



**CCIQ SUBMISSION:  
STATE BUDGET FY2023**  
APRIL 2022

**CCIQ** Powering  
business  
potential



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# OVERVIEW OF CCIQ

CCIQ is Queensland's peak industry representative for more than 445,800 businesses in Queensland. CCIQ advocates on local, state and federal matters to advance the interests of industry.

CCIQ is Queensland's largest business organisation that holds state-wide membership across all industry sectors and has provided representation on the issues affecting Queensland businesses for over 140 years.

Queensland businesses have shared their experiences and critical needs. Consistent and timely reporting of issues affecting Queensland businesses ensures that regular and comprehensive research and consultation is undertaken to drive policy decisions across the three tiers of Government.

CCIQ produces the largest quarterly survey, the Pulse Survey, reporting on business sentiment and conditions

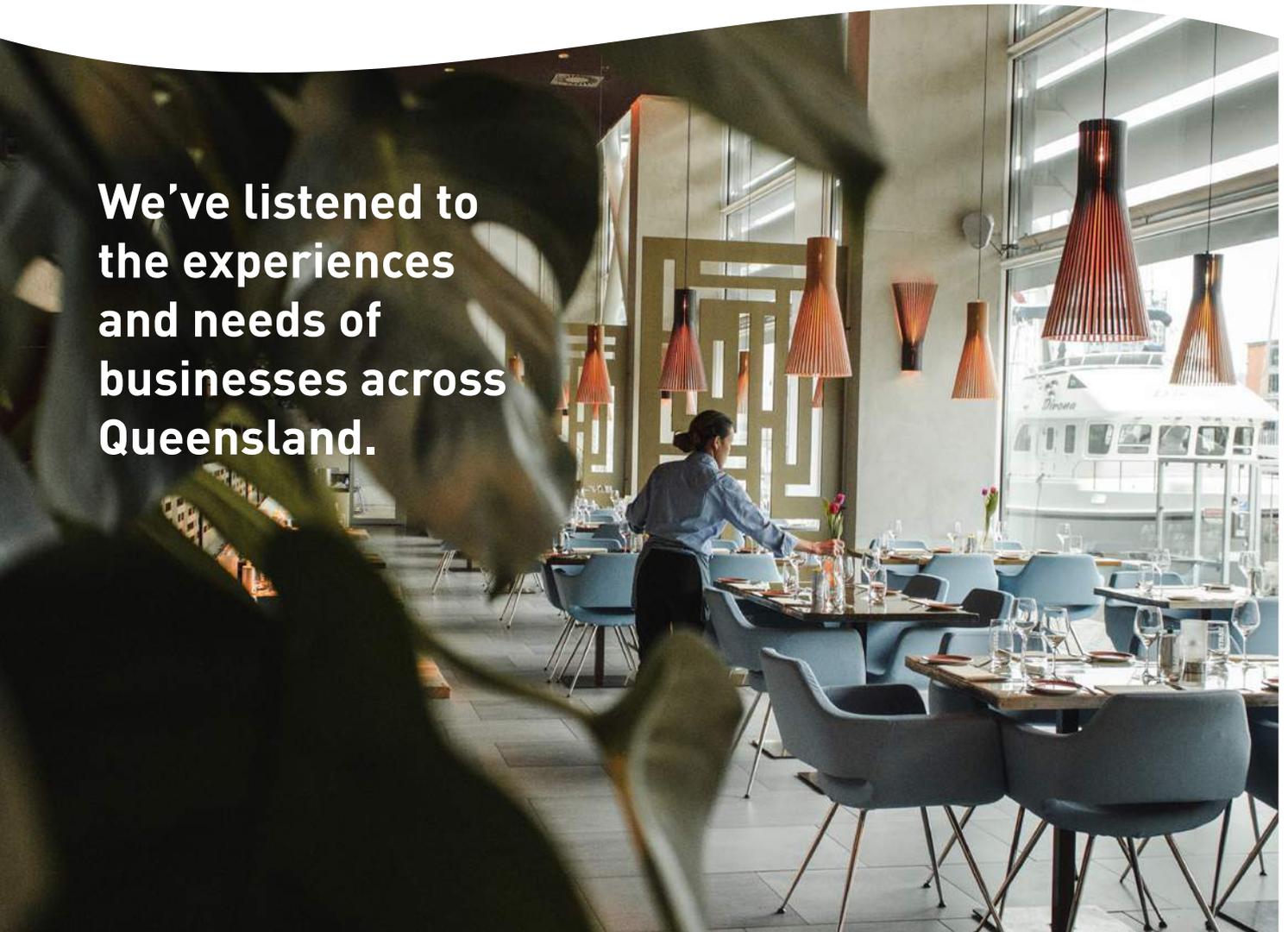
in Queensland. In addition to the CCIQ Red Tape Survey, Digital Readiness Survey and two COVID-19 lockdown surveys, CCIQ received 5,983 survey responses from Queensland businesses in 2021.

CCIQ consults with the Regional Chamber network that spans across all corners of Queensland covering over 100 rural and regional chambers. There are many issues and opportunities depending on a business's location and CCIQ with chambers makes sure to actively engage and advocate on issues that are affecting businesses throughout Queensland.

## Consistent consultation with Queensland businesses and regional Chambers of Commerce

CCIQ is committed to hearing and representing the voices of businesses and chambers Queensland at local, state and federal levels of policy development. CCIQ advocates on behalf of businesses to ensure Queensland has the best operating environment and it the best place to do business.

**We've listened to the experiences and needs of businesses across Queensland.**



In addition to being informed by the CCIQ Pulse Survey findings, CCIQ's State Budget Submission for FY2023 was developed in consultation with the CCIQ Policy Advisory Board and other regional chamber stakeholders for their perspectives, input and endorsement.

### CCIQ Policy Advisory Board and Regional Policy Committees

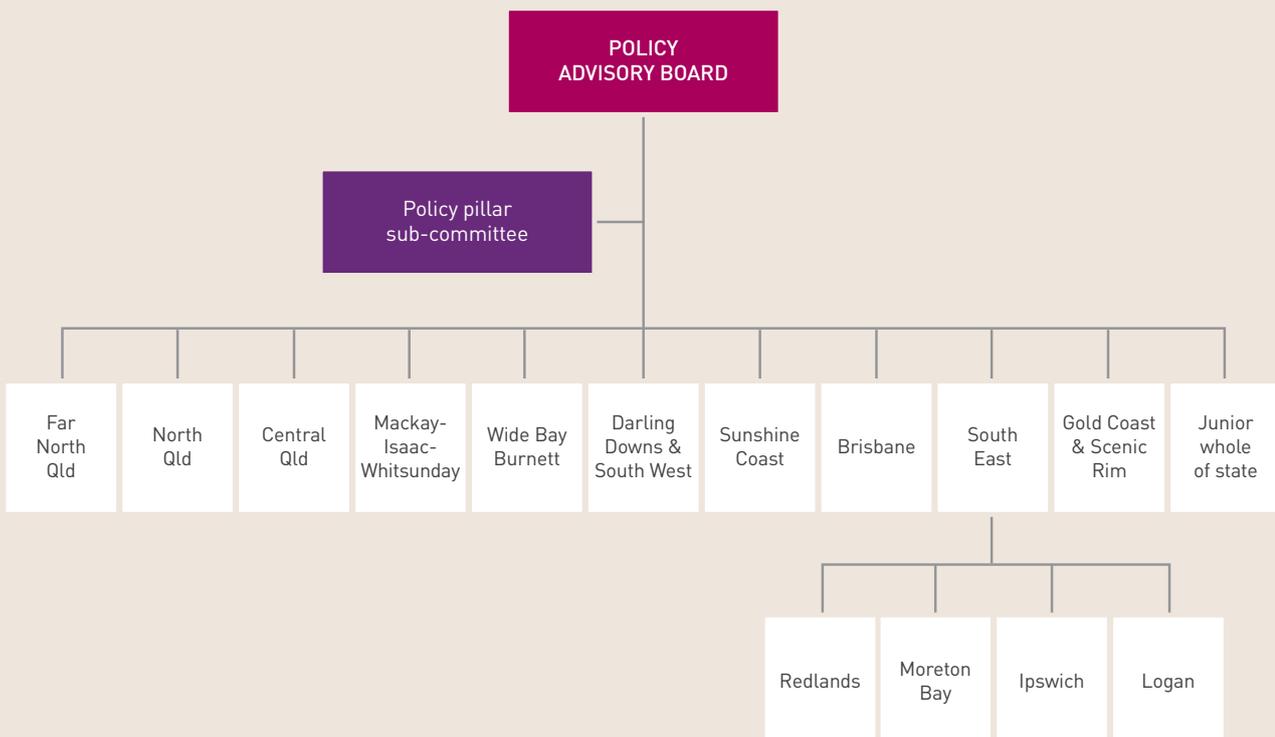
CCIQ works on policy and advocacy issues in collaboration with 114 chambers across Qld, including through the CCIQ Policy Advisory Board and Regional Policy Committees, made up of local and regional chambers.

The Regional Policy Committees brings together chambers of commerce and business expertise of regional businesses creating a forum where regions collaborate, inform policy, and achieve outcomes for business. As best as possible, the committees seek to be representative of the breadth and diversity of each region's business community.

The Regional Policy Committees:

- provide for collaboration across Queensland regions on public policy issues which affect businesses,
- share knowledge, provide direction and inform on policy related to business needs at the local, state and national levels,
- assist CCIQ with the development of policy positions and advocacy efforts to improve the operating environment for businesses across the whole of Queensland, and
- represent a significant voluntary effort by local chambers across Queensland, with all activities and undertakings done in good faith to support outcomes for businesses in Queensland.

### Structure of CCIQ Policy Advisory Board and Regional Policy Committees



## The local chambers of commerce involved in the CCIQ Policy Advisory Board and Regional Policy Committees include:

### Far North Queensland

Cairns Chamber of Commerce  
Gordonvale Chamber of Commerce  
Cooktown Chamber of Commerce and Tourism  
Douglas Chamber of Commerce  
Mareeba Chamber of Commerce Inc  
Atherton Tablelands Chamber of Commerce  
Malanda Chamber of Commerce  
Ravenshoe and District Chamber of Commerce  
Western Cape Chamber of Commerce

### North Queensland

Ayr Chamber of Commerce Inc  
Home Hill Chamber of Commerce Inc  
Innisfail & District Chamber Commerce & Tour Inc  
Tully & District Chamber of Commerce  
The Cardwell Chamber of Commerce  
Charters Towers Chamber of Commerce & Mines Inc  
Hughenden Chamber of Commerce Inc  
Hinchinbrook Chamber of Commerce Inc  
Commerce North West (Mt Isa)  
Townsville Chamber of Commerce

### Mackay-Isaac-Whitsundays

Mackay Region Chamber of Commerce  
Bowen Chamber of Commerce  
Proserpine Chamber of Commerce & Development  
Whitsunday Coast Chamber of Commerce

### Central Queensland

Callide Dawson Chamber of Commerce (Biloela)  
Moura Community Progress  
Moura Chamber of Commerce Inc  
Theodore Chamber of Commerce  
Gladstone Chamber of Commerce & Ind  
Capricornia Chamber of Commerce  
Longreach Regional Enterprise

### Wide Bay Burnett

Bundaberg Chamber of Commerce  
Childers Chamber of Commerce  
Gin Gin & District Chamber of Commerce  
Hervey Bay Chamber of Commerce Inc  
Maryborough Chamber of Commerce Inc  
Tiaro Chamber of Commerce Inc  
Gympie Chamber of Commerce  
Mary Valley Chamber of Commerce  
Rainbow Beach Chamber of Commerce  
Tin Can Bay Chamber of Commerce & Tourism Inc  
Biggenden Chamber of Commerce & Industry  
Kingaroy Chamber of Commerce & Industry

### Sunshine Coast

Cooroy Chamber of Commerce Inc  
Noosa Chamber of Commerce and Industry  
Pomona Chamber of Commerce  
Eumundi Chamber of Commerce  
Glasshouse Country Chamber of Commerce  
Kawana Waters Chamber of Comm & Ind  
Maleny Chamber of Commerce  
Maroochydore Chamber of Commerce Inc  
Montville Chamber of Commerce Inc  
Mooloolaba Chamber of Commerce  
4556 Chamber of Commerce  
Caloundra Chamber of Commerce  
Coolum Business and Tourism  
Kenilworth Chamber of Commerce  
Nambour Chamber of Commerce  
Yandina Chamber of Commerce Inc.  
Sunshine Coast Chamber Alliance

### Gold Coast & Scenic Rim

Gold Coast Central Chamber of Commerce  
Gold Coast North Chamber of Comm & Ind  
Greater Southern Gold Coast Chamber of Commerce  
Mudgeeraba Chamber of Commerce & Industry  
Gold Coast Junior Chamber of Commerce  
Southport Chamber of Commerce  
Canungra Chamber of Commerce  
Tamborine Mountain Chamber of Commerce & Industry  
Beaudesert & District Chamber of Commerce Inc  
Kooralbyn Valley Chamber of Commerce

### Darling Downs and South-West Queensland

St George & District Chamber of Commerce  
Goondiwindi Chamber of Commerce  
Cunnamulla & District Chamber of Commerce  
Warwick Chamber of Commerce Inc  
Stanthorpe and Granite Belt Chamber of Commerce  
Lockyer Chamber of Commerce & Industry  
Oakey Chamber of Commerce Inc  
Millmerran Commerce & Progress  
Toowoomba Chamber of Commerce & Industry  
Dalby Chamber of Commerce & Industry  
Jandowae Business and Community Group  
Miles Chamber of Commerce  
Tara Futures Group  
Wandoan Community Commerce & Industry  
Chinchilla Community, Commerce and Industry Inc  
Roma Commerce and Tourism

### Brisbane

Brisbane Inner West Chamber of Commerce  
Brisbane Junior Chamber of Commerce  
Brisbane North Chamber of Commerce  
Brisbane Southside Chamber of Commerce  
Brisbane West Chamber of Commerce  
Manly Harbour Village Chamber of Commerce Inc.  
Sandgate and Districts Chamber of Commerce  
South East Brisbane Chamber of Commerce  
South West Chamber of Commerce  
Sunnybank Chamber of Commerce Inc.  
Valley Chamber of Commerce

### South East Qld - Moreton Bay

North Lakes Chamber of Commerce  
Nundah District Development Association  
Chamber of Commerce and Industry  
Redcliffe Peninsula  
Kilcoy Chamber of Commerce & Community Inc.  
Redcliffe Peninsula Chamber of Commerce  
CCIQ Pine Rivers Chamber of Commerce Inc  
Samford and Districts Chamber of Commerce  
The Hills & Districts Chamber of Commerce  
Greater Caboolture Chamber of Commerce

### South East Qld - Redlands

Redland Coast Chamber of Commerce  
Straddie Chamber of Commerce  
Southern Moreton Bay Islands Chamber of Commerce (SMBI)

### South East Qld - Logan

Beenleigh Yatala Chamber of Commerce  
Logan Chamber of Commerce  
Logan Region Chamber of Commerce

### South East Qld - Ipswich

Centenary & Districts Chamber of Commerce  
Greater Springfield Chamber of Commerce  
Ipswich Chamber of Commerce & Industry



## EXECUTIVE SUMMARY

CCIQ's extensive experience within Queensland's business community shows a strong desire to shift government policy towards transforming Queensland to be more resilient, eco-efficient and productive through sustainability.

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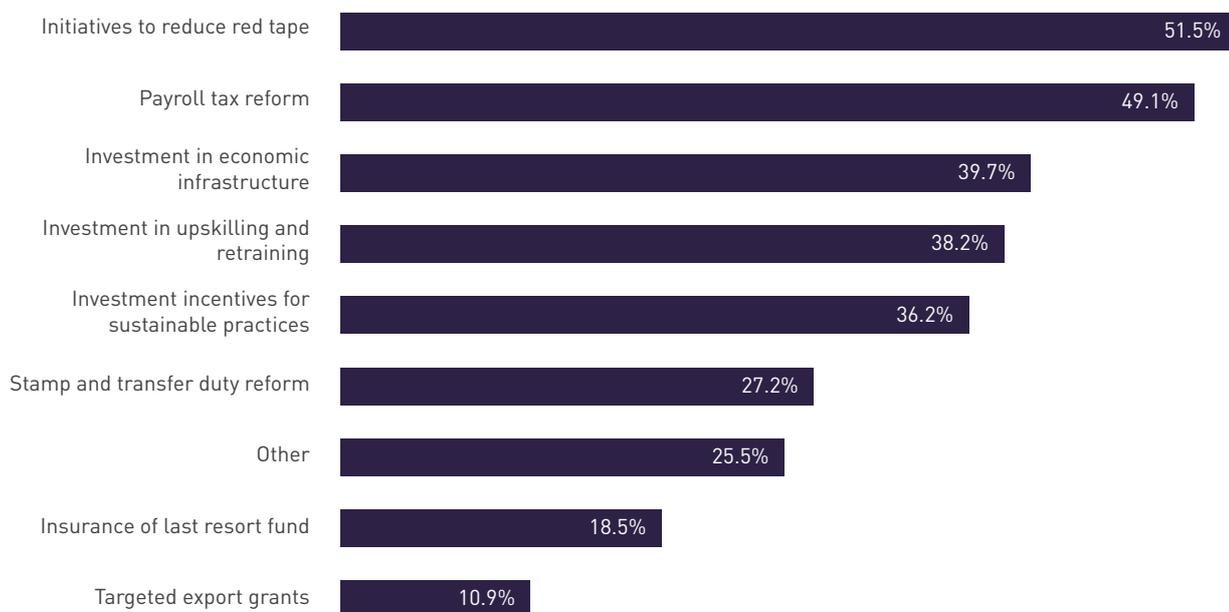
Transformation is a whole-of-economy opportunity that affects community and industry stakeholders across all sectors and areas of the state, and across all areas of government policy. Prior to the 2020 State elections, we submitted five policy pillars and supporting priorities that have the potential to effect the transformational change required to support the growth of a sustainable, diversified, resilient and competitive Queensland.

