

# Building Queensland's Economic Future

Priorities for 2010/11  
Queensland State Budget

Australian Industry Group

February 2010

## 1. Introduction

The coming period will be a challenging one for Queensland industry and the state's economy.

The state's industry has been bruised by the Global Financial Crisis. Limited credit availability, a decline in private capital expenditure, a decline in performance of our major trading partners, and fluctuations in world commodity prices has had a significant impact on many companies in Queensland.

This has had particular impacts in sectors such as commercial and apartment construction, manufacturing, mining services, retail and tourism sectors. The recent strength of the Australian dollar has also made it difficult for companies in the export sector.

The recovery is also fragile – with business and consumer confidence still brittle.

Unfortunately, at the same time, a large cross-section of Queensland companies are dealing with a series of progressive cost increases in recent years, in areas such as energy, government fees and charges, and industrial land.

Such a situation is historically unique for Queensland – at least in the recent history where Queensland prided itself on a low-tax, low-cost place to do business, with a growing population, and an abundance of natural resources.

This all means that 2010/11 Queensland State Budget will be critical. Not only will the Government need to continue its work towards restoring the Budget to a balanced position, it needs to do this in a context of a need to continue building the long term frameworks catering for population growth, and towards building Queensland's economy for the future.

This submission outlines industry's priorities for State Budget for 2010/11, and details a framework for government action that meets the challenges outlined above.

In essence, Ai Group believes the Government's objectives should be focused squarely on two main areas:

1. **Creating the right environment for business success** – including doing all it can to alleviate escalating cost pressures for Queensland industry, streamline regulatory burdens, and manage government expenditure.
2. **Productivity** - Embedding strategies that better foster productivity in the state's economy which will benefit all Queenslanders, and in doing so, ensuring the Queensland Government can play a national leadership role in the overall national effort to improve Australia's productivity.

The Government has already shown great leadership in undertaking important economic reforms, most recently evident in its Asset Sales Program.

It has also set a series of ambitious targets for 2020 through its *Toward Q2: Tomorrow's Queensland* in economic growth, innovation and skills.

The Australian Industry Group commends the Government for its ambitious targets. It has also put its hand up to help deliver these targets, such as through being a foundation partner, along with QMI Solutions, under the "Strong" Objectives.

However, Ai Group believes more can be done, and welcomes the opportunity to provide further detail in this submission.

## 2. Current Economic Environment – Difficult Period for the State’s Economy

### *Impact of the Global Financial Crisis for the State’s Economy*

The Queensland economy has been badly bruised as a result of global financial crisis. Limited credit availability, a decline in private capital expenditure, a decline in performance of our major trading partners, and a decline in world commodity prices has had a significant impact on Queensland industry.

This has had particular impacts in sectors such as commercial construction, apartment buildings and engineering construction. The recent strength of the Australian dollar has also made it difficult for the export and tourism sectors.

Whilst the full effects have been buffered by Government infrastructure spending and stimulus payments, the recent period has been a difficult one for the state’s economy.

The GFC has perhaps highlighted that the Queensland economy is not as diverse as what it may appear. The slowdown of activity and investment in a small number of areas has permeated a large cross section of the state’s economy, to such an extent that it is now lagging the rest of the country in some key indicators.

For instance, whilst economic growth is higher than anticipated in the midst of the global financial crisis (where growth was anticipated to be 0.5% for 2008/09<sup>1</sup>), Queensland is lagging other states. The most recent state accounts data from the Australian Bureau of Statistics showed that Queensland was second last (followed only by New South Wales) in annual GSP growth. See table 1 below.

*Table 1: Gross State Product, Chain Volume Measures – 2008/09*

	Annual growth	Average annual compound growth rate (1998-99 to 2008-09)
<hr/>		
2008-09		
New South Wales	0.2	2.1
Victoria	0.8	3.2
<b>Queensland</b>	<b>0.3</b>	<b>4.7</b>
South Australia	1.4	2.7
Western Australia	0.7	4.1
Tasmania	1.4	2.5
Northern Territory	2.6	4.3
Australian Capital Territory	1.4	3.4
Australia(a)	1.1	3.2

(a) Gross domestic product.

