

2023-24 QUEENSLAND BUDGET

Business Chamber Queensland
PRE-BUDGET SUBMISSION

February 2023



2023-24 QUEENSLAND BUDGET: A BUDGET FOR BUSINESS

FY2023-24 PRE-BUDGET SUBMISSION



A message from Business Chamber Queensland CEO, Heidi Cooper

The upcoming 2023-24 Queensland Budget must be a *budget for business*.

Now is the time and Queensland is the place to be in business. We're on the cusp of significant opportunities in the next decade and beyond. We're already one of the best performing states in Australia, an attractive destination for migration and investment both nationally and internationally. We've seen business operating levels return to pre-COVID standards and the state's business community is ready to maximise every opportunity for diversification and resilience and to be competitive and to thrive now and in the future.

At the same time businesses have told us that they are facing a new set of challenges in 2023, from attracting and retaining the right people with the right skills, to increasing costs like wages, energy, insurance and interest rates. These things are impacting business growth while macroeconomic issues are impacting forward confidence in the state and national economies.

For the business community to take up opportunities ahead, this budget needs to have the state's businesses at the forefront. Businesses need certainty to plan, invest and thrive with confidence. It's why we're looking for commitments to business across five key areas:

- **Business friendly governments** | Reducing operating costs and complexity
- **Smart infrastructure** | Building productivity and resilience through connectivity
- **Skilled workforce** | Supporting upskilling, emerging industries and markets
- **Advancing sustainability** | Developing and enhancing business practices for future sustainability
- **Queensland beyond 2032** | Creating growth opportunities for businesses both here and overseas and legacy outcomes

We've formed this submission using insight direct from businesses across the state – we understand businesses' needs and how to ensure Queensland business thrive now and in the future. Less than 10 years out from the Olympics it is critical to establish the foundation for all businesses, across all industries in every corner of the state, so we all benefit from the enormous opportunities to come with the Games.

In 2023, Business Chamber Queensland will celebrate 155 years of history in Queensland, influencing, supporting and responding to the needs of businesses, workforces and the communities in which they operate. This 2023-24 Pre-Budget Submission is one of the latest ways we're delivering on that commitment.

A decade of opportunity in Queensland starts now. To realise those opportunities, the 2023-24 Queensland Budget must be a budget for business.

A handwritten signature in black ink that reads "Heidi Cooper".

Heidi Cooper, CEO, Business Chamber Queensland

About Business Chamber Queensland

FY2023-24 PRE-BUDGET SUBMISSION



We're Queensland's leading business body.

For 155 years we have represented businesses of every size, in every industry and across every corner of the state.

We have our sights firmly set on the future. There are extraordinary opportunities ahead and we are ensuring Queensland businesses can take up these opportunities and thrive both now and into the future.

We're an independent, not for profit organisation which means our sole focus is to support Queensland businesses to prosper now and long-term.

Our aim is to provide independent, practical support, backed by innovative thinking, that empowers and strengthens Queensland's businesses.

Because what matters to Queensland business is what matters to Business Chamber Queensland .



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THE NEEDS OF QUEENSLAND BUSINESS

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

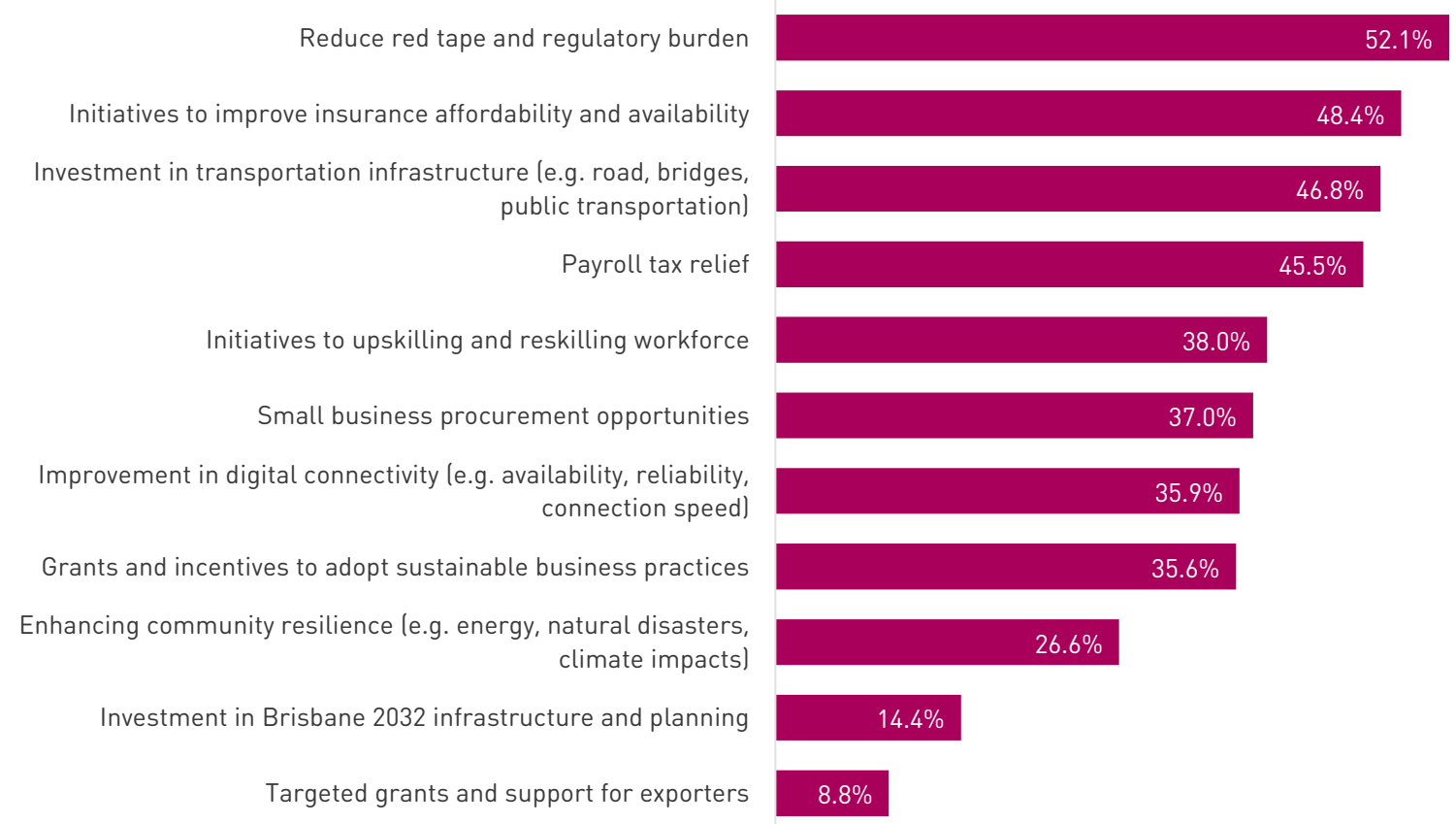
Queensland businesses have shared their experiences and critical needs. Consistent and timely reporting of issues affecting Queensland businesses ensures that regular and comprehensive research and consultation is undertaken to drive policy decisions across the three tiers of Government.

Business Chamber Queensland works with an extensive chamber network that spans all corners of Queensland and covers more than 100 local and regional chambers. There are many opportunities and challenges depending on a business's location and Business Chamber Queensland with chambers makes sure to actively engage and advocate on issues that are affecting businesses throughout Queensland.

We have decades of data. Business Chamber Queensland produces the largest quarterly survey, the Pulse Survey, reporting on business sentiment and conditions in Queensland. We consistently engage with Queensland businesses through our surveys, forums, workshops and events.

To further validate the current needs of Queensland businesses, in the December 2022 Pulse Survey we asked Queensland businesses what their top priorities were for the upcoming state budget, shown in the chart opposite.

Q: What should be the priority for the Queensland government in the upcoming State Budget?¹



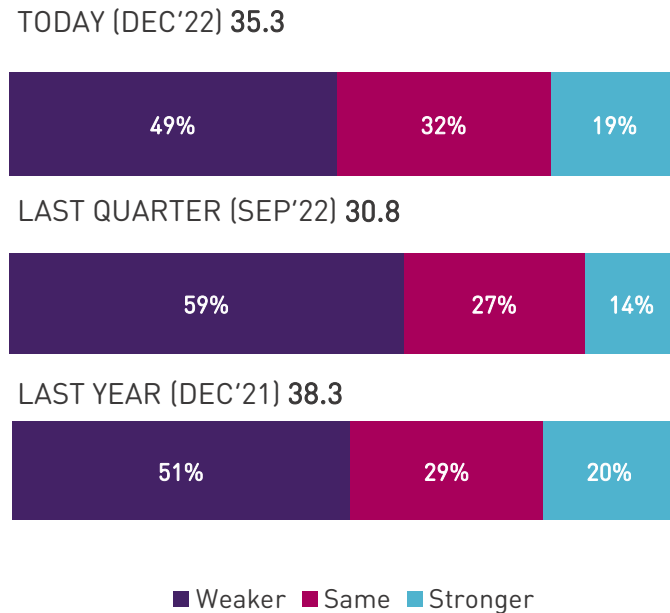
¹Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.