These pillars are as follows:



To further validate the current needs of Queensland businesses, in the December 2021 Pulse Survey we asked Queensland businesses what their top priorities were for the upcoming state budget. The findings confirmed the policy pillars and priorities submitted in 2021, with only the ranking of key needs changing – with initiatives to reduce red tape rising to the top.

### Initiatives Queensland Businesses would like to see reflected in the upcoming state budget



Source: CCIQ Pulse Survey December 2021. Sample of 651 business respondents.

## 1. Business Friendly Government

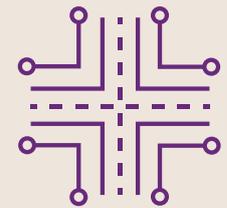
**Initiatives to reduce red tape** ranked the highest among respondents, with over half (51.5%) of businesses indicating they would like to see such initiatives in the upcoming state budget. Red tape is increasingly becoming a constraint on Queensland's businesses, with findings from the 2021 CCIQ Red Tape Survey showing 88% of businesses experience a moderate to major impact from complying with government regulation, which is up from 72% four years ago, and is the largest impact recorded in any CCIQ red tape survey.

**Reform to payroll tax** ranked as a very close second, at 49% of respondents. The December 2021 Pulse Survey also saw 64% of business respondents listing the level of state and local business taxes and government charges as having a moderate to critical constraint on business growth.



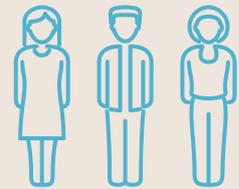
## 2. Smart Infrastructure

**Investment in economic infrastructure**, at 39.7%, was the third highest budget ask from Queensland businesses, with Brisbane, Central Queensland, Far North Queensland, Gold Coast, Southwest Queensland, and Wide Bay Burnett all achieving scores above 40%.



## 3. Skilled Workforce

**Investment in upskilling and retraining**, at 38.2%, reflects business's urgent need for a skilled workforce. This is unsurprising given "recruiting and retaining staff" was also amongst the top key constraints on business growth in the December 2021 CCIQ Pulse Survey.



## 4. Sustainable Business Practices

**Investment incentives for sustainable practices** was also strongly favoured, at 36.2% of businesses. At CCIQ, we have seen a significant increase in the interest and uptake of sustainable business practices, for not only cost savings but also to realise market driven opportunities to scale and grow.



## 5. Connected Business

The 2021 CCIQ Digital Readiness Survey, (revisited since 2019 pre-COVID survey) provided insight into connectivity, digital adoption, capacity, and future digital readiness of Queensland businesses. The survey found that:

- **Connectivity reliability** ranked third highest in digital-related issues which negatively affect their business, however only 27% of businesses thought their internet connection was better than the previous year.
- Over 1 in 3 businesses agree that **digital technologies** are driving their growth. More businesses believe that digital technologies are not a competitive advantage. Being digital is now a necessity than an advantage.
- 80.6% of businesses agree it is important that their business becomes more digitally savvy. However, over half (53.1%) of respondents believe a lack of **digital skills** will negatively impact their business.



## Other key asks from business

- 18.4% were keen to see an **insurance of last resort fund**, indicating a significant portion of Queensland businesses are facing difficulties in getting insured, and
- 10.9% were interested in **targeted export grants**, reflecting a strong desire from businesses to scale and grow into international markets.



Sustainability-led transformation to advance the Queensland economy

 <p><b>Business Friendly Government</b></p> <p>Governments that reduce operating costs and complexity</p>	 <p><b>Smart Infrastructure</b></p> <p>Connecting regions to build resilience</p>	 <p><b>Skilled Workforce</b></p> <p>Support upskilling, emerging industries and markets</p>	 <p><b>Sustainable Practices</b></p> <p>Developing and enhancing products and services for future sustainability</p>	 <p><b>Connected Businesses</b></p> <p>Advancing technology to generate opportunities</p>
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Economic Recovery (COVID-19 and natural disaster)

Brisbane 2032 Games Planning

In this state budget submission for FY2023, CCIQ’s recommendations build upon the **five transformational priorities** we presented to the Queensland government before the 2020 state elections, with the key policy priorities for business under each pillar.

Across each of these policy areas however are three critical perspectives:

- **Sustainability-led transformation to advance the Queensland economy:** Transforming Queensland’s economy to build resilience, eco-efficiency and productivity is critical to the viability of our communities and businesses. The state government must prioritise investments and policies that accelerate a sustainability-led transformation to advance our economy, enable industry diversification and develop future workforce skills..
- **Economic Recovery:** Queensland business continues its recovery from the economic crisis of the COVID-19 pandemic, as well as compounding disruptions caused by extreme weather events and the impacts of floods. All policy areas still very much require an economic recovery focus and a lens which considers the short- and medium-term business continuity needs.

- **Brisbane 2032 Olympic and Paralympic Games Planning:** It is critical that the Queensland Government ensures that the FY2023 budget contains the appropriate funding for strategic planning across all policy areas to maximise the Brisbane 2032 Olympic and Paralympic Games opportunities for business, such as procurement opportunities, advancements in sustainability, and infrastructure to unlock business growth..

A targeted step-change approach is required over the Queensland Government’s term to accelerate the transformation approach most effectively through policy and budget levers. CCIQ recommends **taking a long-term approach** to the budgeting exercise. This will also allow the Queensland government and the business community to **collaborate over multiple years over a clear set of agreed priorities**.

A full outline of CCIQ’s recommendations can be found in the **Summary of Recommendations** tables at the end of this submission.



# 2021: YEAR IN REVIEW

## QUEENSLAND BUSINESS CONFIDENCE AND PERFORMANCE

Queensland's businesses have faced a significant series of challenges over the past year; interstate and international border closures, staff shortages due to COVID requirements and a tight labour market, material shortages, and supply chain disruptions to name a few.

Uncertainty brought about by the ever-changing business landscape due to COVID has also led to the erosion of consumer confidence – with the ANZ-Roy Morgan survey recording in January the lowest score for consumer confidence since October 2020<sup>1</sup> – and business confidence, as measured by CCIQ's Pulse survey, at a point where economic recovery is key.

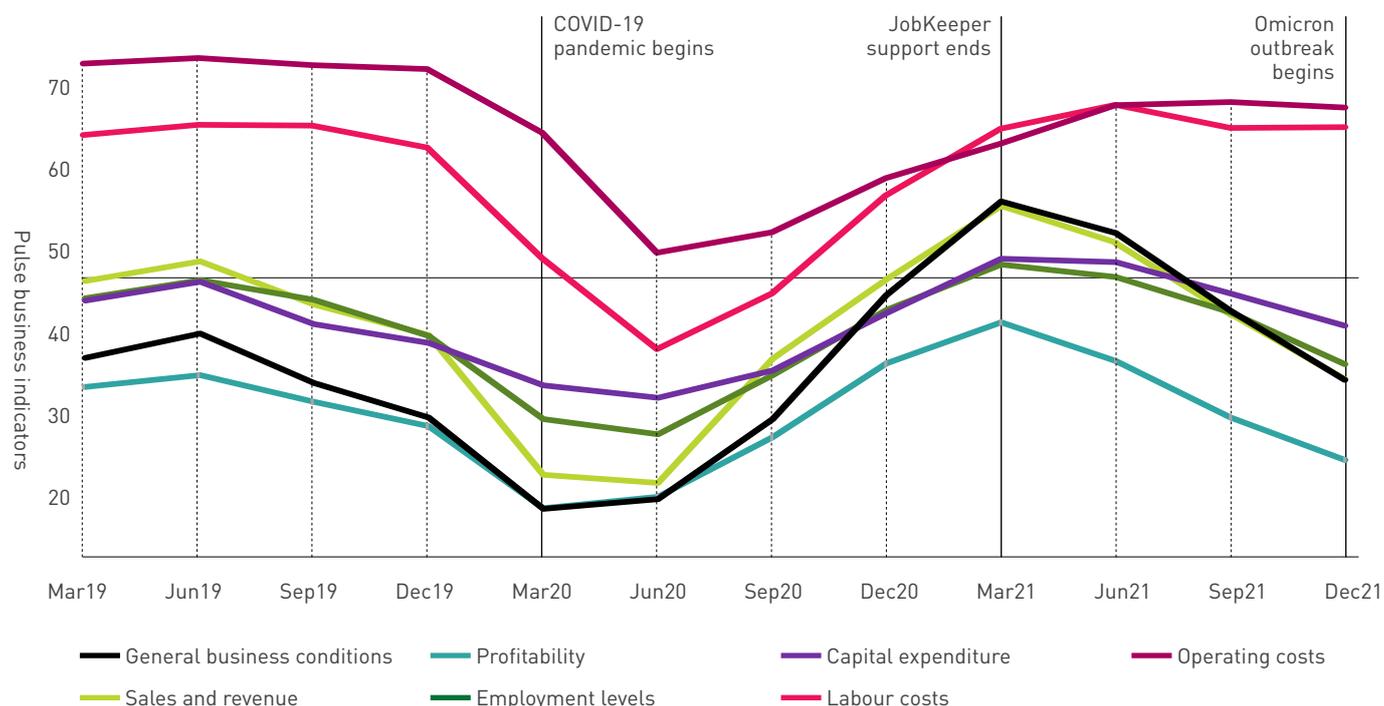
### Pulse findings for the year

Pulse business indicators (PBIs) from CCIQ's Pulse survey, measure business sentiment and performance across seven key indicators.

Figure 1 Pulse Business Indicators\* Mar 2019 – Dec 2021

As figure 1 shows, **business performance has consistently decreased** each quarter since the June quarter 2021, after general business conditions (GBC), sales, capital expenditure, and employment had only begun to recover.

Business costs from both labour and other operating costs have also been increasing significantly and consistently over the past two years with labour costs only decreasing during the June quarter 2020, where labour costs were subsidised through the Federal Government's JobKeeper, and Queensland was experiencing a period of significant economic downturn.<sup>2</sup> The decreasing index for employment levels within business – despite low unemployment rates in Queensland<sup>3</sup> – is most likely due to the issues businesses are having in recruiting staff due to the tight labour market, and the decline in the participation rate experienced in the September and December quarters 2021<sup>4</sup>.



\*A PBI of 50 indicates no change from the previous quarter. Above 50 indicates an increase on the previous quarter, and below 50 indicates a decrease.

1. Roy Morgan, 2022, ANZ-Roy Morgan Australian Consumer Confidence. [www.roymorgan.com/morganpoll/consumer-confidence/consumer-confidence](http://www.roymorgan.com/morganpoll/consumer-confidence/consumer-confidence)  
 2. Australian Bureau of Statistics, 2020, Australian National Accounts. [www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/jun-2020](http://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/jun-2020)  
 3. Labour Market Information Portal, 2022, Unemployment Rates by State and Territory. [lmp.gov.au/default.aspx?LMIP/LFR\\_SAF04R/LFR\\_UnemploymentRate](http://lmp.gov.au/default.aspx?LMIP/LFR_SAF04R/LFR_UnemploymentRate)  
 4. Queensland Government Statistician's Office, 2022, Labour and employment. [www.qgso.qld.gov.au/statistics/theme/economy/labour-employment/state](http://www.qgso.qld.gov.au/statistics/theme/economy/labour-employment/state)

## Top Constraints for Business in FY2022

Queensland’s businesses consistently signalled throughout FY2022 the level of demand/economic activity as the top barrier to growth, with 57.8% of businesses indicating the level of demand to be a major to critical constraint on their business. The top 5 constraints on growth each quarter in FY2022 have been:

1. Level of demand/economic activity
2. Political and economic stability
3. Retaining and recruiting qualified employees
4. Direct wage costs
5. Insurance premium costs

## BUSINESS PERFORMANCE IN FY2022

Despite deteriorating business performance, business confidence remained optimistic from the March 2021 quarter to the September 2021 quarter, with many businesses viewing the achievement of vaccine targets, and the reopening of domestic borders as a light at the end of the tunnel.

Business performance in the latest December 2021 quarter fell considerably short of expectations, with all indicators performing worse than the previous year’s December quarter. Only businesses’ operating costs saw marginal improvements from the September quarter 2021; all other indicators reflected poorer business performance. Compared to March 2020 levels, the December 2021 quarter saw, on average, Queensland businesses were operating at 84.9% of their

pre-pandemic level, down from 90.1% in the September 2021 quarter – despite December often being a ‘boom’ quarter for many industries.

## BUSINESS CONFIDENCE OUTLOOK

The 12-month outlook for the Queensland economy fell significantly in the December 2021 quarter (to a PBI of 38.3), with over half (51%) of businesses expecting weakening economic prospects and poor growth opportunities. This is more than double the previous quarter’s results, where 24% of businesses shared the same view. This sharp decline contrasts with optimism from the previous quarters, where most businesses were anticipating stronger economic conditions despite mediocre business performance.

## ONGOING IMPACT OF ECONOMIC CRISIS

The January 2022 wave of the COVID-19 Omicron variant and the lack of improvements to business performance in the December 2021 quarter – despite the anticipated boost of the Queensland border reopening – has severely impacted business confidence. This has been further compounded by the February/March 2022 extreme weather and flood impacts on business.

There is a clear disconnect between the economic outlook in the Queensland Government’s 2021 – 22 budget update<sup>5</sup>, and business sentiment for the year ahead. **Providing certainty and support to businesses is crucial at this time to ensure they have the necessary confidence to invest and grow to ensure an effective and successful economic recovery.**

Figure 2 Pulse Business Indicators for business performance

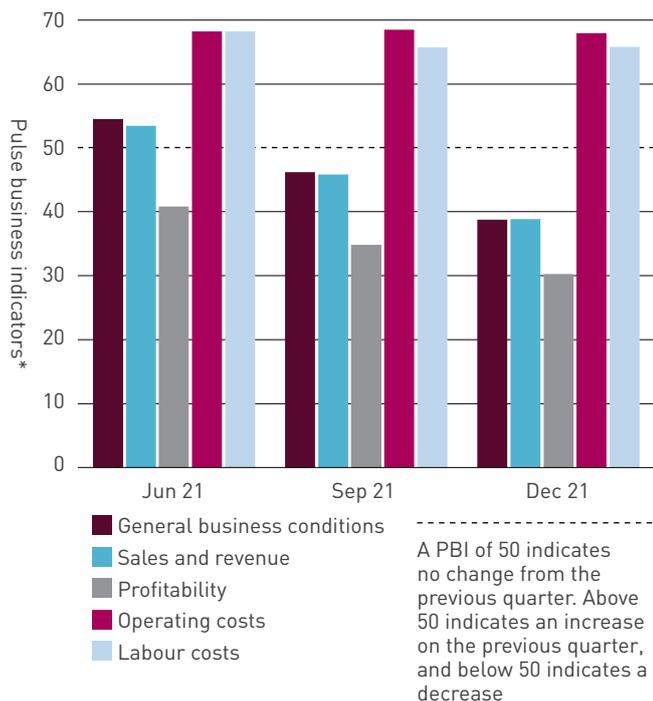
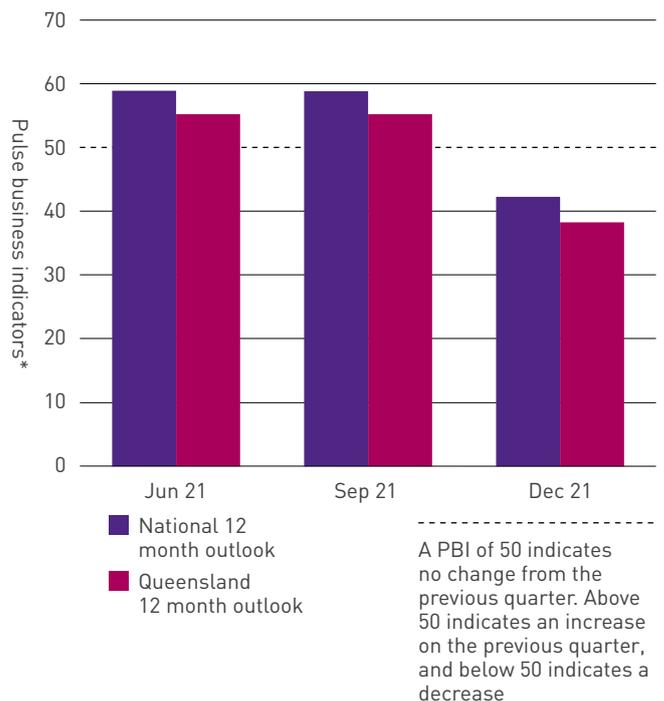


Figure 3 Business confidence in the 12-month performance of the National and Queensland economies



5. Queensland Treasury, 2021, 2021-22 Budget Update. s3.treasury.qld.gov.au/files/2021-22\_Budget-Update\_web.pdf

## Wins & misses for Queensland businesses in FY2022

### BIG PLANS FOR SMALL BUSINESS

Queensland Small Business Strategy 2021-23

CCIQ acknowledges the efforts and stimulus provided by the State Government to improve economic conditions for Queensland's small business community throughout COVID. However, consistent with feedback CCIQ submitted in April 2021, the **Big Plans for Small Business Strategy 2021-23 (the Strategy)**<sup>6</sup> was lacking in critical areas needed to support small businesses across the state.

The commitments outlined in the Strategy include:

- **\$100 million Business Investment Fund** to invest in small to medium sized businesses with significant growth potential and to create Queensland based jobs;
- **\$30 million to increase skills and capability** through grants and other support for small business; and
- **\$10 million to make the Queensland Small Business Commissioner permanent and a targeted engagement framework** that includes reinvigorating the Queensland Small Business Advisory Council.

However, the Strategy offered little clarity and transparency on how each of the proposed initiatives would align with a broader economic agenda to benefit small business, or how proposed initiatives would be packaged in the Queensland Government's budget moving forward. Almost all of the \$140 million committed over 2 years had already been assigned and spent prior to the Strategy being released, leaving very little opportunity for SMEs in FY2022 or FY2023.

