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A BETTER QUEENSLAND

BETTER IDEAS

QUEENSLAND
STATE OF PLAY 2021

Better Ideas

QUEENSLAND STATE OF PLAY 2021

Wednesday 10 February

7:30am – 9:00am

Customs House, 399 Queen St, Brisbane

PANELISTS:



REBECCA ANDREWS

Head - Queensland
Australian Industry Group



ANDREW BARGER

Policy Director
Economics and Infrastructure
Queensland Resources Council



DR GEORGINA DAVIS

Chief Executive Officer
Queensland Farmers' Federation



DANIEL GSCHWIND

Chief Executive Officer
Queensland Tourism
Industry Council



CHRIS MOUNTFORD

Queensland Executive Director
Property Council of Australia



AMANDA ROHAN

General Manager
Policy and Advocacy
Chamber of Commerce and
Industry Queensland



**MODERATOR:
KARINA COLLINS**

Partner in Charge
KPMG Strategy
KPMG Australia

Panel Comments



Rebecca Andrews, Head - Queensland, Australian Industry Group

- Overall, the economic environment in Queensland remains the same as last year; business still needs tax and regulatory reform, and increased investment and business confidence.
- The challenges raised by COVID-19 around how we work present opportunity to learn as we move forward. We have the opportunity to reimagine the future of our cities and the way we view work, creating vibrant cities and workplaces. This also presents opportunity for advancing the conversation around health and wellbeing, particularly mental health, as we change the way we think, work and collaborate.



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

- Energy, mining, gas and exploration has continued throughout COVID-19, despite a challenging environment caused by the current geopolitical issues with China as a major export buyer. COVID-19 impacts for workers have been minimised due to the existing frameworks around safety in the mining industry.
- The health and safety frameworks have also improved the conversation with regional communities around COVID safety.
- COVID-19 has also tested the resilience to disruption of the industry that will be experienced around climate change as the industry has needed to adapt around the politics of the issue.



Dr Georgina Davis, Chief Executive Officer, Queensland Farmers' Federation

- The drought remains a major challenge for the agriculture industry; 70% of Queensland remains in drought despite significant rainfall in the Southeast region. Now that La Nina has peaked, rainfall moving forward may not be enough to replenish water storage for regional farmers.
- New opportunities around technology, such as hydrogen, AI, smart farms and microgrids have emerged, and these may improve production capacity or reduce costs. There are also emerging opportunities around green market mechanisms such as land restoration funds, soil carbon credits, natural capital restoration. Queensland has been the first jurisdiction to implement reef carbon credits, in a PPP between HSBC and the Queensland Government.
- Additionally, agri-tourism is emerging as Queenslanders look for local tourism opportunities due to COVID-related travel restrictions and uncertainty.



Amanda Rohan, General Manager – Policy & Advocacy, Chamber of Commerce and Industry Queensland

- COVID-19 has caused significant adverse impacts for small business, which saw confidence at all-time lows last year. The December quarter saw a slight uplift due to Christmas and the easing of Stage 3 restrictions.
- Continuing business confidence shifts, soft employment intentions and the removal of JobKeeper will see lagged impacts.
- Given Queensland had the highest unemployment rate in the country pre-COVID, employment intentions will remain a significant indicator for recovery, particularly in service-based industries.
- Transformational policy settings and budgets are needed to simulate a competitive economy and ensure sustainable business processes and practises. Given the low interest rate environment, a reformed policy agenda must leverage private sector business investment to drive growth, or else risk a slow recovery.



Chris Mountford, Queensland Executive Director, Property Council of Australia

- The housing sector remains cautiously optimistic in the economic recovery from COVID-19, and has seen significant demand driven by homebuilder grants, population growth and worker movement.
- While grants for investors and developers have boosted demand, this has seen continued impact on housing affordability and land supply. The Queensland Government must intervene should this momentum continue or else risk these issues worsening.
- Brisbane's CBD has been significantly impacted by COVID-19 due to the shift towards working from home, and the decrease in international tourists and students. Additionally, owners have reported 60% occupancy in the CBD. This has led to impacts on local businesses as white-collar workers comprise most of the customer base. Queensland has a vested interest in the success of Brisbane's CBD as an economic driver of the state. Similar to the Victorian Government's \$100mn CBD recovery plan, the Queensland Government must leverage policy to drive people back to the city.



Daniel Gschwind, Chief Executive Officer, Queensland Tourism Industry Council

- COVID-19 has highlighted the interrelatedness of Queensland's industries with the tourism sector as the impacts have been felt economy-wide. Learnings for all industries include the need for preparation for the unexpected.
- Tourism was the first industry to be impacted economically by the pandemic and will be the last to recover. While the economic impact is still being felt and calculated, losses are estimated at around \$10-12bn in Queensland, distributed across tens of thousands of businesses.
- The recovery is patchy; some operators are experiencing strong demand whilst others are yet to see business return – geographic and customer demographic splits exist; businesses which depended on international tourism, or business hotels are still struggling whilst those which have pivoted towards local tourism may be doing better.
- Businesses and government must triage and work together to rebuild the industry, navigating a structurally different economy and consumer markets. There is also a practical challenge around retraining, re-skilling and rehiring staff, moving excess staff in certain areas of the industry to areas with shortages – for example, the 1000 chef positions currently vacant across Queensland.