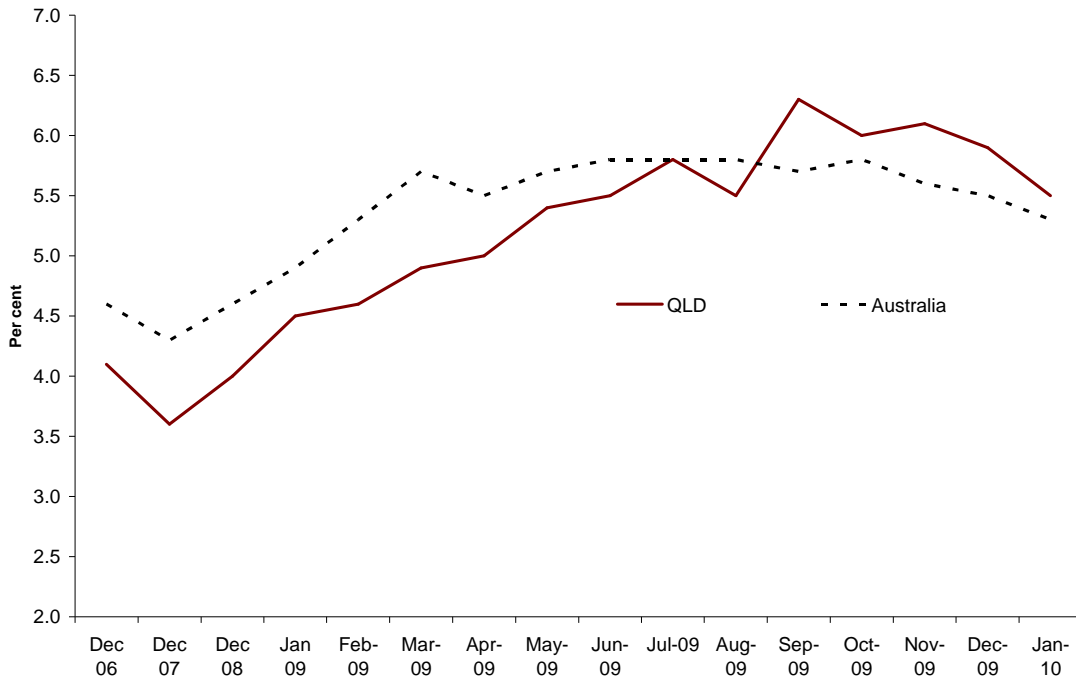
Source: ABS, Cat 5220.0 – *Australian National Accounts: State Accounts, 2008-09*

All other states showed a decline in GSP per capita, of which, four states showed decreases in GSP per capita that were larger than the Australian decline of -0.8%. Western Australia (down 2.3%) and Queensland (down 2.1%) showed the largest falls in GSP per capita.

<sup>1</sup> Queensland Government, State Budget 2009-10: Budget Strategy and Outlook (Budget Paper 2), p29  
Building Queensland’s Economic Future: Ai Group Priorities for 2010/11 Queensland State Budget

Similarly, whilst trending lower than what was expected at the last State Budget (where there was an average annual unemployment rate forecast of 6.5%), Queensland's unemployment level is still trending above the Australian level, for the last five months. Whilst the downward trend is obviously very welcome, it is a relatively unusual situation for Queensland to be above the national rate.

Figure 1: Unemployment rate (seasonally adjusted) – Australia and Queensland



Source: ABS Labour Force Cat 6202.0 January 2010

## Outlook for three sectors: manufacturing, construction and services

### Manufacturing - Performance of Manufacturing Index

The first month of 2010 saw a return to growth in the Australian manufacturing sector, although employment fell back following modest improvement in both November and December. The **Australian PMI®** rose by 2.5 points in January to 51.0, just above the 50 point level separating expansion from contraction.

Growth in new orders and exports resumed in January, leading to a moderate expansion in production. Companies in some sectors also relied on existing inventories to meet demand, with aggregate stock levels being run down strongly.

The sectors driving the expansion in manufacturing activity in January were those whose fortunes are closely tied to the performance of the nation's housing and resources sectors, such as construction materials; transport equipment; petroleum & coal products; and basic metal products.

Activity expanded in Western Australia; South Australia; and Queensland, but fell in the other three states.

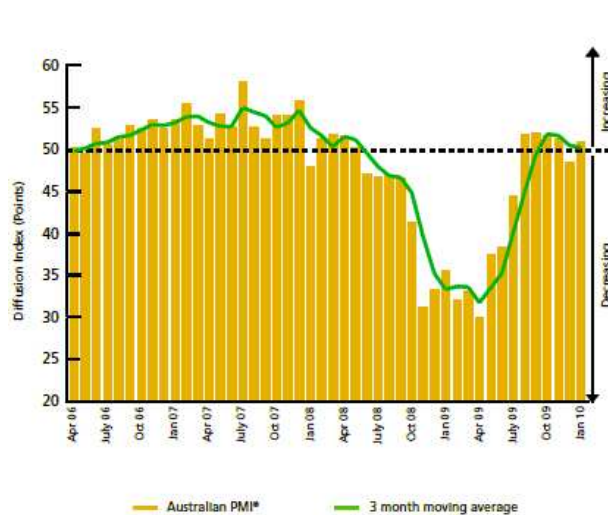
Despite a rise in export levels in January, survey respondents continued to point to the high AUD exchange rate as the key factor constraining activity.

In all, the subdued readings of the Australian PMI® in recent months suggest the improvements in domestic conditions are yet to translate into a strong upswing in manufacturing production.

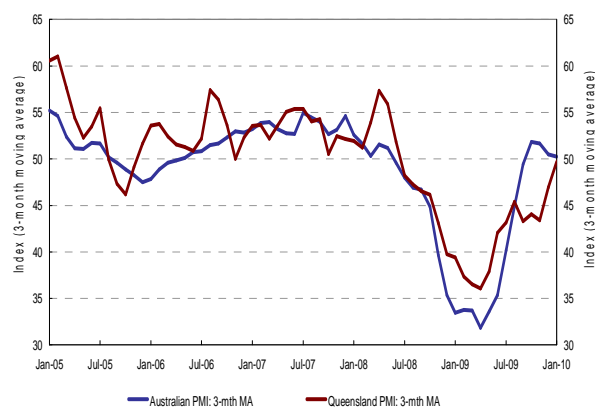
For Queensland, activity has recently trended below that experienced nationally, although this has converged closer to the national 3-month moving average in January.