BUSINESS CONFIDENCE AND PERFORMANCE FORECAST

Business confidence

The Business Chamber Queensland's Pulse Survey for the December quarter 2022² showed business confidence on the performance of the Queensland economy has weakened over the course of 2022. **Almost half business respondents, 49%, indicated they expect the state's economy to weaken in 2023.**

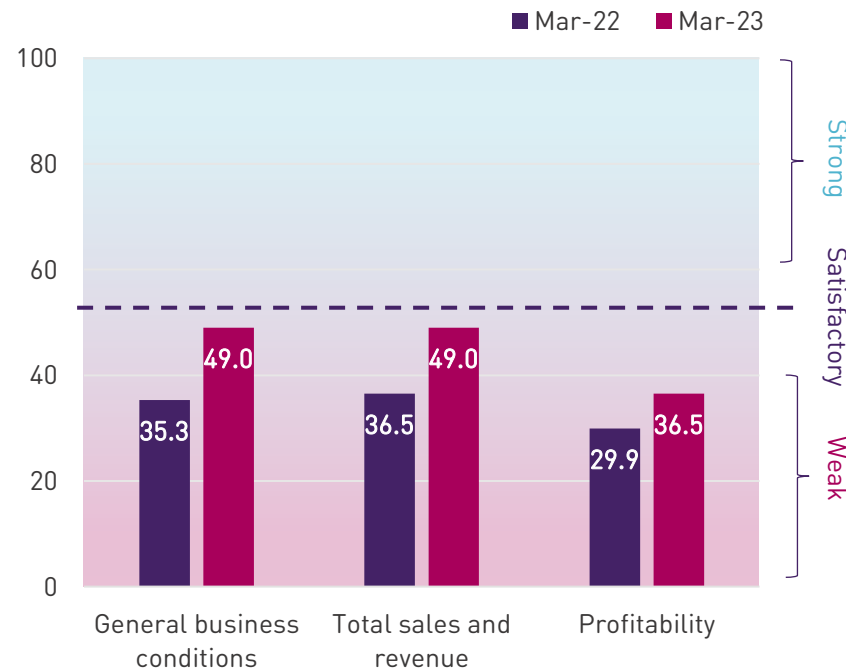
Expectations on the performance of the Queensland economy



Performance forecast

As a whole, Queensland businesses have come a long way since December 2021, and comparatively, general business conditions sentiment is largely more positive than that of the end of 2021. On average, indicators from the Pulse Survey suggest Queensland businesses recovered to pre-COVID-19 levels over the course of 2022.

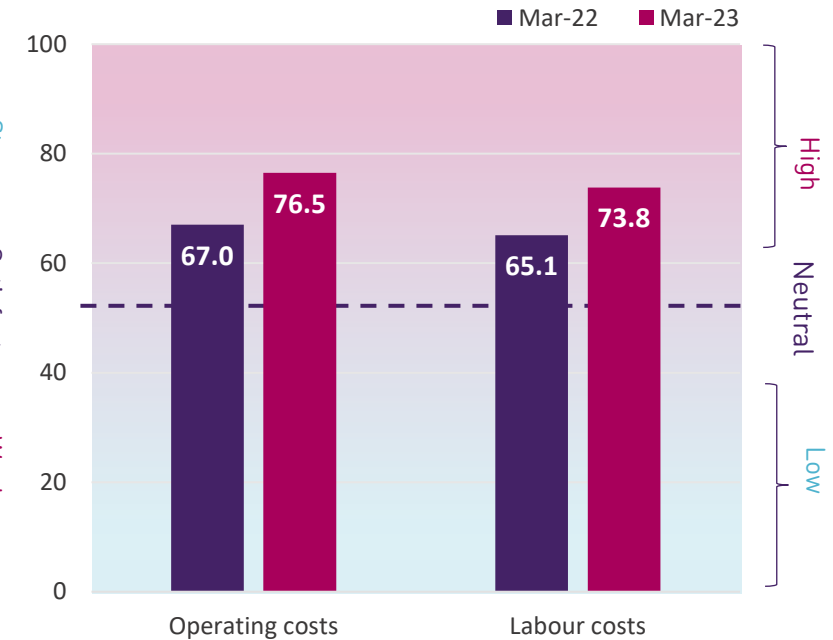
General business conditions sentiment



However, in the December 2022 quarter, businesses surveyed forecasted labour costs and operating costs would remain high, and further dips were expected in general business conditions, total sales revenue and profitability.

It is clear that businesses are under tremendous pressures from rising costs, as well as widespread labour and skills shortages.

Business costs sentiment



²Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.

BUSINESS CONSTRAINTS

Business constraints in 2022

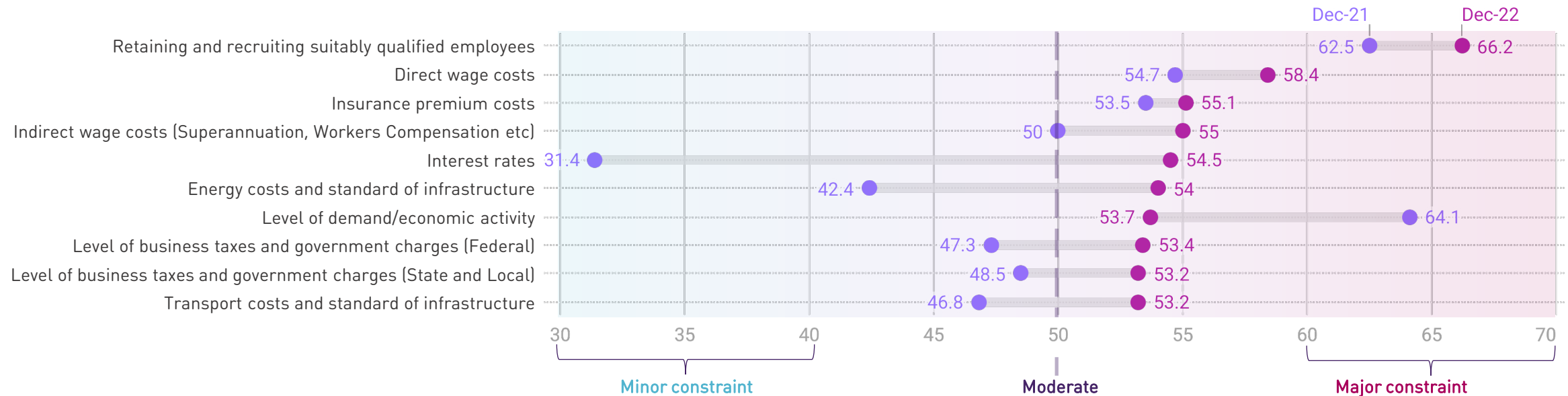
The Pulse Survey for the December quarter 2022³ showed major shifting of business constraints over the past 12 months. For much of the past decade, the 'level of demand and economy activity' and 'political and economic stability' were the leading key constraints on business. These two constraints have been long-term critical issues, sitting in the top five key constraints for the past 10 years, yet have recently tumbled down the list to seventh and twelfth position respectively.

Since March 2022, **retaining and recruiting suitably qualified employees** became the top constraint for business growth, and consistently stayed at the top throughout 2022. Many

Queensland businesses, based on their industry sector or location, are indicating staff shortages, however other labour related issues such as **direct wage costs** and **indirect wage costs** (such as superannuation, workers compensations) also factor heavily and place in the top five concerns for Queensland businesses.

Insurance premium costs have also become a key constraint for Queensland businesses over the course of the year, now the third biggest concern statewide. December 2022 also saw the major change in interest rate as a business constraint. Starting as a minor constraint back in December 2021, by December 2022 it was a moderate constraint and ranked as the fifth biggest concern for Queensland businesses.

Major constraints for Queensland businesses (December 2021 vs December 2022)³



³Pulse Survey, December 2021 and December 2022, www.businesschamberqld.com.au/business-voice/pulse-2/



Business Chamber Queensland Priority Area:

1. BUSINESS FRIENDLY GOVERNMENT

Governments that reduce operating costs and complexity

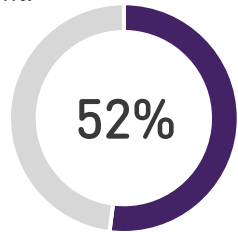
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Queensland businesses need government commitment to help ease the cost and burden of doing business.

1a. Deregulation and regulatory reform

CCIQ's latest Pulse Survey found that more than half of businesses (52%) wanted to see initiatives to reduce red tape and regulatory burden reflected in the upcoming state budget.⁴ Red tape has been a key concern for Queensland businesses, and this has continued alongside the changing settings of 2022, with businesses concerned about new regulation requirements in industrial regulations, new paid leave measures being introduced, as well as complexity and uncertainty around tendering and procurement.



