility, infrastructure delivery and housing supply outcomes on both sides of the border.

Planning for better cities

The solutions

Implement a cross-agency housing taskforce.

Development Solutions has been announced but is not yet active. This must be a priority for the ACT Government as there are too many bottlenecks both during and post approval that are adding time and cost to projects.

Implement the Missing Middle Housing Reform.

This should be a key priority for the Legislative Assembly once the Committee Report is finalised. Regular reports should be provided on the progress of the zoning reform.

Ensure ageing in place, retirement villages, and seniors living are addressed. There should be consideration of land release targets for development that include retirement villages or seniors living, together with the implementation of a “downsizer stamp duty policy” that abolishes stamp duty for those over 60 who are downsizing to a new build home or off-the-plan apartment.

Progress major infrastructure projects that enhance the economic viability of our city, including the Convention Centre and a plan for the future use of GIO Stadium. It is critical that infrastructure projects continue, with the ACT Government encouraged to explore various funding models including the Commonwealth Government and private/public partnerships.

Ensure planning and housing delivery is aligned with energy, water and utilities capacity. Timely and affordable access to power, water and servicing infrastructure is a critical enabler of development and investment confidence. Planning reform must be supported by coordinated infrastructure sequencing to avoid project delays, increased holding costs and stalled housing delivery.

Work with the NSW and Commonwealth Governments to develop a comprehensive transport plan, including high-speed light rail and improved connections including at South Jerrabomberra. Transport availability will enhance our communities and is a vital precursor to investment in homes and property continuing in the Territory.

Release a 10-year Industrial and Employment Land Strategy. The ACT is being left behind because we do not have a Strategy, resulting in investment in employment hubs flowing to other jurisdictions. Homes are vital; creating jobs is important too.

Support a practical transition to lower-embodied-carbon construction through incentives rather than penalties. This should include fast-tracked approvals, planning incentives and government leadership through procurement, ensuring sustainability ambition does not unintentionally suppress housing supply or investment.

Productivity for a prosperous Territory

Background

Productivity in the property and construction sector is a critical driver of economic growth, housing supply, and fiscal sustainability in the ACT. It is not solely a question of how hard the industry works, but how efficiently capital, labour, land and time are deployed across the planning, approvals, construction, and delivery lifecycle.

In recent years, productivity across the sector has been increasingly constrained by a combination of rising construction and compliance costs, prolonged approval timeframes, workforce shortages, and escalating costs of finance. In a high-interest rate environment, time has become one of the most significant cost drivers, with delays directly undermining feasibility, reducing output and increasing the risk that projects are deferred or abandoned altogether.

While industry continues to invest in innovation, skills and new delivery models, productivity is heavily influenced by government-controlled settings. Regulatory duplication, fragmented decision-making across agencies, and poorly sequenced reforms can add cost without improving outcomes, slowing delivery at a time when the ACT Government urgently needs housing, infrastructure, and economic activity. Where productivity is constrained, the impacts flow beyond individual projects - affecting employment, supply chains, affordability and ultimately the Territory's revenue base.

Productivity must also be considered in the context of city activation and economic vitality. Empty offices, disrupted precincts and delayed infrastructure projects reduce economic output and weaken confidence. Conversely, policies that support timely delivery, workforce participation, building renewal and precinct activation can rapidly lift productivity and it is the role of government to ensure Canberra remains a strong and competitive place.

The 2026-27 Budget represents a key opportunity for the ACT Government to take a more coordinated and deliberate approach to lifting productivity. By reducing friction, improving regulatory efficiency and supporting conditions for investment and delivery, government can help stabilize the development pipeline, support jobs and ensure the Territory remains well-placed to grow and prosper in an increasingly uncertain global environment.

Productivity reform must be carefully targeted and disciplined. Measures intended to improve outcomes should reduce friction, simplify processes, and provide greater clarity - not add complexity, cost or delay. In the current economic environment, poorly sequenced reform, duplicated regulation or unexpected policy change risks undermining productivity rather than enhancing it, eroding confidence and discouraging investment. A clear focus on efficiency, coordination, and implementation will ensure that productivity initiatives support delivery, restore confidence and enable growth, rather than unintentionally constraining the industry's ability to contribute to Canberra's future property.

Improving productivity requires coordinated action to expand workforce capacity, reduce delay and disruption, and maximise the effective use of existing assets and infrastructure.

Productivity for a prosperous Territory

The solutions

Improve system efficiency through technology and innovation. Invest in technology to improve efficiency and output in the planning system, including the responsible use of AI-enabled assessment tools and better recognition of non-traditional construction methods. Digitisation and innovation must be focused on reducing processing time, duplication and manual effort, delivering genuine productivity gains rather than additional administrative layers.

Lift workforce participation and capacity. Continue to invest in workforce growth through targeted participation and skills programs, including "Try-a-Trade" and Girls in Property. Expanding awareness of careers in property and construction - particularly among under-represented groups - is critical to strengthening the long-term workforce pipeline and improving productivity across the sector.

