SUMMARY REPORT

Queensland Policy Leaders Series
Queensland State of Play 2019

Thursday 21 February 2019
07.30 am - 9.00 am

Moderator

Moderator: Professor Nicole Gillespie, KPMG Chair in Organizational Trust; Professor of

Management, UQ Business School

Panellists

Andrew Barger, Policy Director, Economics and Infrastructure,

Queensland Resources Council

Daniel Gschwind, Chief Executive Officer, Queensland Tourism Industry Council

Chris Mountford, Queensland Executive Director, Property Council of Australia

Shane Rodgers, Head - Queensland, Australian Industry Group

Travis Tobin, Chief Executive Officer, Queensland Farmers' Federation

Kate Whittle, General Manager - Advocacy, Chamber of Commerce and Industry

Queensland

QFI thanks its Breakfast Sponsor

Breakfast Summary

The predominant theme from the 2019 Queensland Futures Institute Queensland Policy Leaders Series *"Queensland State of Play 2019"* focused on the potential challenges across sectors and the implication of the upcoming elections for these industries. The panel discussion focussed on environmental, policy, international education and skill-building challenges that these industries face across Queensland and the possible game changers stemming from innovation and technology as well as the role of possible policy changes on these sectors. The general discussion allowed the audience to explore further into the topic of how these sectors could contribute in scaling up Queensland, opportunities and threats that these sectors may be able to exploit or overcome.

Key comments by panellists

Andrew Barger, Policy Director, Economics and Infrastructure, Queensland Resources Council

- Last year, Queensland had a record coal exports, record gas exports, prices are pretty strong and infrastructures running well.
- However, we have seen in the northwest, that has just had catastrophic flooding through the region, which has affected the metal sector extremely in the short run, but in the medium-term the outlook for them is extraordinarily strong.
- **Renewables** have seen an immense revival in the metal sector, which translates into exploration as a good outlook for Queensland – a boom we are seeing in the renewables.
- **Coal** is polarising in terms of climate change, but it comprises 80 % of Queensland's export value, which will make the election campaign quite interesting. It will be much about Adani vs. Climate Change – a difficult debate for people in regional Queensland.
- **Gas**, despite reasonably strong prices has received a report from Energy Quest, respected industry analysts has expressed some doubts based on their bottom-up analysis. This will depend on politics, as many of the decisions related to Queensland coal seam gas exploration and production are made in NSW.

Game Changer:

- Internet of things, big data, and machine learning.
- The technological advancements can enable to predict the impact of climate change related weather events on the sites and safety of people.
- Framework of reporting and analysis that provides transparency, which is an opportunity for the industry.

Possible changes in Policy within this industry:

- Environmental regulations

Daniel Gschwind, Chief Executive Officer, Queensland Tourism Industry Council

- Last year Queensland had a growth of 12 % (domestic and international visitor expenditure)
- Strong outlook, due to extraordinary investment in tourism related infrastructure (airport, roads, accommodation, etc.), especially in South East Queensland.

- Growing international demand – growing middle class in South East Asia, South America to afford travelling, indications suggest that the international tourism will grow at a rate twice as high as the rest of the economy.
- The outlook is not as bright for North Queensland as it is for South East corner.
- Misperception of people that the entire Queensland would be affected by cyclones can influence the outlook immensely, which will affect numerous small businesses across the state.
- Challenges for the coming year and beyond:
    - Lack of sufficient labour and skills – do we have the staff to support the infrastructure and deliver the experience to our visitors?
    - If we do not have a skill and labour uplift, we will face some challenges in delivering the value for money to our visitors and as such, this can affect our industry and economy significantly, e.g. shortage of chefs across Australia.
    - Business resilience is another important aspect for business to build to respond to environmental changes, such as digital disruption or weather events.

Game Changer:

- Digital disruption: connecting customers with businesses, e.g. booking, airlines, hotels etc.
- Our industry is usually the trial for new business models: Uber, Share-riding, Airbnb – this can present huge challenges and opportunities for our industry:
    - Better knowledge about consumers and direct connection with them
    - Changes in the distribution systems, consolidation of the travel agencies globally – a huge challenge.
    - Balancing personal delivery of experience is a challenge.
- Climate Change has changed the game, too. We face difficulties we never faced before. We have to adapt and mitigate against further deterioration – same issues different approach.

Possible changes in Policy within this industry:

- Skills and education – comprehensive approach of upscaling Australia
- Migration and Visa policies

General Discussion:

- Our own contribution to the challenges to keep Australia stable in relation to skills: work across industries, build portable skills
- International education (import of students, export of skills), addressing domestic skill shortages: incorporate those students into labour afterwards as well as build relationships with them.

Chris Mountford, Queensland Executive Director, Property Council of Australia

- A mixed view of the world across our members, depending on their sector and geographical location of operation
- A sharp decline in the sentiment survey over the last quarter within the residential property as a result of tightening of credit in the last 12 months that has led to reduction in volume of transaction and prospect for developers to get projects done and move forward.
- In non-residential side of property has seen significant employment growth in the CBD of Brisbane
    - o Demand for office space
    - o Industrial land
    - o Investment in assets and commercial property
- The confidence mix is similar here as mentioned by other panellists for the coming 12 months. But for a 3-5-year view: there is a lot more optimism, e.g. South East Queensland centric view of the world; crossover Brisbane Metro, Queens Wharf, and other big significant projects will drive activity and positivity.

Game Changer:

- A lot more corporate investment in residential property
- Queensland Government has put $70 million on the table to try and see that in Queensland to get the ball rolling, which is a really positive thing.

Possible changes in Policy within this industry:

- Possible tax changes
- Significant change at the moment may imply a significant risk

General Discussion:

- Our own contribution to the challenges to keep Australia stable in relation to skills: modulization of building houses that requires different set of skills.

