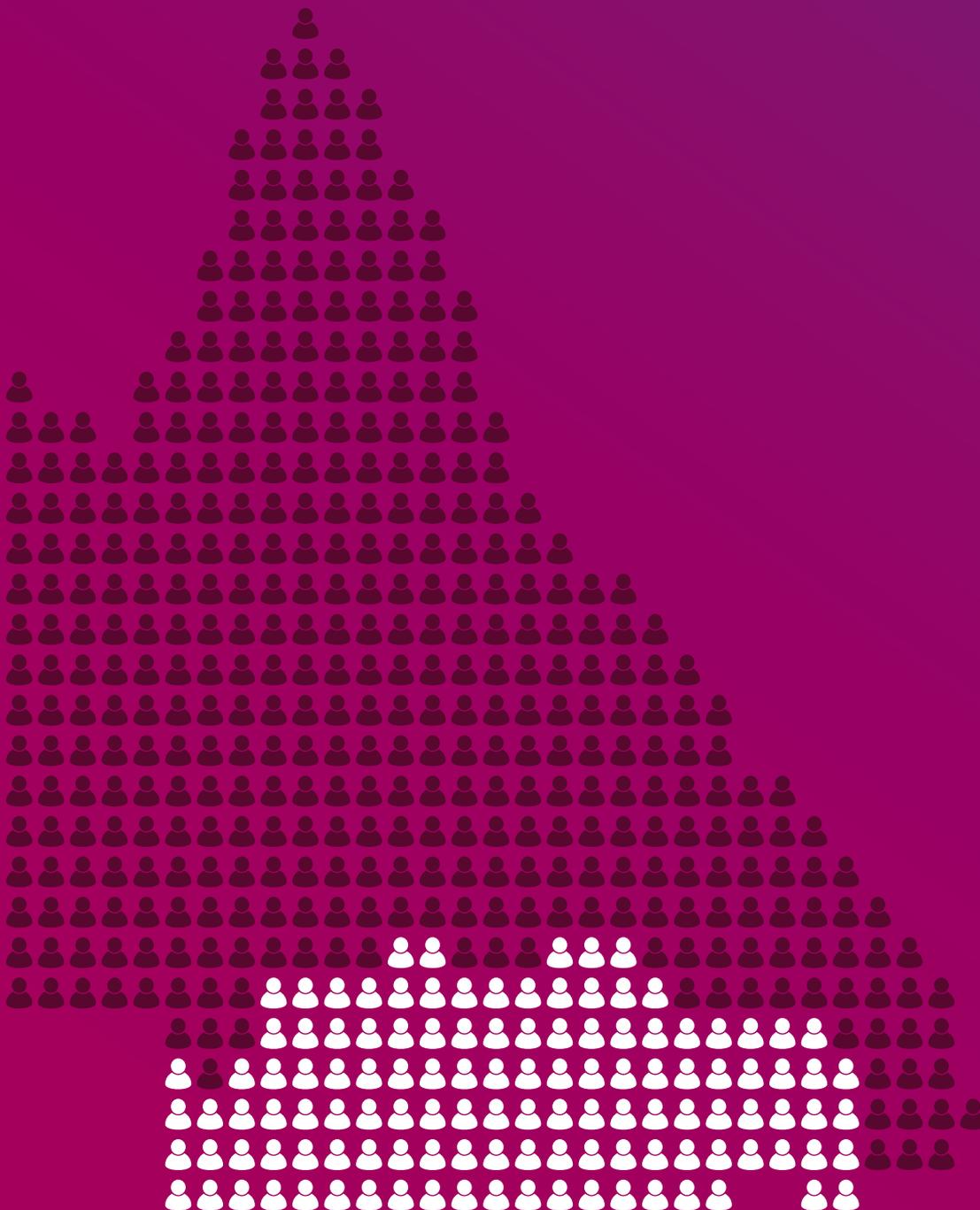


SOUTH WEST QUEENSLAND

BUSINESS PRIORITIES REPORT
MAY 2013



CCIQ is committed to representing small and medium businesses in South-West Queensland (SWQ): a commitment which forms a core part of the CCIQ policy and advocacy agenda.

SUMMARY OF REGIONAL BUSINESS PRIORITIES:

1. Improve the overall business operating environment for SWQ.
2. Deliver key regional infrastructure to secure a strong future.
3. Balancing competing interests between existing and emerging industries.
4. Creating a strong environment for skills and employment.
5. Reducing the red tape and compliance burden on local businesses.
6. Increasing local opportunities.
7. Improving and simplifying access to finance.
8. A positive business investment culture.

“South-West Queensland is one of the state’s most promising regions. With a diverse local industry base and strong pipeline of resource investment flowing into the region, our small and medium business community are innovative and resilient. But for local employers to overcome the existing challenges and capitalise on future opportunities, greater understanding of business issues by government is needed. This report outlines the current challenges and opportunities faced by small and medium businesses on the ground in South-West Queensland today and I encourage all government and industry representatives to consider the report’s recommendations as part of their future agendas.”
– Cynthia Hardy, SWQ Regional Policy chair.



INTRODUCTION

The Chamber of Commerce and Industry Queensland (CCIQ) is the State's peak business and employer organisation. We represent the views and issues of over 25,000 businesses across all industry sectors and regions of Queensland.

This task can often be hard: whilst there are a number of common challenges that businesses face regardless of where they are located across Queensland, every region has unique strategic advantages as well as specific challenges affecting business.

These regional issues are front and centre for CCIQ: Queensland's regional economies make an important economic contribution. Regional businesses provide the foundation for regional economic growth, make investments in economic and community infrastructure and provide employment opportunities. CCIQ values the resilience, strength and vibrancy of our regional businesses and want to ensure that businesses across the state are provided every opportunity to be profitable, grow and employ.

In 2012 regional businesses were given an opportunity to contribute to the CCIQ policy and advocacy agenda through a series of regional business workshops, consultation activities and direct one-on-one business case studies held across the region.

That engagement has culminated in the development of a regional report for SWQ. The 'South-West Queensland Business Priorities Report' will serve as the key reference document for CCIQs advocacy agenda over the coming twelve months: this includes meetings with local, state and federal government representatives, policy submissions on issues relevant to SWQ businesses and engagement with other key business stakeholders.

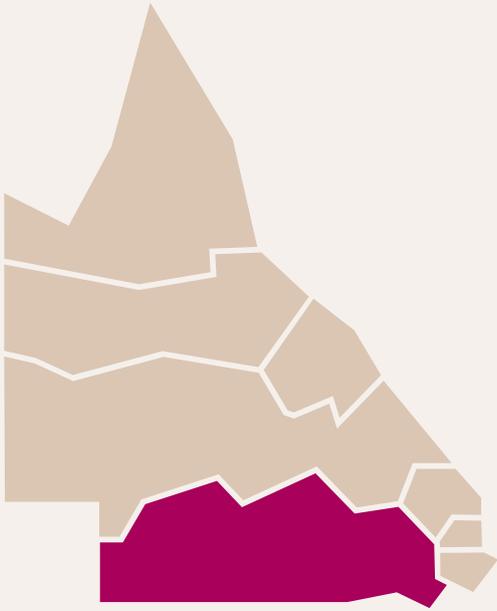
BUSINESS PRIORITIES FOR SOUTH-WEST QUEENSLAND

SWQ businesses are amongst the most resilient and optimistic in the state. The region's agriculture, retail, manufacturing, mining, energy, health and education industries have helped the economy remain on a stable footing and will continue to drive growth in the future.

