

# Queensland Budget

What it means for small business

A small business  
guide to the 2021-2022  
Queensland Budget



21-22

# The Budget in Numbers



The 2021-2022 Queensland Budget laid out plans to continue the state's economic recovery. The focus was on jobs growth, investments in resource recovery, renewable energy and carbon reduction programs, as well as strengthened partnerships within advanced industries.

## Fiscal position

**\$153M**

Budget surplus by 2024-25

**\$127B**

Gross government debt by 2024-25

**+2.75%**

Projected economic growth per annum from 2021-22

**5.0%**

Projected unemployment rate by 2024-25

## For business

**\$350M**

Industry Partnership Program to strengthen local supply chains

**\$320M**

Additional funding for Skilling Queenslanders for Work

**50%**

Payroll tax rebate for hiring apprentices and trainees

Up to

**\$140M**

Additional funding for the Back to Work Program

**\$100M**

Business Investment Fund to enable business to scale and grow

**\$1.5B**

Additional funding for the Queensland Renewable Energy and Hydrogen Jobs Fund

**\$500M**

Carbon Reduction Investment fund to support the growth of offset markets

**61%**

Infrastructure investment in regional Queensland

Ahead of the State Budget release, CCIQ submitted **five policy pillars** and supporting priorities that have the potential to effect the transformational change required to support the growth of a sustainable, diversified, resilient and competitive Queensland business community.

While the Budget focus was on jobs growth, there was a noticeable uplift in programs and incentives targeted at accelerating Queensland's economy to be more sustainable, diversified and resilient, which is central to CCIQ's transformative policy agenda.

The challenge now will be for the government to activate these programs and initiatives to ensure the benefits can be realised as soon as possible.

### CCIQ Priority Areas

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Skilled Workforce	p. 7
Connected Businesses	p. 8



## Budget Scorecard

**CCIQ scored the 2021-22 Qld Budget by:**

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Economic view

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Business sentiment

.....  
Delivery on industry asks

**6 / 10**

**benefit to  
Queensland  
business**



# Sustainable Practices

Developing and enhancing products and services for future sustainability

Adopting sustainable business practices has become an operational priority for many businesses looking to reduce production waste, save on 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.

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**What CCIQ asked for on behalf of Qld SMEs**

- A commitment of funding for local councils to develop plans for transition to sustainable and resilient communities.
- Support for sustainable industries and business practices as a model to scale and grow
- Boosted investment in sustainability research and development, including supporting the development of a market for valuing natural capital.

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**What was in the Queensland Budget 2021-22**

**\$500m for Carbon Reduction Investment Fund**

**\$100m Business Investment Fund** to invest in businesses to scale and grow (over 2 years)

**Business Growth Fund Grant** to accelerate growth opportunities for businesses (Big Plans for Small Business Strategy 21-23)

**Economic view**  
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With commitments for emission targets firmly set for 2050, business ranked incentives for sustainable practices as their second greatest priority for the 2021-22 budget.

The establishment of the \$500m Carbon Reduction Investment Fund was necessary to plan for the rapid growth in the offset market that will occur before 2050. It is necessary that steps were taken today to prevent 'sustainability' becoming an enforced cost burden on small business.

Otherwise, In the near-term, only mature businesses are likely to benefit from co-investment opportunities permitted through the QIC Business Investment Fund.

**What this means for Small Business**  
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CCIQ has advocated for a need for sustainability-led transformation and the role of government to support and identify best practice. A focus on the adoption of sustainable practices, through funds such as the Business Investment Fund and Business Growth Fund grants, is welcomed.

Grants and incentives for small business to adopt more sustainable practices will be key to accelerate the development and enhancement of Queensland products and services.

Queensland has the potential to offer the most future-focused, competitive and resilient business environment. CCIQ will continue to advocate for the support of sustainable industries, boosted investment in sustainability research and development, and the development of financial mechanisms to value natural capital.

# Smart Infrastructure

Connecting regions to build resilience

Smart infrastructure is critical for connecting a state as geographically large as Queensland, and for supporting business viability and competitiveness. The investment in smart and resilient infrastructure is critical, as well as infrastructure which provides security and connectivity for businesses and communities. The social and economic return can be further enhanced by supporting the creation of and scaling of emerging and sustainable industries such as renewable energy.