Shane Rodgers, Head - Queensland, Australian Industry Group

- General lack of certainty compared to last year, which is driven by
    - o Federal election year
    - o Credit squeeze – post Royal Commission
    - o Trump and China in trade wars
    - o Drought and floods
- However, there are many things that indicate a good outlook for the year:
    - o reserve bank suggests a 3 % GDP growth which is healthy.
    - o China is growing at 6 to 6.5 %.
    - o We can capitalise on skills on a global scale
- Despite some challenges, we have got enough opportunities to exploit this year.

Game Changer:

- Two areas of technology: data with the Internet of Things, as well as manufacturing.
    - Data and internet of things provide us with an opportunity to play on a global scale and even become leaders in the area.
    - Manufacturing will experience an interesting transition as a result of artificial intelligence, robotics and high-level automation. Queensland has over 16,000 manufacturing companies mainly focused on customization. So, what is the consequence for these companies in terms of moving from customization to automation, AI and robotics to do a different type of manufacturing? Government is active in providing enough activities around thought leader-ship.
    - Queensland has great potentials in this area, so this is the space to watch in the next years.

Possible changes in Policy within this industry:

- Proposal of industrial relations platform
- Wages

General Discussion:

- Our own contribution to the challenges to keep Australia stable in relation to skills: new skills sets, hybridization of TAFE and university skills, agility of adopting new skill pathways, and lifelong learning.

Travis Tobin, Chief Executive Officer, Queensland Farmers' Federation

- Agriculture is a $20 bn sector with a similar expectation this year.
    - Market prices are reasonably good
    - Further development in free trade agreements
    - Transpacific partnership
    - Queensland's agriculture is comprised of 60 % export – important to have a balance between export and domestic markets
        - Some industries are very export-oriented, such as sugar, cotton, wool, red meats
        - Some industries are more domestic-oriented, such as horticulture, chicken, pigs, and dairy
- On a farm level, similar to other sectors, there is a divide in agriculture across the state, too (city/county)
- On a farm level, the expectations as well as the cost pressures get somewhat unreasonable.
- There are opportunities for farmers, too: carbon market and environmental markets that they could monetize on.
- However, there are some expectations, such as environment, animal welfare, carbon, water quality that can increase the cost of business. So, to provide the clean products underlined by integrity in

terms of energy and water, the costs will become unsustainable. So, intensification of drivers and enablers are crucial.

- Overall: big picture looks good, but if you zoom in, it is not quite rosy.

Game Changer:

- Big data, technology, innovation provide big opportunities in automation and avoiding skill issues
- There is no legal framework around who owns the data.
- Another challenge is the connectivity that affects large parts of the state.
- Climate change: floods and droughts across the state – agriculture has always adapted to these changes, but it needs the flexibility to be able to shift.

Possible changes in Policy within this industry:

- Reform of R&D in the agriculture centre
- Environment related policies

General Discussion:

- Our own contribution to the challenges to keep Australia stable in relation to skills: requirement of transferrable skills to prepare for cross-sectoral job market.

Kate Whittle, General Manager - Advocacy, Chamber of Commerce and Industry Queensland

- Some of the challenges for SMEs in this year that lead to uncertainty:
    - o Election year
    - o Transitioning/changing workforce
    - o Climate change
    - o According to our quarterly poll survey on business sentiment confidence, the largest uncertainty for SMEs is the political uncertainty.
    - o Divide in confidence between South East Queensland and regional Queensland as a result of weather events. Moreover, as a result of the City Deal, Sunshine Coast, Gold Coast and Brisbane have fantastic economic activities, whereas regional Queensland, specifically mining regions have lost some confidence as they believe they don't receive the same amount of investment per capita as the businesses in South East Queensland.
- There are as much opportunities as there are challenges:
    - o Skills and training – Australia provides fantastic international education export on a global scale
    - o High end skills manufacturing and advanced manufacturing
- Nevertheless, to boost the confidence, we need to inject a bit more certainty.

Game Changer:

- Data – big data, specifically for SMEs who are not immune to big changes in the nature of workforce.

- Adapting to those big trends is challenging for small businesses
- Big data, technology, digital disruption, innovation, leading to changes in consumer expectations would be the biggest game changer for small businesses and whether or not they can meet those expectations.

Possible changes in Policy within this industry:

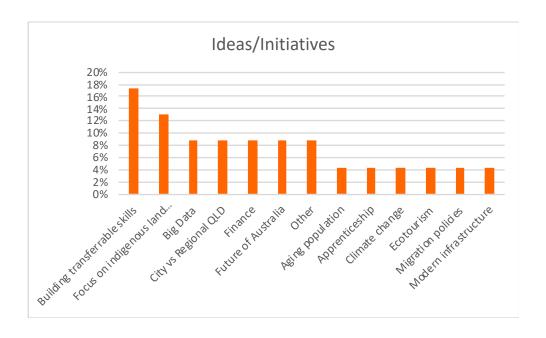- Proposal of industrial relations platform

General Discussion:

- International education (import of students, export of skills), addressing domestic skill shortages: it is a big policy challenge. All parties need to work together not only to build short-term but long-term skills. Businesses are ready to incorporate international employment, but there is limited encouragement from the government perspective.

General Discussion

Ageing:

- Due to increase in knowledge-economy aging is not only a risk, but also an opportunity.
- Mature aging programs
- An opportunity to issue work and holiday visas for 55+.
- In the property sector, aging receives significant amount of thought in terms of aging-friendly buildings etc.

Summary of Ideas

The Queensland Futures Institute acknowledges the support of Samira Nazar, PhD Candidate at UQ Business School for her summary of the Breakfast.

Our Members

www.qldfutures.com.au