Where does this leave Queensland SMEs? With funding for small business grants already exhausted, this leaves Queensland with no cohesive plan for small business in FY2023. Where the Queensland budgets have been stimulus focused over the past 2 years, Queensland now needs solid planning and leadership for how the Queensland Government will support business out of the COVID-19 economic crisis and onto a new path to growth and transformation.

In the CCIQ Pulse Survey for December 2021 quarter, political and economic stability ranked as the third most significant constraint on businesses. Political and economic stability has consistently ranked in the top three most significant constraints on business growth.

### OTHER STRATEGIC SUPPORT FOR QUEENSLAND BUSINESS

CCIQ acknowledges that the Queensland Government enables SMEs through a range of other key initiatives and strategies, including:

- Planning for the Brisbane 2032 Olympic and Paralympic Games
- State Infrastructure Strategy (Draft)
- Digital Professional Workforce Action Plan
- Energy plan
- Climate Action Plan
- Trade and Investment Queensland Strategy

### What is needed?

#### **Now is the time to be investing in small business.**

The FY2021 and FY2022 budgets were stimulus focused. There is now an urgent need to invest in the future needs of Queensland business, to support the critical need for a skilled workforce across all key sectors, help recover Queensland business investment and reduce the risk of becoming an economic recovery laggard. The Big Plans for Small Business Strategy requires a further boost to deliver for SMEs through FY2023.

<sup>6</sup> Department of Employment, Small Business and Training, 2021, Big Plans for Small Business Strategy 2021-23. [www.desbt.qld.gov.au/small-business/strategic-documents/small-business-strategy](http://www.desbt.qld.gov.au/small-business/strategic-documents/small-business-strategy)

## FY2022 Budget Wins and Misses for Business

STRATEGIC PILLAR	WINS FOR BUSINESS	MISSES FOR BUSINESS
<b>COVID Support</b>	<p>Over \$2.5B in direct support:</p> <ul style="list-style-type: none"> <li>• Concessional loans up to \$250,000</li> <li>• Digital grants up to \$10,000</li> <li>• Payroll tax relief, deferrals, and waivers</li> <li>• Rent relief</li> <li>• Permits and fees waivers</li> <li>• Licencing permits and fee waivers</li> <li>• JobKeeper exempt from payroll tax</li> <li>• Regional Stakeholder Manager funding</li> <li>• Electricity rebates</li> </ul>	Regional Stakeholder Managers withdrawn from regions
<b>Business Friendly Government</b>	<p>SME Payment terms 20 days.</p> <p>Procurement target for small business achieved &gt;25% target achieved.</p> <p>Step change achieved: Queensland Jobs Fund provides for payroll tax concessions for certain streams within the fund to incentivise business to grow jobs.</p>	<p>SME procurement process improvements, incentivisation and capability building initiatives.</p> <p>Broader tax Reform</p> <p>Insurance of last resort fund</p>
<b>Smart Infrastructure</b>	<p>In December 2021, the Queensland Government announced a \$2.1 billion waste package, with the commitment to help build new resource recovery infrastructure through co-investment opportunities for councils and industry.</p> <p>Renewable energy integration, and \$4.5m additional funding, a step in the right direction.</p> <p>Hydrogen Strategy initiatives (various).</p> <p>Water security funding (various)</p>	<p>Reduction in costs of electricity for SMEs</p> <p>Preparedness and mitigation initiatives for natural disasters</p>
<b>Skilled Workforce</b>	<p>Queensland Jobs Fund.</p> <p>Skilling Queenslanders for Work.</p> <p>Jobs Summit (Big Plans for Small Business 2021-23)</p> <p>Workforce Planning Connect tool activation</p> <p>CCIQ and Jobs Queensland Statement of Intent</p>	More needed to address regional seasonal labour shortages.
<b>Sustainable Practices</b>	<p>Climate Action Plan released</p> <p>EcoBiz program delivery</p>	Acceleration incentives for businesses to move to more sustainable practices
<b>Connected Business</b>	Grant for digital investments achieved as part of COVID relief in 2021.	Investment in digital infrastructure urgently needed

A more detailed analysis of the wins for business and missed opportunities in FY2022 is provided in **Appendix A: FY2022 Budget Wins and Misses for Business.**

### Where to from here?

Where priorities for business have not yet been achieved, these recommendations have been carried forward into the Recommendations in this submission, for delivery in FY2023, listed as still needing action.

**CCIQ remains committed to working with the Queensland Government to progress outcomes and improve conditions for business.**



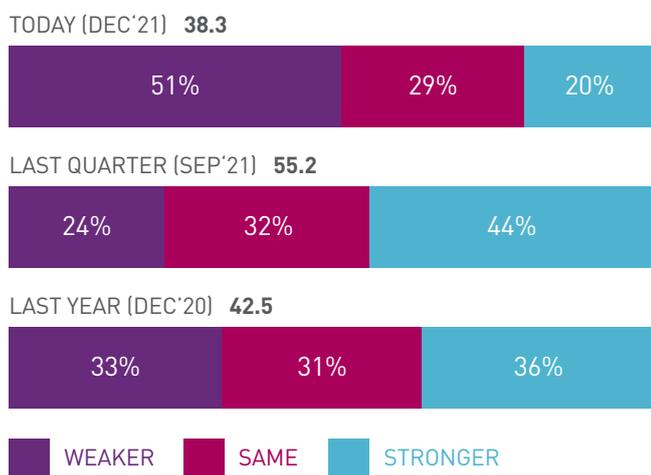
# FY2023: THE YEAR AHEAD BUSINESS CONFIDENCE AND PERFORMANCE FORECAST

The CCIQ Pulse Survey for the December quarter 2021 shows Queensland's businesses were performing poorly and had little confidence in Queensland's economy strengthening over the next 12 months.

Over half of business respondents, 51%, indicated they expect the state's economy to weaken, up from 24% the previous quarter and compared to only 33% the year before.

Business performance was forecast to worsen in the March 2022 quarter, with general business conditions, sales and revenue, profitability, employability, and capital expenditure all expected to further decline. Labour and operational costs were also expected to continue to increase.

**Figure 4: How do you expect the Queensland economy to perform over the next twelve months in comparison to the last twelve months?<sup>7</sup>**



**BUSINESS FORECAST FOR 2022 IS BLEAK<sup>8</sup>**

- **Profitability** outlook at lowest levels (30.3 Pulse Business Index) since the June quarter 2020 and expected to further decline (to 29.9).
- **General business conditions (GBC)** forecast to decline further (to 35.3) in March 2022. Contrasts with more optimistic March 2021 results (57.9, which recorded an improvement in general business conditions for the first time since March 2010).

**Ongoing COVID-19 economic recovery**

The Queensland Government's Mid-Year Financial and Economic Review (MYFER) forecasts an economic recovery for 2021 – 22 and 2022 – 23 (shown in table 1 below).

**Table 1: 2021-22 Budget Update Forecasts<sup>9</sup>**

2021 – 22 Budget Update Forecasts:		
Year	2021 – 22	2022 – 23
Gross state product	3.25%	2.75%
Employment	4.25%	2.25%
Unemployment rate	5.25%	5%

With the ongoing disruptions to trade due to the prevalence of Omicron, as well as longstanding it is essential that this budget provides businesses certainty.

Without significant support that gives businesses the certainty required to confidently operate and grow, this may not be realised or may otherwise be delayed or diminished. Given the ongoing uncertainty of the impacts of COVID-19, in addition to recent extreme weather and flood events impacting on business, there is a critical need to ensure sufficient budget is allocated for future potential stimulus support and relief.

7. Chamber of Commerce and Industry (CCIQ), 2021, December Quarter Pulse Survey, Sample: 837. <https://www.cciq.com.au/business-voice/pulse/>

8. CCIQ, 2021, December Quarter Pulse Survey, Sample: 837. <https://www.cciq.com.au/business-voice/pulse/>

9. Queensland Treasury, 2021, 2021-22 Budget Update s3.treasury.qld.gov.au/files/2021-22\_Budget-Update\_web.pdf

# FY2023: Top of Mind Priorities for Queensland Business

In the December 2021 Pulse Survey, CCIQ asked Queensland businesses what their top priorities for the upcoming state budget were.<sup>10</sup>

## 1. Business Friendly Government

**Initiatives to reduce red tape** ranked the highest among respondents, with over half (51.5%) of businesses indicating they would like to see such initiatives in the upcoming state budget. Red tape is increasingly becoming a constraint on Queensland's businesses, with findings from the 2021 CCIQ Red Tape Survey showing 88% of businesses experience a moderate to major impact from complying with government regulation, which is up from 72% four years ago, and is the largest impact recorded in any CCIQ red tape survey.

**Reform to payroll tax** ranked as a very close second, at 49% of respondents. The December 2021 Pulse Survey also saw 64% of business respondents listing the level of state and local business taxes and government charges as having a moderate to critical constraint on business growth.

## 2. Smart Infrastructure

**Investment in economic infrastructure**, at 39.7%, was the third highest budget ask from Queensland businesses, with Brisbane, Central Queensland, Far North Queensland, Gold Coast, Southwest Queensland, and Wide Bay Burnett all achieving scores above 40%.

## 3. Skilled Workforce

**Investment in upskilling and retraining**, at 38.2%, reflects business's urgent need for a skilled workforce. This is unsurprising given "recruiting and retaining staff" was also amongst the top key constraints on business growth in the December 2021 CCIQ Pulse Survey.

## 4. Sustainable Business Practices

**Investment incentives for sustainable practices** was also strongly favoured, at 36.2% of businesses. At CCIQ, we have seen a significant increase in the interest and uptake of sustainable business practices, for not only cost savings but also to realise market driven opportunities and growth.

## 5. Connected Business

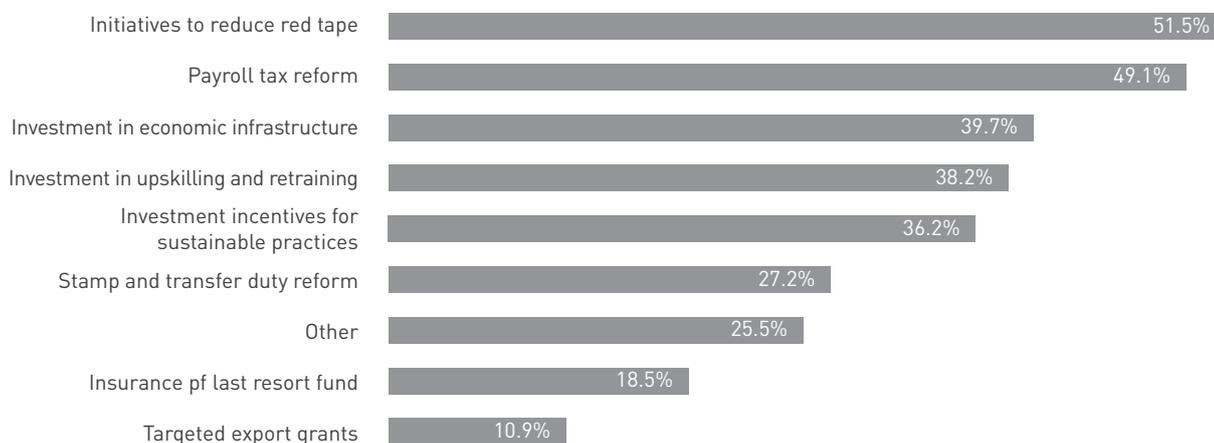
The 2021 CCIQ Digital Readiness Survey 2021 found that:

- **Connectivity reliability** ranked third highest in digital-related issues which negatively affect their business, however only 27% of businesses thought their internet connection was better than the previous year.
- Over 1 in 3 businesses agree that digital technologies are driving their growth. More businesses believe that **digital technologies** are not a competitive advantage. Being digital is now a necessity than an advantage.
- 80.6% of businesses agree it is important that their business becomes more digitally savvy. However, over half (53.1%) of respondents believe a lack of **digital skills** will negatively impact their business.

## Other key asks from business

- 18.4% of businesses were keen to see an **insurance of last resort fund**, indicating a significant portion of Queensland businesses are facing difficulties in getting insured, and
- 10.9% of businesses were interested in **targeted export grants**, reflecting a strong desire from Queensland businesses to scale and grow into international markets.

Figure 5: Initiatives Queensland Businesses would like to see reflected in the upcoming state budget



10. CCIQ, 2021, December Quarter Pulse Survey, question sample: 651. <https://www.cciq.com.au/business-voice/pulse/>

## CCIQ Policy Priorities

CCIQ five policy pillars and supporting priorities have the potential to effect the transformational change required to support the growth of a sustainable, diversified, resilient and competitive Queensland.

These pillars are as follows:

Sustainability-led transformation to advance the Queensland economy



**Business Friendly Government**

Governments that reduce operating costs and complexity



**Smart Infrastructure**

Connecting regions to build resilience



**Skilled Workforce**

Support upskilling, emerging industries and markets



**Sustainable Practices**

Developing and enhancing products and services for future sustainability



**Connected Businesses**

Advancing technology to generate opportunities

Economic Recovery (COVID-19 and natural disaster)

Brisbane 2032 Games Planning

In CCIQ’s FY2022 State Budget Submission, we suggested a three-year horizon of strategic priorities across these pillars – a step-change approach building on existing strategies and funding arrangements. Our FY2023 budget submission builds on our submission for FY2022, with an updated look at advancing business opportunities, supporting economic recovery from the impacts of the COVID-19 pandemic, and supporting a long-term, sustainability-led transformation of the Queensland economy.

Therefore, across each of these policy areas are three critical perspectives:

- Sustainability-led transformation to advance the Queensland economy:** Transforming Queensland’s economy to build resilience, eco-efficiency and productivity is critical to the viability of our communities and businesses. The state government must prioritise investments and policies that accelerate a sustainability-led transformation to advance our economy, enable industry diversification and develop future workforce skills.
- Economic Recovery:** Queensland business continues its recovery from the economic crisis of the COVID-19 pandemic, as well as compounding disruptions caused

by extreme weather events and the impacts of floods. All policy areas still very much require an economic recovery focus and a lens which considers the short- and medium-term business continuity needs.

- Brisbane 2032 Olympic and Paralympic Games Planning:** It is critical that the Queensland Government ensures that the FY2023 budget contains the appropriate funding for strategic planning across all policy areas to maximise the Brisbane 2032 Olympic and Paralympic Games opportunities for business, such as procurement opportunities, advancements in sustainability, and infrastructure to unlock business growth.

**A targeted step-change approach is required over the Queensland Government’s term to accelerate the transformation approach most effectively through policy and budget levers. CCIQ recommends taking a long-term approach to the budgeting exercise. This will also allow the Queensland government and the business community to collaborate over multiple years over a clear set of agreed priorities.**



# FY2023: BUDGET PRIORITIES FOR QUEENSLAND BUSINESSES

# 1. Business Friendly Government Priorities

Governments that reduce operating costs and complexity.



Queensland businesses have done their part in leading the economic recovery following the COVID-19 crisis. However now more than ever, businesses are reliant on business-friendly governments seeking to unlock the potential of small businesses.

In the December 2021 quarter Pulse Survey, CCIQ asked Queensland businesses what their top priorities for the upcoming state budget were.

**Initiatives to reduce red tape** ranked the highest among respondents, with over half (51.5%) of businesses indicating they would like to see such initiatives in the upcoming state budget.

Red tape is increasingly becoming a constraint on Queensland's businesses, with findings from the 2021 CCIQ Red Tape Survey showing 88% of businesses experience a moderate to major impact from complying with government regulation, which is up from 72% four years ago, and is the largest impact recorded in any CCIQ Red Tape historical survey.

## KEY FINDINGS FROM THE CCIQ RED TAPE SURVEY 2021<sup>11</sup>

**77%** of businesses reported red tape has **impacted business growth**, up from 48% in 2017. **88%** of micro and small businesses said red tape has a major impact, up from 72%.

**\$18.4b** total estimated cost of compliance across local, Queensland and Commonwealth government regulation.

**28%** of businesses indicated that completing paperwork and reporting requirements remains the **most costly** area of compliance.

Only 12 – 18% indicated that government consultation is good or very good.

**30%** of businesses **employ staff to manage their regulatory compliance.**

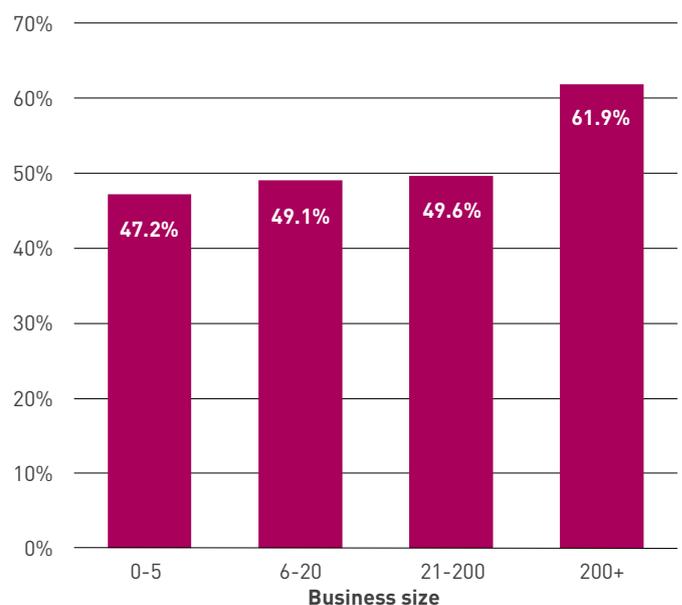
**Reform to payroll tax** also ranked as a very close second, at 49% of respondents. The December 2021 Pulse Survey also saw 64% of business respondents listing the level of state and local business taxes and government charges as having a moderate to critical constraint on business growth.