## What CCIQ asked for on behalf of Qld SMEs

- Accelerate eco-efficient infrastructure
- Small business procurement improvements
- Refocus investments in road, rail, runway and ports
- Lower energy costs

## What was in the Queensland Budget 2021-22

**\$93.6m** to continue the implementation of the **Queensland Waste Management and Resource Recovery Strategy** (over 4 years)

**\$70m** for improved **water supply and security in regional Queensland** (over three years)

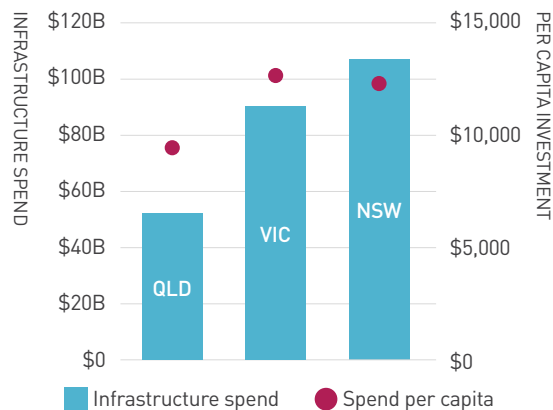
**\$4.5M** additional funding for **Queensland Renewable Energy Zones**

## Economic view

Infrastructure spending is set to fall by \$3.82 billion, taking the total capital program in Queensland to \$52.2 billion over four years. Compared to our southern counterparts, this means that Queensland has a lower spend per capita across the forward estimates.

As Queensland's population continues to expand, investment in smart infrastructure is necessary to boost the capability of industry. If not to inject money into the regions, bold investment is needed to boost the competitiveness and resilience of Queensland communities into the future.

## Comparison of Infrastructure spend



## What this means for Small Business

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

The investment in water security projects will make Queensland businesses more resilient in the face of ongoing droughts and extreme weather.

Business will also welcome the commitment to using 70% of waste levy revenue to support new resource recovery and circular economy programs and industries. The remaining 30% should be used for the same purpose, with an added focus on regional Queensland.

Going forward, it will be important to invest in "last mile" infrastructure to better connect to ports and airports, which are critical if we are to grow our international competitiveness and export opportunities.





# Business Friendly Government

Governments that reduce operating costs and complexity

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

## What CCIQ asked for on behalf of Qld SMEs

- Improve government tender platforms and small business procurement standards
- Unlock business potential by committing to deregulation and regulatory reform
- Removal or amendment inefficient taxes such as payroll tax to support the ongoing business led recovery

## What was in the Queensland Budget 2021-22

**\$350m Industry Partnership Program** to strengthen local supply chains and jobs across advanced industry (over 4 years).

**\$31.2m** to extend the **50% payroll tax rebate for apprentice and trainees** for another 12 months to 30 June 2022

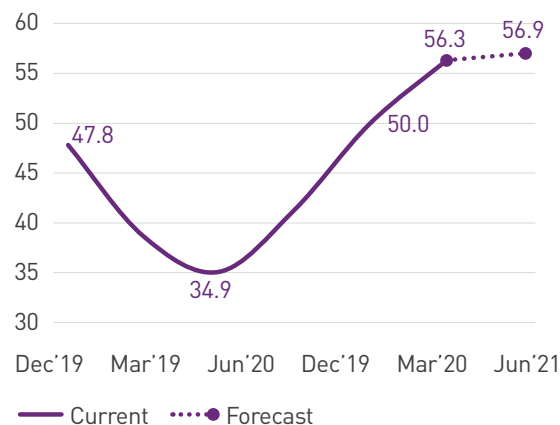
**\$52.3m for Electricity Tariff Adjustment Scheme** to help regional businesses adjust to a standardised tariff scheme

**Go Global Export Program** for small business to enter international markets (Big Plans for Small Business Strategy 21-23)

## Economic view

The latest CCIQ Pulse Survey showed strong business confidence following the COVID-19 crisis. The manufacturing industry was a standout, having benefited from the reshoring of critical supply chains. The announcement of \$350 million for an Industry Partnership Program is planned to maintain the momentum of recovery by boosting the capability of our local suppliers. However, with 2021-22 marking a 'line in the sand' for future economic recovery, the budget has missed an opportunity for long-term economic reform to unlock business potential.

## Overall business sentiment



## What this means for Small Business

The Industry Partnership Program announced in this budget focus on reducing costs and the complexity of doing business across several key industries.

Overlooked was the focus on trade and investment opportunities, with limited focus on diversifying and strengthening international market opportunities. There needs to be a more focused approach on export markets, particularly leveraging Queensland's advanced industries.