With strong educational institutions, one of the largest coal seam gas deposits in Australia, an abundance of natural waterways, national parks, and prime agricultural land, SWQ businesses are only too aware of their future opportunities but also challenges.

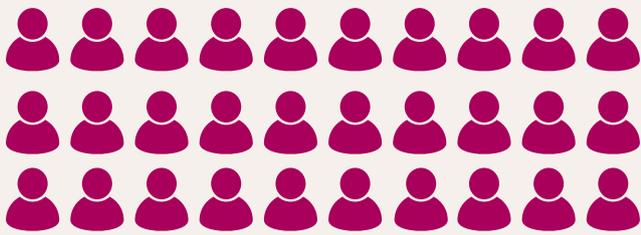
The following priorities are what CCIQ believe to be the main concerns of small and medium businesses in the region, and outline what CCIQ can do to help improve outcomes for the local SWQ business community.

These were your concerns – they are now our commitments.



SOUTH WEST QLD

**REGION COVERS
397,240KM²
23% OF QLD'S
LAND MASS**



POPULATION

260,000

PROJECTED

POPULATION (2031)

376,000

66,400+

FAMILIES

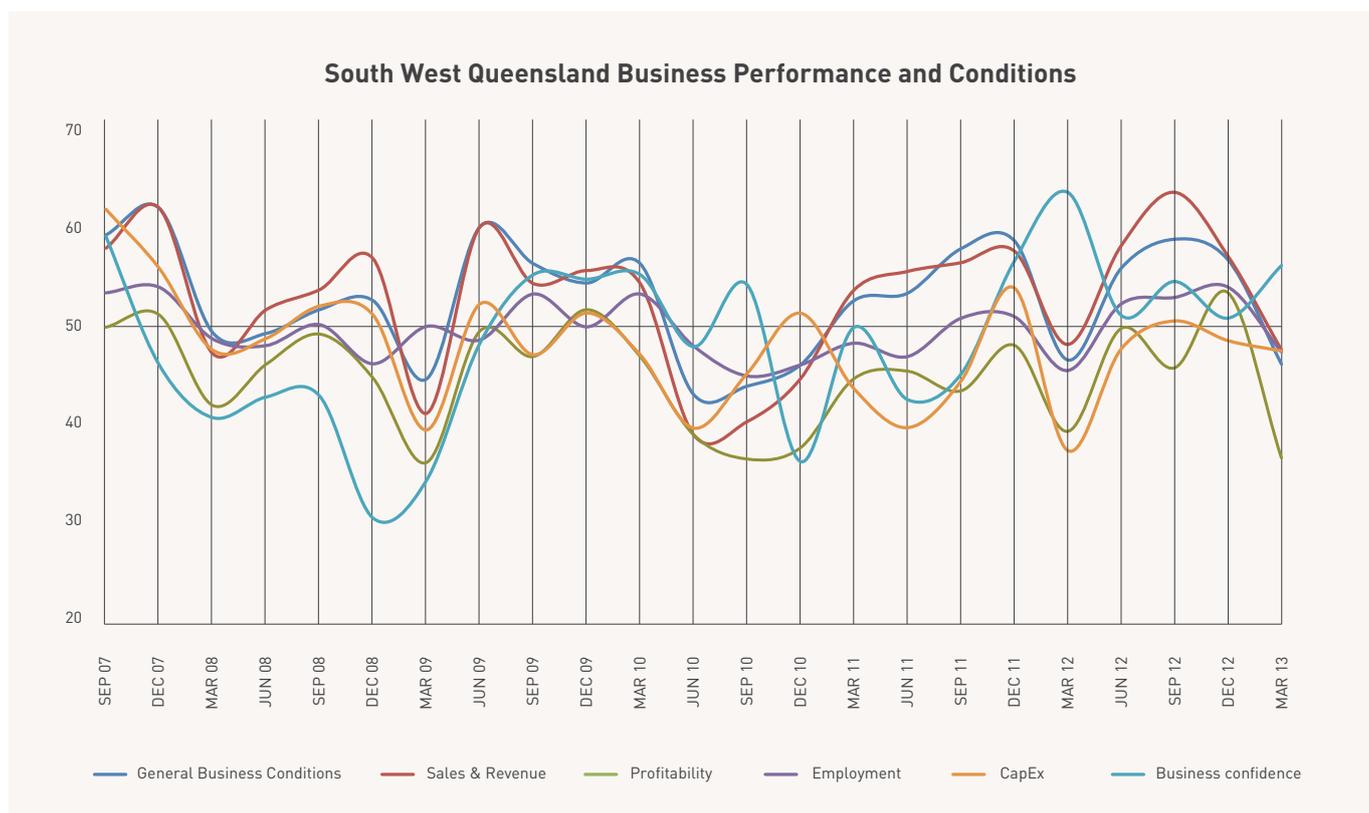
KEY CONNECTIONS:
**WARREGO
HIGHWAY**
**GORE
HIGHWAY**
**NEW
ENGLAND
HIGHWAY**
**GATEWAY TO
DEVELOPING
ENERGY SECTOR
IN SURAT BASIN**

SOUTH-WEST QUEENSLAND: BUSINESS PERFORMANCE AND OUTLOOK

The CCIQ Westpac Group Pulse Survey of Business Conditions has tracked business performance for over two decades. The graph below shows that SWQ has been a steady performer in terms of overall business performance and economic conditions across 2011 and 2012 when other parts of the State were doing it tough. However, recent indicators have shown signs of a general weakening of overall business conditions.

General business conditions, sales and revenue and employment have recently left positive territory, with only business confidence remaining above the 50 point index mark. Yet at the same time SWQ businesses have expressed a positive outlook in the face of tough conditions. This is where SWQ businesses find themselves, they are optimistic but experiencing a difficult trading environment.

Key issues/challenges impacting on business growth for the SWQ region include the general level of demand and economic activity and impacts on profitability caused by direct wage costs and business taxes.