Reform to payroll tax as a key ask from business for the upcoming state budget ranked consistently high across all business sizes and increases as a burden with business size – a clear sign that payroll tax disincentivises businesses from growing beyond the tax-free threshold.

CCIQ also frequently hears from small businesses that have either missed out on **procurement** opportunities or are simply finding the process of engaging with government too much of a burden on their time and money.

10.9% of businesses were also interested in **targeted export grants**, reflecting a strong desire from Queensland businesses to scale and grow into international markets.

Figure 6: Proportion of respondents asking for reform to payroll tax by business size<sup>12</sup>.



11. CCIQ, 2021, CCIQ Red Tape Survey 2021. Sample sizes: 0 – 5: n = 265, 6 – 20: n = 224, 21 – 200: n = 133, 200+: n = 21.

12. CCIQ, 2021, December Quarter Pulse Survey, question sample: 643. <https://www.cciq.com.au/business-voice/pulse/>

## 1a. Economic Recovery

Queensland businesses have done their part in leading the economic recovery following the COVID-19 pandemic. The recent Omicron outbreak however has demonstrated that emerging variants can significantly impact progress. Given the ongoing uncertainty of the impacts of COVID-19 there is an ongoing need to ensure sufficient budget is allocated for support as needed.

Certainty of support for businesses impacted by future government restrictions related to public health responses, to be able to be activated effectively and in a timely manner, will be confidence building for businesses. This should also be supported through a National Cabinet framework of support.

The recent extreme weather and flooding events in South East Queensland have further tested businesses, with a natural disaster being experienced on top of an existing economic crisis, leaving businesses financially and emotionally exhausted.

The CCIQ Pulse Survey for the December quarter 2021 found that 63% of businesses owners/managers or someone in their business had experienced mental health challenges which could be attributed to COVID-19, up from 45% in June 2021. It is important to note that businesses both directly and indirectly affected by the recent SEQ flooding events will have likely added additional mental health challenges.

### FY2023 State Budget Recommendations:

- Business continuity support package for future public health responses.
- Continued mental health support initiatives for business owners and staff
- Additional funding for financial counselling support

13. CCIQ Red Tape Survey 2021.

14. Queensland Productivity Commission, 2021, Improving regulation. <https://s3.treasury.qld.gov.au/files/Research-Improving-Regulation.pdf>

15. CCIQ, 2021, December Quarter Pulse Survey. <https://www.cciq.com.au/business-voice/pulse/>

## 1b. Deregulation and regulatory reform

CCIQ supports the Queensland Government objectives to make Queensland a great place to do and scale business. However, business often stress that growing regulatory compliance and costs have limited their potential capacity to grow.

In our most recent Red Tape Survey (2021), CCIQ found the cost to Queensland business of complying with regulation from all levels of government to be \$18.4 billion per year, or \$39,950 per business.<sup>13</sup> This is consistent with the Queensland Productivity Commission, which reported in March 2021 that complying with state regulations costs Queensland business between \$3.5 billion and \$7 billion per year, equating to between \$7,600 and \$15,200 per business. When accounting for Commonwealth legislation, this figure grows to between \$14 and \$21 billion per year, or a cost of \$30,400 to \$45,600 per business.<sup>14</sup>

CCIQ's Red Tape Survey (2021) also found that time spent on compliance per week has increased since 2017, with 45% of businesses taking more than five hours to complete their compliance activities (up from 35% in 2017), and 14% having to spend more than twenty hours (up from 11% in 2017).

The cost and complexity of red tape is cited as a consistent and major constraint for Queensland's businesses<sup>15</sup>, and particularly a heavy burden for SMEs which do not have the specialised personnel to navigate the complexity. 39% of SMEs indicated that compliance was managed by the business owner or manager, taking time away from other business activities and impacting significantly on the productivity of businesses.

A commitment to reducing complexity and processing times for permits and fees is needed. An example of this is Food Safety regulation complexity and inconsistencies across jurisdictions, currently a barrier to business growth.

The cost of insurance is also a key constraint for Queensland business. In the December quarter 2021 pulse, insurance premium costs ranked as the fifth most significant constraint on business growth. Insurance premium costs have ranked in the top five constraints on businesses for the past ten quarters.

The removal of GST on insurance premiums could help make insurance more affordable. CCIQ has proposed further recommendations for how government can play a role in addressing insurance market constraints in later sections of this submission.

### FY2023 State Budget Recommendations:

Commit to productivity and efficiency enhancing initiatives, including:

- Reduce complexity and processing times for government permits and fees processing, including Food Safety (with close collaboration with local government).
- Remove GST and insurance duty on insurance premiums for businesses.
- Commit to reducing red tape on SMEs

## 1c. Payroll Tax Reform

Payroll tax impacts on businesses ability to grow and employ. In the December quarter 2021 Pulse survey, payroll tax was noted by close to half (49%) of business respondents as requiring immediate reform to aid in the ongoing recovery of the economy.

The process of introducing payroll tax liability to a growing business:

- firstly, the business must register for payroll tax the first month of crossing the monthly threshold, and
- secondly, the business must pay the incurred amount in the next return period (i.e.. the next month or half-year period).

Payroll tax disincentives businesses from growing. Businesses can accidentally cross the threshold, not only due to taking on new hires but also due to increases to the minimum and award wage rates, increases to compulsory superannuation contributions, and other factors.

Payroll tax arrangements need reform to address the disincentivise on business growth. This could be achieved by providing an exemption for payroll tax for businesses in their first year operating over the taxable wage threshold.

Waiving this initial payroll tax would relieve the cost burden on growing businesses, and give businesses the time and resources to strategical plan their options for employment levels in their first year of meeting this threshold. The savings can be used on other investments or capital expenses more applicable to their first period of grow. When the exemption period ends, businesses will be more prepared for whether they can maintain their current operating model, accounting for the new costs of payroll tax. An example of this scenario is provided opposite.

### FY2023 State Budget Recommendations:

- Implement a payroll tax liability exemption for businesses who cross the threshold for their first time, for one year.
- Begin using national cabinet as forum for advocating for broader holistic reform at a federal level including potential payroll tax reform.

### CCIQ supports the Australian Chamber of Commerce and Industry (ACCI) in the ambition to reduce the burden of payroll tax on business.

In July 2021, ACCI released an Issues Paper, **Payroll Tax – a handbrake on jobs and investment**,<sup>17</sup> highlighting the burden that payroll taxes impose on both employers and employees alike. These findings were supported by a survey of 620 Australian businesses, which identified payroll tax as the highest reform priority.

The paper highlighted the punitive nature of payroll tax, including the:

- inefficient and inequitable means of raising revenue for state and territory governments;
- adverse impacts on the profitability and competitiveness of businesses;
- imposition on job creation resulting in reduced employment and lower wages; and
- significant compliance and administrative burdens on businesses.

ACCI and CCIQ has long championed comprehensive tax reform and the need for a strategic approach that involves both tiers of government, including in response to the unnecessarily complex payroll taxes that place a heavy administrative burden on businesses.

“A sustainable business-led recovery from the COVID-19 pandemic must be supported by tax reforms that embolden businesses, encourage investment and increase workforce participation,” Dr Ross Lambie, ACCI Chief Economist said.

“Reform needs to identify inefficient taxes like payroll tax and adopt measures that replace the revenue lost to state and territory governments.”

16. Australian Chamber of Commerce and Industry, 2021, “Payroll Tax: A handbrake on jobs & investment – Issues Paper July 2021” <https://www.australianchamber.com.au/publications/payroll-tax-a-handbrake-on-jobs-investment-issues-paper-july-2021/>

## Payroll tax concession scenario

A Queensland manufacturer employs thirteen staff at the average Queensland salary (\$86,912.80)<sup>17</sup>. In the next financial year, the business is looking to grow, which would require hiring two additional staff.

No. of Employees	Wage Bill at Average Salary	Payroll Tax Liability
10	\$869,128.00	\$0
11	\$956,040.80	\$0
12	\$1,042,953.60	\$0
13	\$1,129,866.40	\$0
14	\$1,216,779.20	\$0
15	\$1,303,692.00	\$61,925.37
16	\$1,390,604.80	\$66,053.73
17	\$1,477,517.60	\$70,182.09

If the business were to increase the number of employees from thirteen to fifteen, they would cross the payroll tax threshold and be liable to pay \$61,925.37 (in addition to the two extra salaries). The business may decide to only hire one new person to stay below the threshold, a clear example of payroll tax disincentivising business growth.

With a concession arrangement, the businesses growth could be celebrated by granting a concession in the first year the business crosses the threshold, allowing the \$61,925.37 to be reinvested back into the business, better preparing them for their tax liability the following year.

17. Australian Bureau of Statistics, 2021, Average Weekly Earnings, Australia.  
<https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/average-weekly-earnings-australia/latest-release>

## 1d. Small Business Procurement

Opportunities exist for the government to unlock the potential of small businesses through procurement processes. As it stands, the Queensland Government spends approximately \$4 billion on general goods and services, in addition to more than \$50 billion over a four-year horizon on an extensive capital works program. Small businesses have the capacity to supply a significant proportion of this while delivering favourable outcomes for their region.

CCIQ frequently hears from small businesses that have either missed out on opportunities, as well as those which are simply unwilling to engage in tendering processes due to the time and monetary costs.

### STEP-CHANGE IMPROVEMENTS NEEDED TO THE QUEENSLAND PROCUREMENT POLICY

Progressive leadership and genuine change in the government procurement system is required to achieve SME participation in procurement opportunities.

In September 2021, CCIQ hosted an Industry Procurement Roundtable, inviting the Minister for Employment and Small Business to a discussion with a selection of our business members and regional chambers. Key discussions included:

- Chamber and industry stakeholder input on opportunities to progress small business participation,
- Progress in achieving the Queensland Government procurement target, in addition to other procurement initiatives underway or being planned, and
- Opportunity to establish a procurement committee to support initiatives ongoing and develop next steps.

CCIQ believes that whole-of-government accountability is needed for progress on procurement targets and system improvements to better maximise outcomes for small business must be a priority. Similar committees have existed in the past to progress outcomes, including the Tourism Cabinet Committee and Infrastructure Committee.

## OLYMPICS OPPORTUNITY

The Brisbane 2032 Olympic and Paralympic Games represents an opportunity for a targeted effort to improving the SME procurement participation and outcomes for Queensland business. Planning however is needed now to ensure that SME opportunities are maximised.

In addition to improving the Queensland Procurement Policy to reduce barriers for SMEs, the Queensland Government must set an ambitious target for SME procurement for the Brisbane 2032 Olympic and Paralympic Games, and which rewards businesses sustainable practices through the procurement process. Along with commitments to building capability and scalability, this would support business confidence in the Brisbane 2032 opportunity. But the journey must start now.

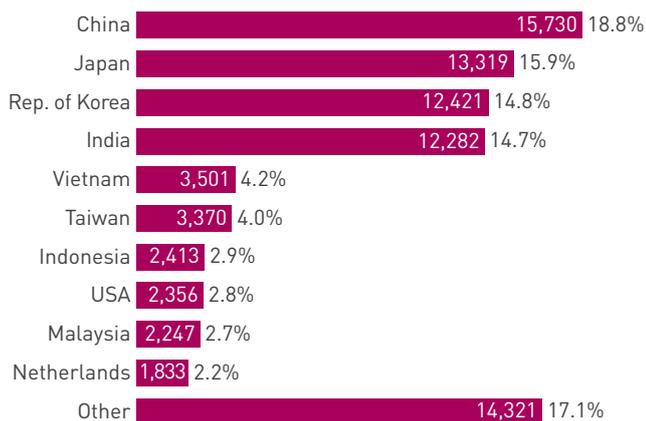
### FY2023 State Budget Recommendations:

- Establish a cabinet subcommittee/ taskforce to deal with long-term and cross portfolio initiatives to achieve better outcomes for procurement in Queensland
- Break-up tenders for SMEs
- Simplify tender processes
- Develop a dashboard for procurement pipeline
- Cut SME payment terms to 5 days
- Implement a whole of government delivery model for SMEs that shifts the procurement online
- Set an ambitious target for SME procurement for Brisbane 2032
- Accelerate funding for procurement capability programs for SMEs

## 1e. Targeted Export Grants

Queensland is a major exporting state, the second largest exporter in the Australian context. In the year ending January 2022, Queensland exported \$83.8 billion worth of goods, responsible for 18% of Australia's total trade<sup>18</sup>. In line with Australia as a whole, Queensland's trade and investment profile is also highly concentrated. The top 10 countries Queensland exports to are shown in Figure 7 below.

**Figure 7: Queensland exports of goods by destination country, year ending January 2022, by total value (\$Am) and percentage share (%)**



With the top four destination countries making up more than 64% of the states' total exports, Queensland's export sector is highly vulnerable to economic and global crises. Between 2019 and 2021, the total export values from Queensland to the top four markets dropped by 39%. In contrast, total export to the next six top markets only shrunk by 14% during this period.<sup>19</sup> These six markets are also expected to recover faster in the upcoming years, as both their economies and their trades with Queensland were growing faster than that of the top four before 2020. Support for export market diversification in Queensland is needed to maximise export growth potential as well as resilience to future shocks.

CCIQ (as well as other state chambers of commerce) are accredited to issue certificate of origin documentation and other export services, enabling the mobilisation of the state's export potential. We have seen firsthand the challenges of the global health pandemic on exporting businesses, as well as the barriers business face in accessing export markets, navigating export processes, and scaling their businesses.

We are now seeing the recovery of export markets since the global impacts on international trade experienced in 2020 due to the COVID-19 pandemic. Further, in the December quarter 2021 CCIQ Pulse Survey, 10.9% of businesses were interested in seeing **targeted export grants**, reflecting a strong desire from Queensland businesses to scale and grow into international markets. Now is the time to be investing in the promotion of Queensland Made products and services, for both domestic and international markets.

The Export Market Development Grant is a great resource for Queensland businesses to support them in developing their business cases. In the current economic conditions, this grant funding should be enhanced to further Queensland businesses export potential. The funding allocated to Trade and Investment Queensland should also be enhanced, to work closely with industry to build export expertise for export market opportunities.

**Now is the time for this focus and investment, to support Queensland businesses through economic recovery but also to start the journey to realise export opportunities of the Brisbane 2032 Olympic and Paralympic Games.**

### FY2023 State Budget Recommendations:

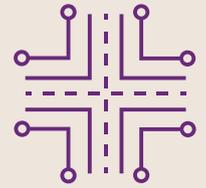
- Funding grants to deliver market diversification training for existing exporters and export ready SMEs. For example, market entry strategies and education and training for businesses to fully utilise FTAs with key exports markets (such as, Japan, Indonesia, Vietnam)
- Promotion and development support for Queensland Made products and services for domestic and international markets
- Prioritise investment in Regional Trade Distribution Centres across the state.

18. Australian Bureau of Statistics, 2022, International Trade in Goods and Services, Category 5368.0 [www.abs.gov.au/statistics/economy/international-trade/international-trade-goods-and-services-australia/latest-release#data-download](http://www.abs.gov.au/statistics/economy/international-trade/international-trade-goods-and-services-australia/latest-release#data-download)

19. Queensland Government Statistician's Office, Exports of Queensland goods overseas, 2022, [www.qgso.qld.gov.au/issues/3526/exports-qld-goods-overseas-202201.pdf](http://www.qgso.qld.gov.au/issues/3526/exports-qld-goods-overseas-202201.pdf)

## 2. Smart Infrastructure Budget Priorities

Connecting regions to build resilience.



Smart infrastructure is critical for connecting a state as geographically large as Queensland, and for supporting business viability and competitiveness.

In the December quarter Pulse Survey, CCIQ asked Queensland businesses what their top priorities for the upcoming state budget were. **Investment in economic infrastructure**, at 39.7%, was the third highest budget ask from Queensland business.

The top five industries wanting to see investment in economic infrastructure in this year's state budget were:

- Administration and support services
- Construction
- Healthcare and social assistance
- Information, telecommunication, and media
- Education and training

CCIQ further believes that infrastructure must support the resilience and diversification of traditional industries such as agriculture, as well as the development opportunities and competitiveness of emerging sectors.

Queensland needs a refocused investment plan in key transport infrastructure, which build connectivity between regions and key trade ports, to support our state's economic growth opportunities. A Deloitte

Access Economics (DAE) study in 2018 confirmed that moving 30% of freight to rail by 2035 could have an \$820 million economic benefit for Queensland.<sup>20</sup> Key connectivity and productivity enhancing projects, such as a dedicated freight rail link to the Port of Brisbane, are a crucial part of this plan and will support Queensland businesses to scale and grow.

The social and economic return can be further enhanced by supporting the creation of and scaling of emerging and sustainable industries such as renewable energy. Resource recovery infrastructure has the potential to enable waste to be valued as a resource and commodity, creating more sustainable regions, and creating new industries and jobs.

The recent extreme weather experienced in South East Queensland causing widespread flooding has demonstrated first-hand the need for resilient infrastructure. Queensland's population continues to expand, we are experiencing more regular disruptive natural disasters, and several regions have critical water security constraints. The investment in smart and resilient infrastructure is critical, as well as infrastructure which provides security for businesses and communities.

The Brisbane 2032 Paralympic and Olympic Games is an opportunity for legacy infrastructure projects with long-term benefits for Queensland business.

20. Deloitte Access Economics, 2018, Establishing the need for the last mile. Making the case for a dedicated freight rail link from Acacia Ridge to the Port of Brisbane, <https://www.aph.gov.au/DocumentStore.ashx?id=48a8c7b4-6b9e-42e6-9173-b3533306e410&subId=674947>

## 2a. Refocus investments in road, rail, runway and ports

The Queensland Governments recently released draft Queensland Freight Strategy and Action Plan presents a 10-year strategy for advancing the state's freight policy, planning and investment decisions. In the strategy the Queensland Government has made a commitment to providing certainty to industry of future rail freight planning, as well as investments in improving the resilience of freight infrastructure, including a range of flood immunity improvements.