Figure 2: Australian Industry Group-PricewaterhouseCoopers Australian PMI®, January 2010

a) Australian PMI



b) 3 month average – QLD and Australia



## Services – Performance of Services Index

Services activity contracted for the first time in four months in January, suggesting uncertainty around prospects for the sector in the near term.

The seasonally adjusted Australian Industry Group/Commonwealth Bank Performance of Services Index (Australian PSI®) fell by 2.6 points to 47.4, dropping below the 50.0 level separating expansion from contraction.

Despite a modest lift in sales, employment fell heavily in the month and new orders and supplier deliveries continued to decline.

The downturn in activity was broadly based, with all sectors, excluding the often volatile transport & storage sector, registering declines in the month.

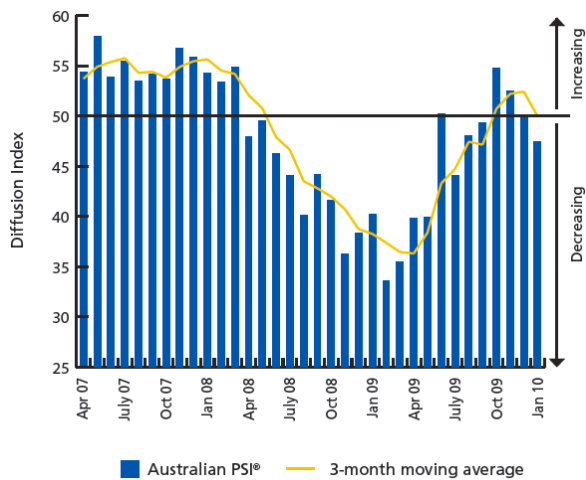
Firms attributed the weakening in demand largely to successive increases in the official interest rate between October and December, which have dampened consumer and business confidence.

Activity contracted in all states other than Western Australia.

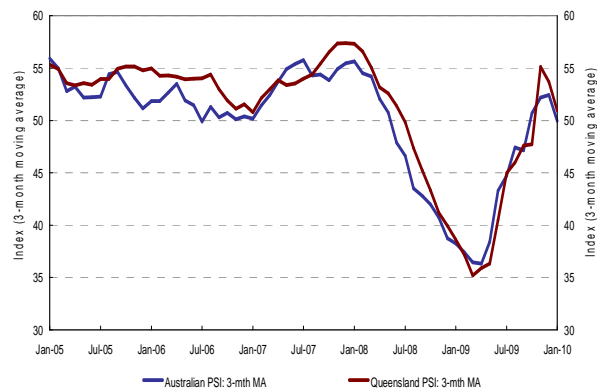
For Queensland, the 3-month moving average has broadly reflected the national average

Figure 3: Australian Industry Group-Commonwealth Bank Australian PSI®, January 2010

a) Australian PSI®



b) 3 month average – QLD and Australia



## Services – Performance of Construction Index

The national construction industry expanded in January driven by a stronger rate of increase in house building and improved conditions in the apartment, engineering and commercial building sectors.

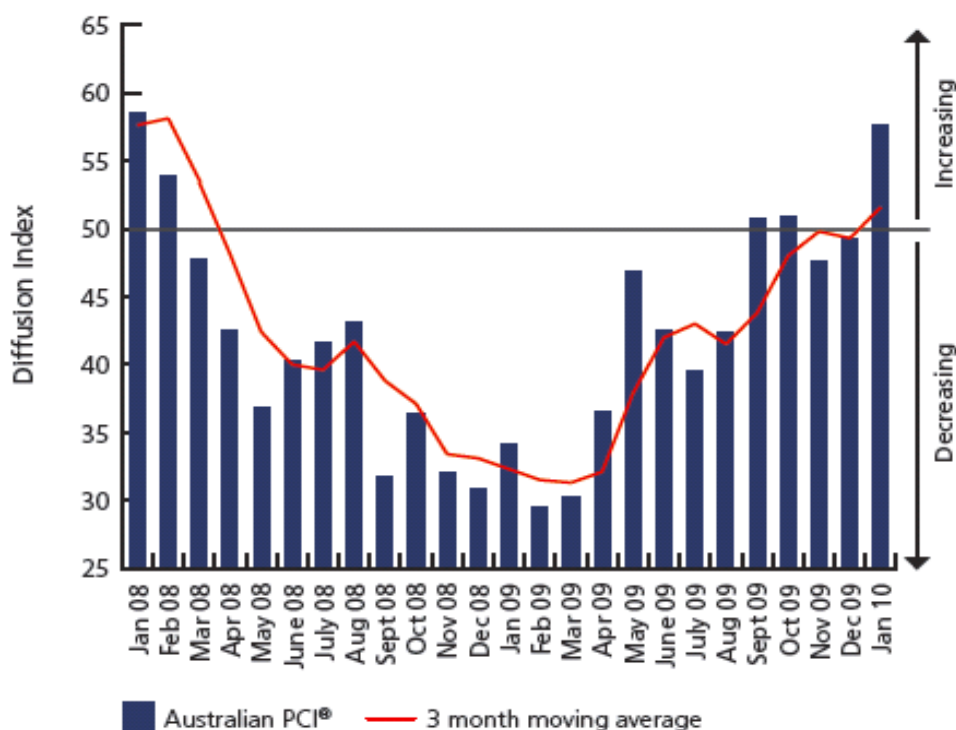
The seasonally adjusted Australian Industry Group/ Housing Industry Association Performance of Construction Index® increased by 8.4 points to 57.7 in January. This was above the critical 50 points level separating expansion from contraction, and signalled the industry’s strongest performance since January 2008.