Source: Westpac CCIQ Group Pulse Survey of Business Conditions

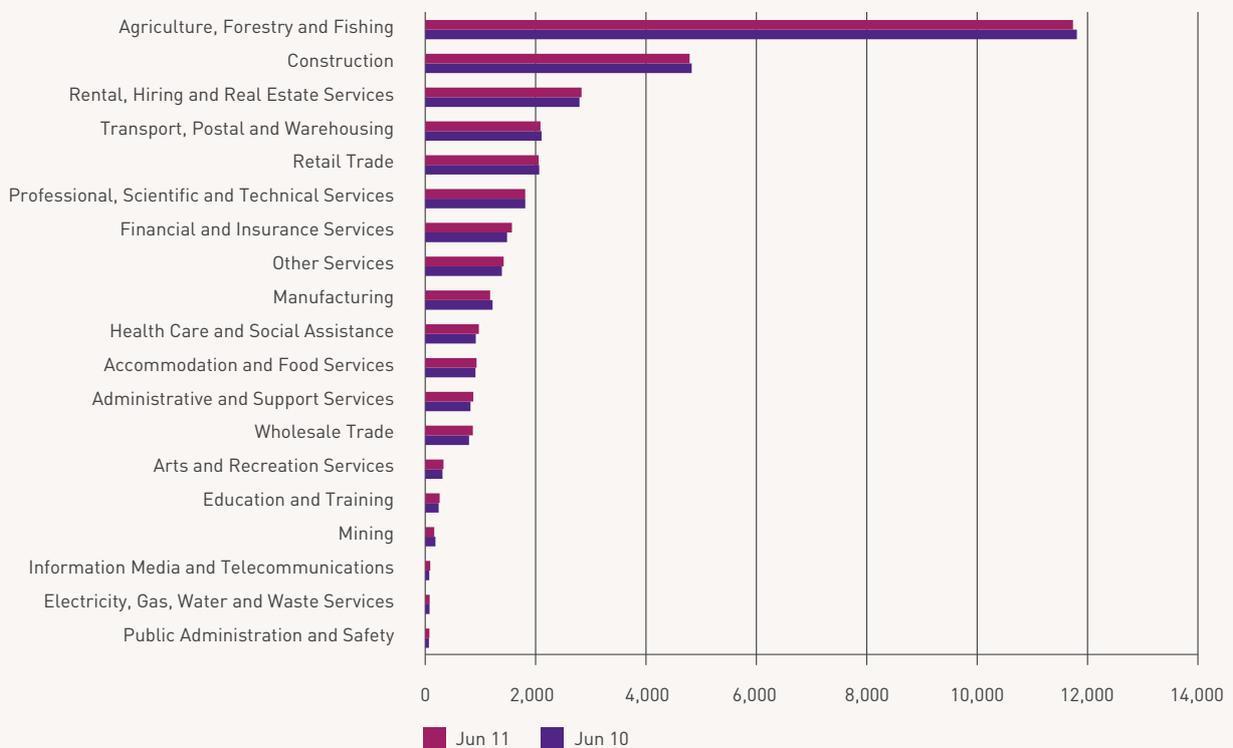
“It’s great to see that South-West Queensland has high growth forecast due to mining and energy projects and a state government cutting back on public service spending.”
 – SWQ Business Owner, Communications Services

SWQ BUSINESS NUMBERS

Unsurprisingly, the Agriculture, Forestry and Fishing industry has the largest number of operating businesses in SWQ, making up for 35 per cent of all businesses in the region. The second and third largest industries by total number of businesses in SWQ are Construction and Rental, Hiring and Real Estate Services (14 and 8.3 per cent respectively).

Between June 2010 and 2011, Agriculture and Construction business numbers declined (-0.6 per cent). However, a number of industries experienced an increase in the total number of businesses across SWQ, including; Rental and Real Estate Services industry (1.35 per cent), Financial and Insurance Services (6 per cent) and Wholesale Trade (8.7 per cent). The graph below also highlights changes across a number of other important industries operating in SWQ.

South West Queensland - Number of Operating Business - 2010/11



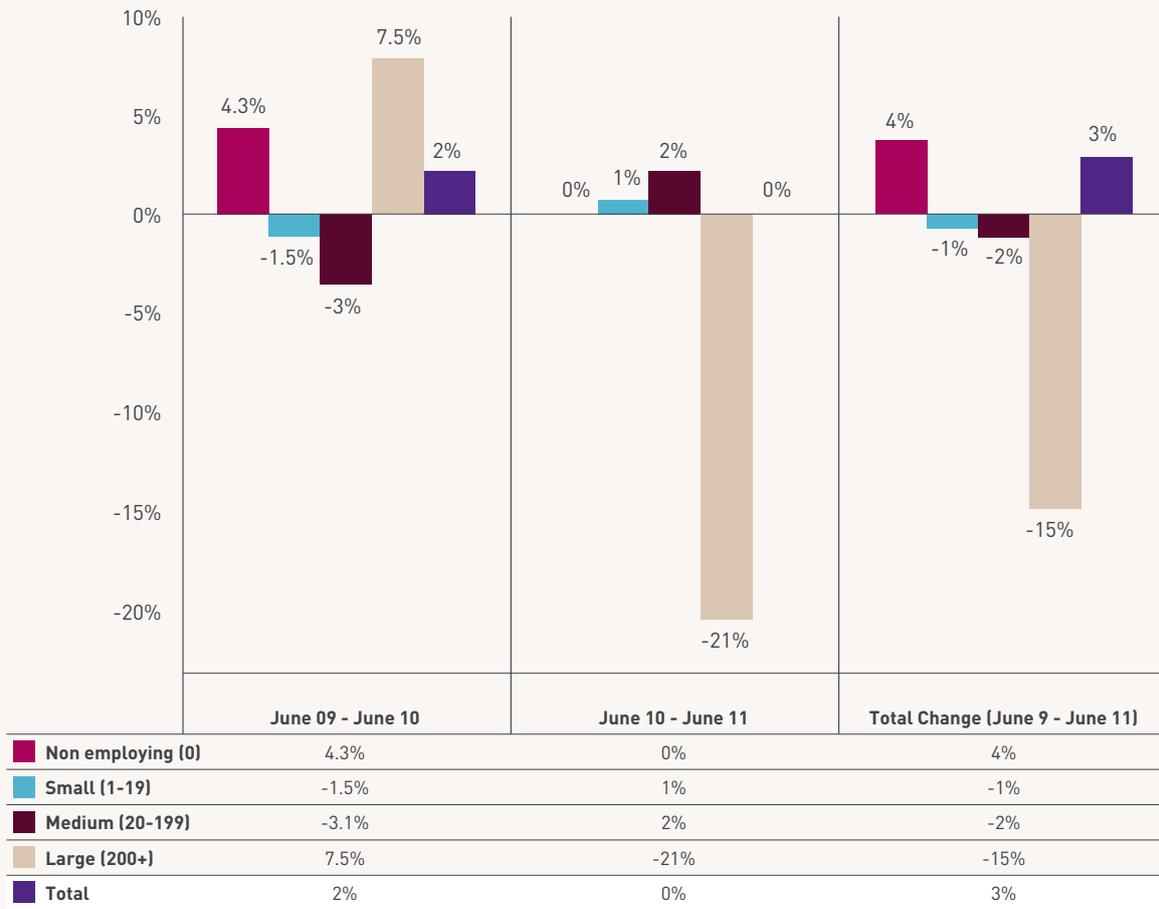
Source: ABS Catalogue 8165.0

“The region has lower cost business accommodation and excellent proximity to a capital city for freight.” – SWQ Business Owner, Health and Community Services

Between June 2009 and June 2011 the number of sole operators increased by 4 per cent. Small businesses experienced a decrease of 1 per cent in total numbers, medium business a decline of 2 per cent and large business a 15 per cent decrease. In overall terms the SWQ business community increased by 3 per cent during this period as a result of the growth of non-employing businesses.

This is a particularly encouraging result when compared with other regions in the state, most of which experienced an overall decline in the total number of businesses.

South West Queensland Business Change 2009-2011



Source: ABS Catalogue 8165.0

“South-West Queensland is a growth region buoyed by increased activity in mining and is a central location for agricultural production.” – SWQ Business Owner, Accommodation, Cafes and Restaurants

**\$14.2 BILLION
GROSS REGIONAL
PRODUCT**
5.3% OF QLD
GROSS STATE
PRODUCT

TOTAL NUMBER
OF BUSINESSES
34500+

SOLE OPERATORS
23000

SMALL (1-19 EMP)
10444

MEDIUM (20-199)
1200

LARGE
(200+) **57**

 **\$31.078B
OUTPUT**

COAL SEAM GAS 
INDUSTRY WORTH
\$11.1B (2011)
EXPECTED TO
DOUBLE BY 2031

PERCENTAGE OF ALL
SWQ BUSINESSES

35%
AGRICULTURE
FORESTRY
AND FISHING



14%
CONSTRUCTION

8.3%
RENTAL, HIRING
AND REAL
ESTATE SERVICES



REALISING THE ECONOMIC AND BUSINESS OPPORTUNITIES IN SWQ

The SWQ business community are acutely aware of the region's economic and industry advantages. However, the economic conditions and volatility over recent years demonstrates that the region still faces a number of economic risks and challenges which must be managed to ensure a positive future for SWQ businesses.