Reducing red tape is the top priority for Queensland businesses in this upcoming State Budget, as indicated by more than half (52%) of Queensland businesses.⁴

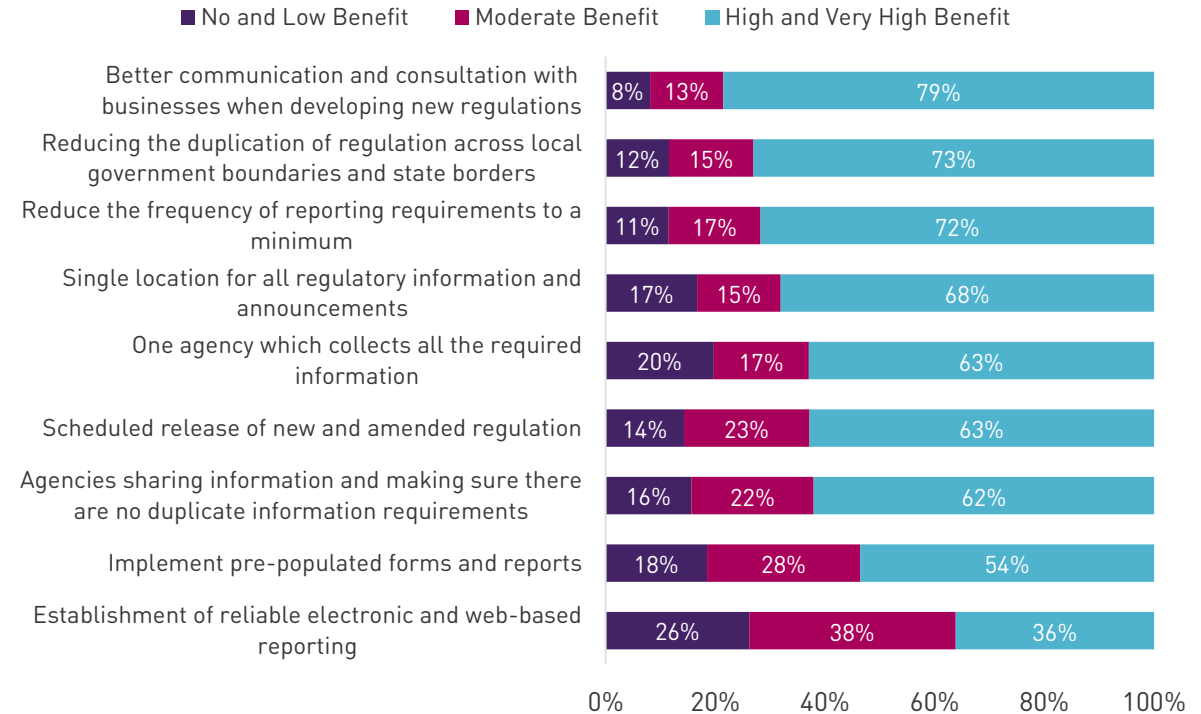
CCIQ's 2021 Red Tape survey identified initiatives that businesses believed would be most beneficial toward easing the burden of red tape, as shown in the chart opposite. Business Chamber Queensland is committed to undertaking a 2023 Red Tape Report for Queensland businesses to understand specific pain points. We look forward to discussing these issues further with the Queensland Government and identify further tangible opportunities for improvement.

Q: What should be the priority for the Queensland government in the upcoming State Budget?⁴

"Simplify the HR and employment process and support employers who employ people by giving them some support and power to protect themselves and their businesses. Reduce the costs of compliance."
– Automotive business, Gold Coast

"More grants made available to assist small business to become more efficient and to be able to cope with the red tape and being able to actually run their businesses"
– Personal, repair and other services business, Gold Coast

Level of benefit initiatives have on reducing the regulatory compliance burden⁵



Recommendations

- Reduce complexity on government permits and fees
- Reduce red tape on SMEs
- Support SMEs with managing and navigating HR and IR laws

⁴ Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.

⁵ Business Chamber Queensland Red Tape Report 2021, <https://www.businesschamberqld.com.au/business-voice/red-tape-report-2021/>



Business Chamber Queensland Priority Area:

1. BUSINESS FRIENDLY GOVERNMENT

Governments that reduce operating costs and complexity

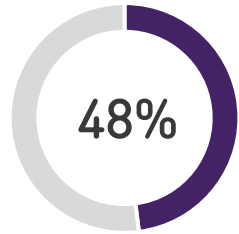
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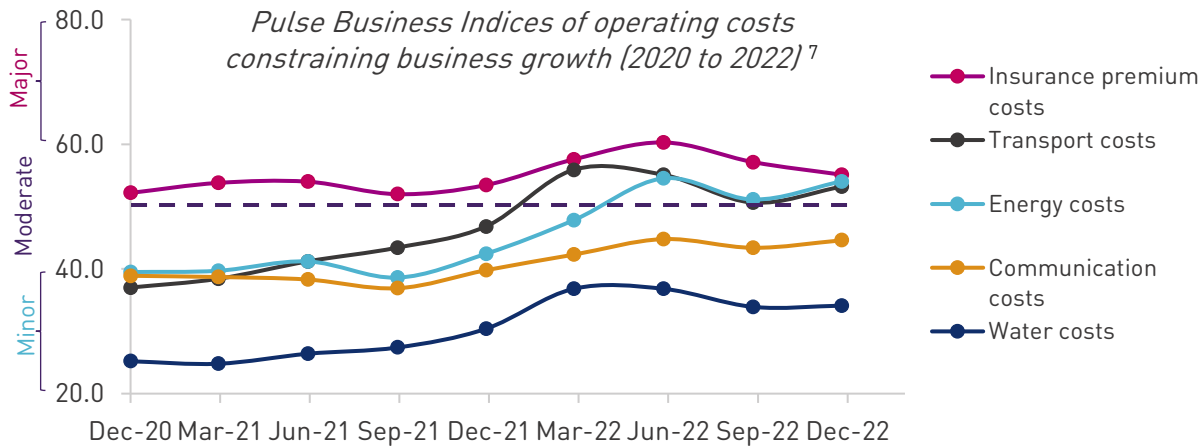
1b. Insurance affordability and availability

Insurance premium costs have ranked in the top five constraints on business growth in the Business Chamber Queensland Pulse survey consistently since September 2019, rising to the third highest constraint in December 2022.



Initiatives to improve insurance affordability and availability was also a key ask from Queensland businesses, with almost half (48%) asking for government action in this space.⁶

Looking at just operational costs (excluding workforce costs), insurance premiums have remained as the highest operating cost constraint on business growth, despite significant increases to both fuel and energy costs in recent months.



Note: PBI = 50 suggests a moderate constraint for businesses

Early findings from Business Chamber Queensland’s upcoming insurance report further indicate that insurance affordability and availability constraints are being felt by all industries across all regions.⁸ However, those most critically affected are in northern regions of Queensland or areas recently impacted by natural disasters, resulting in inequitable access to affordable insurance options across the state. Government must play a role in addressing insurance premiums costs for disaster affected areas and businesses. Removing stamp duties from insurance products could also result in meaningful reductions in insurance premiums⁹, as currently stamp duties make up between 5% and 10% of business insurance premium costs.¹⁰

Business Chamber Queensland is currently undertaking further research into the affordability and availability of insurance for Queensland businesses and look forward to discussing this issue further with industry and government to find tangible solutions.

Q: Are there any steps you think the government or industry can take to make insurance more affordable or accessible for Queensland business?⁷

“Govt insurance guarantee for Cyclone areas to reduce premiums”

– Accommodation and hospitality business, Far North Queensland

“Government should implement scheme to cap insurance costs for businesses that are subject to natural disasters and cannot afford to insure themselves due to the cost”

– Professional services business, Gold Coast

Recommendations

- Remove stamp duty on insurance premiums
- Targeted industry and regional support, including the provision of insurance of last resort fund where most critical

⁶ Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.

⁷ Pulse Survey, 2020 – 2023

⁸ Business Chamber Queensland Insurance Report 2023, early findings, yet to be released.

⁹ ACCC, 2020, “Northern Australia Insurance Inquiry: Final report”, www.accc.gov.au/publications/northern-australia-insurance-inquiry-final-report

¹⁰ Business Queensland, insurance rates, Last reviewed 2022, www.business.qld.gov.au/industries/service-industries-professionals/professional-financial-services/insurance-duty.



1. BUSINESS FRIENDLY GOVERNMENT

Governments that reduce operating costs and complexity

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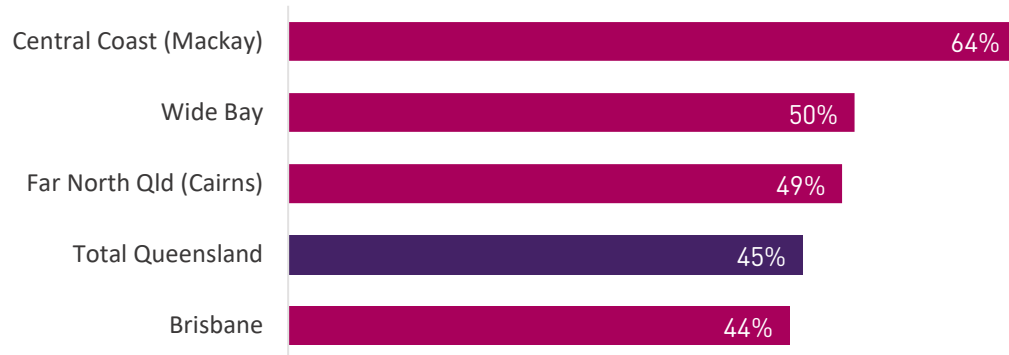
1c. Payroll tax reform

45.5% of Queensland businesses continue to ask for payroll tax relief, unsurprising in the current business conditions with high labour costs.¹¹

Payroll tax, a disincentive for business growth, has always been one of the top priorities for Queensland businesses. In FY2023, some welcome changes have been introduced by the Queensland Government in this aspect. However, further review of the tax should still be considered, as businesses are still indicating that this is one of the top concerns for their operating environment.

This issue is a bigger concern for businesses in regional Queensland, where recruiting and retaining staff is more severe in the last year. Adding payroll tax on top of rising labour costs can greatly hinder businesses' ability to operate.