Firms noted that activity had strengthened in response to firmer levels of demand, increased tendering opportunities and the successful acquisition of new contracts. There were also reports of continued support for building activity from Government stimulus spending, with respect to schools, health infrastructure and social housing projects.

By industry sector, the main growth impetus came from house building which expanded for a seventh consecutive month and at its highest rate over the past three months. Commercial construction posted its first increase since October 2008, while engineering and apartment building work both recovered from falls registered in the past seven and two months respectively.

On an aggregate industry basis, both activity and new orders registered growth in January. This resulted in firms increasing their deliveries from suppliers and expanding their workforces at the highest rate since January 2008

Figure 4: Australian Industry Group-Housing Industry Association PCI®, January 2010<sup>2</sup>



<sup>2</sup> Queensland specific data not available for the PCI due to sample size.

### **3. Creating the right environment for economic success – keeping check on increasing industry costs and managing government expenditure**

The economic data outlined above indicates some fragility in the Queensland economy, and the relative disproportionate impact that the Global Financial Crisis has had on this state.

In this difficult environment, the Queensland Government has an opportunity to facilitate a supportive environment that will, in turn, facilitate economic success, encourage business investment, and improve the state's financial position.

Whilst Ai Group recognises the fiscal pressures facing the Queensland Government in restoring the State's financial position, it believes it is absolutely critical that the Queensland Government maintains the focus on the state as being the best place to do business, and not put pressure on business activity through increasing taxes, fees and charges.

At the same time, Ai Group believes there is a real opportunity for the Government to find greater savings in recurrent expenditure, particularly in relation to administration and employee costs.



## Business costs

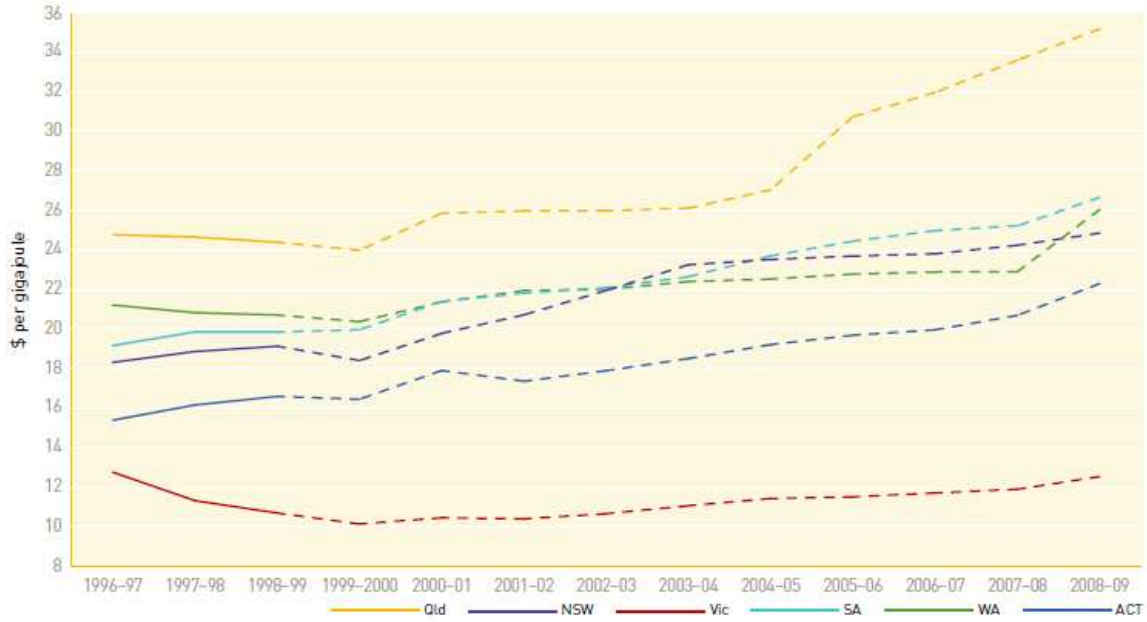
In relation to business costs, despite Queensland's relative competitiveness in relation to areas such as business taxation and workers compensation premiums, it is in danger of losing its competitiveness in other areas. This is outlined in the table below:

Taxes and incentives on employment	<ul style="list-style-type: none"> <li>Competitive payroll tax rates and Workers Compensation premiums</li> <li>2009 payroll tax rebate to encourage employers to take on apprentices</li> </ul>
Energy costs	<ul style="list-style-type: none"> <li>Increased significantly in recent years for both gas and electricity</li> <li>According to Government's own forecasts, <b>gas is likely to increase for large industrial customers between 34% and 94%</b>, in real terms, between 2008 and 2025.<sup>3</sup></li> <li>Queensland's retail gas prices – comparatively high compared to other states, and has increased, in real terms, by 40% since 1996/97 (see Figure 5 below)</li> </ul>
Land costs	<ul style="list-style-type: none"> <li><b>Land tax – surcharge of 0.5% from July 08</b> for properties in excess of \$5 million in value – big impact for industrial sites.</li> <li><b>Industrial land - more expensive in South East Queensland</b> than most parts of Sydney and Melbourne. For example, 2008 research undertaken on behalf of the Property Council of Australia by Jones Lang LaSalle, revealed industrial land prices increased substantially between 2003 and 2007. This is outlined in Figure 6 below. For instance, the cost of land in Brisbane's northern Geebung region increased by 189% - from \$146/sqm in 2003 to \$420/sqm in 2007. In Acacia Ridge and the Northern Bank of the Australia Trade Coast, prices had increased by 167 per cent and 182 per cent respectively. This compares to Sydney and Melbourne, where, on average, prices have risen 41 and 62 per cent during the same period.</li> <li><b>These increases reflect industry perceptions about difficulties in locating affordable industrial land.</b> In a 2009 Ai Group survey, industrial land affordability was identified by 14.0% of respondents as the most significant infrastructure issue constraining business growth (only behind roads). In 2008, respondents when asked the same question said it was their most significant infrastructure issue constraining business growth – cited by 30% of respondents.</li> </ul>
Freight and transport costs	<ul style="list-style-type: none"> <li><b>Removal of fuel subsidy</b> (estimated to cost industry about \$250 million per annum) in 2009/10 Queensland Budget</li> <li><b>Vehicle Registration costs increase in 2009/10 budget</b> - \$780 million over four years.</li> </ul>
Government fees and charges	<ul style="list-style-type: none"> <li>Big increase in <b>Environmental License Fees</b> in 2009. Examples of fee increases included: <ul style="list-style-type: none"> <li>eg some chemical manufacturers' fees increased from \$5,820 per annum to \$53,600</li> <li>plastic manufacturing from \$450 to \$10,800 per annum</li> <li>paper manufacturing from \$6,180 to \$40,800 per annum</li> </ul> </li> </ul> <p>The new fees were estimated to generate an additional \$92 million over the period 2008-09 to 2011-12</p>
Regulatory environment	<ul style="list-style-type: none"> <li>70% of businesses believe compliance costs have increased over the past 3 years<sup>4</sup></li> </ul>

<sup>3</sup> Department of Employment, Economic Development and Innovation (September 2009) *Consultation Paper – Domestic Gas Market Security of Supply*, p7.

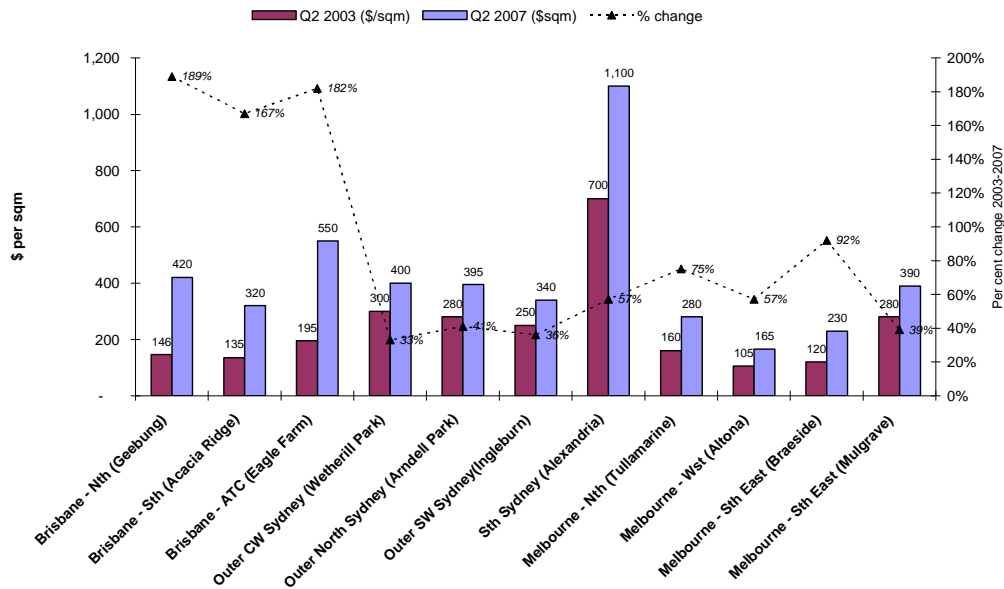
<sup>4</sup> Ai Group, *Untangling Red Tape: Industry's Views on Compliance, Regulation and Taxation Issues in 2009*, May 2009

Figure 5: Real retail gas prices, by state and territory, July 1996 – March 2009



Source: Australian Energy Regulatory, State of the energy market 2009, p208

Figure 6: National Industrial Land Values: 2003 and 2007



Source: Jones Lang LaSalle (November 2007)

## Public sector renewal and identifying savings in government running costs

Ai Group believes there needs to be a renewed focus within the Queensland Government on public sector renewal, streamlined service delivery, coupled with a renewed focus on achieving increased efficiencies in the operation of Government departments.