The table below represents a summary of those strengths, challenges, opportunities and risks identified by SWQ businesses through CCIQs regional engagement and consultation activities conducted during 2012.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Strong local business culture • Major agricultural industries including; beef cattle, fruit and vegetables and grains and cotton • Endowed with natural resources • Natural environment: Southern Brigalow Belt and Mulga lands, national parks, state forests, ranges, floodplains and wetland areas (Murray Darling Basin) • Decentralised nature of the region • Friendly family and business environment • Educational institutions. 	<ul style="list-style-type: none"> • Major resource projects impacting on urban area capacity • Inter and Intra regional connectivity • Impact of Coal seam gas on environment, agriculture and community • Access to finance • Lack of coordination in delivering key regional infrastructure • Poor quality road infrastructure that impedes commercial connectivity • Existing planning schemes restricting development and increasing costs • High business costs compared to global competitors • Low supply of affordable housing • Skills shortages and inability to link businesses with educational institutions • Peri-urban encroachment on prime agricultural land.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Promotion of region's liveability • Mining tourism • Retaining existing skills workers and university graduates • New infrastructure to meet growing resource, agricultural and transport demand • Infrastructure projects to increase regional, national and international connectivity • Agriculture and farming expertise • Information, communication and technology (ICT) infrastructure to help drive business innovation • Promotion of region's liveability • Strong projected population growth • Diversifying traditional industry base • Regional tourism • Proximity to markets in Asia-Pacific. 	<ul style="list-style-type: none"> • Growth in energy sectors and impact on key regional industries • Adjusting to the economic implications of both Mining and Carbon tax and the impact on costs of goods and services. • Losing skilled workers and university graduates to Brisbane and interstate • Lack of consistent messaging and collaboration between key advocacy organisations and government • Negative perceptions of region's liveability • Air, rail and road freight and transport systems are at/exceeding capacity • Poor ICT infrastructure • Lack of business confidence • Rising business costs • Excessive red tape and regulation.

In summary, the region provides diverse, dynamic and challenging opportunities for industry, business and employment through the array of significant land use activities, in particular agriculture and mining. The focus of the region is to manage growth, attract and retain skilled workers, develop a coordinated and sustainable infrastructure system, maintain liveable and socially desirable communities, promote a coordinated local, state and national Government system, manage the land use activities such as agriculture and mining and economically promote the region. The region is faced with some constraints which limit the potential for the region to grow, along with opportunities which create a vibrant and liveable region.

SOUTH WEST QUEENSLAND BUSINESS PRIORITIES

Drawing on business feedback, government initiatives, industry reports, research and in-house projects, CCIQ has identified the priority areas that need to be addressed across all levels of government in order to drive SWQ business growth in 2013 and beyond.

SUMMARY OF REGIONAL BUSINESS PRIORITIES:

1. Improve the overall business operating environment for SWQ.
2. Deliver key regional infrastructure to secure a strong future.
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PRIORITY 1: IMPROVE THE BUSINESS OPERATING ENVIRONMENT FOR SWQ

The operating environment for small and medium business is an important determinant of their overall competitiveness and viability. Queensland's business operating environment embraces business taxation, regulation and compliance requirements (red tape), wage rates and industrial relations conditions, energy costs, infrastructure and other input/supply costs.

The cost of doing business is a critical issue for all industry across Queensland, but is particularly relevant to SWQ at a time when businesses are looking to improve their competitiveness and when the region is focussing on industry diversification and investment attraction. Many within the business community believe that often these costs disproportionately affect regional businesses compared to businesses located in major city and metropolitan areas.

Creating a strong business operating environment that allows local industry to compete nationally and globally is pivotal to the economic well-being of SWQ and the state.

CCIQ is committed to improving the business operating environment through:

- **Industrial relations:** advocating improvements to the Fair Work Act that will enhance the fairness, flexibility and productivity outcomes in relation to industrial relations for all businesses.
- **Wage and penalty rates:** seeking federal government commitment to ensuring a balanced approach to wage determinations which reflects businesses capacity to pay; and continuing to advocate for industry specific penalty rates which reflect the work hours of modern workplaces and consumer demand.
- **Workplace health and safety:** seeking state government commitment to work with other jurisdictions to ensure a nationally consistent and simplified workplace health and safety framework; and continuing to support industry with understanding and compliance with the WHS regime.
- **Workcover premiums:** working with the state government to ensure Queensland has the most competitive workers compensation scheme in terms of business premiums; and that the scheme does not support unnecessary access to common law compensation claims.
- **Payroll tax and stamp duties:** subsequent to recent state government commitments to progressively increase the payroll exemption threshold, CCIQ will continue to advocate for the long term phasing out of payroll tax and the review of stamp duties with the view to eliminating any/all that are detrimental to the competitiveness of Queensland businesses.
- **Business Taxation:** seeking government commitment to reducing the corporate tax rate and simplifying business taxation reporting processes (reducing tax based red tape); CCIQ will continue to advocate for the long term review of the overall tax base to enhance the incentives for business growth and productivity.
- **Electricity prices:** advocating for a comprehensive review of the electricity sector to ensure to the fullest extent possible that electricity prices are competitive and sustainable; contributing annually to the process of setting regulated electricity tariffs; and advocating for measures that support business energy efficiency and which reduce the exposure of small businesses to electricity prices.
- **Local Opportunities and Procurement:** seeking government commitment to work with industry to reduce the barriers currently experienced by businesses to participate in state government and major project procurement opportunities.

CCIQ will continue to advocate for significant reforms across these aforementioned areas on behalf of the SWQ business community to ensure a competitive and viable business operating environment conducive to investment and business growth.

Throughout 2013 and in the lead up to the federal election, CCIQ will seek bipartisan commitment to improve the business operating environment, with priority focus on key areas such as red tape reduction, industrial relations, taxation reform and infrastructure.

“Our operations are made difficult by having to source products outside of our region, especially given the time it takes to arrive.” – SWQ Business Owner, Manufacturing

PRIORITY 2: DELIVER KEY REGIONAL INFRASTRUCTURE TO SECURE A STRONG FUTURE

Infrastructure will play a key role in driving business activity and growth in SWQ. For small and medium enterprise (SMEs) to be competitive at a local and international level, infrastructure development must be a top priority for decision makers.

Businesses from Ipswich to Roma and Goodiwindi to Kingaroy and from across the wider region have reported to CCIQ for a number of years that existing infrastructure is impeding business confidence and investment. In particular, road, rail and communications infrastructure require significant attention in order to cater for and facilitate future population and economic growth.

ROAD

SWQ needs a strong, safe and efficient road infrastructure network to cater for the needs of the business community. In a decentralised regional such as SWQ, the most critical piece of road infrastructure is the Toowoomba Second Range Crossing (TSRC) project. This project is the construction of a 42km second range crossing that takes highway traffic around Toowoomba rather than through it. It involves the construction of four lanes linking Warrego Highway East, at Helidon Spa, to the Warrego Highway West, at Charlton, and on to the Gore Highway.