% Businesses consider payroll tax as a top FY24 State Budget priority, by region ¹¹



Recommendation

- Use national cabinet as forum for broader potential payroll tax reform

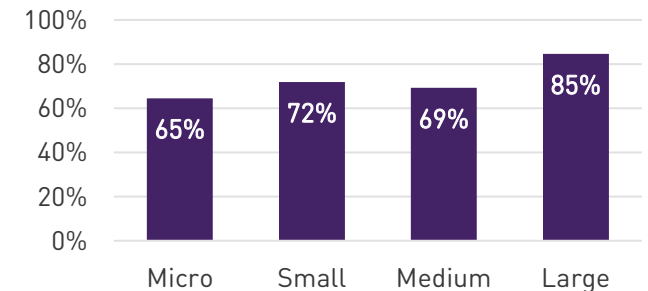
1d. Digital advancement

As part of the economic recovery in recent years, Queensland has seen an increased demand in digital tools and digital processes. Engagement with Queensland businesses suggested that digital tools and e-commerce are no longer a competitive advantages, but a necessity for the next decade. To advance the operating environment of Queensland business, there is a need for the government to commit to improving the current government processes and interactions in the digital space, as well as promoting advancements in technology across the state.

CCIQ's Future of Work in 2022 report also found that while **digital advancement was especially important for large businesses (with more than 200 employees), micro, small and medium sized businesses also had high demand.**¹²

85% of large businesses indicated that stronger digital skills requirements will have moderate to critical impacts for their businesses in the next 5 years. 72% of small businesses, 69% of medium sized businesses and 85% of micro businesses also indicated demand for stronger digital skills requirements.¹²

% Businesses identify they need stronger digital skills in the next 5 years ¹²



Recommendations

- Targeted investment for SMEs to build digital capability, including cyber security and the adoption of new technology such as artificial intelligence
- Invest in whole-of-government knowledge sharing and collaborative platforms for interactions with SMEs

¹¹ Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.

¹² Business Chamber Queensland Future of Work report, 2022, www.businesschamberqld.com.au/business-voice/future-of-work/



2. SMART INFRASTRUCTURE

Building productivity and resilience through connectivity



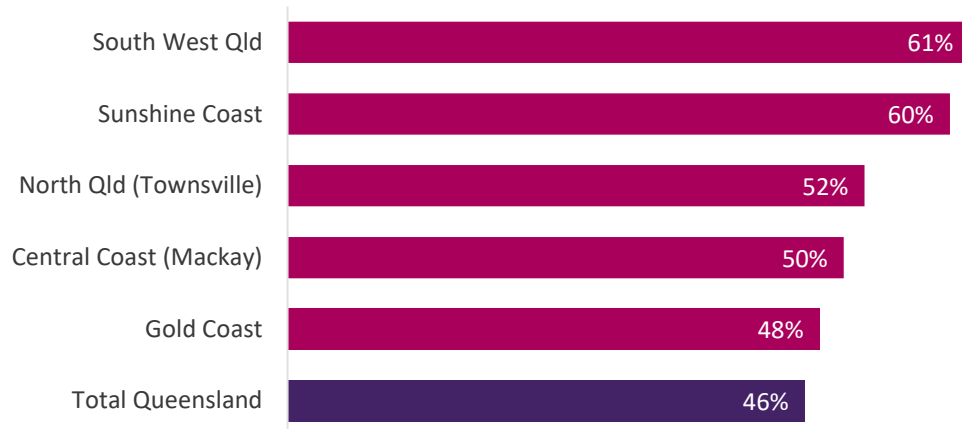
Smart infrastructure is critical for connecting a state as geographically large as Queensland, and for supporting business viability and competitiveness.

2a. Refocus investment in transportation infrastructure

46% of Queensland businesses would like to see investment in **transportation infrastructure** in the upcoming state budget.¹³ Road, rail, runway and port infrastructure are economically stimulating investments and provide for improved connectivity. Transportation infrastructure not only stimulates the economy through jobs growth and local procurement opportunities, but an investment in transport supports business productivity.

Investment in transportation infrastructure is especially important for regional Queensland. The highest demand for this priority was reported by businesses in South West Queensland (61%), Sunshine Coast (60%) and North Queensland (52%).

% Businesses consider investment transportation infrastructure as a top FY24 State Budget priority (top 5 regions) ¹³



Q: What should be the priority for the Queensland government in the upcoming State Budget? ¹³

"Spend more on local tracks and roads less on highways. Understand that "infrastructure" means more than roads"

– Manufacturing business, Sunshine Coast

"Greater focus supporting business in regional Queensland with necessary infrastructure. Faster regional rail. Flight costs (cap similar to WA government)"

– Financial services business, Wide Bay

"A huge investment in transportation other than roads is required. Trains, buses. National passenger VFT rail networks, national freight rail networks, Light rail and bus connections. The more we build roads, the more we are saying to people, get in your car."

– Environmental business, Sunshine Coast

Recommendations

- Identify and accelerate priority transport connectivity projects across regions
- Prioritise funding for regional infrastructure projects as identified in the State Infrastructure Strategy and regional infrastructure plans

¹³ Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.



2. SMART INFRASTRUCTURE

Building productivity and resilience through connectivity



2b. Improve digital connectivity

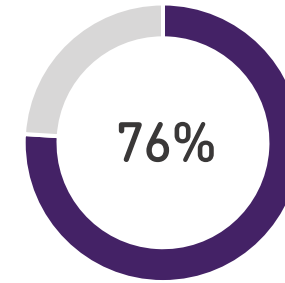
36% of Queensland businesses want to see commitment to an improvement in digital connectivity in the upcoming State Budget.¹⁴ The continued rollout of high-speed internet for regional Queensland is vital for the growth of Queensland’s regional businesses, as well as to build resilient regional economies.

Connectivity plays a fundamental role in reducing the tyranny of distance faced by regional businesses. Infrastructure Australia’s *Regional Strengths and Infrastructure Gaps 2022* report¹⁵ outlined broadband and mobile connectivity as significant infrastructure gaps for many Queensland regions, including Central and Western Queensland, Darling Downs and South West, Wide Bay Burnett and even the Gold Coast. Businesses and communities need access to high-speed internet to enable the digital capacity, connectivity and advancement of industry. There is also potential in rapid expansion of technology in industries such as Advanced Manufacturing, Health Care and the Resources sector, all of which will require reliable high-speed connectivity.

% Businesses consider improvement in digital connectivity as a top FY24 State Budget priority (top 5 regions)¹⁴



CCIQ’s Future of Work¹⁶ survey reported that 76% of Queensland business considered the availability of reliable high-speed internet connection to have a moderate to critical impact for the future. Digital engagement with customers (e-commerce) was also considered to have critical impact for Queensland businesses in the next 5 years.



76% of Queensland businesses considered availability of reliable high-speed internet to have moderate to critical impacts for their future¹⁴

Q: Which workplace factor would affect your businesses in the next 5 years?¹⁴

“Access to high-speed reliable internet connection at the workplace is critical to most businesses including ours”

– Vehicle and transportation business, North Queensland

“Mobile phone coverage is very poor in our location; this has a great impact on our business if we can’t receive/make calls.”

– Tourism business, South East Queensland

“We are in the town boundary of a regional town of 6000 people and still do not have access to broadband other than fixed wireless. This is preventing us using many cloud-based software and cybersecurity options.”

– Manufacturing business, Central Queensland

Recommendation

- Prioritise and fund investments in high-speed internet infrastructure for regional Queensland

¹⁴ Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.

¹⁵ Infrastructure Australia, 2022, *Regional Strengths and Infrastructure Gaps*, www.infrastructureaustralia.gov.au/publications/2022-regional-strengths-and-infrastructure-gaps

¹⁶ Business Chamber Queensland Future of Work report, 2022, www.businesschamberqld.com.au/business-voice/future-of-work/



Business Chamber Queensland Priority Area:

2. SMART INFRASTRUCTURE

Building productivity and resilience through connectivity

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2c. Transitioning to sustainable energy

In 2022 Queensland businesses were impacted by significantly increasing energy costs. Future-proofing Queensland’s energy asset base and transitioning to sustainable energy is needed to deliver resilience and long-term energy affordability.

The rising cost of energy was reflected in CCIQ’s Pulse Business Index, with the index point reaching more than 50 in June 2022, and remaining at that level until the end of the year. This suggests that Queensland businesses are seeing increasing energy costs every quarter, with no signs of slowing down soon. Only by pivoting away from energy sources that are prone to disruptions can Queensland businesses secure a reliable and resilient energy supply that meets businesses’ needs.

Q: What should be the priority for the Queensland government in the upcoming State Budget? ¹⁷

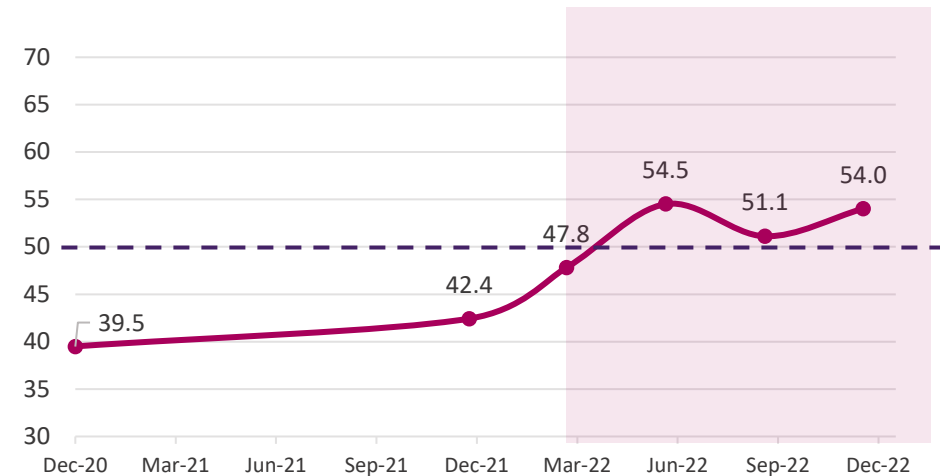
“More detailed consultation with regional communities and businesses in relation to Renewable Energy Zones. Avoid difficulties as consequence of these construction projects and improve opportunities that they present for locals.”

