

Queensland Budget

What it means for business



22-23

The Budget in Numbers



The 2022-23 Queensland Budget has delivered a strong focus on health, education and services investment across Queensland. For business, payroll tax relief for SMEs was a welcome announcement, as was the broader extension of business support programs and mental health initiatives.

Fiscal position

\$1.9B

Budget net surplus for 2021-22 (revised due to a surge in revenue from coal and oil royalties)

\$39.2B

Net government debt projected by 2025-26

+2.75%

Projected economic growth per annum from 2022-23

4.0%

Projected unemployment rate for 2022-23

Key measures

\$23.6B

Total health funding in 2022-23

\$19.6B

For education and training including TAFE services

\$199.5M

Towards priority regional water infrastructure projects

\$1.6B

Additional funding for mental health services over 5 years

For business

12,000

SMEs estimated to benefit from Payroll Tax deductions

\$150M

Over 10 years to enhance Queensland trade & investment opportunities

\$100.6M

Additional funding over 2 years for Vocational Education and Training Services

\$50M

Over 2 years to support Queensland manufacturing

2022-23 Queensland Budget: What it means for business?

The 2022-23 Queensland State Budget has delivered a strong focus on health, education and services investment across Queensland. For business, the payroll tax relief for SMEs was a welcome announcement, as was the broader extension of business support programs and mental health initiatives.

We've listened to the experiences and needs of businesses across Queensland. Ahead of the State Budget release, CCIQ submitted policy priorities that were focused on the transformational change required to support the growth of Queensland business. CCIQ's budget submission relied on direct business and chamber feedback, including data from the CCIQ Pulse Survey of Business Conditions, to identify key priorities for Queensland businesses including reducing regulatory burden, and a focus on smart infrastructure, skilled workforces, business sustainability and connected business.

CCIQ welcomed the payroll tax relief for SMEs in this year's budget. CCIQ has long championed reform to payroll tax as we know the existing tax burden and structure is a significant constraint on business growth. The payroll tax relief also recognises the current day pressures on businesses and helps to alleviate some of the immediate business input costs. There is still work to do, and CCIQ will continue to advocate for broader holistic payroll tax reform at a federal level.

We also saw some positive measures for mental health support, infrastructure investment including a focus on regional water projects, continued funding for small business support programs.

We know that businesses are still facing ongoing challenges and constraints to growth, including critical labour shortages and all time high operating costs. Ongoing engagement with businesses also reflects a need to transform the Queensland economy to be more resilient, efficient, and productive through sustainability.

CCIQ is committed to representing the voices of Queensland businesses to ensure our business community is ahead of the game.

Heidi Cooper
CEO, CCIQ



CCIQ Priority Areas

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Regional Chamber Feedback

CCIQ consulted with regional chambers of commerce across Queensland on their thoughts on the FY2023 Queensland Budget



Q. Of the announced budget initiatives, which do you think is the most helpful and why?

“Payroll tax deduction for SME’s to counter increasing costs and charges, and Extension on 50% payroll tax rebate to stimulate apprentice & trainee wages to increase worker participation and support emerging local industries.”

“\$100m education and training. As long as it is linked to work ready courses.”

“SME payroll tax reductions.”

“Small Business Support and Vocational Training initiatives.”

“Regional infrastructure projects (rails, roads, water security, ports).”

“Support for mental health services.”

“Housing accessibility for workforce to live and work nearby employment.”

Q. What else do you think should have been included in the FY2022-23 Queensland State Budget?

“Increased support for, and deeper understanding of, a more effective allocation of demand-based initiatives for relevant trades in regional areas.”

“Some sort of plan to ease the difficulties finding and employing staff.”

“Without the changes to Planning, without diverse accommodation for families and employees, our business economy will always be at risk and dependent on local trade only.”

“More reliable assistance (financially) for power price increases for business to allow for business planning and cashflow forecasting.”

“Assistance with electricity price increases for users buying in the wholesale electricity market, which is facing increases of 200% to 600% [and] making it easier for businesses to install meaningful solar systems.”

“Reduction of state duties on insurance and maybe the state being the insurer of last resort to locations that can’t get commercial insurance for flooding and business disruption.”



Business Friendly Government

Governments that reduce operating costs and complexity

Queensland businesses played an important role in leading the states economic recovery following the COVID-19 crisis. Now more than ever, businesses are reliant on business-friendly governments' processes and incentives to unlock their potential to grow.