The TSRC will play a pivotal role in the national transport network and the developing energy sector of the Surat Basin. It provides an alternative range crossing for the increasing traffic volumes that are putting pressure on the highway network that passes through Toowoomba and over the Toowoomba Range.

The existing range crossing consists of a steep grade (most of the existing range crossing has a 10% grade) and tight horizontal curves. This results in high levels of congestion and a very poor safety record. Coupled with the section through urban Toowoomba City, the existing route falls well short of specified national highway levels of service. More specifically the crossing is characterised by:

- Tight alignments;
- 16 traffic lights (reducing time reliability);
- 2.5 breakdowns per week;
- 1 crash per week with incidents having doubled since 2010;
- Disproportionately long travel times across the existing 38km section;
- Heavy vehicles accounting for 13% of all traffic over the range; and
- Currently no B triples are allowed on the Great Dividing Range, significantly limiting operations, efficiency and productivity.

Projects Queensland have recently completed an assessment of the TSRC and developed a 2012 TSRC Business Case that has been forwarded to Infrastructure Australia for Australian Government funding consideration. CCIQ supports this Business Case. The proposed TSRC is designed to meet 2042 network volumes costing \$1.6 billion. Operational and maintenance costs across 25 years are anticipated to be approximately \$40m per annum.

The immediate funding and delivery of TSRC provides a safe crossing and a quicker bypass for freight and service transport vehicles and is vital to support the growth of this important region for the Queensland and national economies. The benefits of TSRC include:

- Accommodate regional growth;
- Reduced travel time (2 traffic lights as opposed to 16);
- Travel time reliability is enhanced significantly;
- Reduced crashes;
- Improve freight efficiency and productivity (B triples allowed); and
- Reduced environmental and social costs.

The TSRC will increase productivity of the Toowoomba region by \$2.4 billion and Australia wide by \$3.1 billion over 30 years. The TSRC would create over 1,800 FTE positions in construction (3 years) and 701 FTE positions in operations (25 years). It will provide vital economic, social and environmental dividends to the nation on top of assisting regional industry, business and employment by increasing savings, reducing costs and encourage future business investment in the region.

CCIQ recommends that the Federal Government commit to providing 80% of the cost of building the Toowoomba Second Range Crossing within the timeframe of 2014-17.

RAIL

Given the high cost involved with transporting goods to and from the SWQ region, local businesses will increasingly depend on an efficient and reliable integrated rail system. Employers have reported that inadequate regional rail services are preventing them from competing and taking on new business opportunities.

Queensland rail currently provides services between the Port of Brisbane and SWQ which transport products such as beef, grain, sugar, lead and copper. The West Moreton Coal System linking the Port of Brisbane to Toowoomba, Chinchilla and Dalby transports coal.

There are also early plans underway for a Melbourne to Brisbane inland rail project. The aim of the project is to develop a north-south inland rail corridor that runs from Melbourne to Brisbane.

SWQ businesses believe the region would attract additional families and business opportunities more easily if a fast rail passenger service between Brisbane and Toowoomba was developed. Employers are aware that this would be an expensive undertaking, but also believe that a long term goal should be to connect the region to Brisbane in a more efficient manner.

CCIQ will advocate for an improved rail transport infrastructure and services for the SWQ region; CCIQ believes that expressions of interest should be sought from the private sector to fund and provide these projects and services.

CCIQ will highlight the potential significant impact that emissions pricing and reduction policies will have on SWQ region due to its heavy reliance on transport services;

Given the direct relationship between efficient transport and freight systems and reduced carbon emissions, CCIQ will advocate for funding to be made available under the Australian Governments various clean energy and emissions reduction programs to fund and provide these projects and services.

“The main infrastructure concerns are the Toowoomba Bypass and the Warrego and New England Highways.” – SWQ Business Owner, Retail

“We have poor road conditions out here, particularly Warrego Hwy Brisbane to Toowoomba to Roma.” – SWQ Business Owner, Construction

AIR

Basic air services are available across the South-West, but the reliability of these services can improve. Given the decentralised nature of the SWQ region, a well-connected region with adequate airport facilities is essential.

Toowoomba Regional Council operates the local Aerodrome. Skytrans Airlines provide the bulk of passenger flights across the region, with the following services:

- Sydney (six return services weekly)
- Brisbane (six return services weekly)
- Western Queensland (two return services weekly)

Present plans to develop the Wellcamp Airport are welcomed by industry, as a means of improving freighting operations, the opportunity for fly-in fly-out (FIFO) workers and providing long distance passenger services.

The growth experienced in SWQ over recent years, primarily linked to the resources industry has placed additional pressure on the region's infrastructure. The Maranoa Regional Council upgraded the Roma airport to the cost of \$14 million which was supported heavily by State Government (\$4.7million), Santos GNLG (\$2.5 million), and Australia Pacific LNG (\$1million) respectively. This included construction of a new terminal building, car park and runway to accommodate larger aircraft. Efforts by Maranoa Regional Council to facilitate further development of their airport infrastructure through the development of a master plan should be commended.

Local businesses believe that other key strategic locations within the SWQ region such as Warwick and Stanthorpe Aerodromes should be considered for further development to build on the Southern Down's prime location at the junction of the New England and Cunningham Highway's.

CCIQ believes that SWQ's regional centres such as Toowoomba, Roma, Warwick, Dalby and Chinchilla should be considered for future expansion of aviation services, to encourage future investment and drive regional tourism and development.

“Infrastructure and services are not keeping up with demand. Desperately need a second range crossing for Toowoomba.” – SWQ Business Owner, Communications Services

ONLINE COMMUNICATIONS

A strong and reliable communications network across SWQ will be fundamental to encouraging innovation and improving the ability of regional businesses to compete domestically and internationally.

Small and medium business operators believe there is room for significant improvement to the way in which they connect and utilise online and digital technology. To be on a level playing field with regional, state and international competitors, local agriculture, manufacturing and service industries need to have access to reliable and affordable online and digital technology.

CCIQ's **'Queensland's Digital Readiness Report'** found that over 60 per cent of businesses believe internet speed and coverage is a key barrier preventing them from adopting and moving their operations online. The internet's ability to significantly improve business operations by cutting down communication delays, improving reporting systems, sourcing new markets, conducting research and tapping into supply chains is highly valuable. Of the 88 per cent of businesses that have a website, only 10 per cent of revenue is generated from this medium. Feedback from SWQ businesses and CCIQ's research clearly highlights that there is an opportunity to improve the digital readiness of businesses in SWQ and across the state by creating a reliable and cost effective online network.

The Queensland Government's 'Queensland telecommunications strategic framework 2009-2012' aims to define goals and actions for the government, industry and community sectors. Covering five key strategies such as; leadership, digital content and applications, business continuity and community confidence; building capacity and sustainable policy directions, this document is up for review in 2013. The review of this document and subsequent actions arising will provide an opportunity for the State Government to implement practical and cost effective measures to support the connectivity and digital readiness of local businesses.

The Federal Government's NBN policy is the largest proposed transformation of the way in which Australia's will connect to the internet. At present, SWQ is in the second stage of receiving the NBN rollout and the construction for a satellite ground station in Roma will support the on-going NBN operation.

But while the surrounding Toowoomba region is expecting to have fixed wireless or satellite based high speed broadband by 2015, many businesses are concerned that the rollout will not eventuate, and in many cases is not planned for their region at all.