– Construction business, South West Queensland

“Advocate for energy costs for small businesses, i.e. incentives for commercial property owners to install solar or alternative energies for those businesses that do not own their premises and therefore have no choice for provider”

– Accommodation and hospitality business, Sunshine Coast

Pulse Business Index on energy costs and standard of infrastructure as a business constraint (2020 to 2022) ¹⁸



Note: PBI = 50 suggests a moderate constraint for businesses

Recommendations

- Increase investment to support business energy efficiency and immediate cost issues
- Investment in future-proofing Queensland’s energy asset base and building resilience in the transition to sustainable energy sources
- Continue to invest in and prioritise development of renewable energy zones

¹⁷ Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.

¹⁸ Business Chamber Queensland Pulse Findings, 2020 – 2023



2. SMART INFRASTRUCTURE

Building productivity and resilience through connectivity

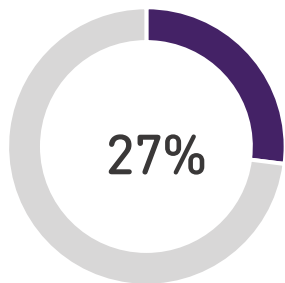


2d. Resilience to extreme weather events

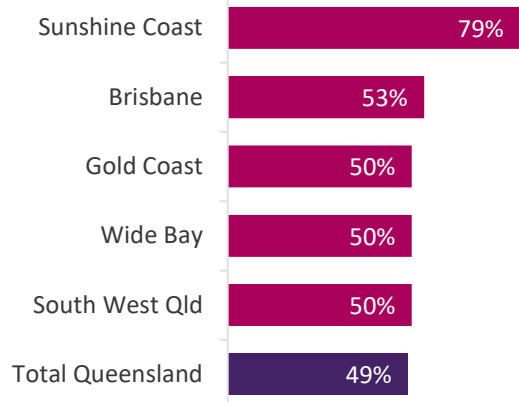
27% of Queensland businesses want to see investment in enhancing community resilience (e.g. energy, natural disasters, climate impacts) reflected in the upcoming state budget.¹⁹

The impacts of natural disasters on businesses and the community can be extensive. The Business Chamber Queensland 2022 South-East Queensland Floods report found that 49% of Queensland businesses were impacted by the 2022 floods, either through direct impacts of inundation or indirect impacts such as supply chain disruptions or affected transportation for customers and employees.²⁰

Share of Queensland businesses indicating enhancing community resilience as a top priority (%) ¹⁹



Share of Queensland businesses affected by the South East Queensland 2022 flood event (top five regions impacted) ²⁰



While South East Queensland were most heavily affected in the 2022 floods event, indirect impacts were felt throughout all Queensland regions.

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 being hesitant to operate in some regions (particularly northern markets). These events impact businesses directly and indirectly, through loss of goods and capital and disruptions to trade via constrained supply chains and transportation logistics. Further, across several regions of Queensland, insurance risk profiles have resulted in inequitable access to affordable insurance options. These risks all expose Queensland businesses to a reduced capacity to recover from extreme weather events.

Businesses are concerned about the resilience of energy, telecommunications and transport infrastructure, but also the impacts that natural disasters can have on the economy. 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.

Recommendations

- Prioritise mitigation and prevention projects across the regions
- Expand funding arrangements for preparedness efforts and resilience in regions
- Support for SMEs to invest in mitigation and resilience initiatives and build capability

¹⁹ Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.

²⁰ Business Chamber Queensland South East Queensland 2022 Floods Report: Assessment of impacts on Queensland businesses, <https://www.businesschamberqld.com.au/business-voice/2022-south-east-queensland-floods/>



Business Chamber Queensland Priority Area:

3. SKILLED WORKFORCE

Support upskilling, emerging industries and markets



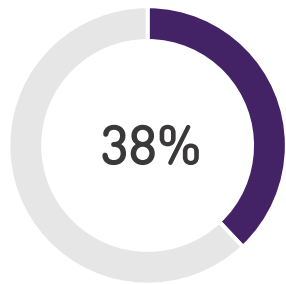
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Queensland businesses need investment in future skills that will create an environment to meet our ongoing and future workforce needs, allowing businesses to thrive today and into the future.

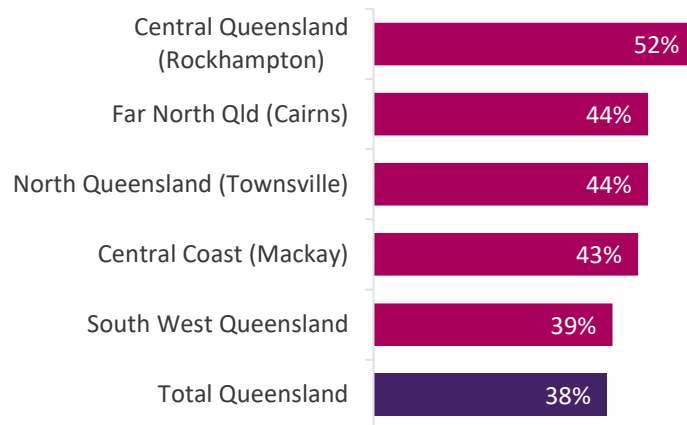
3a. Incentivise upskilling and retraining

Business Chamber Queensland has consistently heard from Queensland businesses across the state over the last year that the skills and labour shortage is proving to be the most significant challenge and constraint on growth. Moreover, when asked about State Budget priorities, **38% of businesses indicated that they would like to see more initiatives to upskill and reskill their workforce, amongst the top five requests from Queensland businesses.**²¹

Queensland businesses considering initiatives to upskilling and reskilling a top priority for the upcoming State Budget (% share, and by region)²¹



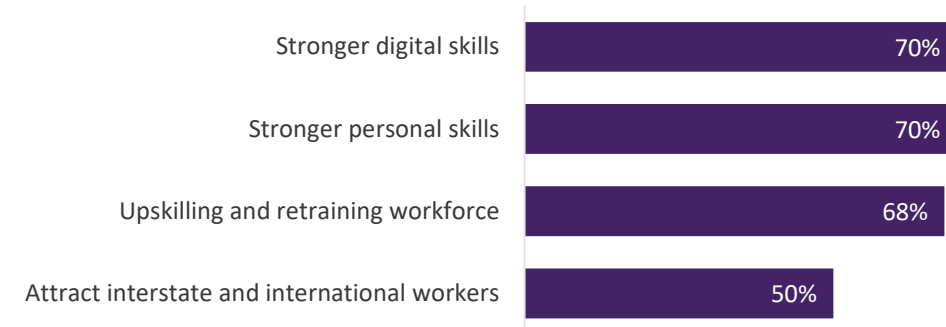
38% of Queensland businesses would like to see upskilling and retraining initiatives in this upcoming state budget.²¹



This is a key priority for regional Queensland, with more than 50% of businesses in Central Queensland placing this concern as their top priority.

Skills and training are also Queensland businesses' top priority in regard to planning for the future. CCIQ's Future of Work²² report found that 70% of businesses indicated stronger digital skills, as well as communications and personal skills will have major impacts for their businesses in the next 5 years. 68% also indicated their needs to upskill and retrain their staff. Investing in initiatives that support upskilling and training current and future workforce is critical for Queensland businesses.

Top workforce concerns for businesses in the next 5 years²²



Recommendations

- Investment to support businesses to upskill and retrain existing workforces
- Promote the use of micro-credentials to support businesses in meeting their skills needs
- Support the digital readiness of Queensland businesses for the future of work through targeted education and support programs

²¹ Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.

²² Business Chamber Queensland Future of Work report, 2022, www.businesschamberqld.com.au/business-voice/future-of-work/



Business Chamber Queensland Priority Area:

3. SKILLED WORKFORCE

Support upskilling, emerging industries and markets



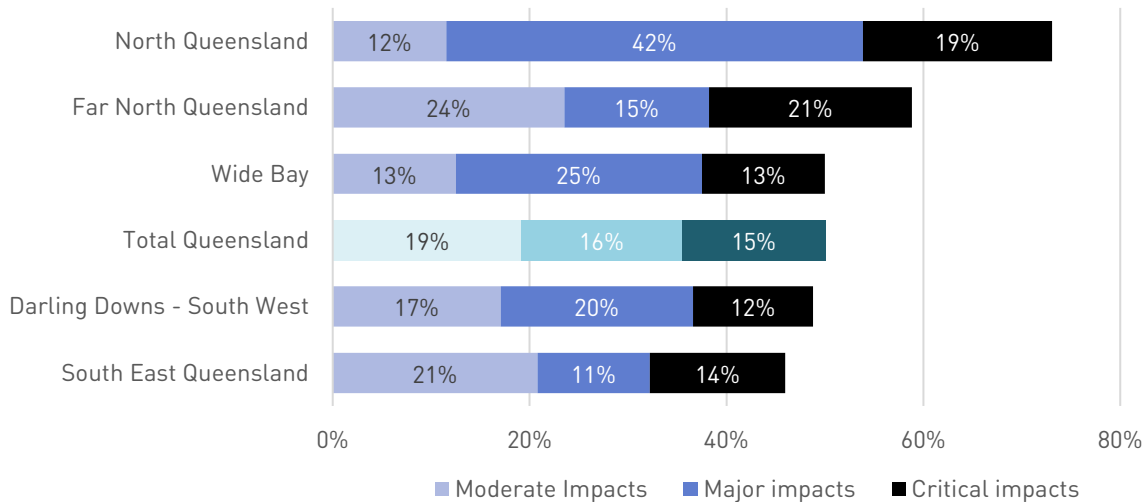
FY2023-24 PRE-BUDGET SUBMISSION

3b. Addressing skilled labour shortages statewide

CCIQ’s Pulse Survey has reported **recruiting and retaining suitable staff** to be one of the top constraints for businesses throughout 2022 (since March 2022).