Ai Group recognises that the Government has committed to an efficiency dividend of \$280 million per year from 2009-10<sup>5</sup>, and its commitment to growth in own-purpose expenditure not to exceed real per capita growth. Expenditure growth, excluding Commonwealth-related expenses, will average 3.52% each year over the forward estimates (beyond 2009-10)

Given the current fiscal position of the Queensland Government, Ai Group believes it is an opportune time to revisit these targets, with a view to locating additional savings in government running costs – measures that many companies needed to adopt during the depths of the Global Financial Crisis.

The machinery of government changes brought about in mid-2009 – resulting in the creation of a smaller number of government departments, should assist in this.

These savings should be targeted at head office areas, rather than front line delivery. However, if efficiencies could be located in front-line services, then reductions in these areas should also be considered.

Between 2009/10 and 2012/13, Queensland Government employee expenses are expected to increase by an average 4.3 % per year. Instead, Ai Group believes the Government should commit to a lower-than expected increase in staff costs of 1% per year, and undertake a detailed, cross-government exercise in identifying where such savings can be found, such as through a high-level Commission of Audit that reports to the Government's Cabinet Budget Review Committee.

In turn, the savings identified in this exercise should be used to review payroll tax levels for companies based in Queensland.

A target of this nature could yield savings to offset reduction in business taxes, in line with changes emanating from the Henry Tax Review, to the order of \$3.6 billion over three years: \$640 million in 2010/11, increasing to \$1.6 billion in 2012/13. See table 2 below.

Table 2: Estimated savings achieved through a 1% target increase in employee expenses between 2010/11 and 2012/13.

	2009/10	2010/11	2011/12	2012/13
Projected employee expenses - 2009/10 Mid Year Fiscal and Economic Review <sup>6</sup> (\$m)	15,104	15,896	16,770	17,151
Target - Capping Growth in Employee Expenses to 1% per annum (\$m)		15,255	15,408	15,562
<b>Estimated Savings (\$m)</b>		<b>641</b>	<b>1,362</b>	<b>1,589</b>

<sup>5</sup> State Budget 2009-10 *Budget Strategy and Outlook, Budget Paper No 2*, p8.

<sup>6</sup> Queensland Treasury, *Mid Year Fiscal and Economic Review* December 2009, p 19.

## *Workers compensation*

As announced by the Attorney-General and Minister for Industrial Relations in State Parliament in November 2009, the Government is shortly expected to undertake stakeholder consultation on possible changes to the Queensland WorkCover scheme, including a progressive increase in the average premium rate, the establishment of either a 10 per cent or 15 per cent whole person impairment threshold to be eligible for common law claims, and modification of the statutory claim benefits in response to any common law threshold that might be introduced.

Ai Group opposes the introduction of increased premiums, and believes measures should be introduced that limit the eligibility for common law claims to 15 per cent whole person impairment. Whilst the scheme needs to remain financially viable, and needs to properly compensate injured workers, a large body of feedback from Queensland employers indicates that the common law claims' process (which accounts for a large proportion of recent cost pressures for the scheme) is being abused.

Increases in premiums will have a cost burden for the 150,000 employers across the state with a workers compensation insurance policy through WorkCover. The vast majority of employers who have not experienced a statutory or common law claim will particularly feel aggrieved by an increase in premiums, and for many employers, significant increases will have a negative impact on their ability to invest more in their business, or employ more people.

Queensland has held a very enviable position compared to other states in relation to the average rate of workers' compensation premiums, and it would be very disappointing if Queensland was to forfeit any of its current advantage. Similarly, an increase in premiums will add to increased business costs, and will come at a time when many businesses are still recovering from the downturn.

## **Recommendations – creating the right environment for economic success**

### **Cost of doing business**

1. That the Queensland Government place a moratorium on increased fees, taxes and charges for businesses operating in the state so as not to jeopardise Queensland's economic recovery.
2. That the Queensland Government commit to significant savings in government running costs, including a containment in the increase in employee expenses of 1% per year, resulting in savings of the order of \$640 million in 2010/11, and increasing to \$1.6 billion in 2012/13.
3. That the Queensland Government outline a staged program of \$3.6 billion tax relief over three years to re-build Queensland's competitive position to do business. This can be achieved through committing to a lower than anticipated growth in employee expenses from 2010/11-2012/13 of 1% growth per annum.
4. That the Government not increase WorkCover premiums in the forthcoming review of the WorkCover scheme, and introduce measures that limit the eligibility for common law claims to 15 per cent whole person impairment.