The key concerns for regional businesses in SWQ relate primarily to the waiting time for the NBN and how much it will actually cost.

It is important for both major parties at the Federal level to provide a transparent and clear delivery timeline for the SWQ business community. In addition to this, the 2013 Federal Election is creating a level of uncertainty about the future direction of the NBN policy and associated rollout. To date local operators have indicated in strong terms to CCIQ that they need a better understanding of the NBN rollout and how a change in policy direction may impact their operations.

CCIQ will undertake technology-specific case studies to build the case for expedited roll-out of the NBN in SWQ

CCIQ will write to and seek a commitment from the next Federal Government to prioritise the roll out of the broadband network across Queensland.

"Our regional weaknesses include the distance from Brisbane, lack of broadband for internet and high transport costs" – SWQ Business Owner, Communications Services

PRIORITY 3: BALANCING COMPETING INTERESTS BETWEEN EXISTING AND EMERGING INDUSTRIES

There is an increasing recognition by SWQ businesses that the development of the coal seam gas (CSG) industry is a positive for the region. But by the same token, there are lingering concerns about striking a balance between protecting key industries while allowing the resource sector to help drive economic growth.

CSG DEVELOPMENT

With CSG activities based in SWQ Queensland increasing, there is significant potential benefit to regional communities through local employment opportunities, and growth in local business throughout the supply chain and logistics markets. As is the case in Roma, local infrastructure improvements may also be a tangible benefit of a new industry development in regional Queensland, notably in roads, accommodation, community facilities and airports.

CCIQ also acknowledges that the CSG industry is in its infancy in Queensland and commercial production has been largely confined to the Surat and Bowen basins.

CSG has the potential to contribute to meeting the future needs of the Queensland energy sector; thereby contributing to the State's energy security as decisions on finding alternatives to coal fired power and the transition to renewable energy sources are made. There may also be indirect industry development opportunities including in water desalination and recycling projects and in the transport, manufacturing and service industries which support these large infrastructure developments.

The industry has the potential to generate valuable royalties paid from the usage of crown resources, contributing positively to State Government revenues.

PROPERTY RIGHTS AND ACCESS

There is currently significant exploratory work being undertaken across SWQ to assess the existence of economically viable wells. This has led to some concerns about the depletion of groundwater, loss/contamination of good quality agricultural land and the associated impacts on food production in Queensland.

CCIQ believes that energy security, water security and food security are intrinsically linked and access to these assets needs careful management and planning. Appropriate testing of water pressure, water quality and soil quality should be undertaken by exploration licence holders and verified independently by relevant authorities.

Landholders have legitimate concerns about the impact of gas exploration and production on their existing land use. For the businesses and communities that support agribusiness activities, their operations and property values and community wellbeing are also important. Sensitivity to land use issues such as stock control and movement, prevention of weed spreading and crop integrity are critical issues and must be appropriately managed by exploration licence holders. Negotiations for access to land must be undertaken respectfully, with proper compensation and reparations managed effectively.

Many landholders are still uncertain of the benefit but more importantly their rights in relation to exploration requests. As such, there is significant opportunity for the further delivery of education and awareness strategies relating to the CSG industry.

In the main the positives associated with the coal seam gas industry significantly outweigh the negatives. As with all new industry developments, there are competing views about the regulation of the industry and the impacts on community that might result from its establishment.

The industry is likely to have significant economic potential (royalties, job creation and regional development) but this potential needs to be balanced against the ongoing needs of Regional industry where exploration is already underway.

CCIQ encourages an approach which seeks to maximise the net economic impact of CSG and one which minimises the regulatory burden placed upon business.

CCIQ is supportive of finding a balance between mining and agricultural activities, with mitigation activities put in place to ensure primary producers continue to have access to good quality agricultural land.

CCIQ will continue to work closely with other industry groups and the State Government, in relation to 'Queensland's Agriculture Strategy' discussion paper in seeking the best possible outcomes for the SWQ and Queensland Agriculture industry

PRIORITY 4: CREATING A STRONG ENVIRONMENT FOR SKILLS AND EMPLOYMENT

A skilled workforce is essential to a sustainable and diversified economic base. Strong demand from the resources sector is placing pressure on SWQ businesses to meet their workforce needs. Employers must either be able to access the skilled workers that they need to staff their businesses, or have the necessary tools in the form of appropriate training and higher education institutions to provide existing workers with these skills.

SWQ businesses want their employees to undergo training but often cannot afford to send them to their preferred training provider due to costs associated with travel. Finding out about funding available through State and Federal Government programs for training and workforce planning is difficult. There has also been some inconsistency around the availability of employer incentives for 'non-priority' training and apprenticeships, which have traditionally helped employers in non-resources sector industries with the costs of training workers.

SWQ businesses are finding it difficult to retain high quality employees given the current level of competition for skilled labour between industry sectors. The problem for local businesses lies in attracting the right mix of staff, both skilled and non-skilled. Often workers will undertake apprenticeships or training paid for by local employers. It is understandable local businesses are becoming increasingly reticent about investing in employees who they are likely to be lost to the high-paying resources sector.

There are a number of ways that SWQ businesses and the State and Federal Governments can work together to ensure a readily available and capable workforce in SWQ.

QUALITY TRAINING FACILITIES AND BUSINESS RELEVANT TRAINING OPTIONS

SWQ already boasts significant tertiary education institutions in University of Southern Queensland (USQ), University of Queensland (UQ Gatton), Southern Queensland Institute of TAFE and other important training centres. There must be continued investment in the regions education and training facilities to ensure funding is available for skills development and qualifications relevant to the regions existing and emerging industries.

This is consistent with CCIQ's submission to the Queensland Government's Skills and Training Taskforce report on reform to skills and training in Queensland (September 2012), and was reflected in the Government response to the Taskforce's report. Specifically:

- Ensuring that TAFEs continue to operate in markets where they are most needed, but do not prevent private training organisations from entering the market where there is a need for particular training. TAFEs must also be required to adhere to strict key performance indicators based on quality and with a strong 'client-focus' on employers.
- CCIQ has been a strong supporter of flexible learning arrangements that ease the 'tyranny of distance' problem that many Queensland businesses and employees experience with respect to obtaining appropriate training
- Decentralise aspects of VET decision-making so that decisions about how funding for skills and training can be made within the SWQ region. This will empower local authorities to be more responsive to the skills needs of local businesses.

CCIQ will continue to advocate for and pursue policies that support the development of a sustainable and diverse workforce that meets not only the existing labour requirements of the SWQ region but can service new and emerging industries.

ATTRACTING AND MAINTAINING THE WORKFORCE

It is critical that the mobility of skilled workers across the region is supported and enhanced by reducing the current barriers and improving the attractiveness of the SWQ region. This should include ensuring that the liveability advantages and significant employment opportunities are recognised and promoted to attract skilled workers to the region; and assistance to make relocation to SWQ attractive for families.

Local businesses are noticing the increasing departure of young people and graduates who are seeking employment and lifestyle opportunities in Brisbane and other larger interstate business centres. Businesses attributed this to a lack of knowledge and appreciation of the opportunities that exist within the region and a poor relationship that exists between the business sector and education facilities. There needs to be a greater focus on strategies to engage with the 18-35 age groups and promote the benefits of living and working in the region.