The need to attract interstate and international workers is critical. CCIQ’s Future of Work 2022 report found that the need for new workers and migration is expected to have moderate to critical impacts for 50% of Queensland businesses²³. The critical need was pronounced in Far North Queensland and North Queensland, however moderate to critical impacts have been reported in all regions.

Moderate to critical need to attract interstate and international workers for Queensland businesses, by region ²³



A key opportunity is improving migration schemes, as well as regional workforce planning incentives. This will require not only targeted regional and sector-focused incentives, but workforce planning must also seek to leverage efficiencies where possible. Examples of this could include:

- Investing in Regional University Centres to improve education and training delivery in regional areas, and
- Funding to enhance recognition of prior learning opportunities.

Q: What should be the priority for the Queensland government in the upcoming State Budget?²⁴

“Doing something to alleviate the labour shortage and wages increases”
– Personal, repair and other services business, Gold Coast

“Quicker Visa approval to allow more workers into the country”
– Arts and recreation services business, Far North Queensland

“Allow unskilled immigrants the work visas to fill jobs”
– Domestic cleaning business, Sunshine Coast

Recommendations

- Simplify migration schemes and target incentives for skilled and seasonal workers to relocate to areas with skills shortages
- Strengthen linkages between universities and TAFE to provide flexibility in delivery and access to training and skills that better meet workforce needs

²³ Business Chamber Queensland Future of Work report, 2022, www.businesschamberqld.com.au/business-voice/future-of-work/

²⁴ Pulse Survey, December 2022 Quarter Report, 2022, www.businesschamberqld.com.au/business-voice/pulse-2/, p = 425



3. SKILLED WORKFORCE

Support upskilling, emerging industries and markets

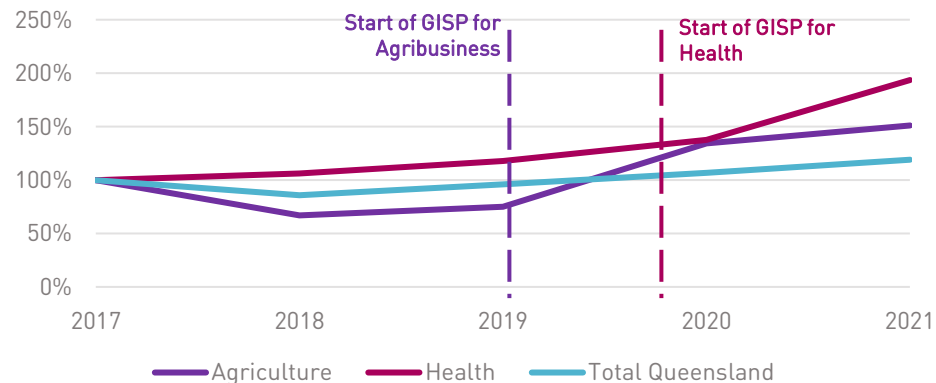
3c. Expand existing program funding

The workforce and skills shortages experienced by businesses in Queensland require a focused uplift and further investment in skills and labour growth programs in order to meet the current and future workforce demand of the state. Feedback from Queensland businesses to Business Chamber Queensland suggested that the current funding arrangements for businesses can be improved. While funding exists for skilling, this could be more targeted and focused on future skills needs.

Committing to long term initiatives that meet the growing skilled workforce demand will be an important first step to achieve a thriving Queensland economy in the future. Existing programs that focus on promoting industry connections and building a pipeline of future workforce needs further investment in the upcoming budget.

The National Centre for Vocational Education Research (NCVER)²⁵ has reported that programs such as Gateway to Industry Schools Programs (GISP) have greatly improved enrolments in VET training for school students. Particularly, enrolments in VET in school training in Agriculture and Health have greatly increased since the introduction of their Gateway to Industry programs, as shown in the chart below. VET in schools enrolment saw annual increases of 79% for Agriculture industry and 41% for Health industry when their Gateway for Industry Schools programs were first introduced.

VET in schools enrolments indexed to 2017 level (by industry)²⁵



Q: What should be the priority for the Queensland government in the upcoming State Budget?²⁶

"Grants for small businesses to upskill, invest in IT, business skills"

– Healthcare and social assistance business, Sunshine Coast

"Make available grants to business for training of untrained staff"

– Professional services business, North Queensland

"We have problems with our apprentices completing their TAFE training because classes are cancelled because there aren't enough attendees"

– Manufacturing business, Brisbane

Funding can be targeted to support workplace training through:

- Incentivising and supporting employers to deliver more work-based and work integrated learning opportunities
- Increasing funding for Industry Workforce Advisors, to expand capacity and industry representations in supporting SMEs addressing their workforce challenges
- Extending the funding of the Workforce Connect Fund to fund more projects, that support employers to prepare for the future of work.

Recommendations

- Further investment in the Workforce Connect Fund to support businesses in workforce recruiting and retention projects
- Expand the eligibility of businesses to receive support from the Workforce Connect Fund, particularly in relation to HR Support grants
- Expand funding for Industry Workforce Advisors to support SMEs in addressing workforce challenges and diversifying their workforces
- Increase funding for industry connection programs, such as Gateway to Industry Schools program (GISP)
- Increase investment in education and training programs focused on sustainable practices, energy and emerging industries, such as investments in STEM skills

²⁵ National Centre for Vocational Education Research, 2023, www.ncver.edu.au/research-and-statistics/data/databuilder

²⁶ Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.



4. ADVANCING SUSTAINABILITY

Developing and enhancing business practices for future sustainability FY2023-24 PRE-BUDGET SUBMISSION

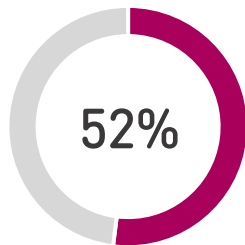
Sustainable business is smart business – realising market-driven opportunities, responding to evolving consumer demand, meeting supply chain needs, being competitive for government procurement, preparing for Olympics opportunities, and meeting net-zero targets.

4a. Support sustainable industries and business practices

36% of Queensland businesses told us they want to see grants and incentives to adopt sustainable business practices in the upcoming state budget.²⁷

Adopting sustainable business practices has become an operational priority for many businesses looking to reduce waste production, save on water and energy utility expenditure, and leverage a high-quality reputation. This sustainability-led change also responds to increasing global demand for products and services with a low or offset environmental footprint.

Findings from CCIQ’s upcoming sustainability report show that Queensland businesses are eager to incorporate sustainable initiatives within their business, with 35% of business respondents indicating they had implemented new sustainable practices within the last 12 months. However, **more than half (52%) identified significant barriers that are limiting their ability to implementing sustainable practices.³¹**



52% of Queensland businesses **identified significant barriers limiting their ability to implement sustainable practices²⁸**

The Brisbane 2032 Olympic and Paralympic Games have an 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 towards achieving this, but also in establishing a globally competitive economy beyond 2032.

Targeted support is required to address the barriers business are facing in adopting sustainable practices and to further support Queensland businesses on their sustainability journey. Sustainable business is smart business, offering a host of benefits including improved process efficiencies, operating costs, market positioning and competitiveness.

Recommendations

- Targeted funding and incentives for SMEs to purchase sustainable technology and practices
- Increase support for SMEs to scale, grow and diversify sustainable products and services
- Funding to support businesses to advance ESG practices
- Funding for identifying climate risk and developing mitigation and recovery planning for SMEs

²⁷ Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.

²⁸ Business Chamber Queensland Sustainability Report, 2023, early findings, yet to be released



4. ADVANCING SUSTAINABILITY

Developing and enhancing business practices for future sustainability

FY2023-24 PRE-BUDGET SUBMISSION

4b. Expand the ecoBiz program

More than half (52%) identified significant barriers that are limiting their ability to implementing sustainable practices.²⁷

Business Chamber Queensland’s ecoBiz program, funded by the Queensland Government, supports Queensland’s small and medium sized businesses on their sustainability journey. Business owners reduce their waste, water, and energy usage by measuring a business’ resource usage and providing recommendations for efficiencies. This translates into cost savings on a business’ bills, and efficiency gains by reducing the input levels required for the same output levels as well as reducing carbon footprint.

During the last four years, on average, businesses participating in CCIQ’s ecoBiz program have achieved savings of over \$6.8 million by:

- Reducing energy consumption by 54,189 GJ – equivalent to 680 households
- Reducing water consumption by 460,649kL – equivalent to 180 Olympic sized swimming pools
- Reducing waste generated by 1,612t – equivalent to 44,000 wheelie bins



Energy savings of 680 households



Water savings of 180 Olympic-sized swimming pools



Waste reductions of 44,000 wheelie bins

Scaling and broadening the ecoBiz program will enable the program to reach more businesses to participate in these benefits, resulting in significantly reduced energy, water and waste levels, 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 circular economy initiatives, assisting businesses to measure and reduce their carbon emissions, and helping businesses wanting to become carbon neutral. This will support businesses to realise market driven opportunities, leverage a high quality reputation among workforces, meet supply chain demand and be ready for Olympics procurement plus meet expectations as the state advances towards net-zero targets.

ecoBiz case study: Westside HQ²⁹

Westside HQ is a hospitality venue in Brisbane and participant in the ecoBiz program since the beginning of 2022. Since joining the program, Westside HQ has implemented measures to reduce their waste, energy and water use. As a result, they reduced energy intensity by 28% and their electricity bills by 41%, reduced their water intensity by 20% and their water bills by 53% and their waste intensity by 57% and waste bills by 50%.