Infrastructure is required to enable exporters to efficiently traverse the distance from production to customer, particularly critical for our major resources and agricultural sectors. As Queensland's high-value agricultural exports grow in volume and value, effective investment in infrastructure will unlock even more opportunities.

CCIQ consulted with local and regional chambers across Qld to identify regional infrastructure projects perceived to have the most benefit to business and future regional economic development, shown in table 2.

**Table 2: Priority road/rail/runway/ports infrastructure areas identified by Queensland business<sup>21</sup>**

Region	Priority Areas
<b>Central Coast</b>	<ul style="list-style-type: none"> <li>Improved connectivity between transport nodes is required, as significant transport costs and inefficient freight transport and logistics systems limit access to domestic and international markets.</li> <li>Absence of all-weather road and rail infrastructure.</li> </ul>
<b>Central Queensland</b>	<ul style="list-style-type: none"> <li>Airports and seaports provide access to domestic and international markets, but access is limited by lack of suitable infrastructure. Improved connectivity between transport modes required.</li> </ul>
<b>Far North Queensland</b>	<ul style="list-style-type: none"> <li>Limited air freight opportunities; transport costs and inefficient freight transport and logistics systems.</li> <li>Absence of all-weather road and rail infrastructure.</li> </ul>

<b>Gold Coast</b>	<ul style="list-style-type: none"> <li>Air, rail and road freight and transport systems currently at/ exceeding capacity.</li> </ul>
<b>North Queensland</b>	<ul style="list-style-type: none"> <li>High infrastructure and transport costs to domestic and international markets for new developments</li> <li>Sub-standard quality of the Bruce highway is leading to capacity constraints.</li> </ul>
<b>Sunshine Coast</b>	<ul style="list-style-type: none"> <li>Air, rail and road freight and transport systems currently at/ exceeding capacity.</li> <li>Poor inter and intra-regional connectivity.</li> </ul>
<b>Southwest Queensland</b>	<ul style="list-style-type: none"> <li>Poor quality road infrastructure impedes commercial connectivity.</li> </ul>
<b>Wide Bay Burnett</b>	<ul style="list-style-type: none"> <li>Transport costs and inefficient freight transport and logistics systems.</li> <li>Absence of all-weather road and rail infrastructure.</li> <li>Poor inter and intra-regional connectivity.</li> </ul>

Getting priority projects underway, including the sharing of business cases and early strategic planning work with industry, will provided the necessary clarity for businesses to confidently plan and invest.

CCIQ and local chambers across Queensland look forward to working with the Queensland Government on the upcoming Regional Freight Plans and Regional Infrastructure Plans, all of which are expected to be consulted on in 2022.

### FY2023 State Budget Recommendations:

- Identify and accelerate priority transport connectivity projects for road, rail, runways, and ports across our regions.
- Prioritise funding for regional infrastructure projects as identified in the State Infrastructure Strategy and regional infrastructure plans.

21. CCIQ in consultation with regional chambers, 2021

## 2b. Accelerate eco-efficient infrastructure

Resource recovery infrastructure has the potential to enable waste to be valued as a resource and commodity, creating more sustainable regions and creating new industries and jobs. This would also support the Queensland Government's target of "9 jobs per 10 000 tons of diverted waste" stated in the recent State Infrastructure Strategy.

In last year's state budget submission, CCIQ asked for the prioritisation and funding of pipeline of projects under the 10-year roadmap for resource recovery, waste and circular economy projects in key regional locations. In December 2021, the Queensland Government announced a \$2.1 billion waste package, with the commitment to help build new resource recovery infrastructure through co-investment opportunities for councils and industry.

With funds allocated, this phased, 10-year funding must be seen to be prioritised and spending underway in FY2023 to get projects underway as soon as possible. Resource recovery infrastructure could be also built with funds already collected from the waste levy – that came into effect in July 2019 – to not impose too much of an additional cost burden on Queensland's business community.

### FY2023 State Budget Recommendations:

- Attract private investment to scale sustainable infrastructure projects in regions, building on 10-year roadmap for resource recovery, waste, and the circular economy.

## 2c. Transitioning to sustainable energy

CCIQ supports the Queensland Government's intention of a net-zero infrastructure plan, provided if it does not raise costs for business. CCIQ recommended that this be achieved via supporting and incentivising businesses rather than mandating compliance.

The Grattan Institute<sup>22</sup> highlights in their practical net-zero transition report the role of state governments in assisting small businesses with transition to sustainable energy and emissions savings:

**"If governments want to achieve net zero, they need to put policies in place that shorten the odds – that is, policies that reduce risk to private investment flows."**

The Grattan Institute recommends state governments should consider using energy saving schemes, such as business energy grants or energy savings scheme currently in place in NSW and Victoria. While programs like ecoBiz or Business Energy Savers Program in Queensland are a good start, the Grattan Institute suggests that a pro-active scheme such as an instant asset write-off could help fund small business emission reductions.

CCIQ supported the investment suggested in the draft State Infrastructure Strategy – under **Better performing buildings** – to drive sustainability and lower energy costs, however recommended that the investment in better performing buildings be an incentive-based program, with targeted funding for SMEs to become more sustainable.

It is critical for the state government to play a leading role in future proofing Queensland's energy asset base, including supporting network upgrades and streamlining the development of Renewable Energy Zones (REZs). Investment in REZs, including progressing design reports and preparatory activities in consultation with industry, will provide the confidence needed to encourage investment in renewable generation and storage projects, seek to maximise economic development benefits, and manage any future energy supply chain risks.

### FY2023 State Budget Recommendations:

- Investment in future-proofing Queensland's energy asset base and building resilience in the transition to sustainable energy sources.
- Incentives for business to invest in sustainable energy initiatives and solutions.
- Continue to invest in and ensure funding allocated to renewable energy zones is effectively utilised.

22. Grattan Institute, 2021, Towards net zero: Practical policies to reduce industrial emissions. <https://grattan.edu.au/wp-content/uploads/2021/08/Towards-net-zero-Practical-policies-to-reduce-industrial-emissions-Grattan-report.pdf>

## 2d. Resilient Regions

Modelling by Deloitte Access Economics in a recent 2021 report, Building Australia's resilience to natural disasters: investing in preparedness, **estimates that between now and 2060 Queensland is expected to incur the largest increase in cost related to natural disasters of any state, accounting for nearly 40% of national costs of natural disasters.**<sup>23</sup> Queensland was consistently ranked the highest of the states across all climate change scenarios modelled, although when modelled by regions nationally, South East Queensland leads followed by North East New South Wales. In this report it is advised that all levels of government need to work to integrate natural disaster resilience into future planning of cities and regions. Targeted investments in infrastructure, community resilience and preparedness efforts can reduce these costs.

Further application of historical damage measurements, such as the Repeated Events and Dollars Index (REDI) developed by QRA, can be useful in informing these investment decisions.

Disaster recovery funding mechanisms can also be utilised for preparedness to improve resilience to extreme weather events and changing conditions. Where relief assistance for those impacted are adequate, CCIQ supports a shift towards allocation of disaster funds to prevention and mitigation projects.

The resilience of transport infrastructure would help businesses and communities recover faster from natural disasters. Maintenance budgets of existing transport infrastructure assets must include climate adaptation and resilience building.

Floods and droughts feature prominently in the list of natural disasters impacting our state, however water security is a key concern for many regions. Water security projects aim to mitigate the effects of floods

and droughts, harness excess precipitation, and help to support the resilience of economic activity in drought prone areas. Water security is critical for the economic resilience of many Queensland regions – what is needed is firm commitments to commence viable water security projects.

In our submission to the draft State Infrastructure Strategy, CCIQ recommended the Queensland Government:

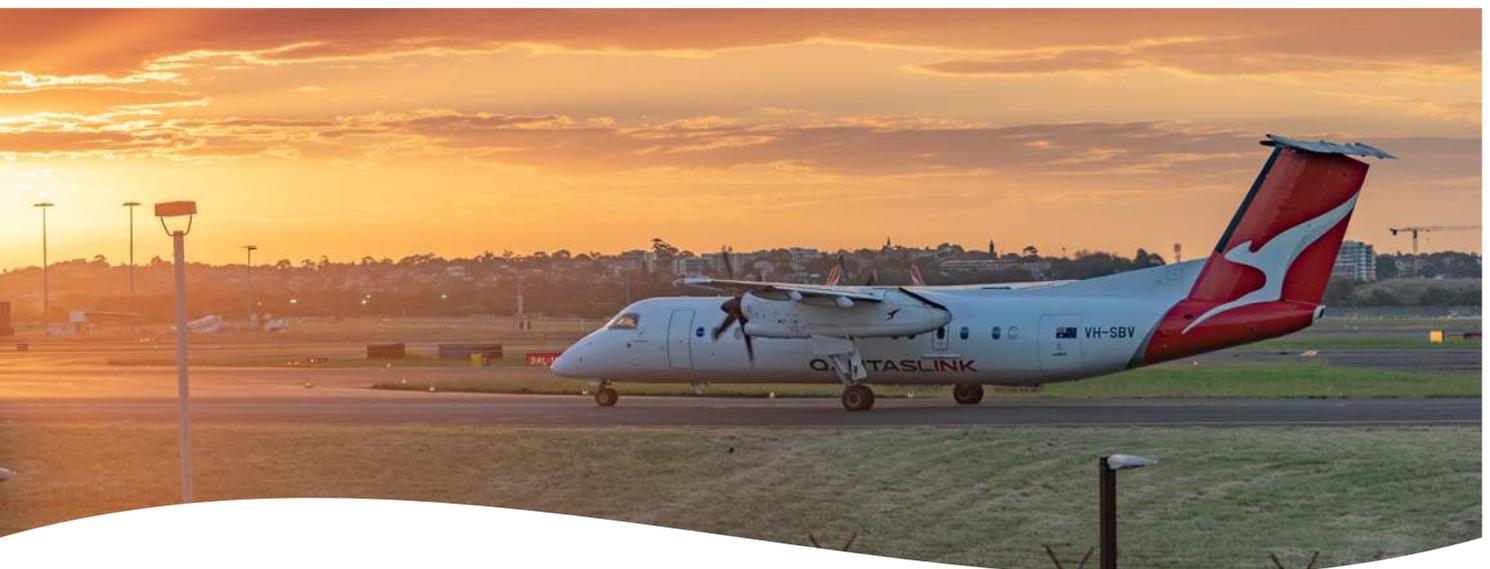
- Commit to City Deals for additional Qld regions as a vehicle for agreed projects and funding models. This could prove effective for high producing regions with water security issues
- Commit to developing and finalising business cases for priority water security projects in critical need regions as a priority.
- Finalise and publish business cases for priority water security projects, to improve business confidence and support business investment and planning.

A commitment to City Deals in additional regions could further achieve outcomes for priority projects across infrastructure classes.

### Recommendations:

- Commit to City Deals for additional Qld regions as a vehicle for agreed projects and funding models.
- Expand funding arrangements for preparedness efforts and building resilience in regions.
- Accelerate investments in existing transport infrastructure assets to build resilience against extreme weather events.
- Commitment to a pipeline of water security projects

23. Deloitte Access Economics, 2021, Special report: Update to the economic costs of natural disaster in Australia <https://www2.deloitte.com/au/en/pages/economics/articles/building-australias-natural-disaster-resilience.html>



## 2e. Brisbane 2032 Infrastructure

As the 2032 Olympic and Paralympic Games planning gains momentum, the spotlight shining on these Games and the anticipated increase in publicity, infrastructure spending and economic activity presents an opportunity for Queensland business. The infrastructure delivered as a legacy of the Brisbane 2032 Games must develop further opportunities for Queensland being a great place to do business. It must be:

- Sustainable,
- Fit for purpose,
- Multi-functional for broader community and business needs,
- Regional productivity enhancing, and
- Connected

'Legacy infrastructure' must be sustainability and environmentally positive. The Queensland Government has proposed to deliver a climate positive games through key actions including:

- repurposing and upgrading existing infrastructure: where possible using and repurposing existing infrastructure for the Games, including upgrading existing assets using recycled materials and lower carbon options, and
- transport planning: greater use of public transport, detailed transport planning and co-location of events to minimise congestion and emissions during the Games<sup>24</sup>.

24. KPMG, 2021, Brisbane 2032 Olympic and Paralympic Games, Preliminary economic, social and environmental analysis [www.premiers.qld.gov.au/publications/categories/reports/assets/2032-qld-games-economic-analysis-summary-report-final.pdf](http://www.premiers.qld.gov.au/publications/categories/reports/assets/2032-qld-games-economic-analysis-summary-report-final.pdf)

25. Griffith University, 2019, Business and the Gold Coast 2018 Commonwealth Games: Expectations, outcomes and the future. [www.griffith.edu.au/\\_data/assets/pdf\\_file/0034/778912/business-and-the-gold-coast-2018-commonwealth-games.pdf](http://www.griffith.edu.au/_data/assets/pdf_file/0034/778912/business-and-the-gold-coast-2018-commonwealth-games.pdf)

Learnings from the 2018 Commonwealth Games hosted in the Gold Coast provided insight into essential planning mistakes to avoid in order to maximise the economic potential and opportunities for business. A 2019 study by Griffith University highlighted the negative impacts business faced during the games, due to a lack of clear planning and engagement from the Queensland government.<sup>25</sup> On top of issues with customer numbers, vehicle access and pedestrian access were highlighted as top reasons for negative impacts on business.

"Our report recommendations underscore the need for a more proactive endeavour on the part of future event organisers and government to engage business across in the planning stages"

**For the vision of the 2032 Games to be delivered in time, and legacy and economic opportunity maximised, early works for infrastructure planning must be considered in the FY2023 State Budget..**

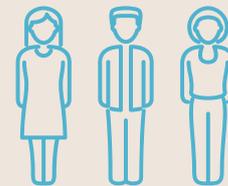
### FY2023 State Budget Recommendations:

- Commit to funding business cases for Brisbane 2032 legacy infrastructure projects.
- Use 2032 Olympic priorities to select priority transport connectivity projects
- Engage business in the planning and preparation process to ensure clarity and relevancy in building suitable infrastructure for the Games.

See also procurement opportunities under Business Friendly Government (1d. Small Business Procurement).



# 3. Skilled Workforce Budget Priorities



Skilled Workforce – Support upskilling emerging industries and markets

The Pulse Business Index for Employment Levels has fallen in the December quarter 2021, with 34% of businesses indicating their staffing levels have decreased from the previous quarter.

This result, despite Queensland’s unemployment rate currently being at 4.4%, reflects the skill shortages experienced across several industries and regions, and the incredibly tight labour market conditions present. Also, unable to access overseas workers, businesses are often having to compete with one another over a limited number of qualified workers.

CCIQ also asked Queensland businesses what their top priorities for the upcoming state budget were. **Investment in upskilling and retraining**, at 38.2% of businesses, the fourth highest priority, and reflecting the critical need for skilled workers. This is unsurprising given “recruiting and retaining staff” was also reported as amongst the top key constraints on business growth.

The results are consistent across all levels of SMEs as can be seen in Figure 8, with only large businesses

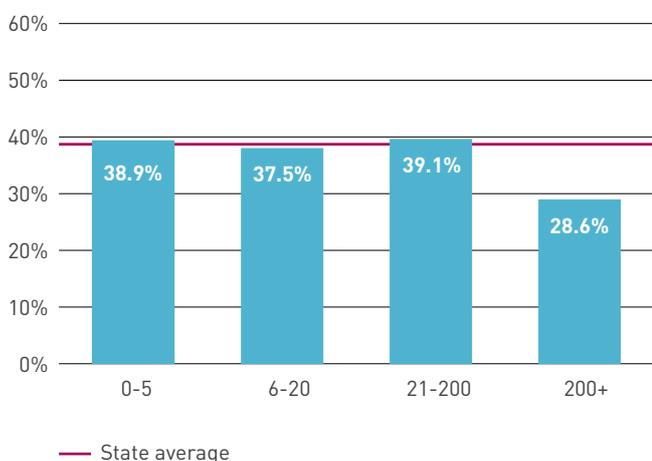
(200+) showing less of a need for investment in upskilling and retraining, though this still ranked in the top five priorities for large businesses. This may be due to larger businesses having the resources needed to attract and retain qualified staff in a tight labour market, as well as a greater ability to upskill and retrain their own staff.

The Gold Coast and Central Coast (including Mackay) regions indicated the greatest need for skilled staff, with this issue being their first and second favoured budget ask respectively, and both well above the state average (as shown in Figure 9 below).

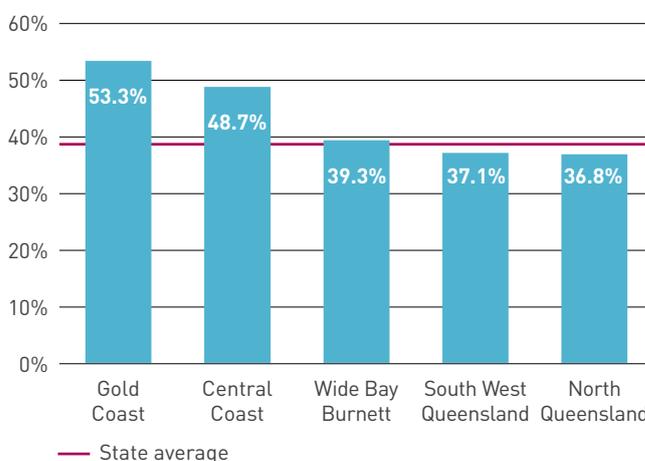
The Vocational Education and Training (VET) sector is critically important for Queensland’s skills landscape but has seen declines in numbers over the past 10 or more years. Based on 2019 figures, the number of apprentices and trainees in training has fallen by 35 per cent since 2009 and 20 per cent since 2014. Apprentices employed in trade pathways reduced 12.5 per cent and 7 per cent over the same periods.

The completion rates of apprentices and trainees who commenced training in 2014 have decreased to 56.7 per cent (down from 59.9 per cent for those commencing in 2013).