## 4. Productivity – improving the productivity of the Queensland economy

Increasing productivity is fundamental in sustaining growth in the Queensland economy and boosting living standards over the long term. Productivity growth is important for not only Queensland's economy, but the national economy as a whole. This is especially critical in the context of an ageing population where there is a declining pool of labour (and a consequent shrinking taxation base), whilst an increased demand for government services (particularly in areas such as health care and aged care).

State Governments play a pivotal role in boosting productivity for the nation's economy – from their critical role in delivering vital economic infrastructure, to education and training to regulatory reform.

As outlined by the Queensland Government in its *Toward Q2: Tomorrow's Queensland* blueprint, research indicates that about 70% of economic growth is the result of productivity improvements. Under this blueprint, the 2020 Target is for Queensland to be "Australia's strongest economy, with infrastructure that anticipates growth."

For Queensland, the major elements of achieving this are as follows:

- Skills development
- Fostering innovation
- Infrastructure - raising the level of and efficiency of use of existing infrastructure.
- Improve the efficiency and effectiveness of government service delivery in key areas

Within all of these areas, cooperation with the Commonwealth Government is critical.

### **Skills development**

#### **Achievement of Government's *Towards Q2* targets on trade and tertiary qualifications**

The Queensland Government has been clearly committed to improving the skills base of the state's workforce, and in improving the education and training opportunities of all Queenslanders. This has been motivated by the objectives of improving social and economic opportunities of individuals, as well as boosting the overall performance of the state's economy.

This has been evident most recently in the ambitious targets set out in *Toward Q2: Tomorrow's Queensland*. This includes the target that by 2020, three out of four Queenslanders will hold trade, training or tertiary qualifications (proportion of 25-64 year olds with a Certificate III or higher). As of 2007, the equivalent figure was 50%.

This objective builds on other Government strategies in the education, training and workforce participation area, such:

- Reforms in the Vocational Education and Training area through the Skills Plans for 2006 and 2008,
- Skilling Queenslanders for Work initiatives
- Education and Training Reforms for the Future, including the introduction of the Preparatory Year of Schooling, and reforms to senior schooling.

Ai Group strongly commends the Government for the priority it places on skills development.

However, as evident in the data outlined below in Table 3 below, there is some way to go in order for Queensland to improve its standing in the education and training area, and in bringing about productivity boosting increases to the state's qualification profile. It should also be recognised that some of the reforms instituted by the Government in the education and training

area are long term reforms (eg the preparatory year of schooling) that may not result in an immediate effect in the State's skill base.

Skill shortages are also still prevalent, and likely to exacerbate. According to a recent NCVET survey (published December 2009)<sup>7</sup>, at the peak of the boom (2007), 34% of Queensland employers had "a lot of difficulty" recruiting staff. In 2009, still a large proportion (20%) had "a lot of difficulty" in recruiting staff.