Reduce disruption and delay to maintain economic output. Recognise and respond to the productivity impacts of major infrastructure contribution, including light rail delivery. Targeted, practical support is required for businesses and building owners affected by prolonged construction disruption, to prevent business failure, vacancy and economic loss. If affected precincts are not supported throughout construction periods, the long-term productivity and activation benefits of infrastructure investment will be undermined.

Improve city activation and after-hours productivity. Establish a Night-Time Economy Taskforce to drive red tape reduction, coordinated planning and system initiatives that support extended trading, hospitality and entertainment industry. A stronger night-time economy improves asset utilisation, employment outcomes and overall city vibrancy.

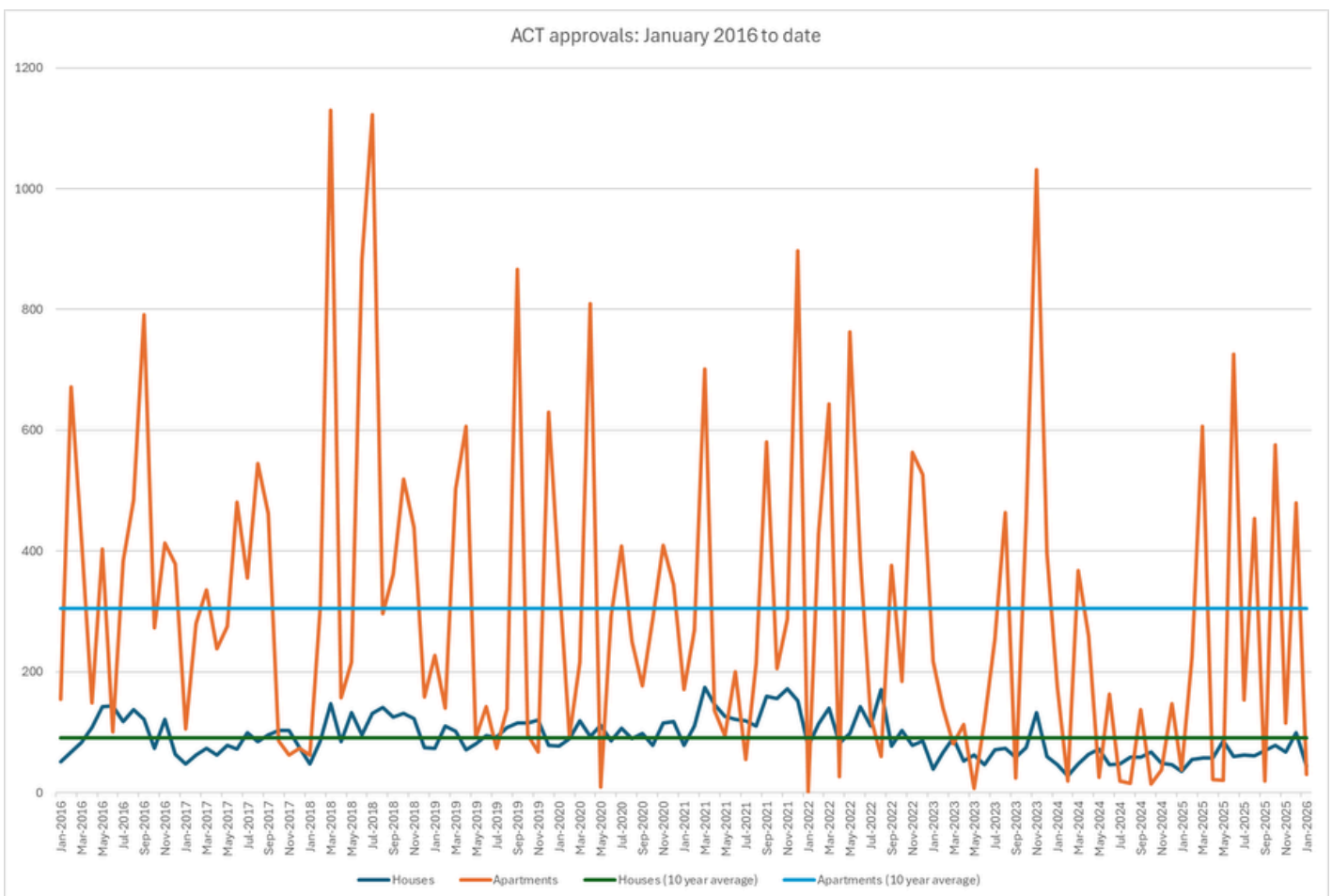
Show leadership to increase utilisation of existing assets. Provide leadership by requiring the ACT Government to return to the office at least three days per week. Measures such as subsidised public transport or parking incentives on lower-attendance days would support CBD activation, increase economic activity and improve the productivity of existing commercial buildings and precincts.

Unlock underutilised public land to increase delivery. Conduct an audit of vacant or under-utilised land to assess suitability for essential worker and key-worker housing. Better utilisation of public land assets can accelerate housing delivery, support workforce retention and improve economic productivity without significant new infrastructure investment.