Westside HQ reported that the ecoBiz sustainability coach encouraged the team to think about new things and consider how things might work for the business, showing that businesses can at times benefit from further assistance to advance their sustainability maturity journey.

“There were some recommendations I didn’t even know existed. Power is our biggest bill. We’ve turned off three cold rooms and learnt to work around them. We’ve saved thousands of dollars every month.”
– Petroh Daczynski, Manager at Westside HQ, Brisbane

Business Chamber Queensland is committed to working with the Queensland Government to expand the ecoBiz program, including potential additional initiatives such as circular economy and carbon measurement and neutrality programs to support business sustainability. Supporting the adoption of sustainable business practices over the next ten-year horizon in the lead up to the Brisbane 2032 Olympic and Paralympic Games will be critical towards achieving a net carbon positive Games, but also in establishing a globally competitive economy beyond 2032.

Recommendations

- Commitment to ongoing funding of the ecoBiz program
- Commitment to funding programs that support the expansion and scale of ecoBiz initiatives, such as carbon neutrality practices, circular economy, social procurement and ESG principles

²⁹ Business Chamber Queensland Sustainability Report, 2023, early findings, yet to be released.

³⁰ ecoBiz Case Studies, www.businesschamberqld.com.au/sustainability/ecobiz-case-studies/ecobiz-story



4. ADVANCING SUSTAINABILITY

Developing and enhancing business practices for future sustainability

FY2023-24 PRE-BUDGET SUBMISSION

4c. Advancing business transition to sustainable energy

The Queensland Government's *Jobs and Energy Plan* is moving Queensland towards a net-zero economy. It is important that this transition does not raise costs for business, and is achieved by supporting and incentivising businesses rather than mandating compliance.

Programs like ecoBiz or Business Energy Savers Program in Queensland are strong initiatives for businesses at the beginning of their sustainability maturity journey. The Grattan Institute also suggests that a pro-active scheme such as an instant asset write-off could help fund small business emission reductions.

Business Chamber Queensland 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.

*Q: What should be the priority for the Queensland government in the upcoming State Budget?*³⁰

“Grants for C&I solar, batteries, electric vehicle charging, VPPs / microgrids”
– Electricity, gas, water and waste services business, Brisbane

Recommendation

- Incentives for business to invest in sustainable energy initiatives and solutions, including capability building

4d. Boost investment in sustainability research and development

To fully realise environmental and sustainability goals, it is crucial to break through existing barriers faced by business, and encourage and support growth in sustainability through dedicated research and development funding.

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.

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:

- Development of a carbon credit market in Queensland,
- Transitioning traditional industries to sustainable practices, and
- Investing in emerging sustainable products and services.

Recommendation

- Identify and fund high value, high skilled industries for targeted sustainability research and development

³¹ Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.



5. QUEENSLAND BEYOND 2032

Growth opportunities for Queensland businesses and legacy outcomes FY2023-24 PRE-BUDGET SUBMISSION

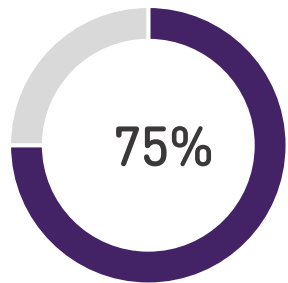


To secure the vision of improved business and economic conditions for Queensland over the next decade and the days after the Games, business-focused strategic planning measures must start now.

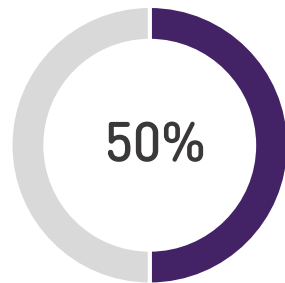
5a. Small business procurement

37% of Queensland businesses want to see improved small business procurement opportunities reflected in the upcoming state budget.³² Business Chamber Queensland 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. It is critical to involve the business community in the development of any new guidelines or process concerning procurement and support SME engagement in procurement practices.

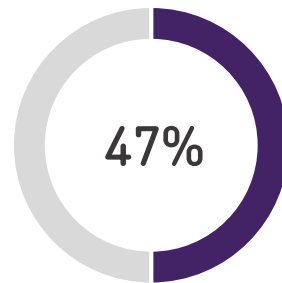
Top three industries that consider small business procurement opportunities a top priority for the upcoming State Budget³²



Information, media and telecommunications



Professional and technical services



Manufacturing

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. First stages of planning however are needed now to ensure that SME opportunities can be maximised. In addition to improving the Queensland Procurement Policy to reduce barriers for SMEs, and reward 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. It is essential this planning starts now.

Q: What should be the priority for the Queensland government in the upcoming State Budget?³²

"Ensure that procurement strategies are progressed to include Qld produce at every level possible [from wine beer to producer]"

– Tourism business, South West Queensland

Recommendations

- Simplify procurement processes
- Break-up tenders for SME participation
- Develop whole-of-government approach to SME and local procurement
- Accelerate funding for a SME procurement capability and readiness program
- Funding to support SME procurement readiness for Brisbane 2032 through sustainability

³² Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.



5. QUEENSLAND BEYOND 2032

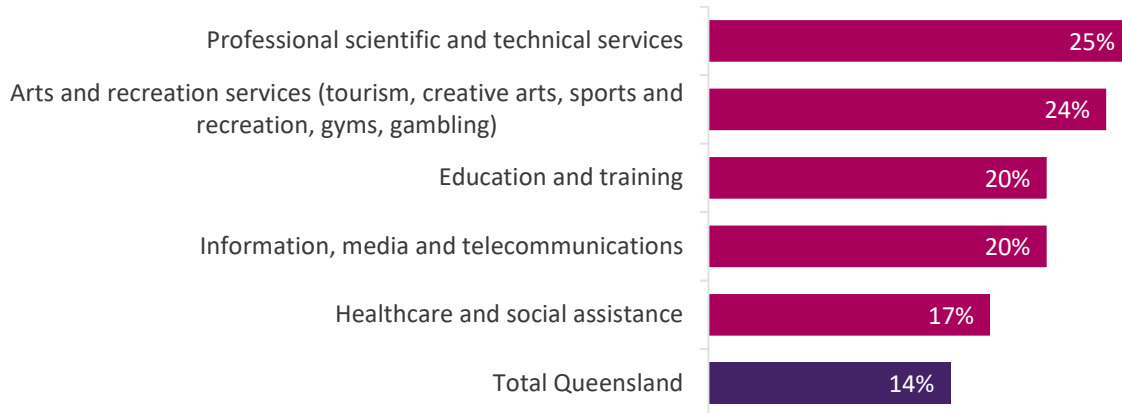


5b. Brisbane 2032 infrastructure

The infrastructure delivered as a legacy of the Brisbane 2032 Games must **develop further opportunities for Queensland to continue to be 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.

Investing in Brisbane 2032 planning and infrastructure is considered an especially important priority for Queensland businesses in the professional services, tourism industry, education, and information, media and communications.

% Businesses consider Brisbane 2032 planning infrastructure as a top FY24 State Budget priority – (top 5 industries) ³³



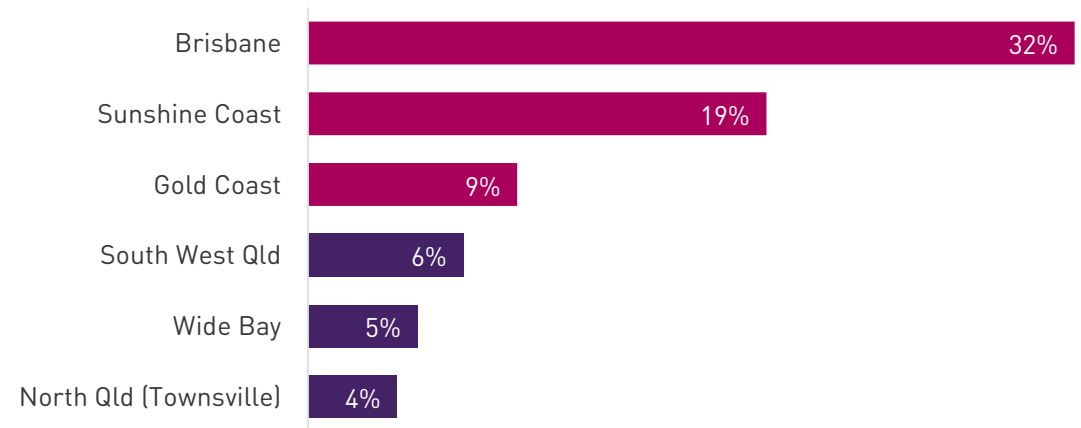
Recommendations

- Commit to funding business cases for Brisbane 2032 legacy infrastructure projects.
- Use 2032 Olympic priorities to select priority transport projects which offer maximum business and community connectivity and activation benefits
- Engage business in the planning and preparation process to ensure clarity and relevancy in building infrastructure

5c. Ensuring regional opportunities

In these early years of planning, it is critical that regional Queensland obtains economic development and investment opportunities ahead of the Games. Some regions may see opportunities in hosting events, training venues, but there is also opportunity to be realised in industry development, and tourism infrastructure development to deliver improved visitor experiences across the state. The opportunity that comes from the Games will be the dispersal of benefits across the state. The Games should boost the confidence of businesses and drive further economic development and investment in the regions.