**Figure 8: Respondents wanting to see investment in upskilling and retraining in this year’s state budget by business size.<sup>26</sup>**



**Figure 9: Top 5 regions wanting to see investment in upskilling and retraining in this year’s state budget.<sup>27</sup>**



26. CCIQ, 2021, December Quarter Pulse Survey, question sample: 643. [www.cciq.com.au/business-voice/pulse/](http://www.cciq.com.au/business-voice/pulse/).

27. CCIQ, 2021, December Quarter Pulse Survey, question sample: 640. [www.cciq.com.au/business-voice/pulse/](http://www.cciq.com.au/business-voice/pulse/).

### 3a. Incentivise upskilling for traditional and emerging sectors

The occupations and sectors needing support is broad and includes both traditional trades and industries as well as emerging. There is an opportunity to train workers, particularly the youth in new and emerging skills.

A component of the decline in engagement with apprenticeships and traineeships is likely associated with factors including:

- qualifications which have not adapted to changes in the labour market,
- a consumer shift to shorter skilling approaches and micro-credentials, and
- demographic changes making the pathway less attractive to young people and policy and funding changes.<sup>28</sup>

Increasing funding for existing programs eg. Gateway to industry

The top five industries wanting to see investment in upskilling and retraining in this year's state budget<sup>29</sup> included:

- information media and telecommunications,
- arts and recreation services,
- accommodation and hospitality,
- administrative and support services, and
- other services (personal services, repair services, etc.).

The National Skills Commission<sup>30</sup> has identify a number of emerging occupations that need to be funded, listed in the box below.

#### Emerging occupations needing support:

The National Skills Commission has identified emerging occupations which need to be further funded:

- Data analytics (data analysts, data scientists)
- Sustainability engineering and trades (solar installers, energy efficiency engineers, wind turbine technicians, hazardous materials labourers)
- Emerging business practices (agile coaches, developers, engineers, logistics analysts)
- Health (biostatisticians, nurse liaisons)
- Online engagement (Digital marketing analysts, social media specialists, user experience analysts)
- Regulatory (risk analysts, regulatory affairs specialists, energy auditors).

#### FY2023 State Budget Recommendations:

- Develop a model of funding for non-trade-based skills areas that incentivises businesses to employ and invest in new and emerging skills.
- Increasing funding for existing programs e.g. Gateway to industry
- Strengthen investments in STEM skills for both traditional and emerging sectors

28. Department of Education, Skills and Employment, 2021, Vocational Education and Training (VET) Reform Roadmap Draft. [www.dese.gov.au/uncategorised/resources/vocational-education-and-training-vet-reform-roadmap-consultation-draft](http://www.dese.gov.au/uncategorised/resources/vocational-education-and-training-vet-reform-roadmap-consultation-draft)

29. CCIQ, 2021, December Quarter Pulse Survey, question sample: 639. [www.cciq.com.au/business-voice/pulse/](http://www.cciq.com.au/business-voice/pulse/)

30. National Skills Commission, 2020, Emerging Occupations [www.nationalskillscommission.gov.au/emerging-occupations](http://www.nationalskillscommission.gov.au/emerging-occupations)



### 3b. Reinvigorate the regions

The Queensland Government must invest in supporting upskilling and attracting skilled workforce to regional Queensland. The December 2021 quarter CCIQ Pulse Survey<sup>31</sup> reported that businesses ability to recruit and retain staff was the second highest critical constraint on businesses, behind only the level of demand and economic activity.

CCIQ member feedback on labour shortages:

“Continued border closures (both domestic and international) will have a continued impact. The lack of access to international candidates and expats will slow down economic growth. Lack of a clear strategy (not a brochure) for economic recovery in Queensland will have a significant impact locally.”

“Staff shortages due to lack of overseas workers is spreading our existing workforce too thin.”

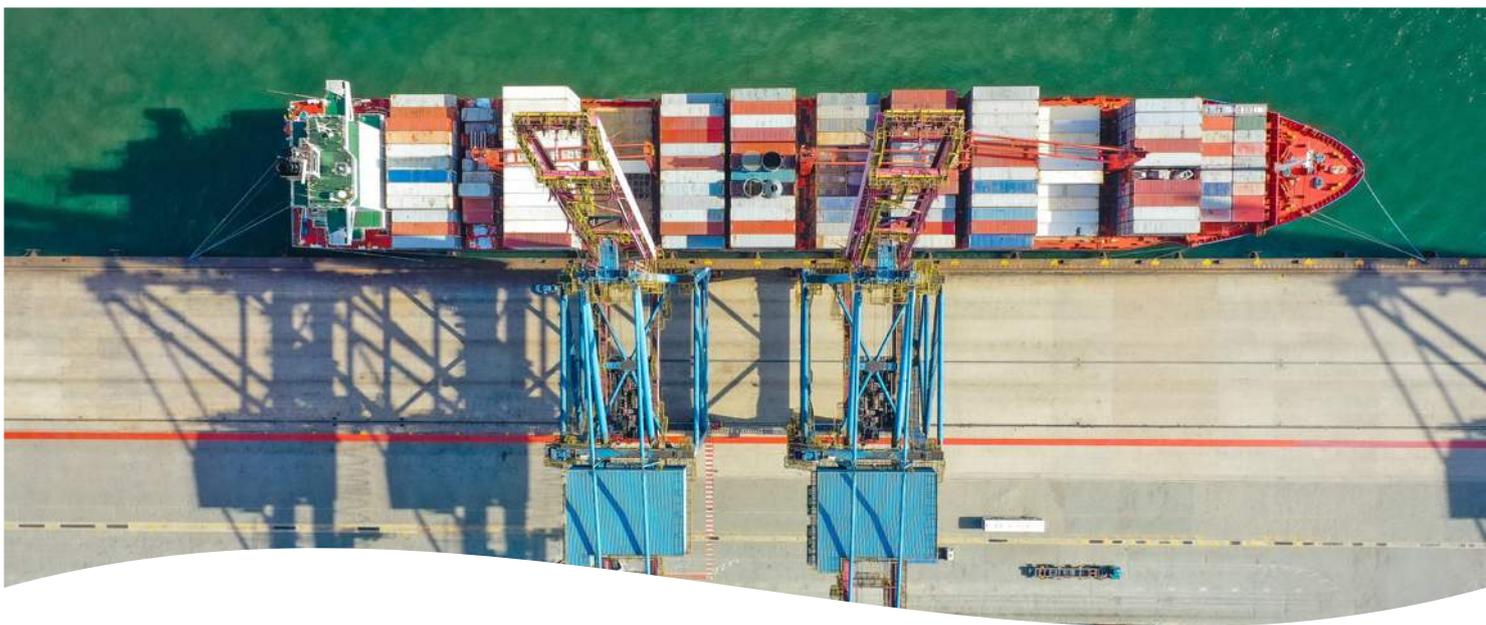
Skilled migration is essential for the prosperity of SMEs across Queensland. They breathe life into our regions and enable businesses to operate with a labour force that has the right skills. Migration also lifts our regional, remote and rural towns by increasing their populations and strengthening their economies.

Queensland’s migration profile shows that COVID-19 has had a detrimental effect on our population. Both skilled and unskilled migrants are crucial in sustaining Queensland’s steady population growth and economic prosperity. The deficit of overseas migrants has resulted in widespread labour shortages, in high skilled professions and in jobs primarily held by working holiday makers or international students.

Businesses must also be supported in building their capability to compete. One critical area of capability training is in becoming export-ready. 10.9% of business respondents to the CCIQ Pulse Survey for the December 2021 quarter were interested in **targeted export grants** in the upcoming state budget, reflecting a strong desire from Queensland businesses to scale and grow into international markets.

#### FY2023 State Budget Recommendations:

- Simplify migration schemes and target incentives for skilled and seasonal workers to relocate to areas with skills shortages.
- Commit to workforce planning program across all regions to target skills and training needs.
- Implement the workforce planning findings to strengthen linkages between universities and TAFE to provide flexibility in delivery and access to training and skills that better meet regional workforce needs.



31. CCIQ, 2021, December Quarter Pulse Survey, question sample: 639. [www.cciq.com.au/business-voice/pulse/](http://www.cciq.com.au/business-voice/pulse/)

### 3c. Improved funding arrangements

With one of Queensland business's top asks for the upcoming state budget **Investment in upskilling and retraining**, at 38.2%, improved funding arrangements could also support this.

Targeted, streamlined and efficient processes for business to access education and training programs will support upskilling and connecting skilled workers with businesses.

CCIQ also supports targeting training with a focus on sustainability. A key barrier to sustainability maturity and growth is the time and expertise to implement new sustainable business practices and design new sustainable products and services. Investing in sustainability skills for our future skilled workforce could have far reaching benefits for Queensland business.

The Queensland Government must support the future skills needs of both traditional and emerging sectors. CCIQ looks forward to working with the Department of Employment, Small Business and Training and participating alongside local chamber groups at the upcoming Workforce Summit to ensure funding for

training is going to not only where it is most needed in the immediate term but also investing in the future growth of Queensland business and emerging industries.

The FY2023 Budget however must reflect sufficient funding to enable this critical support and investment. As a start, it is critical to ensure that apprentice and traineeship subsidies with a focus on future skills needs are extended. Demand for these subsidies remains high and removing them could discourage businesses commitment to training.

**FY2023 State Budget Recommendations:**

- Support education and training programs focused on sustainability
- Extend apprentice and traineeship subsidies with a focus on future skills needs.



# 4. Sustainable Practices Budget Priorities

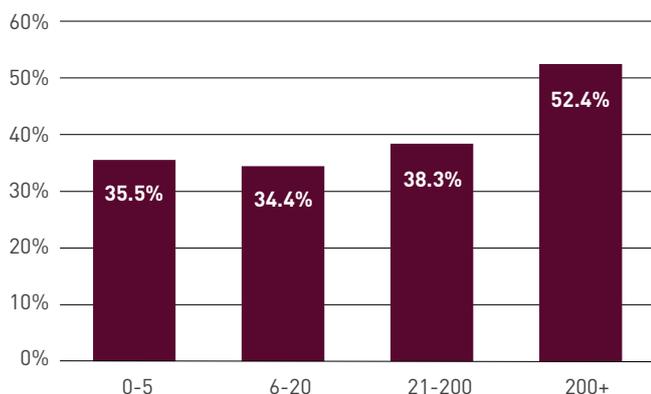
Developing and enhancing products and services for future sustainability.



Adopting sustainable business practices remain an operational priority for many businesses looking to reduce production waste, save on utility expenditure, and leverage a high-quality reputation.

In the December 2021 Pulse Survey, CCIQ asked Queensland businesses what their top priorities for the upcoming state budget were. **Investment incentives for sustainable practices was strongly favoured, at 36.2% of businesses, and was in the top key 5 asks from business.**

**Figure 10: % of businesses wanting to see investment incentives for sustainable practices in this year's state budget by number of employees.<sup>32</sup>**



The desire to see such incentives was seen across all levels of business size; busting the myth that small businesses are not interested in sustainable practices.

The top five industries for wanting to see incentives for sustainable practices included:

- administrative and support services,
- construction,
- professional, scientific, and technical services,
- healthcare and social assistance, and
- information media, and telecommunications.

At CCIQ, we have seen a significant increase in the interest and uptake of sustainable business practices, for not only cost savings but also to realise market driven opportunities and growth.

**With impacts such as utility costs consistently ranked as a major constraint on business growth, implementing sustainable practices is simply smart business.**

The sustainability led change however also responds to a growth in consumer preference and government policies across the globe demanding products and services with a lower or offset environmental footprint.

The sustainable transformation of the Queensland economy will help businesses and communities remain resilient, competitive, and support the diversification of products and services developed and able to be scaled in Queensland.

<sup>32</sup>. CCIQ, 2021, December Quarter Pulse Survey, question sample: 643. [www.cciq.com.au/business-voice/pulse/](http://www.cciq.com.au/business-voice/pulse/)

## 4a. Support sustainable industries and business practices

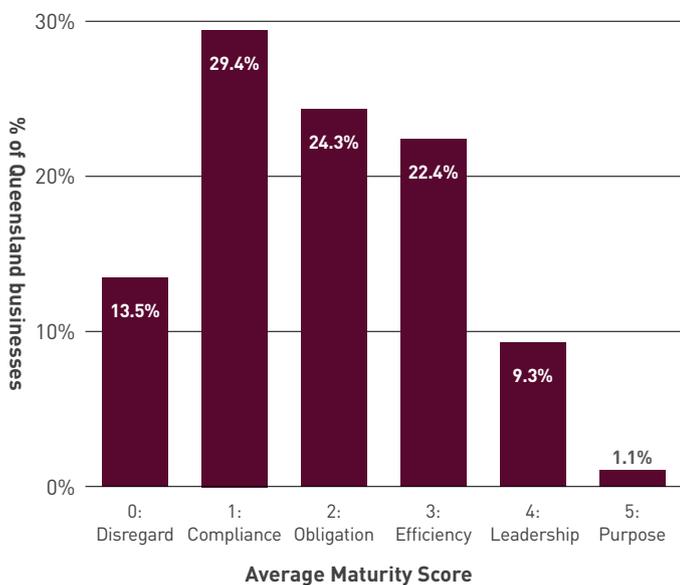
Sustainable business practices is smart business, offering a host of benefits, such as process efficiencies, operating costs, market positioning and competitiveness.

CCIQ had recently undertaken research into the Sustainability Maturity of Queensland Small Business, with a report due to be published later in 2022. The findings of the study have reported Queensland businesses have an average overall maturity score of 1.9. On a scale of 0 (Disregard) through to 5 (Purpose), the average places Queensland businesses closest to stage 2 in maturity: Obligation.

An average result of 1.9 suggests that Queensland businesses are making sustainability related decisions beyond their industry's minimum compliance requirements, likely due to other market forces such as consumer demand.

Maturity scores were calculated by taking the average of a business's score across the three categories of motivation, accountability, and leadership, as shown in table 3. It is clear that 'accountability' was where businesses on average scored lowest across the three categories of maturity.

**Figure 11: Sustainability Maturity of Queensland Businesses**



**Table 3: Business Sustainability maturity – total Queensland<sup>33</sup>**

Motivation	Accountability	Leadership	Maturity score*
2.3	1.0	2.3	1.9

\*Business maturity scores averaged.  
Scoring applied on a scale of 0 to 5:  
0 = Disregard; 1 = Compliance; 2 = Obligation;  
3 = Efficiency; 4 = Leadership; 5 = Purpose

For Accountability, businesses were asked "Are there any key performance indicators (KPIs) for environmental activities in your business?". The results would indicate that Queensland businesses are somewhat lacking in setting and/or measuring defined environmental KPIs, rather, accounting for only proof of compliance, delivered where necessary to the relevant agency or regulatory body. The lag in accountability may be due to a lack of capability or knowledge with respect to setting environmental KPIs despite the motivation or leadership to enact more sustainable business practices, but also due to time constraints.

The report provides further breakdown of regions, business sizes and industry maturity scores. Targeted initiatives to support capability building and technology improvements, as well as to tap into international markets, could yield strong results and scalable growth for Queensland SMEs.

It is also important to note that the Brisbane 2032 Olympic and Paralympic Games have the ambition to be a Net Carbon Positive Games. Supporting the adoption of sustainable business practices over the next ten-year horizon in the lead up to the Games will be critical.

### FY2023 State Budget Recommendations:

- Targeted funding and incentives for business to purchase (new or upgraded) technologies that improve sustainable practices adoption.
- Increased support for business to scale, grow and diversify sustainable products and services for domestic and international markets.

33. CCIQ, 2022, Sustainability Maturity of Queensland Small Business. Sample: 571 businesses responded to the CCIQ Pulse survey questions on sustainability maturity in October 2021.

## 4b. ecoBiz Program

CCIQ's ecoBiz program, funded by the Queensland Government, starts Queensland's businesses on their sustainability journey through helping business owners reduce their waste, water, and energy usage by auditing a business' resource usage. This translates into cost savings on a business' bills, and efficiency gains by reducing the input levels required for the same output levels.

During the last four years, on average, businesses participating in CCIQ's ecoBiz program have significantly reduced their costs:

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**29%** reduction in energy costs

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**14%** reduction in water costs

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**13%** reduction in waste related costs

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Scaling and growing the ecoBiz program will allow us to reach more businesses to participate, resulting in significantly reduced energy, water and waste levels, and leading to greater efficiency gains and cost savings, as well as a smaller carbon footprint for Queensland.

There is also the need to expand the ecoBiz program to include more initiatives that go beyond resource usage, such as assisting in circular economy initiatives and helping businesses wanting to become carbon neutral.

CCIQ is committed to working with the Queensland Government to expand the ecoBiz program, including potential additional initiatives such as circular economy and carbon neutrality programs to support business sustainability.

### FY2023 State Budget Recommendations:

- Commitment to ongoing funding of the EcoBiz program to accelerate business participation and adoption of sustainable practices.
- Commit to funding programs for business participation in potential expanded ecoBiz initiatives, such as circular economy and adoption of carbon neutrality practices.
- Support for exporters and manufacturers to adopt carbon neutral practices including for supply chain initiatives.

### ECOBIZ CASE STUDY: Hockey Queensland

Hockey Queensland promotes and encourages the growth and enjoyment of hockey for players, officials and spectators. They lease premises from Brisbane City Council. They manage and hockey stadium, two artificial fields and the head office and clubhouse building (including a canteen and bar).

Since joining the ecoBiz program, Hockey Queensland has implemented measures to reduce waste, energy and water use. As a result, they reduced energy intensity by 59% and their waste intensity by 65% over 3 years.

