

# Budget 2022-23

## Queensland

### Ai Group Submission

#### Introduction

The preceding two-year period has been like no other in living memory, with unforeseen challenges, significant changes to how we work and renewed opportunity in many traditional and emerging sectors, such as manufacturing and renewables.

Ai Group is calling on the Queensland Government to deliver a budget that not just recognises these opportunities, but provides streamlined processes and investment to ensure they can be achieved.

This Budget must enable business to re-energise, re-create and ensure that private enterprise has the opportunity to invest, innovate and create new jobs.

**Our priorities for this year's Queensland State Budget are as follows:**

#### Transitioning to living with COVID

- Work with the Commonwealth Government in supporting households and businesses to ensure the state's economy can rebound strongly in the face of further disruptions from the COVID-19 pandemic.
- Promote a stronger economic recovery by deferring the task of fiscal consolidation and not increasing tax rates or introducing new taxes, levies or fees on business in 2022-23.
- Taking full account of the supply chain disruptions and labour shortages facing businesses in the design of regulation, policy and industry development programs that support business growth and investment.

#### Skills

Training and development of skills are a major priority for Queensland employers and employees.

**Ai Group recommends that the Government:**

- Fund pilots that develop higher level skills through an enhanced apprenticeship model.

- Explore legislative change which allows declaration of apprenticeships for higher level qualifications.
- Trial a wide range of work-based and work integrated learning models across post-secondary education that include incentives for employers to take on students.
- Establish collaborative industry-education sector systems that develop strategies to meet local skill needs and assist large and small companies to create innovative solutions. This model could be piloted in regions where large-scale manufacturing investments are currently being considered.
- Provide training support for existing workers to transition into roles needed by employers who have been impacted by the need to rapidly adopt new technology and practices. The training should span basic digital skills, cyber security and data analytics, as well as adaptability, creativity and problem-solving skills to function in changing work environments.
- Encourage collaboration between universities and industry by funding small- and medium-sized businesses in growth industries to provide work integrated learning placements (internships). The approach adopted in Queensland could be similar to the South Australian Premier's Defence Industry Scholarships Program, for higher education students to encourage pathways into employment through immersive and practical industry experiences embedded into learning.

### Industry Development

The last two years have been challenging for the state's businesses, with COVID-19 disruptions, the complexity of dealing with changing restrictions on activity and supply chain, labour supply and demand pressures affecting viability and ambitions. Investments to support a strengthening of businesses and to assist drive the next phase of economic development should be given priority in the 2022-23 Budget.

#### **Ai Group recommends that the Government:**

- Invest in emerging industry sectors such as gamification and interactive environments, circular economy clusters such as textiles and renewable energy supply chains.
- Procurement projects should be designed to enable businesses to leverage the relationships they build, or the products/processes they develop, to find more opportunities in local and global supply chains.
- Develop and implement government procurement policies that promote investment in supply chains and innovation in product and service delivery.
- Drive the adoption of end-to-end integrated supply chain management systems that provide industry-wide and business-level efficiencies.

- Lift the digital capabilities of the state's businesses by continuing to invest in programs that support the adoption of new technologies, systems and processes.
- Drive the general uplift of the cyber-security skills of businesses and their employees.

### Energy and Climate

Successful transition to net zero emissions and a new energy advantage is critical for businesses in Queensland and nationwide. While the State already has significant activities and investment within the energy sector, including renewables there are further steps that should be taken to assist business with this transition and capitalise on the opportunities that the renewable sector presents.

#### **Ai Group recommends that the Government:**

- Supports industry decarbonisation by considering commitments on demand for clean input to public procurement and exploration of industrial contracts for difference.
- Ensures that Government policy does not hinder investment in the emerging renewables sector.
- Considers a Queensland version of Energy or Emissions Certification scheme that has been adopted in other states, including financial assistance to SMEs to help them reduce emissions.
- Develops policies and programs that support SME's transition to net zero emissions.

### Circular Economy and Waste

Circular Economy and waste remain an area of critical importance for Australia. Further development of the local recycling industry and maximisation of associated economic opportunities should be a priority.

#### **Ai Group recommends that the Government:**

- Focus on identification of cost gaps between recycled and raw materials, the barriers to use this creates, and consider targeted support to stimulate markets for local recycled product.
- Investment in the emerging textiles sector, particularly in SEQ, by supporting clustering of businesses to address circular economy principles to build the sector, creating new business opportunities and jobs.
- State purchasing decisions should drive circular economy transition and procurement processes should be flexible enough to manage competing policy interests, while delivering value to the Queensland community.

- Investment of Waste Levy funds to expand sorting and processing infrastructure, and support demand for recycled content. This should include textile recycling.

### Taxes and levies

Ai Group recognises the damage to the state's fiscal position from the COVID-19 pandemic. However, we caution against raising tax rates or broadening bases in the present environment of uncertainty and fragility.

#### **Ai Group recommends that the Government:**

- No new business taxes, levies or fees and no increases to existing taxes, levies or fees on business and industry.
- Ensure Queensland's taxes and charges are efficient and competitive compared to other states and territories.

### Other issues

Other issues which remain very high on the Ai Group list of concerns include:

- ensuring that WorkCover premiums do not increase
- ensuring that the frustration caused by red-tape measures at both state and local government levels remain a focus for action.

### About Australian Industry Group

The Australian Industry Group (Ai Group<sup>®</sup>) is a peak employer organisation representing traditional, innovative and emerging industry sectors. We are a truly national organisation which has been supporting businesses across Australia for more than 145 years.

Ai Group is genuinely representative of Australian industry. Together with partner organisations we represent the interests of more than 60,000 businesses employing more than 1 million staff. Our members are small and large businesses in sectors including manufacturing, construction, engineering, transport & logistics, labour hire, mining services, the defence industry, civil airlines and ICT.

Our vision is for a thriving industry and a prosperous community. We offer our membership strong advocacy and an effective voice at all levels of government underpinned by our respected position of policy leadership and political non-partisanship.

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