% Businesses consider Brisbane 2032 planning infrastructure as a top FY24 State Budget priority – by region ³³



Recommendation

- Promote economic development, investment and Olympics and Paralympic opportunities in regional Queensland



5. QUEENSLAND BEYOND 2032

Growth opportunities for Queensland businesses and legacy outcomes FY2023-24 PRE-BUDGET SUBMISSION



5d. Advancing international trade opportunities

Queensland is a major exporting state, the second largest exporter in the Australian context. In the year ending December 2022, **Queensland exported over \$137.1 billion worth of goods, accounting for 23% of Australia's total export.**³⁴ In line with Australia as a whole, the current Queensland's trade and investment profile is also highly concentrated. However, there are great opportunities for the state to diversify its export market.

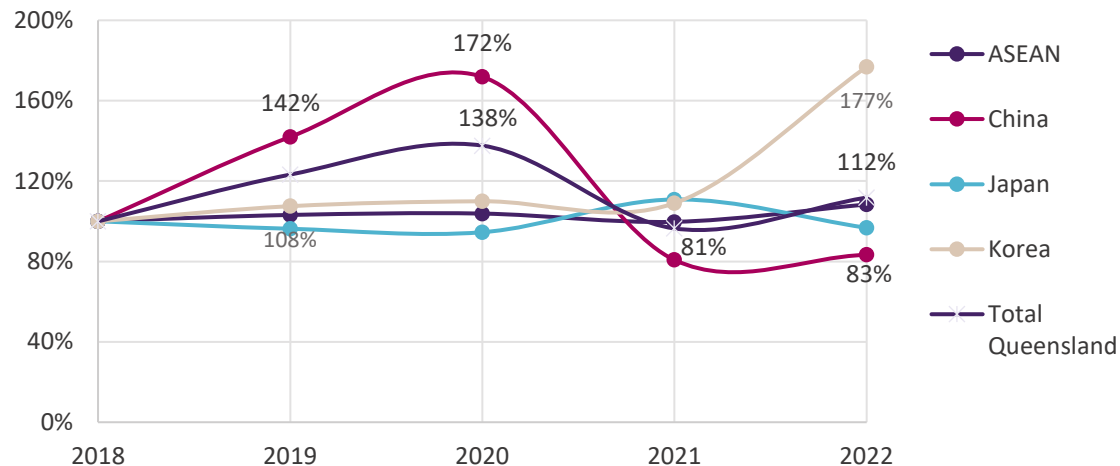
Business Chamber Queensland is the accredited body in Queensland to issue certificate of origin documentation and other export services, enabling the mobilisation of the state's export potential. We have seen that Queensland exports have experienced significant recovery and growth in export trade since 2020. While exports to China have not fully recovered, performance has been strong in emerging markets such as Korea, Japan and other ASEAN countries.³⁵

We have seen firsthand the challenges of the global health pandemic on exporting businesses, as well as the ongoing barriers business face in diversifying their export markets, navigating export processes, and scaling their businesses. **Support for export market diversification** in Queensland is needed to maximise export growth potential as well as resilience to future shocks.

It is important to continue the promotion of Queensland Made products and services, for both domestic and international markets, as well as investing in export capability building. Interest in **targeted export grants were a key ask for 8.8% of Queensland businesses**, reflecting a strong desire from Queensland businesses to scale and grow into international markets.³⁶

Now is the time for strong focus and investment to support Queensland businesses to explore and expand international trade opportunities, ready to realise export opportunities ahead of the Brisbane 2032 Olympic and Paralympic Games.

Queensland certificates of origin issued by CCIQ, indexed to 2018 level (%)³⁵



Recommendations

- Promotion and development support for Queensland Made products and services
- Funding to prepare Queensland businesses for export opportunities
- Grants to deliver market diversification for export ready SMEs
- Prioritise investment in Regional Trade Distribution Centres across the state

³⁴ Australian Bureau of Statistics, 2023, *International Trade in Goods and Services*, www.abs.gov.au/statistics/economy/international-trade/international-trade-goods-and-services-australia/
³⁵ Business Chamber Queensland data, 2023, Certificates of origin issued to export markets with four free trade agreements: AANZFTA, ChAFTA, JAEP, KAFTA, 2018 to 2022.
³⁶ Pulse Survey, December 2022 Quarter Report, 2023, www.businesschamberqld.com.au/business-voice/pulse-2/, n = 435.

2023-24 QUEENSLAND BUDGET PRIORITIES

FY2023-24 PRE-BUDGET SUBMISSION



BUSINESS FRIENDLY

Governments that reduce operating costs and complexity

DEREGULATION AND REGULATORY REFORM

- Reduce complexity on government permits and fees
- Reduce red tape on SMEs
- Support SMEs with managing and navigating HR and IR laws

INSURANCE AFFORDABILITY & AVAILABILITY

- Remove stamp duty on insurance premiums
- Targeted industry and regional support, including the provision of insurance of last resort fund where most critical

PAYROLL TAX REFORM

- Use national cabinet as forum for broader potential payroll tax reform

DIGITAL ADVANCEMENT

- Targeted investment for SMEs to build digital capability, including cyber security and the adoption of new technology such as artificial intelligence
- Invest in whole-of-government knowledge sharing and collaborative platforms for interactions with SMEs



SMART INFRASTRUCTURE

Efficient and resilient infrastructure to better service and connect regions

REFOCUS INVESTMENT IN TRANSPORTATION INFRASTRUCTURE

- Identify and accelerate priority transport connectivity projects across regions
- Prioritise funding for regional infrastructure projects as identified in the State Infrastructure Strategy and regional infrastructure plans

IMPROVE DIGITAL CONNECTIVITY

- Prioritise and fund investments in high-speed internet infrastructure for regional Queensland

TRANSITIONING TO SUSTAINABLE ENERGY

- Increase investment to support business energy efficiency and immediate cost issues
- Investment in future-proofing Queensland's energy asset base and building resilience in the transition to sustainable energy sources
- Continue to invest in and prioritise development of renewable energy zones

RESILIENCE TO EXTREME WEATHER EVENTS

- Prioritise mitigation and prevention projects across the regions
- Expand funding arrangements for preparedness efforts and resilience in regions
- Support for SMEs to invest in mitigation and resilience initiatives and build capability



SKILLED WORKFORCE

Support upskilling, emerging industries and markets

INCENTIVISE UPSKILLING AND RETRAINING

- Investment to support businesses to upskill and retrain existing workforce
- Promote the use of micro-credentials to support businesses in meeting their skills needs
- Support the digital readiness of Queensland businesses for the future of work through targeted education and support programs

ADDRESSING LABOUR & SKILLS SHORTAGES STATEWIDE

- Simplify migration schemes and target incentives for skilled and seasonal workers to relocate to areas with skills shortages
- Strengthen linkages between universities and TAFE to provide flexibility in delivery and access to training and skills that better meet workforce needs.

EXPAND EXISTING PROGRAM FUNDING

- Further investment in the Workforce Connect Fund to support businesses in workforce recruiting and retention projects.
- Expand the eligibility of businesses to receive support from the Workforce Connect Fund, particularly in relation to HR Support grants
- Expand funding for Industry Workforce Advisors to support SMEs in addressing workforce challenges and diversifying their workforces
- Increase funding for industry connection programs, such as Gateway to Industry Schools program (GISP)
- Increase investment in education and training programs focused on sustainable practices, energy and emerging industries, such as investments in STEM skills



ADVANCING SUSTAINABILITY

Developing and enhancing business practices for future sustainability

SUPPORT SUSTAINABLE INDUSTRIES AND BUSINESS PRACTICES

- Targeted funding and incentives for SMEs to purchase sustainable technology and practices
- Increase support for SMEs to scale, grow and diversify sustainable products and services
- Funding to support businesses to advance ESG practices
- Funding for identifying climate risk and developing mitigation and recovery planning for SMEs

EXPAND THE ECOBIZ PROGRAM

- Commitment to ongoing funding of the ecoBiz program
- Commitment to funding programs that support the expansion and scale of ecoBiz initiatives, such as carbon neutrality practices, circular economy, social procurement and ESG principles

ADVANCING THE TRANSITION TO SUSTAINABLE ENERGY

- Incentives for business to invest in sustainable energy initiatives and solutions, including capability building

BOOST INVESTMENT IN SUSTAINABILITY RESEARCH AND DEVELOPMENT

- Identify and fund high value, high skilled industries for targeted sustainability research and development



QUEENSLAND BEYOND 2032

Growth opportunities for Queensland businesses and legacy outcomes

SMALL BUSINESS PROCUREMENT

- Simplify tender processes
- Break-up tenders for SMEs
- Develop whole-of-government approach to SME procurement
- Accelerate funding for a SME procurement capability and readiness program
- Funding to support procurement readiness for Brisbane 2032 through sustainability

BRISBANE 2032 INFRASTRUCTURE

- Commit to funding business cases for Brisbane 2032 legacy infrastructure projects
- Use 2032 Olympic priorities to select priority transport projects which offer maximum business and community connectivity and activation benefits
- Engage business in the planning and preparation process to ensure clarity and relevancy in building infrastructure

ENSURING REGIONAL OPPORTUNITIES

- Promote economic development, investment and Olympics and Paralympics opportunities in regional Queensland

ADVANCING INTERNATIONAL TRADE OPPORTUNITIES

- Promotion and development support for Queensland Made products and services
- Funding to prepare Queensland businesses for export opportunities
- Grants to deliver market diversification for export ready SMEs
- Prioritise investment in Regional Trade Distribution Centres across the state