**“From our initial consultation with ecoBiz we have been able to budget for and action recommendations to improve. By doing this we have been able to significantly reduce our carbon footprint on the community as well as benefitting financially.”**

**– Gen Gunner, Facility Manager**



#### 4c. Boost investment in sustainability Research and Development

For Queensland to become a market leader in sustainable business and industry, a dedicated research and development fund is needed. This could provide funding for:

- The development of a market for valuing natural capital,
- Development of a carbon credit market in Queensland,
- Transitioning traditional industries to sustainable practices, and
- Investing in emerging sustainable products and services.

A well-developed market for natural capital will enable businesses to better factor the value of natural capital into their decision-making processes; businesses seeking to become more sustainable and efficient will greatly benefit by being able to account for their environmental impact and risk in dollar terms. This requires ongoing investment in research and development.

A 2021 report by McKinsey<sup>34</sup> on scaling voluntary carbon markets estimates that demand for carbon credits could increase by a factor of 15 or more by 2030, and up to a factor of 100 by 2050. The growing demand for carbon credits can support a broad scope of environmental protection objectives, as well as supporting the innovation required to lower the cost of climate technologies. Research and development into sources and initiatives within Queensland to develop and grow a market for carbon offsetting will make Queensland an attractive market for investment in climate-action projects.

There are several existing funds which could be expanded to include sustainability research and development, including the Land Restoration Fund's \$35 million Natural Capital Fund and carbon farming initiatives<sup>35</sup>.

Both traditional industries and emerging industries are transitioning to become more and more sustainable over the coming years, as well as developing new sustainable products and services. Findings from CCIQ's recent research into the Sustainability Maturity of Queensland Small Business shows industries most likely to have recently implemented sustainable practices included Accommodation, Cafes, and Restaurants (51% recently implemented sustainable practices); Art & Recreational Services (Tourism) (46%); and Manufacturing (42%). These three also ranked in the top three industries regarding sustainability maturity.

Consultation with Queensland manufacturers as part of CCIQ's 2020 Manufacturing Industry Futures Report<sup>36</sup> revealed challenges in accessing support for research and development. A lack of incentives was identified as a significant constraint on growth of advanced manufacturing in Queensland. Investment by both government and industry is instrumental for Queensland to become a leader in high value-add products.

Brisbane based company Pure Battery Technologies produces the critical materials for batteries at a high-quality and more affordably, with a lower environmental impact, utilising technology developed by the University of Queensland.<sup>37</sup>

To fully realise the environmental and sustainability goals the Queensland government has set, it is crucial to encourage and support growth in sustainability for traditional and emerging industries through dedicated research and development funding.

#### FY2023 State Budget Recommendations:

- Support the development of a market for valuing natural capital.
- Identify and fund high value, high skilled industries for targeted research and development

34. McKinsey, 2021, A blueprint for scaling voluntary carbon markets to meet the climate challenge. <https://www.mckinsey.com/business-functions/sustainability/our-insights/a-blueprint-for-scaling-voluntary-carbon-markets-to-meet-the-climate-challenge>

35. Queensland Government, 2022, The Land restoration Fund. <https://www.qld.gov.au/environment/climate/climate-change/land-restoration-fund>

36. CCIQ, 2020, Manufacturing Industry Futures Report.

37. Pure Battery Technologies, 2021, Our Company. <https://purebatterytech.com/our-company/>

#### 4d. Prioritising financial mechanisms that respond to environmental risk

**Queensland businesses are highly exposed and financially vulnerable to extreme weather events.** The damage to property caused by cyclones, storm surges, heavy rains and floods has led to insurers hesitant to operate in some regions (particularly northern markets). Across several regions of Queensland, insurance risk profiles have resulted in inequitable access to affordable insurance options. This exposes Queensland businesses to a reduced capacity to recover from extreme weather events. Where businesses are non-insured, underinsured, or have had to choose cover with high excess fees to afford to be insured, the ability for businesses and communities to bounce back is reduced.

In a recent report by KPMG International and Eversheds Sutherland, *Climate Change and Corporate Value*, a survey of global corporate leaders found that climate risk is now being treated by most companies as a serious business issue:

“There is clear recognition that climate risk equates to financial risk. In addition, companies are now much more focused on becoming climate resilient and recognising the importance of climate risk to the success of their business strategies.<sup>38</sup>”

**Government must play a role in address insurance premiums costs for disaster affected areas and businesses.**

CCIQ’s Pulse survey for the December quarter 2021 found that 18.4% of businesses were keen to see an **insurance of last resort fund** reflected in upcoming government budgeting. This validates the significant proportion of Queensland businesses which are uninsured or have significant challenges in getting insured affordably and with sufficient cover against environmental risks.

The recent extreme rainfall and flood event across South East Queensland has reminded Queenslanders of the key role disaster recovery funding has in getting communities and businesses back in operation. The Disaster Recovery Funding Arrangements (DRFA) must be fit-for-purpose however, especially where businesses are required to recover from a natural disaster on top of an existing economic crisis.

Disaster recovery funding mechanisms must also be utilised for resilience building projects. Considering the increasing frequency of extreme weather events, risk likely to result in more frequent extreme weather events, **investment in resilience, prevention and natural hazard risk mitigation efforts** should be maximised.

#### FY2023 State Budget Recommendations:

- Commit to an insurance of last resort fund
- Enhancing disaster recovery funding
- Prioritise mitigation and prevention projects across our regions



38. KPMG International and Eversheds Sutherland, 2020, *Climate change and corporate value: what companies really think*. <https://assets.kpmg/content/dam/kpmg/xx/pdf/2021/03/climate-change-and-corporate-value.pdf>

## 4e. Transformation of communities

In CCIQ's FY21-2022 State Budget Submission, we recommended **priority funding for local government to develop regional transformation and sustainability transition plans**. Where all levels of government show a commitment to progressing sustainable practices and industries, this will only benefit business and support the long-term sustainability-led transformation of the Queensland economy.

Developing these transition plans can also help regions identify their unique value proposition and be more strategic in targeting investment and economic development opportunities. Once established, a further holistic approach where local government is a critical party can be adopted in supporting communities and business on the journey to becoming more sustainable. Great progress has already been made in this area. Substantive outcomes of previous commitments have been showed in programs, for example, the Communities in Transition Pilot Program funded by the Queensland Government in 2019.

These transition plans can enable future-focused initiatives such as **low carbon living programs**, programs which support individuals, organisations and communities to take action in reducing their carbon footprint and mitigate the threat of climate change. Actions include: emissions reading and household action plans, carbon reduction plans for business, or carbon credits offers tailored to communities' needs.<sup>39</sup> Such programs have been successfully integrated in other regions in Australia:

A tourism business's feedback on the Low Carbon Living program in the Blue Mountains region:

"The Low Carbon Living helped us identify ways to minimise our carbon footprint so we can make changes one step at a time. Over the past 12 months, we have installed a natural system and solar panels which will offset 120 tonnes of CO<sub>2</sub> per annum".

## Communities in Transition Pilot Program (2019)

The **Communities in Transition** program was a place-based program funded by the Queensland Government to assist regional communities in navigating global transitions for long-term viability and sustainability.<sup>40</sup> The Pilot Program supported communities in developing roadmaps, pre-feasibility business case that considered emerging trends, climate resilience, sustainable economic development, social and environmental opportunities. The program funded plans for six regional communities: Cook Shire, Charters Towers, Rockhampton, Barcaldine, Central Highland and Goondiwindi.

The outcome of the pilot program resulted in nineteen pre-feasibility business cases covering four main areas:

- Making Water Work
- Regenerative agriculture
- Modern local energy systems
- Diversification of business, workforce, education and sector development.

Success story: In Rockhampton, shared council, industry and community leaders have focused on a pathway for Making Water Work, to deliver greater regional benefit from agricultural water in the Rockhampton region.<sup>41</sup> In 2019, a business case identified opportunities in the region to create a circular economy, building more integrated supply chains between agricultural lands and aquaculture, as well as recognising obligations in protecting the Greater Barrier Reef.

## FY2023 State Budget Recommendations:

- Commit funding for local councils to develop plans for transition to sustainable and resilient communities, including development of regional transformation plans.

39. Low Carbon Living Program, 2022, About the program: <https://www.lowcarbonliving.org.au/index.php/about/>

40. Queensland Government, 2021, Working with regional communities – Communities in Transition Pilot Program. <https://www.qld.gov.au/environment/climate/climate-change/transition/communities>

41. Clean Growth choices Consortium, Rockhampton Regional Council, 2019: Communities in Transition – Business Case: Making Water Work in the Rockhampton Region. <https://www.stateoftheenvironment.des.qld.gov.au/climate-change/case-studies/case-study-1>

# 5. Connected Business Budget Priorities

Connected Businesses – Advancing technology to generate opportunities.



The COVID-19 pandemic instigated the clearest example of this rapid digitisations of the Queensland economy – consumer and business digital adoption was launched forward 5 years forward within 8 weeks<sup>42</sup>.

Over the past two years, businesses have faced a series of rapid developments, including the immense growth seen in ecommerce – 34% of businesses felt their online presence was forced to grow due to COVID-19<sup>43</sup> – and the requirement to adopt virtual working environments.

**Investing in the advancement of technology to generate new economic opportunities is critical for the competitiveness of the Queensland economy.**

Research by the OECD has shown that improving digital capacity through a range of policies is necessary to ensure transformation is efficient and inclusive<sup>44</sup>, as well as bolstering resilience to disruptive crises.

Initiatives such as the Digital Professional Workforce Action Plan<sup>45</sup> are welcomed and can support businesses' digitalisation, however more broad support for SMEs is needed.

Businesses also need to see greater promotion of ecommerce as best practice from government to support the adoption of new digital practices and support growth opportunities.

Queensland's businesses still need support through advancing technology to generate and capitalise on new digital opportunities. Regional Queensland still experiences significant difficulties with access to reliable, high-speed internet; meaning businesses in these areas are not able to respond or adapt as effectively to digital changes.



## CCIQ Digital Readiness Survey 2021 Key Findings

### Connectivity

- 75.5% of businesses use Fibre/NBN as their preferred form of internet connection.
- Connection reliability ranked third highest in digital-related issues which negatively affect their business.
- Only 27% of businesses thought their internet connection was better than the previous year.
- Over 1 in 3 businesses agree that digital technologies are driving their growth.

42. Baig, A., Hall, B., Jenkins, P., Lamarre, E., and McCarthy, B., 2020, The COVID-19 recovery will be digital: A plan for the first 90 days. [www.mckinsey.com/business-functions/mckinsey-digital/our-insights/the-covid-19-recovery-will-be-digital-a-plan-for-the-first-90-days](https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/the-covid-19-recovery-will-be-digital-a-plan-for-the-first-90-days)

43. CCIQ, 2021, Digital Readiness Survey 2021. [www.cciq.com.au/business-voice/digital-readiness-report-2021/](https://www.cciq.com.au/business-voice/digital-readiness-report-2021/)

44. OECD, 2019, Digitalisation and productivity: a story of complementarities. [www.oecd.org/economy/growth/digitalisation-productivity-and-inclusiveness/](https://www.oecd.org/economy/growth/digitalisation-productivity-and-inclusiveness/)

45. Department of Communities, Housing and Digital Economy, 2022, Digital Professional Workforce Action Plan. [www.chde.qld.gov.au/about/initiatives/digital-workforce-plan](https://www.chde.qld.gov.au/about/initiatives/digital-workforce-plan)

## 5a. Adopting ecommerce as a best practice

The 2021 CCIQ Digital Readiness Survey showed that Queensland's business community is optimistic about using technology into the future. Many businesses see the need and potential benefits of investment in digital assets after the last 2 years, as businesses were operating in an environment that required a rapid adoption of digital technology. Businesses are now looking to further the technological advancement of their business in general for their resiliency, sustainability, and competitiveness.

69% of businesses surveyed expressed optimism about adjusting to future digital changes. Although it is worth noting that this percentage declined from a high of 90% in 2016, and 78% in 2020, showing that businesses are feeling less optimistic about their ability to adjust to future digital changes in recent years. This may be due to **business' experience facing the pandemic's rapid digital developments, and the difference in what future digital changes** look like now versus in 2016.

Queensland businesses need support in adjusting to future digital changes to ensure they remain resilient, competitive and are best prepared to capitalise on emerging digital opportunities.

### **Government has a critical role in walking the talk, digitising information and processes, and implementing best practice digital communications.**

Designing and implementing a digital approach in government, promoting ecommerce as best practice, will not only support businesses on this journey but could also foster process and information sharing efficiencies within Government.

Increasing the use of ecommerce will allow SMEs to better access online retail trade and other opportunities. It will also allow SMEs to reach more potential customers, and further grow.

#### **FY2023 State Budget Recommendations:**

- Enhance investment in a digital first approach across government that promotes ecommerce as best practice.

## 5b. Building digital capability

Priority Four of the Queensland Government's Digital Professional Workforce Action Plan aims to promote collaboration with Queensland businesses, supporting reskilling and upskilling in digital professions. This effort should be enhanced.

The 2021 CCIQ Digital Readiness Survey showed that 80.6% of businesses agree it is important that their business becomes more digitally savvy. However, over half (53.1%) of respondents believe a lack of digital skills will negatively impact their business.

In the current economic environment, there must be a focus on supporting businesses adopting new digital skills and capability. Government assistance in supporting better cybersecurity is also required, as more businesses move to online storage and online trading. Targeted grants for SMEs would go a long way to advancing this journey for Queensland business.

Development of collaborative platforms for improved interactions with SMEs is also needed, as well as whole-of-government knowledge sharing for more efficient interactions with business. Digitising the interface between government and business could deliver efficiencies and reduced complexities across existing red tape, permits and licences and other standard administrative requirements.

#### **FY2023 State Budget Recommendations:**

- Targeted funding for digital grants for SMEs.
- Invest in whole-of-government knowledge sharing and collaborative platforms for interactions with SMEs.

## 5c. Improve digital connectivity

The continued rollout of high-speed internet for regional Queensland is vital for the growth of Queensland's regional businesses, as well as to build resilient regional economies that are better protected from shocks such as the COVID-19 pandemic.

The COVID-19 pandemic has demonstrated that **access to reliable, high-speed internet is crucial for the adaptability and resilience of Queensland businesses and the economy at large**. Access to high-speed internet is essential to effectively do business, yet in 2020 26.5% of regional Queenslanders rated their access to reliable, high-speed internet as poor<sup>46</sup>.

We also know that the recent ecommerce boom has made the need for digital connectivity more important than ever. Australia Post has reported national purchases in December 2021 increased 35.7% compared to December 2019.<sup>47</sup> Businesses need reliable connectivity to not be left behind, but also to adapt to changing workforce trends such as remote working.

Consultation with regional businesses across Queensland reported on key telecommunication needs and challenges impacting their businesses:

"Internet coverage and speed to be able to move data whether its to receive or send. Everything from bookkeeping software to cattle or water monitoring systems, distance education is virtually on a cloud based or app system or requires a live feed but no use if you can't use it."

"Without full coverage it is impossible for any business to run an efficient service. Something the people living in cities never have to deal with."

Many believed that the NBN was not planned or delivered effectively, that it relied heavily on old and poorly maintained infrastructure, and that poor reliability of service impacted heavily on business productivity.

"Significant inability to operate – unable to process payments, do any sort of day-to-day activities due to no internet. For some businesses it may mean closure until service is restored."

### FY2023 State Budget Recommendations:

- Prioritise and fund high speed internet for regional Queensland.

46. University of Canberra, 2021, Regional Wellbeing Survey Data Tables. <https://www.canberra.edu.au/research/institutes/health-research-institute/regional-wellbeing-survey/survey-results/data-tables>

47. Australia Post, 2022, Inside Australian Online Shopping. [auspost.com.au/content/dam/auspost\\_corp/media/documents/inside-australia-online-shopping-update-jan-22.pdf](https://auspost.com.au/content/dam/auspost_corp/media/documents/inside-australia-online-shopping-update-jan-22.pdf)





# SUMMARY OF **RECOMMENDATIONS**

## 1. Business-Friendly Government Recommendations

### Governments that reduce operating costs and complexity.

PRIORITIES FOR FY2023	RECOMMENDATIONS (NEEDING ACTION THIS COMING FY)
<b>1a. Economic Recovery (COVID and weather events)</b>	<ul style="list-style-type: none"> <li>• Business continuity support package for future public health responses.</li> <li>• Continued mental health support initiatives for business owners and staff</li> <li>• Additional funding for financial counselling support</li> </ul>
<b>1b. Deregulation and regulatory reform</b>	<p>Commit to productivity and efficiency enhancing initiatives, including for example:</p> <ul style="list-style-type: none"> <li>• Reduce complexity and processing times for government permits and fees processing, including Food Safety (with close collaboration with local government).</li> <li>• Remove GST and insurance duty on insurance premiums for businesses.</li> <li>• Commit to reducing red tape on SMEs</li> </ul>
<b>1c. Payroll tax reform</b>	<ul style="list-style-type: none"> <li>• Implement a payroll tax liability exemption for businesses who cross the threshold for their first time, for one year.</li> <li>• Begin using national cabinet as forum for advocating for broader holistic reform at a federal level including potential payroll tax reform.</li> </ul>
<b>1d. Small business procurement</b>	<ul style="list-style-type: none"> <li>• Establish a cabinet subcommittee/ taskforce to deal with long-term and cross portfolio initiatives to achieve better outcomes for procurement in Queensland.</li> <li>• Break-up tenders for SMEs</li> <li>• Simplify tender processes</li> <li>• Develop a dashboard for procurement pipeline</li> <li>• Cut SME payment terms to 5 days</li> <li>• Implement a whole of government delivery model for SMEs that shifts the procurement online</li> <li>• Set an ambitious target for SME procurement for Brisbane 2032</li> <li>• Accelerate funding for procurement capability programs for SMEs</li> </ul>
<b>1e. Targeted export grants</b>	<ul style="list-style-type: none"> <li>• Funding grants to deliver market diversification training for existing exporters and export ready SMEs. For example, market entry strategies and education and training for businesses to fully utilise FTAs with key exports markets (such as, Japan, Indonesia, Vietnam)</li> <li>• Promotion and development support for Queensland Made products and services for domestic and international markets</li> <li>• Prioritise investment in Regional Trade Distribution Centres across the state.</li> </ul>

## 2. Smart infrastructure Recommendations

Connecting regions to build resilience.