What CCIQ asked for on behalf of Qld business

ECONOMIC RECOVERY

- Business continuity support package for future public health response
- Continue mental health support initiatives for businesses and staff, additional funding for financial counselling support

DEREGULATION AND REGULATORY REFORM

- Reduce complexity on government permits and fees
- Remove GST on insurance premiums
- Reducing red tapes on SMEs

PAYROLL TAX REFORM

- Implement payroll tax liability exemption for the first year meeting the payroll tax threshold
- Use national cabinet as forum for broader potential payroll tax reform

SMALL BUSINESS PROCUREMENT

- Simplify tender processes
- Break-up tenders for SME
- Dashboard for procurement
- Develop whole-of-government model to shift procurement online
- Set ambitious target for SME procurement for Brisbane 2032
- Accelerate funding for SME procurement capability programs

TARGETED EXPORT GRANTS

- Funding grants to deliver market diversification for export ready SMEs
- Promotion and development support for Queensland Made products and services
- Prioritise investment in Regional Trade Distribution Centre across the state

What was in the 2022-23 Queensland Budget

Payroll Tax relief for SMEs through adjustments to the existing payroll tax deduction framework:

- From 1 January 2023, \$6.5m taxable wages deductions ceiling to be extended up to \$10.4m.
- Reform estimated to benefit around 12,000 businesses with reduced payroll tax liabilities.

\$150M over 10 years towards a new Queensland Trade and Investment Strategy to enhance Queensland's trade opportunities

\$66.4M over 4 years for tourism recovery and development initiatives

\$50M over two years for manufacturing, incl. \$40M for Made in Queensland program and \$10M for the Manufacturing Hubs Grant Program.

\$39.1M over 4 years continued funding for Small Business Support, including small business grants and Mentoring for Growth program

\$1.6B for mental health services over 5 years. Funded through 0.25% levy on businesses with annual taxable wages over \$10 million, and an additional 0.5% for businesses over \$100 million.

\$11M over 2 years to enhance Queensland Government's grants administration processes and systems.

What this means for Qld Business

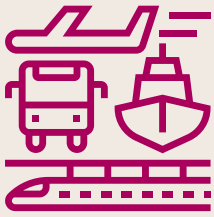
FY2023 Budget assessment: Some progress made on payroll tax relief for SMEs, trade and investment promotion, and Queensland manufacturing support.

In the December 2021 CCIQ Pulse Survey, 49.1% of businesses told us they urgently wanted to see action on payroll tax. CCIQ's state budget submission prioritised payroll tax reform as one of the key changes being sought. CCIQ welcomed the payroll tax relief for SMEs in this year's budget. There is still work to do, and CCIQ will continue to advocate for broader holistic payroll tax reform at a federal level.

The additional \$150M funding for Trade and Investment Queensland is also welcomed, as is the support for manufacturing and Made in Queensland products and services.

The strong mental health investment in this year's budget will also support the current mental health needs for businesses, as 63% of Queensland's business community indicated mental health challenges in the December 2021 CCIQ Pulse Survey. \$6.75 million has been allocated to the Small Business Wellness and Support Package.

Continued funding for tourism recovery and development initiatives and small business support are also welcome.



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.

What CCIQ asked for on behalf of Qld business

REFOCUS INVESTMENT IN ROAD, RAIL, RUNWAY & PORT

- 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

ACCELERATE ECO-EFFICIENT INFRASTRUCTURE

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

TRANSITIONING TO SUSTAINABLE ENERGY

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

RESILIENT REGIONS

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

BRISBANE 2032 INFRASTRUCTURE

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

What was in the 2022-23 Queensland Budget

Planned \$29.7B four-year transport and roads investment

- Over \$18B planned to be delivered outside of the Brisbane region. New regional priority projects funded include:
 - \$67.9 million over 5 years for Townsville Connection Road upgrade
 - \$137.5 million and \$474.4 million beyond 205-26 in Pacific Motorway, Inland Freight Route and various rail level crossing projects
- \$3.5B of the transport and roads investment plan provides funding in the budget forward estimates for new rail projects over the next 4 years, which includes many projects that will be delivered over the next decade.

Continued investments in port infrastructure across Queensland, including:

- **\$79.2M** Gladstone Port initiatives
- **\$56M** Port of Townsville initiatives

\$199.5M towards **priority regional water infrastructure projects** including Cairns Water Security Program, Hughenden Water Brank, Landsdown Eco-Industrial Precinct and the Mount Morgan Pipeline

Transitioning to Sustainable Energy:

\$48M over 2 years funding towards Hydro Energy Storage
\$15M for National Battery Testing Centre
\$10M for QLD first vanadium processing plant

\$59.3M over 4 years to support the **Brisbane 2032 Taskforce** to lead 2032 Olympic and Paralympic Games infrastructure planning and activities

Provision for a new **Queensland Energy Plan** – to be released later in 2022.

What this means for Qld Business

FY2023 Budget assessment: some good measures for progressing regional development through transport and water infrastructure, and renewable energy investments

The FY2022-23 State Budget committed infrastructure funding across priority road, rail and port projects. 63.3% of the budget's capital program is planned to be spent outside of Greater Brisbane.

CCIQ welcomes the continued investment in Queensland's ports, critical economic infrastructure for industry and regional development and productivity.

The commitment to key investments in water security projects will make Queensland businesses more resilient in the face of ongoing droughts and extreme weather, as well as improve economic competitiveness in the regions, and provide critical support to the agricultural sector.

Continued funding towards projects to assist the transition to renewable energy is welcomed. Greater investment in future-proofing Queensland's energy asset base is still needed, especially given the current energy crisis.