Better support for workforce planning practices would help SWQ employers to identify their skills needs. CCIQ suggests the following:

- There needs to be a better delineation of where employers can seek assistance to identify and address skills requirements, and rationalising the various agencies that perform these functions – that is, industry skills councils, apprenticeships centres and training centres should have the capacity to act as a 'one stop shop' for coordinating advice and assistance.
- There is funding available for employers and employees for vocational training through the recently established National Workforce Development Fund. However, to access the services small employers must make a co-contribution of 33 per cent. This should be reduced to ten per cent to allow more employers to take advantage of the Fund.
- The Queensland Government should work with its Commonwealth counterpart to broaden the availability of the VET FEE-HELP scheme to a wider range of courses and providers.

The Federal Government must take a consistent approach to the availability of employer incentives for apprenticeships and training, both trade and non-trade. The removal of incentives for certain diploma courses, non-trade apprenticeships and certain classes of apprentices, including mature-aged apprentices, has heightened the impact of the 'two-speed economy' in the SWQ region and should be reinstated. Particular industries (e.g. service industries, tourism and hospitality) no longer have the benefit of this funding to offset some of the costs of taking on apprentices and training.

CCIQ recognises the importance of employer incentive payments and programs which support businesses with the financial costs of training and reward employers for their contribution to workforce development;

CCIQ will continue to argue for the retention of employer incentive payments and programs, particular for regional small and medium businesses.

CCIQ has released a Workplace Relations Blueprint that calls for a more flexible approach for employers. A key focus of this report is on workforce participation and tapping into the working age demographics.

SKILLED MIGRATION

SWQ businesses are strongly geared towards providing opportunities for local workers and rightfully so. But they have highlighted that there is also a significant need for skilled migration programs, given competition within the resources sector and competition with major cities.

Over recent times the use of skilled migration programs within businesses have come under attack at the federal level. Given that a number of industries in SWQ are so reliant on a smooth migration program, there are significant concerns from the SWQ business community that they will no longer be able to adequately meet their staffing levels. Continuous job vacancies across the region for workers in the transport, hospitality and manufacturing industry have led many employers to rely on skilled migration programs.

Businesses believe that the existing skilled migration program does not address very real skills and labour shortages across a number of industry sectors and that the existing administration processes and red tape associated with securing skilled migration visas means that the program fails to provide a timely and responsive option to immediate skills gaps.

Accordingly business access to skilled migration programs to fill short to medium term workforce shortages (where there is a genuine need) must be both improved and streamlined.

The State and Federal Governments should be exploring the possibility of putting in place regional migration agreements for regional communities and work with regional employers to ensure the skill areas identified as 'priority' and 'in need' accurately reflect skilled labour needs and that existing programs are meeting their intended purpose of supporting industry and economic growth.

CCIQ will highlight the important role that skilled migration has in the overall context of SWQ workforce development and will seek State and Federal Government commitment to: improve small and medium business access to skilled migration programs to meet region skills shortages; and improve the efficiency of the program through reduced paperwork and application costs.

PRIORITY 5 – REDUCING RED TAPE AND COMPLIANCE BURDEN ON LOCAL BUSINESSES

To secure a competitive and productive future for SWQ businesses, unnecessary compliance obligations and burdensome regulation need to be addressed. SWQ businesses spend large amounts of their time filling in forms rather than running their business. In late 2012, CCIQ conducted a number of case studies with SWQ businesses to determine their levels of regulatory compliance.

SNAPSHOT: RED TAPE CASE STUDY

CCIQ met with a number of businesses across SWQ to assess their regulatory and compliance levels. As an example of the impact of regulatory compliance on small and medium businesses in the SWQ region, the following table presents the findings from a recent CCIQ red tape case study. For this business, red tape compliance costs total over \$429,880 each year, with the business manager spending on average 34 hours each week monitoring, reporting and completing compliance activities.

COMPLIANCE COST SNAPSHOT

	ONGOING COMPLIANCE COST PER YEAR	ADDITIONAL UP FRONT COMPLIANCE COST
Business name and registration	\$5,650	-
Financial reporting	\$5,650	-
Fair trading	\$158,000	-
Building codes and regulations	\$107,600	-
Environmental regulations	\$15,620	-
Health and safety regulation	\$27,160	-
Transport and licensing	\$74,400	-
Employment and workplace relations	\$20,800	-
Taxation and other fees and charges	\$14,600	-
Total compliance cost	\$429,880	-

BUSINESS TIME (HOURS) SPENT ON COMPLIANCE ACTIVITIES EACH YEAR

	ONGOING	UPFRONT	TOTAL	Average hours spent per week undertaking compliance activities: 34.72 (1 FTE equivalent)
Business name and registration	52.5	-	52.5	
Financial reporting	64	-	64	
Fair trading	66	-	66	
Building codes and regulations	66	-	66	
Environmental regulations	291	-	291	
Health and safety regulation	532	-	532	
Transport and licensing	36	-	36	
Employment and workplace relations	366	-	366	
Taxation and other fees and charges	330	-	330	
Total time required (hr)	1803.5	-	1803.5	

The business reported that in particular, Fair Trading requirements were their most significant concern and were impacting on the overall viability of their business by costing in excess of \$100,000 per year. In addition to this, transport and licensing and building codes and regulations are also having a negative impact.

All levels of government need to give greater consideration to the practical operational challenges faced by local SWQ businesses. Additionally, recognition that a 'one size fits all' approach does not work for decentralised regional economies is overdue. State and Federal Governments need to improve their communication and engagement with regional business communities about what is practically possible to implement within their business..

CCIQ will present the findings of our SWQ red tape case studies together with the key red tape issues identified through our regional consultation in a red tape submission to the State Government;

CCIQ will continue to work with SWQ businesses to identify costly, complex and burdensome areas of red tape.

PRIORITY 6 – INCREASING LOCAL OPPORTUNITIES

SWQ businesses want to play a larger role in the future delivery of economic development projects in their region. In particular, they have expressed desire to tender for future procurement opportunities from the public sector and resource projects.

At present however, many businesses believe they are not being afforded the opportunity to present their goods and services offering as the preferred providers, and the processes followed are not always genuinely competitive.

Recent research by CCIQ suggests that businesses believe a number of barriers currently exist that prevent them from accessing procurement opportunities.

Key findings included:

- Over 55 per cent of businesses are not aware of the opportunities available in their region;
- Over 80 per cent of businesses are supportive of the government further centralising and streamlining their online procurement services;
- Over 70 per cent of businesses believe more should be done to assist local industry in gaining contracts for Government procurement;
- 46 per cent do not believe local industry is generally successful in being awarded contracts for goods and services on major projects;
- 43.7 per cent of businesses rate the fairness and equity of the tender selection process as average;

CCIQ believes more can be done by both the private and public sector to increase local content in SWQ's major projects. Many local businesses believe that the existing tender processes are too onerous. In particular, there is strong support for there to be greater flexibility afforded to small and medium businesses, such as reducing the reporting processes and requirements. It is clear that SWQ businesses view the tender application process as drawn out and not worth their time and effort. In many cases, businesses are having to employ procurement specialists to increase their chances of winning work, which inevitably increase the overheads without a guarantee of return.

Given that SWQ stands to benefit from growth in the resources sector linked to the Surat Basin, it is crucial that local, state and federal government and resource and energy companies consider the appropriateness of their current procurement strategies and processes.