To further unlock business potential, a stronger focus and commitment is needed on procurement opportunities for small business.

Other key areas for reform include reducing the regulatory burden, and step changes to payroll tax to unlock opportunities for growth. There are several ways to ease the burden of payroll tax, while achieving broader policy objectives. For example, offering concessions and waivers for businesses that create new jobs and adopt sustainable practices.

# Skilled Workforce

Support upskilling emerging industries and markets

Queensland businesses need investment in future skills that will create an environment where employment grows, helping to rebuild our economy and allowing businesses to thrive.

## What CCIQ asked for on behalf of Qld SMEs

- Incentivise upskilling in emerging sectors
- Simplify migration schemes and target incentives for skilled and seasonal workers
- Commit to workforce planning program across all regions to target skills and training needs
- Improved funding arrangements for training, apprentices and traineeships.

## What was in the Queensland Budget 2021-22

**Training and skills investment** and Skills Summit (Big Plans for Small Business 21-23)

**\$1.5b** additional funding for the **Queensland Renewable Energy and Hydrogen Jobs Fund** (also includes infrastructure work)

**\$320m** additional funding for **Skilling Queenslanders for Work** (over the next 4 years)

**Up to \$ 140m** additional funding for the **Back to Work Program** (over the next four years) \$2.6m Pacific Labour Scheme and Seasonal Worker Program

**\$20.6m** **International education and training strategy** (over 5 years)

## Economic view

Recruiting and retaining suitably qualified employees is one of the largest constraints on business growth in 2021 according to the latest CCIQ Pulse Survey.

As promised, the government has focused heavily on workforce skills. Partnering with industry will be necessary to meet the government's targeted unemployment rate of 5% in 2024-25 as new opportunities arise.

In the meantime, it is hoped that the Seasonal Worker and Back to Work Programs will deliver much needed assistance for general labour shortages impacting regional Queensland.

## What this means for Small Business

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

Matched funding for VET is critical, however improvements in the scheme are needed to address the changes in the labour market and delivery of qualifications that meet business needs.

What is missing is an effective strategy to address the migration shortage in our state as the international border closure puts ongoing pressure on labour supply. This still requires a targeted state response.

More needs to be done to address the regional seasonal labour shortage and the international education sector. Both require better funding, detail and expansion to keep Queensland thriving over the next four years.





# Connected Business

Advancing technology to generate opportunities

The COVID-19 pandemic created a business environment which required rapid adoption of digital technology and practices. Many businesses now see the need and potential benefits of investment in digital assets and further technological advancement of their business in general for their resiliency, sustainability and competitiveness.

This digital expansion will require government assistance in supporting better cyber security as businesses move to online storage, as well as a focus on supporting businesses adopt new digital skills and capability.

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## What CCIQ asked for on behalf of Qld SMEs

- Prioritise and fund high speed internet for regional Queensland
- Targeted funding for digital grants for SMEs
- Incentivise digital adoption through the design of a digital approach in government that promotes e-commerce as best practice.

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## What was in the Queensland Budget 2021-22

**\$12m** for **Mobile Blackspot Program** over 3 years

**\$11m** for **cybersecurity within government entities**

**Digital Transformation Business Case** to investigate better connectivity to other areas of Queensland (Big Plans for Small Business Strategy 21-21)

## Economic view

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Connectivity is becoming increasingly important as the way we do business evolves. Too often do regional businesses suffer due to poor internet coverage and digital capabilities.

The 2020 CCIQ Digital Readiness Survey showed 47% of businesses surveyed believed that the Queensland government was not doing enough to help them remain competitive in the digital world.

While \$12 million for mobile black spots is welcomed, this merely skims the surface of what is needed to unlock the potential of our regional markets.

Investments by government in technology also remains critical to build public sector efficiency and competitiveness for service delivery, thus supporting a future-focused economy.

## What this means for Small Business

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A critical gap in this budget were measures to address business connectivity concerns. Connectivity is a major business constraint holding back business's ability to scale and grow, particularly for those in rural and regional areas.

Urgently needed is the continuation and scaling the delivery of high-speed internet for regional Queensland.

Targeted funding for digital grants for SMEs to invest in new technologies and adopt new digital ways of working will be needed ongoing.

Investments in public sector digital infrastructure that promotes e-commerce is required to enhance government service delivery and promote best practice, particularly for interactions with small business.