PRIORITIES FOR FY2023	RECOMMENDATIONS (NEEDING ACTION THIS COMING FY)
<b>2a. Refocus investments in road, rail, runway and ports</b>	<ul style="list-style-type: none"> <li>Identify and accelerate priority transport connectivity projects for road, rail, runways, and ports across our regions.</li> <li>Prioritise funding for regional infrastructure projects as identified in the State Infrastructure Strategy and regional infrastructure plans.</li> </ul>
<b>2b. Accelerate eco-efficient infrastructure</b>	<ul style="list-style-type: none"> <li>Attract private investment to scale sustainable infrastructure projects in regions, building on 10-year roadmap for resource recovery, waste and the circular economy.</li> </ul>
<b>2c. Transitioning to sustainable energy</b>	<ul style="list-style-type: none"> <li>Investment in future-proofing Queensland's energy asset base and building resilience in the transition to sustainable energy sources.</li> <li>Incentives for business to invest in sustainable energy initiatives and solutions.</li> <li>Continue to invest in and ensure funding allocated to renewable energy zones is effectively utilised.</li> </ul>
<b>2d. Resilient regions</b>	<ul style="list-style-type: none"> <li>Commit to City Deals for additional Qld regions as a vehicle for agreed projects and funding models.</li> <li>Expand funding arrangements for preparedness efforts and building resilience in regions.</li> <li>Accelerate investments in existing transport infrastructure assets to build resilience against extreme weather events.</li> <li>Commitment to a pipeline of water security projects</li> </ul>
<b>2e. Brisbane 2032 Infrastructure</b>	<ul style="list-style-type: none"> <li>Commit to funding business cases for Brisbane 2032 legacy infrastructure projects.</li> <li>Use 2032 Olympic priorities to select priority transport connectivity projects</li> <li>Engage business in the planning and preparation process to ensure clarity and relevancy in building suitable infrastructure for the Games.</li> </ul> <p>See also procurement opportunities under Business Friendly Government (1d. Small Business Procurement).</p>

## 3. Skilled Workforce Recommendations

Support upskilling emerging industries and markets.

PRIORITIES FOR FY2023	RECOMMENDATIONS (NEEDING ACTION THIS COMING FY)
<b>3a. Incentivise upskilling in traditional and emerging sectors</b>	<ul style="list-style-type: none"> <li>Develop a model of funding for non-trade-based skills areas that incentivises businesses to employ and invest in new and emerging skills.</li> <li>Increasing funding for existing programs eg. Gateway to industry</li> <li>Strengthen investments in STEM skills for both traditional and emerging sectors.</li> </ul>
<b>3b. Reinvigorate the regions</b>	<ul style="list-style-type: none"> <li>Simplify migration schemes and target incentives for skilled and seasonal workers to relocate to areas with skills shortages.</li> <li>Commit to workforce planning program across all regions to target skills and training needs.</li> <li>Implement the workforce planning findings to strengthen linkages between universities and TAFE to provide flexibility in delivery and access to training and skills that better meet regional workforce needs.</li> </ul>
<b>3c. Improved funding arrangements</b>	<ul style="list-style-type: none"> <li>Support education and training programs focused on sustainability.</li> <li>Extend apprentice and traineeship subsidies with a focus on future skills needs.</li> </ul>

## 4. Sustainable Practices Recommendations

Developing and enhancing products and services for future sustainability.

PRIORITIES FOR FY2023	RECOMMENDATIONS (NEEDING ACTION THIS COMING FY)
<b>4a. Support sustainable industries and business practices</b>	<ul style="list-style-type: none"><li>• Targeted funding and incentives for business to purchase (new or upgraded) technologies that improve sustainable practices adoption.</li><li>• Increased support for business to scale, grow and diversify sustainable products and services for domestic and international markets.</li></ul>
<b>4b. ecoBiz Program</b>	<ul style="list-style-type: none"><li>• Commitment to ongoing funding of the EcoBiz program to accelerate business participation and adoption of sustainable practices.</li><li>• Commit to funding programs for business participation in potential expanded ecoBiz initiatives, such as circular economy and adoption of carbon neutrality practices.</li><li>• Support for exporters and manufacturers to adopt carbon neutral practices including for supply chain initiatives.</li></ul>
<b>4c. Boost investment in sustainability Research and Development</b>	<ul style="list-style-type: none"><li>• Support the development of a market for valuing natural capital.</li><li>• Identify and fund high value, high skilled industries for targeted research and development.</li></ul>
<b>4d. Prioritising financial mechanisms that respond to environmental risk</b>	<ul style="list-style-type: none"><li>• Commit to an insurance of last resort fund</li><li>• Enhancing disaster recovery funding</li><li>• Prioritise mitigation and prevention projects across our regions</li></ul>
<b>4e. Transformation of communities</b>	<ul style="list-style-type: none"><li>• Commit funding for local councils to develop plans for transition to sustainable and resilient communities, including development of regional transformation plans.</li></ul>

## 5. Connected Businesses Recommendations

Advancing technology to generate opportunities.

PRIORITIES FOR FY2023	RECOMMENDATIONS (NEEDING ACTION THIS COMING FY)
<b>5a. Adopting ecommerce as a best practice</b>	<ul style="list-style-type: none"><li>• Enhance investment in a digital first approach across government that promotes ecommerce as best practice.</li></ul>
<b>5b. Building digital capability</b>	<ul style="list-style-type: none"><li>• Targeted funding for digital grants for SMEs.</li><li>• Invest in whole-of-government knowledge sharing and collaborative platforms for interactions with SMEs.</li></ul>
<b>5c. Improve digital connectivity</b>	<ul style="list-style-type: none"><li>• Prioritise and fund investments in high-speed internet infrastructure for regional Queensland.</li></ul>

# Attachment A: FY2022 Budget Wins and Misses

## A1. Business Friendly Governments: FY2022 Budget Wins and Misses

### Governments that reduce operating costs and complexity.

What was in the Queensland Budget 2021-22

- \$350m Industry Partnership Program to strengthen local supply chains and jobs across advanced industry over four years.
- \$31.2m to extend the 50% payroll tax rebate for apprentice and trainees to 30 June 2022.
- \$52.3m for Electricity Tariff Adjustment Scheme
- Go Global Export Program

STRATEGIC PRIORITY FOR QUEENSLAND BUSINESSES	RECOMMENDED FOR FY2022	STATUS
<b>COVID recovery</b>	Commit to a further 3 years of grant funding for business support officers in regional Queensland.	<b>Missed opportunity:</b> Not achieved, Regional Stakeholder Managers withdrawn from regions
<b>Deregulation and regulatory reform</b>	Build on COVID reforms and streamline/simplify: <ul style="list-style-type: none"> <li>• Liquor licensing</li> <li>• Food Safety – close collaboration with local government to get it done.</li> <li>• Reduce complexity and processing times for permits and fees.</li> <li>• Address insurance premiums costs for disaster affected areas and businesses.</li> </ul>	<b>Win for business:</b> Temporary COVID measures provided however these have not been ongoing.  Liquor licencing temporary COVID provisions
<b>Remove or amend inefficient taxes</b>	Payroll tax: <ul style="list-style-type: none"> <li>• Provide incentives, to achieve broader policy objectives, through concessions or waivers for new jobs created by businesses and targeted incentives for those adopting sustainable practices.</li> <li>• Begin using national cabinet as forum for advocating for broader holistic reform at a federal level including potential payroll tax reform.</li> </ul>	<b>Win for business:</b> Step change achieved: Queensland Jobs Fund provides for payroll tax concessions for certain streams within the fund to incentivise business to grow jobs.  <b>Misses:</b> Tax Reform
<b>Small business procurement</b>	<ul style="list-style-type: none"> <li>• Break-up tenders for SMEs</li> <li>• Simplify tender processes</li> <li>• Dashboard for procurement</li> <li>• Cut payment terms to 5 days</li> <li>• Target for small business (25%, 30% in June 2022)</li> </ul>	<b>Win for business:</b> Payment terms reduced  Procurement target for small business  <b>Missed opportunity:</b> Not yet achieved...

## A2. Smart Infrastructure: FY2022 Budget Wins and Misses

### Connecting regions to build resilience.

#### What was in the Queensland Budget 2021-22:

- **\$93.6m** to continue the implementation of the **Queensland Waste Management and Resource Recovery Strategy** (over 4 years)
- **\$70m** for improved **water supply and security in regional Queensland** (over 3 years)
- **\$4.5m** additional funding for **Queensland Renewable Energy Zones**

The focus of the FY2022 budget on renewable energy integration, water security and resource recovery was a step in the right direction to progressing to a more sustainable business environment.

STRATEGIC PRIORITY FOR QUEENSLAND BUSINESSES	RECOMMENDED FOR FY2022	STATUS
<b>Accelerate eco-efficient infrastructure</b>	<ul style="list-style-type: none"> <li>• Prioritise and fund the pipeline of projects under the 10-year roadmap for resource recovery, waste and circular economy projects in key regional locations.</li> <li>• Ensure allocation of Waste levy funds towards the building of new circular economy projects.</li> <li>• Commit to City Deals for additional Qld regions as a vehicle for agreed projects and funding models.</li> </ul>	<p><b>Win for business:</b></p> <p>In December 2021, the Queensland Government announced a \$2.1 billion waste package, with the commitment to help build new resource recovery infrastructure through co-investment opportunities for councils and industry.</p>
	<ul style="list-style-type: none"> <li>• Prioritise renewable energy integration without raising electricity costs.</li> <li>• Increase funding for hydrogen infrastructure.</li> </ul>	<p><b>Win for business:</b></p> <p>Hydrogen Strategy initiatives (various)</p> <p><b>Missed opportunity:</b></p> <p>Noticeable reduction in costs of electricity for SMEs</p>
	<ul style="list-style-type: none"> <li>• Commit to developing and finalising business cases for priority water security projects.</li> </ul>	<p><b>Win for business:</b></p> <p>Funding to rebuild Paradise Dam Various initiatives</p>
<b>Lower energy costs</b>	<ul style="list-style-type: none"> <li>• Ensure \$175 million allocated to renewable energy zones is effectively utilised.</li> </ul>	<p><b>Win for business:</b></p> <p>The focus on renewable energy integration, and \$4.5m additional funding, a step in the right direction.</p>
<b>Refocus investments in road, rail, runway and ports</b>	<ul style="list-style-type: none"> <li>• Share data and business cases on priority "Last mile" rail connectivity to ports of entry.</li> </ul>	
	<ul style="list-style-type: none"> <li>• Share data and business cases on improving transport connectivity between population nodes.</li> </ul>	<p><b>Missed opportunity:</b></p>
	<ul style="list-style-type: none"> <li>• Invest in strategic airline route development to support regions recovering from the COVID economic downturn.</li> </ul>	<p><b>Win for business:</b></p> <p>October 2021 - \$10m aviation budget under the Interim Action Plan for Tourism Recovery.</p> <p>February 2022 announcement of \$100 million for aviation attraction (with funding to be matched by \$100m from Queensland's four largest airports).</p>

## A3. Skilled Workforce: FY2022 Budget Wins and Misses

### Skilled Workforce – Support upskilling emerging industries and markets.

#### What was in the Queensland Budget 2021-22:

- **Training and skills investment and Skills Summit** (Big Plans for Small Business 2021-23)
- **\$1.5b** additional funding for the **Queensland Renewable Energy and Hydrogen Jobs Fund** (also included infrastructure work)
- **\$320m** additional funding for **Skilling Queenslanders for Work** (over the next 4 years)
- **Up to \$140m** additional funding for the **Back to Work Program** (over the next 4 years)
- \$2.6m Pacific Labour Scheme and Seasonal Worker Program
- **\$20.6m International education and training strategy** (over 5 years)

The \$1.5b set aside for jobs was welcomed, with the Queensland Renewable Energy and Hydrogen Jobs Fund to help businesses grow, scale and employ new staff in hydrogen and other renewable industries. Also welcomed was the boost to employment programs such as Back to Work and Skilling Queenslanders for Work.

What was missing was an effective strategy to address the migration shortages, with the international border closures putting ongoing pressure on labour supply and requiring a targeted state response. More also needed to be done to address the regional seasonal labour shortage and the international education sector.

STRATEGIC PRIORITY FOR QUEENSLAND BUSINESSES	RECOMMENDED FOR FY2022	STATUS
<b>Incentivise upskilling in emerging sectors</b>	<ul style="list-style-type: none"> <li>• Develop a model (like the traditional trainee and apprenticeship framework) for non-trade-based skills areas that incentivises businesses to employ and invest in new and emerging skills.</li> <li>• Incentivise retraining in disrupted industries to support skills needs in emerging sectors.</li> <li>• Strengthen investments in STEM skills.</li> </ul>	<p><b>Win for business:</b></p> <p>Queensland Renewable Energy and Hydrogen Jobs Fund</p> <p>Skilling Queenslanders for Work</p>
<b>Reinvigorate the regions</b>	<ul style="list-style-type: none"> <li>• Simplify migration schemes and target incentives for skilled and seasonal workers to relocate to areas with skills shortages.</li> <li>• Commit to workforce planning program across all regions to target skills and training needs.</li> <li>• Deliver market diversification support for export ready SMEs.</li> </ul>	<p><b>In progress:</b></p> <p>Delivery of the Workforce Summit 2022 (Big Plans for Small Business 2021-23).</p> <p>Workforce Planning Connect</p> <p>More needed to be done to address regional seasonal labour shortages.</p>
<b>Improved funding arrangements</b>	<ul style="list-style-type: none"> <li>• Support education and training programs focused on sustainability, technology and data analysis.</li> <li>• Extend apprentice and traineeship subsidies and focus on future skills needs.</li> </ul>	<p><b>In progress:</b></p> <p>Skilling Queenslanders for Work (Big Plans for Small Business 2021-23). More needs to be done to resolve the labour and skills shortages across Queensland.</p>

## A4. Sustainable Practices: FY2022 Budget Wins and Misses

### Developing and enhancing products and services for future sustainability.

#### What was in the Queensland Budget 2021-22:

- **\$500m for Carbon Reduction Investment Fund**
- **\$100m Business Investment Fund** to invest in businesses to scale and grow (over 2 years)
- **Business Growth Fund Grant** to accelerate growth opportunities for businesses (Big Plans for Small Business Strategy 21-23)

CCIQ has advocated for a need for sustainability-led transformation and the role of government to support and identify best practice. A focus on the adoption of sustainable practices, through funds such as the Business Investment Fund and Business Growth Fund grants, was welcomed. The establishment of the \$500m Carbon Reduction Investment Fund was also necessary to plan for the rapid growth in the offset market that will occur before 2050.

STRATEGIC PRIORITY FOR QUEENSLAND BUSINESSES	RECOMMENDED FOR FY2022	STATUS
<b>Support sustainable industries and business practices</b>	<ul style="list-style-type: none"> <li>• Targeted funding for SME's to purchase (new or upgraded) technologies that improve sustainable practices.</li> <li>• Grants for SMEs to invest in technologies that accelerate business adoption of improved energy, water and waste usage.</li> </ul>	<p><b>Win for business:</b></p> <p>Grants announced through COVID recovery and Queensland Jobs Fund (2021).</p> <p>Further investments required to accelerate adoption</p>
<b>ecoBiz</b>	<ul style="list-style-type: none"> <li>• Longer-term funding commitment with increased coaching and partnership targets.</li> </ul>	<p><b>In progress:</b></p> <p>CCIQ are working with the government to extend program beyond FY2022.</p>
<b>Boost investment in sustainability research and development</b>	<ul style="list-style-type: none"> <li>• Support the development of a market for valuing natural capital.</li> <li>• Identify high value, high skilled industries for targeted R&amp;D support.</li> </ul>	<p>No targeted research and development for the advancement of sustainable industries in FY2022. This will continue to be a key focus for CCIQ's policy and advocacy efforts in FY2023.</p>
<b>Transformation of communities</b>	<ul style="list-style-type: none"> <li>• Commit funding for local councils to develop plans for transition to sustainable and resilient communities.</li> </ul>	<p><b>Missed opportunity:</b></p>

## A5. Connected Business: FY2022 Budget Wins and Misses

### Connected Businesses – Advancing technology to generate opportunities.

#### What was in the Queensland Budget 2021-22:

- \$12m for Mobile Blackspot Program over 3 years
- \$11m for cybersecurity within government entities
- Digital Transformation Business Case to investigate better connectivity to other areas for Queensland (Big Plans for Small Business Strategy)

While \$12m for mobile black spots was welcomed, this merely skimmed the surface of what is needed to unlock the potential of regional markets. A critical gap in the 2021-22 Budget were measures to address business connectivity concerns. Connectivity is a major business constraint holding back business's ability to scale and grow, particularly those in rural and regional areas. Funding for the continuation and scaling of the delivery of high-speed internet for regional Queensland is urgently needed.

STRATEGIC PRIORITY FOR QUEENSLAND BUSINESSES	RECOMMENDED FOR FY2022	STATUS
<b>Incentivise digital adoption</b>	<ul style="list-style-type: none"> <li>• Design a digital approach in government that promotes ecommerce as best practice</li> </ul>	CCIQ are aware that the Queensland Government are investing internal digital transformation. CCIQ will continue to advocate for digital transformation programs to extend to improved communications between government and SMEs.
<b>Improve digital capacity</b>	<ul style="list-style-type: none"> <li>• Prioritise and fund high speed internet for regional Queensland.</li> </ul>	<b>Missed opportunity:</b> Urgently needed.
<b>Connecting with businesses</b>	<ul style="list-style-type: none"> <li>• Targeted funding for digital grants for SMEs.</li> </ul>	<b>Win for business:</b> Grant for digital investments achieved as part of COVID relief in 2021.

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