Economic Context

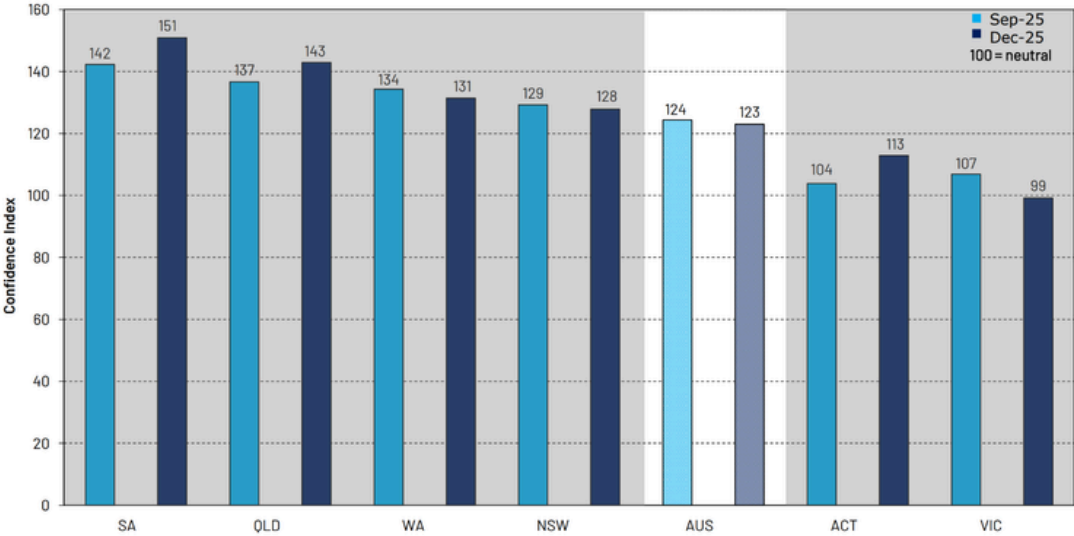
The current economic context underscores the importance of confidence, delivery-focused policy settings, and fiscal discipline. Planning approvals for new homes may be increasing, but we must not forget that 2024 recorded the lowest level of housing approvals in almost twenty years. At the same time, office vacancy rates in the CBD continue to rise, reflecting broader shifts in work patterns and reduced utilisation of existing commercial assets and softer demand conditions.

Recent Property Council sentiment survey results reinforce these challenges. December saw an increase in sentiment for the first time in many quarters (expected as a result of significant announcements from the ACT Government on LVC reform); however, the ACT is still well behind the rest of the country. It is critical that the ACT Government settings support, rather than further constrain, investment and delivery. Alongside restraint in new taxes and charges, efficient and targeted public spending will be essential to maintaining confidence, supporting productivity and ensuring limited fiscal resources are directed to outcomes that enable housing supply, economic activity, and Canberra's long-term growth.



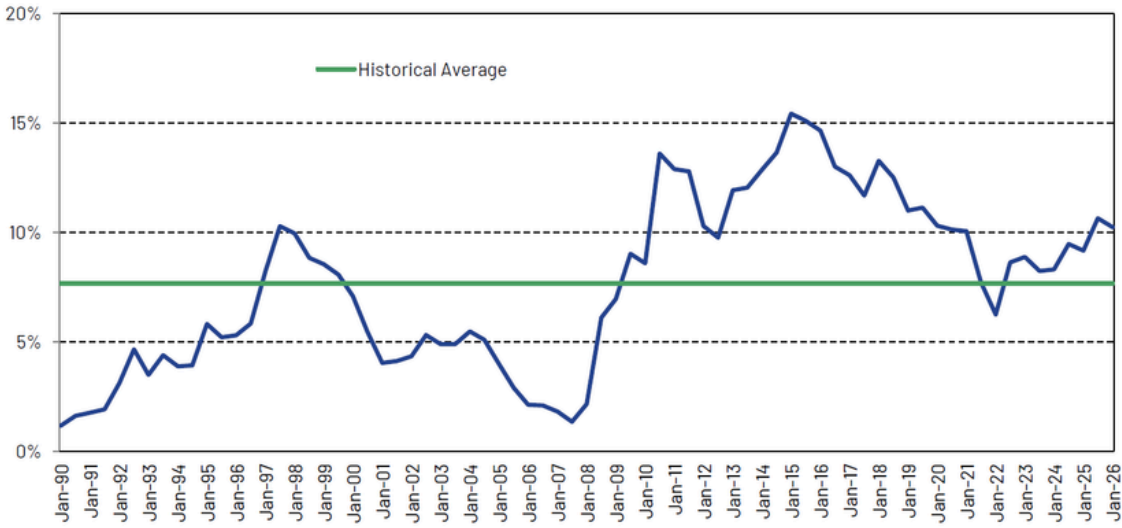
Source: Property Council Analysis of ABS Statistics

Procure / Property Council Industry Sentiment Survey December 2025



Source: Procure / Property Council Industry Sentiment Survey December 2025

Canberra Vacancy: January 1990 – January 2026



Source: Property Council Office Market Report February 2026