Panel Discussion

How can government support industry to withstand border closures and other ongoing and potentially cyclical uncertainties around the pandemic?



Daniel Gschwind

- Practical solutions which accommodate differing pandemic scenarios and shifting consumer considerations (e.g., flexibility around travel booking) are required as part of the COVID response to balance health and economic outcomes.

What work can be done to reduce the reliance of offshoring manufacturing?



Rebecca Andrews

- The manufacturing industry has faced an identity crisis and an image problem in Queensland and Australia more broadly, as exemplified by the automotive manufacturing industry. While we have the capacity to manufacture high-quality components, the sector in Queensland is in decline; exceptions to this decline are in skincare and cosmetics, biomedical, food, construction and defence-related manufacturing.
- The problem around skills shortage in the sector remains – engineers and factory floor workers are highly demanded and often these unfilled roles lead to supply chain issues as factories cannot retain or hire enough staff.
- There is opportunity to grow the agriculture equipment as an area of manufacturing.
- Product choice is also a strong reason to grow the sector onshore, with 'buying Australian' a significant economic driver of our economy, as these companies pay tax and support local communities.

Where are the opportunities for the agriculture sector to grow, particularly in the Asia Pacific region?



Dr. Georgina Davis

- Investment in agriculture, particularly infrastructure which supports agriculture, is required. Whilst there are large flows of investment funds, infrastructure decisions are being made too slowly and need a greater level of strategic planning to execute effectively; there are currently 50 feasibility and advanced business cases for water schemes/projects in Queensland, but the economic, social and environmental costs and benefits need to be better outlined in order to obtain investment – it is not as easy as just building water infrastructure.
- The pandemic has highlighted the strength of Queensland food supply despite panic buying periods. With production strong enough to service these periods of high demand, opportunities to export overseas should be considered. While the industry is currently experiencing impediments and larger disruption to export markets in China, emerging opportunities exist in South Korea, Vietnam and Indonesia. These opportunities require support to enable farmers to understand consumer preferences in these markets; good business relationships and connectivity must be developed to take advantage of these emerging opportunities.

What are the impacts of shifts in internal migration to the regions and Southeast Queensland?



Chris Mountford

- Net internal migration data shows interstate migration is 4,000 per quarter in 2020, relative to 1,500 in 2019 and 1,600 in 2018.
- Housing activity data shows high activity in the Gold and Sunshine Coast regions and some activity in Townsville and Gladstone areas. This may reflect greater demand for Southeast Queensland relative to North Queensland.
- The next 12 months will reveal the drivers of these changes – whether people are moving for jobs or moving with their jobs (remote working).
- Government stimulus such as home builder grants could be leveraged to stimulate growth in the regions.

What is the role of the resource sector in the transition towards meeting the Queensland Government's 50% renewable energy target?



Andrew Barger

- The resource industry must tell its story better to progress; whilst we may stop consuming resources for energy in Queensland, our export markets may not have the same opportunity to do this by 2030 – the industry must express its role in supporting export markets with high-quality product through its narrative.
- Legacy providers are playing their role to support the transition. For example, Origin Energy has introduced an app to gamify demand side management
- Current coal fleet must leverage their role in providing ancillary service and baseload power throughout the transition to renewables; given the variability of the high penetration of rooftop solar in Queensland, this remains an important role for coal.
- The resource sector is a testbed for new and emerging technologies. Compressed natural gas trials, hydrogen and electric vehicles can all be adopted by industry prior to consumer markets.
- The industry can also support high-tech manufacturing, supporting jobs and economic growth of the manufacturing sector.

What are the step changes required to reform payroll tax in Queensland?



Amanda Rohan

- Payroll tax is viewed as a regressive tax and a tax on jobs. It is a blunt instrument and disincentivises growth and investment. However, it generates \$4bn of the total \$15bn of the Queensland Government's revenue and therefore is politically unfeasible to abolish.
- Step changes are needed to implement reform – could businesses which implement sustainable processes receive relief through this instrument? Government must help to lift the burden on businesses to encourage jobs growth.

Audience Questions

What can regional areas do to attract migration?

- Regional councils must create compelling local propositions which outline the unique opportunities which differ from other areas.
- While job-related migration results in short-term movement, investment in social infrastructure and facilities is needed to support local lifestyle and drive long-term migration.

How can we encourage hospitality and tourism skills and training, particularly in vocational education?