With the Brisbane 2032 Olympic and Paralympic Games on the horizon, it is vital that planning and preparation is progressed through the Brisbane 2032 Taskforce, to ensure opportunities for private investment and Queensland business procurement.



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 business

INCENTIVISE UPSKILLING IN TRADITIONAL AND EMERGING SECTORS

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

IMPROVED FUNDING ARRANGEMENTS

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

REINVIGORATE THE REGIONS

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

What was in the 2022-23 Queensland Budget

Additional \$100.6M over 2 years to support the delivery of Future Skills through Vocational Education and Training services by Queensland's public training providers.

A one-year extension on the 50% payroll tax rebate for exempt apprentices and trainees

Additional \$7.8 M to attract skilled, qualified tradespeople from interstate (except New South Wales) to Queensland to work on flood recovery.

Additional \$3.3M over 4 years to support several key initiatives in the Queensland Resources Industry Development Plan. This includes the Queensland Future Skills for All program (to assist industry, businesses and individuals seeking to enter, upskill and reskill in autonomous technologies fields) and to develop pathways into higher education courses for those interested in pursuing a career in automation.

What this means for Qld Business

FY2023 Budget assessment: Ongoing focus needed to support Skilled Workforce priorities given current day labour shortage.

The additional funding for Future Skills through Vocational Education and Training services is welcomed as is additional funding for the Queensland Resources Industry Development Plan.

The one-year extension on the 50% payroll tax rebate for exempt apprentices and trainees will help supporting businesses to develop skilled workforce. Although more support is needed to address the current labour market shortages.

38.2% of businesses in the December 2021 Pulse Survey indicated they wanted to see investment in upskilling and retraining workforce in this year's State Budget.

Ongoing focus and support is needed to address the labour and skills shortages in our state, including a plan to attract more skilled and seasonal workers.

The ability of business to attract and retain staff is also being impacted by the ongoing housing crisis.



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.

What CCIQ asked for on behalf of Qld business

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

ECOBIZ PROGRAM

- Commitment to ongoing funding of the ecoBiz program
- Commitment on funding programs that support potential expended ecoBiz initiatives, such as circular economy and carbon neutrality practices
- Support exporters and manufacturers to adopt carbon neutral practices

BOOST INVESTMENT IN SUSTAINABILITY RESEARCH AND DEVELOPMENT

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

PRIORITISING FINANCIAL MECHANISMS THAT RESPOND TO ENVIRONMENTAL RISK

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

TRANSFORMATION OF COMMUNITIES

- Commit funding for local councils to develop plans for transition to sustainable and resilient communities

What was in the 2022-23 Queensland Budget

\$291.8M over 4 years to implement waste management plans and expand resource recovery programs

\$721M extraordinary circumstances package jointly funded by the Queensland and Australian Governments under DRFA, to address ongoing recovery needs for impacted communities.

Additional \$32.6M over 4 years to develop climate action program policy and research

Additional \$6.9M over 4 years to expand carbon farming in the state

Additional \$3.5M to build capacity and skills through Queensland Resources Industry Development Plan to access decarbonization plans

Additional funding of \$5M over 3 years to deliver local government sustainability initiatives.

What this means for Qld Business

FY2023 Budget assessment: Some good progress made on Sustainable Practices priorities, including extended funding for business support, increased investment for resource recovery, and an extension to disaster recovery funding.

CCIQ has advocated for sustainability-led transformation and the role of government to support and identify best practice. A focus on waste management plans and expanded resource recovery programs will support businesses looking to implement circular economy initiatives.

Additional disaster recovery funding is welcomed to support the resilience-building and recovery needs of impacted communities.

Additional funding to develop climate action research and to expand carbon farming capabilities, will help support the development of practical sustainability practices. These are good steps in boosting sustainability research and development, and CCIQ looks forward to seeing greater targeted measures in the future.

Queensland business has great potential to embrace sustainable industries and business practices. CCIQ will continue to advocate for the support of targeted funding and incentives to encourage SMEs to scale, grow and diversify sustainable products and services.



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.

What CCIQ asked for on behalf of Qld business

ADOPTING E-COMMERCE AS BEST PRACTICE

- Enhance investment in a digital first approach that promotes e-commerce as best practice

BUILDING DIGITAL CAPABILITY

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

IMPROVE DIGITAL CONNECTIVITY

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

What was in the 2022-23 Queensland Budget

\$31M in 2022-23 for Outback Queensland improvements in regional and remote internet and mobile services, part of the Regional Connectivity Program.

Further \$3M to support Digitally Connected Regions program to improve connectivity in regional and remote Queensland.

Continued funding from 2021-22 included:

\$39.1M Small Business Support package to support digital capability and upgrades.

What this means for Qld Business

FY2023 Budget assessment: Missed Opportunity for Connected Business priorities

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.

The funding for Outback Queensland as part of the Regional Connectivity Program is welcomed, however more investment is needed across the state to address the critical needs of business.

The continuation of funding for the small business support package, including grants to support digital capability and upgrades, is welcomed. Further 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 also required, to enhance government service delivery and promote best practice, particularly for interactions with small business.