CCIQ will continue to work with local governments, local chambers and Toowoomba Surat Basin Enterprise (TSBE) to help provide SWQ businesses with the tools and resources needed to get involved in big projects;

CCIQ believe the local governments based in the SWQ region should seek to adopt a procurement policy process similar to that of the Gold Coast local government, who are seeking to significantly enhance opportunities for local suppliers;

CCIQ are actively involved in the State Government Procurement Policy Review Process to ensure the voices of small businesses are considered in any adjustments to State Government procurement policies;

Through a more collaborative approach with Government and industry the ICN can help connect businesses with more local opportunities in SWQ and maximise public and private sector opportunities for small businesses.

PRIORITY 7 – IMPROVING AND SIMPLIFYING ACCESS TO FINANCE

Access to finance is critical for the ongoing development of businesses, as they rely on credit to fund almost all facets of a business life cycle, including start-up costs, expansion and supporting business operations during times of low cash flow. Banks have a broad responsibility to provide reasonable access to finance for local businesses, with many businesses believing that lenders misunderstand their operational needs. Investment, property and land developments and expansions of existing commercial real estate are the core areas in which businesses struggle to receive assistance.

Reasonable access to finance for SMEs is also critical to improving Australia's productivity and competitiveness. Businesses wishing to invest to improve their own productivity or produce higher value products and services will invariably require finance to make such investments. Given the reliance that small-to-medium enterprises (SME) have on banks as a source of finance, reasonable access to finance on appropriate terms and cost for SMEs is a critical economic issue for SWQ.

The predominant reasons why SWQ businesses considered accessing finance a challenge included:

- Difficulty in finding a lender willing to provide funding to their industry, primarily due to banks becoming more risk adverse and overly conservative in their small business lending.
- Reluctance of major banks to lend to business in SWQ due to inaccurate perceptions of economic risk linked directly to the natural disasters and poor on-the-ground understanding about the broader economy and industry performance in the SWQ region.
- Inexperienced business bankers without the necessary skills to appropriately assess credit applications including an inadequate understanding of small business cash flow management practices and reporting/accounting practices.

While it is understandable that banks may have found it necessary to rebalance their lending portfolios for prudential and risk reasons, enhancing the capacity of small businesses to access finance will go a long way towards increasing economic activity, employment and industry diversification needed in SWQ.

CCIQ will undertake to bring the issue of small business difficulties in accessing finance to the attention of the Federal Small Business Ombudsman and the Federal Minister for Small Business.

CCIQ is engaging with key stakeholders in the banking sector to ensure the flow of funds to creditworthy small business borrowers and is seeking commitments to from key financial institutions to improve the skills of business lending managers and credit departments with a particular focus on small and medium business customers.

CCIQ, through its membership on the Queensland Small Business Advisory Committee will also raise the issue and recommend to the state government the urgent need to improve small business access to finance.

CCIQ also supports Recommendation 6 of the 2010 Senate Economics Committee report, Access of Small Business to Finance, being "that the Australian Bankers' Association meet with small business representatives to develop a code of practice for lending to small business" and strongly urges the Australian government to implement this recommendation.

PRIORITY 8: A POSITIVE BUSINESS AND INVESTMENT CULTURE

Economic growth requires a positive business and investment culture which recognises and builds on the competitive advantages, economic successes and opportunities of the region. Business and consumer confidence above everything else will define the economic outlook and business investment in the region into the future.

Business feedback reflected throughout this report highlights a picture of overall optimism, economic diversity and significant opportunity for growth. This sentiment needs to be promoted both within SWQ and outwardly across the state. The business community itself also needs to be better at communicating who they are, what they do, the extent of their professional capabilities and market sophistication to state, national and international markets to attract the investment streams currently focused on capital cities.

Accordingly this report is intended to act as a catalyst for greater engagement between CCIQ, the SWQ business community and key decision makers at a local, state and federal level. As previously outlined engagement with SWQ regional businesses will inform CCIQ's policy and advocacy agenda throughout 2013 and beyond.

CCIQ, as the state's peak body will commit to working with other key regional stakeholders including the local chambers of commerce, local and state governments and media outlets to ensure relevant economic and business data and business opportunities contribute to a positive business outlook for SWQ.

CCIQ will provide ongoing advocacy updates to the SWQ business community about the progress made towards addressing the 8 regional business priorities raised in this report and summarised below.

"Across the Darling Downs we have strong projected growth, great tourism potential and lower living costs." – SWQ Business Owner, Communications Services

SUMMARY OF REGIONAL BUSINESS PRIORITIES:

1. Improve the overall business operating environment for SWQ.
2. Deliver key regional infrastructure to secure a strong future.
3. Balancing competing interests between existing and emerging industries.
4. Creating a strong environment for skills and employment.
5. Reducing the red tape and compliance burden on local businesses.
6. Increasing local opportunities.
7. Improving and simplifying access to finance.
8. A positive business investment culture.



ABOUT CCIQ

For almost 150 years, we've been taking care of business in Queensland.

We listen to you, and then we speak.

Through influence and persistence, we are a loud and clear voice for Queensland business to the media and every political party.

We work hard for you.

Business is the engine of our nation's economy, and we are tireless in our efforts to ensure governments at all levels create the best possible conditions for your business to succeed.

We make you more competitive.

Through industry-certified training, we skill your workforce and enhance your business performance.

We keep you safe.

We comprehensively protect our members by providing members-only hotlines on OHS, workers' compensation and employee relations, as well as expert legal services.

We share what we know.

We keep our members up to date by sharing real business intelligence and research.

We network so you can grow.

We create business networks and commercial partnerships so you can leverage your membership into opportunities for your business to reduce costs and grow.

BECOME A MEMBER OF CCIQ

It doesn't matter whether you're a new business or at the big end of town. Either way, your membership buys you the knowledge, protection and power that come from belonging to

Queensland's leading business body.

Your membership with CCIQ comes with exclusive benefits

Protection

Your membership buys you instant, over-the-phone support from our Employer Assistance Line.*

News

Inform, our monthly member magazine, will be delivered to your inbox.

Research

Use your exclusive access to our quarterly Pulse research into Queensland business sentiment to set future plans with confidence.

Knowledge

You'll receive free access to our regular webinars, seminars and policy reports.

Networks

Events, held frequently throughout the state, are ideal opportunities to build your networks.

MyCCIQ

Your membership gives you access to our special member portal, where you can search our extensive resources, manage your account and book training and events.

Offers and trials

As a member, you're offered free product trials and heavily discounted partner offers.

Promotion

We list participating members in our exclusive CCIQ Member Directory.

* Not available to Opportunity members.

To find out more about becoming a member of CCIQ, visit www.cciq.com.au/join or call **1300 731 988**.

CCIQ OFFICES

We have regional representatives in offices throughout Queensland, and are affiliated with more than 100 chambers of commerce throughout the state.

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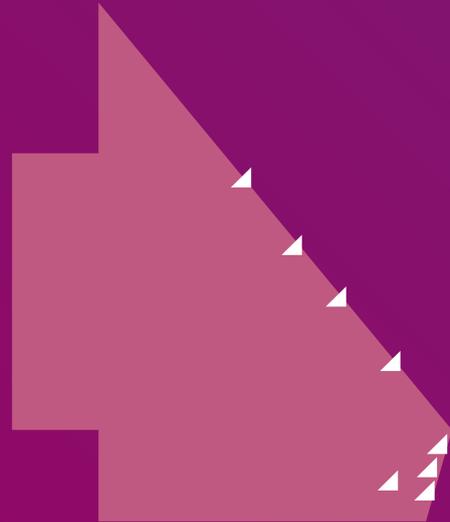
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