- While workers may leave these industries for other vocations, such as construction, these industries must become known as career-based employment opportunities for workers. Progression through different career stages must be advertised to attract talent.
- 200,000 working holiday workers have left during COVID-19, and Australian labour must fill the gap this has created in the labour market – this requires impacted industries to continue to develop their narratives to attract workers.

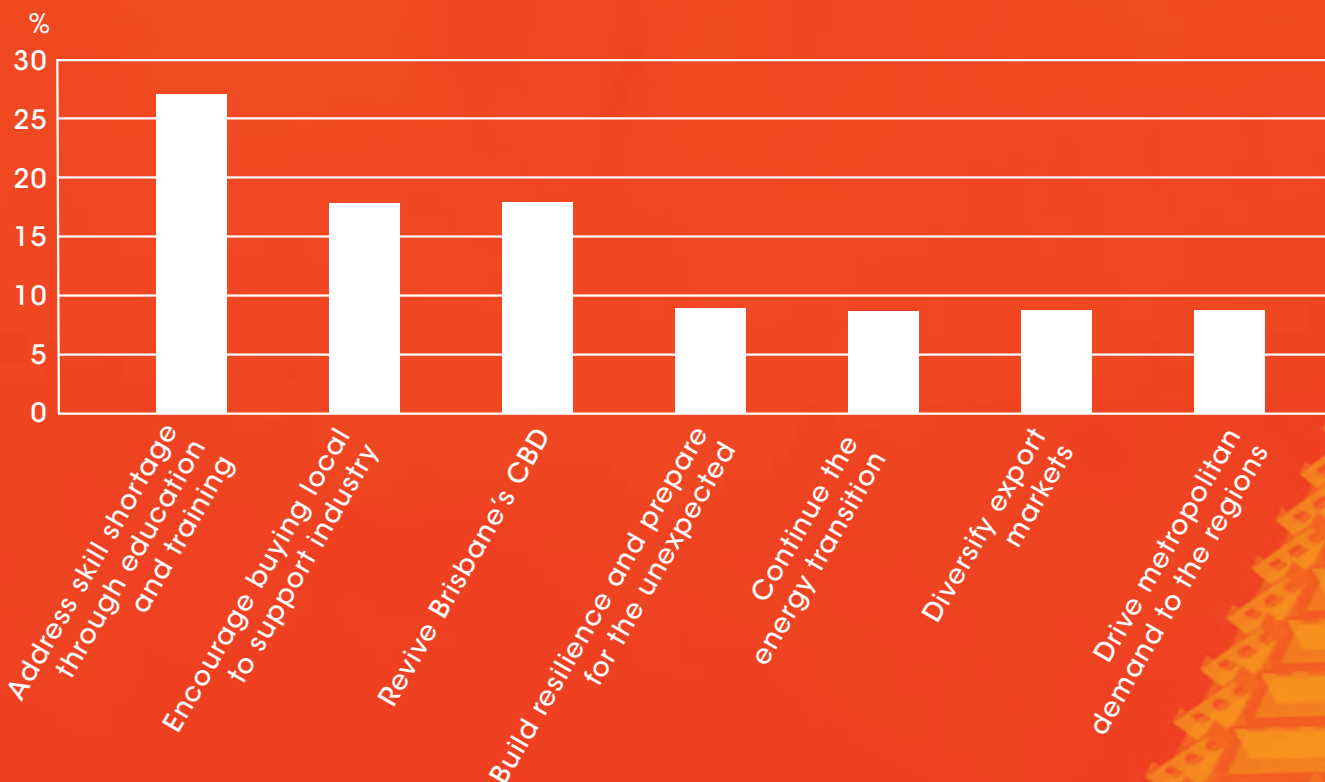
Where should we make investment in research moving forward?

- Industry must signal where sectors are going and articulate what they need to get there; investment is needed in applicable research to facilitate this. While Australia's research sector is world-class, the challenge around industry translation must be addressed to utilise this research in business.
- Innovation and emerging technologies continue to present opportunities but require investment to execute. For example, 'prop-tech' presents new opportunities in the property industry and has required research and development to innovate and provide real benefits.

SUMMARY OF

Attendee Comments

TOP IDEAS AND INITIATIVES



SUMMARY OF

Ideas

- Education and skilling of local workers should be encouraged to address the skills gap and the loss of workers due to COVID-19 from industries such as agriculture and hospitality. Movement from metropolitan areas to the regions where jobs shortages are occurring should be encouraged.
- 'Buy local' campaigns and packaging may foster local economic activity, promote jobs and raise tax revenue.
- Brisbane's CBD must be revived to support local businesses and return it to being an economic driver for Queensland. Supportive work environments should foster agile working but encourage city office use.
- Industry must build resilience to the unexpected, which can be achieved through diversifying export markets, for example, away from China.
- Queensland should continue playing a role in the energy transition and develop other firming technologies, such as household batteries to further reduce the need for legacy coal generation.

QFI Members



REGIONAL AFFILIATES





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FOR FURTHER INFORMATION

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