---

<sup>7</sup> NCVET, *Employers' use and views of the VET system, 2009*

Table 3: Selected features of education and training in Queensland

<p><b>Lower proportion of young people with post-school qualifications</b></p> <p><i>In 2006, more than 2-in-5 (44.3%) Queenslanders aged 24 years had no post-school qualification. This was third-highest of all States and Territories, and higher than the national proportion of 41%. Less than one-quarter (23.6%) had a university qualification and about one-third (32.1%) had a VET qualification.</i></p>	<p><i>Highest level of post-school qualification, by state and gender, 24 year-olds, 2006 (%)</i></p> <table border="1"> <thead> <tr> <th></th> <th>No post-school quals</th> <th>University quals</th> <th>VET (Diploma &amp; above)</th> <th>VET (Certs)</th> </tr> </thead> <tbody> <tr> <td>NSW</td> <td>39.8</td> <td>29.1</td> <td>8.8</td> <td>22.3</td> </tr> <tr> <td>VIC</td> <td>37.7</td> <td>32.4</td> <td>9.1</td> <td>20.7</td> </tr> <tr> <td><b>QLD</b></td> <td><b>44.3</b></td> <td><b>23.6</b></td> <td><b>7.0</b></td> <td><b>25.1</b></td> </tr> <tr> <td>SA</td> <td>43.7</td> <td>25.2</td> <td>5.7</td> <td>25.4</td> </tr> <tr> <td>WA</td> <td>43.2</td> <td>25.2</td> <td>7.6</td> <td>24.0</td> </tr> <tr> <td>TAS</td> <td>46.8</td> <td>20.5</td> <td>5.2</td> <td>27.6</td> </tr> <tr> <td>NT</td> <td>56.7</td> <td>14.6</td> <td>5.0</td> <td>23.7</td> </tr> <tr> <td>ACT</td> <td>34.9</td> <td>41.5</td> <td>7.9</td> <td>15.6</td> </tr> <tr> <td>Australia</td> <td>41.0</td> <td>28.1</td> <td>8.1</td> <td>22.8</td> </tr> </tbody> </table> <p>Source: Foundation for Young Australians, <i>How Young People Are Faring</i>, p 29 (derived from ABS Census of Population and Housing 2006)</p>		No post-school quals	University quals	VET (Diploma & above)	VET (Certs)	NSW	39.8	29.1	8.8	22.3	VIC	37.7	32.4	9.1	20.7	<b>QLD</b>	<b>44.3</b>	<b>23.6</b>	<b>7.0</b>	<b>25.1</b>	SA	43.7	25.2	5.7	25.4	WA	43.2	25.2	7.6	24.0	TAS	46.8	20.5	5.2	27.6	NT	56.7	14.6	5.0	23.7	ACT	34.9	41.5	7.9	15.6	Australia	41.0	28.1	8.1	22.8
	No post-school quals	University quals	VET (Diploma & above)	VET (Certs)																																															
NSW	39.8	29.1	8.8	22.3																																															
VIC	37.7	32.4	9.1	20.7																																															
<b>QLD</b>	<b>44.3</b>	<b>23.6</b>	<b>7.0</b>	<b>25.1</b>																																															
SA	43.7	25.2	5.7	25.4																																															
WA	43.2	25.2	7.6	24.0																																															
TAS	46.8	20.5	5.2	27.6																																															
NT	56.7	14.6	5.0	23.7																																															
ACT	34.9	41.5	7.9	15.6																																															
Australia	41.0	28.1	8.1	22.8																																															
<p><b>Comparatively low participation levels in education, training or employment.</b></p> <p><i>In May 2009, over one-in-five Queenslanders aged between 15-19 were not in full-time education and not in full-time employment (20.5%). This is the highest of all states and territories (with the exception of the Northern Territory), higher than the national proportion of 16.4%, and is the highest its been for the past ten years.</i></p>	<p><i>Not in full-time education and not in full-time employment, 15 to 19 year-olds (QLD and Australia – 1999 to 2009) May</i></p> <table border="1"> <caption>Data for Not in full-time education and not in full-time employment, 15 to 19 year-olds (QLD and Australia – 1999 to 2009) May</caption> <thead> <tr> <th>Year</th> <th>QLD (%)</th> <th>Australia (%)</th> </tr> </thead> <tbody> <tr><td>1999</td><td>18.0</td><td>14.5</td></tr> <tr><td>2000</td><td>17.0</td><td>14.5</td></tr> <tr><td>2001</td><td>19.0</td><td>15.0</td></tr> <tr><td>2002</td><td>18.0</td><td>15.0</td></tr> <tr><td>2003</td><td>18.0</td><td>15.0</td></tr> <tr><td>2004</td><td>17.5</td><td>15.0</td></tr> <tr><td>2005</td><td>17.0</td><td>15.0</td></tr> <tr><td>2006</td><td>17.5</td><td>14.5</td></tr> <tr><td>2007</td><td>14.5</td><td>14.0</td></tr> <tr><td>2008</td><td>15.5</td><td>13.5</td></tr> <tr><td>2009</td><td>20.5</td><td>16.4</td></tr> </tbody> </table>	Year	QLD (%)	Australia (%)	1999	18.0	14.5	2000	17.0	14.5	2001	19.0	15.0	2002	18.0	15.0	2003	18.0	15.0	2004	17.5	15.0	2005	17.0	15.0	2006	17.5	14.5	2007	14.5	14.0	2008	15.5	13.5	2009	20.5	16.4														
Year	QLD (%)	Australia (%)																																																	
1999	18.0	14.5																																																	
2000	17.0	14.5																																																	
2001	19.0	15.0																																																	
2002	18.0	15.0																																																	
2003	18.0	15.0																																																	
2004	17.5	15.0																																																	
2005	17.0	15.0																																																	
2006	17.5	14.5																																																	
2007	14.5	14.0																																																	
2008	15.5	13.5																																																	
2009	20.5	16.4																																																	
<p>Queensland has a <b>comparatively high participation rate in apprenticeships and traineeships</b>, and also a higher completion rate (for apprentices).</p> <p><i>In 2008, 10.9% of the population aged 19 and below were employed as an apprentice or trainee - the highest of all states and territories, and higher than the national proportion of 9%.</i></p> <p><i>Apprenticeship completion rates (for those aged 24 or below) appear to be higher than other states and territories. However, this is still relatively low at 58.8% (compared to national average of 54%)</i></p>	<p><i>Selected Apprenticeship and Traineeship Data</i></p> <table border="1"> <thead> <tr> <th></th> <th>In-training in 2008 as % of 15-19 population</th> <th>Trade completions in 2008*</th> <th>Non-trades completions in 2008**</th> </tr> </thead> <tbody> <tr> <td>NSW</td> <td>8.0</td> <td>53.0</td> <td>46.4</td> </tr> <tr> <td>VIC</td> <td>8.6</td> <td>46.8</td> <td>55.4</td> </tr> <tr> <td><b>QLD</b></td> <td><b>10.9</b></td> <td><b>58.8</b></td> <td><b>49.8</b></td> </tr> <tr> <td>SA</td> <td>9.3</td> <td>54.4</td> <td>48.0</td> </tr> <tr> <td>WA</td> <td>9.7</td> <td>60.9</td> <td>46.9</td> </tr> <tr> <td>TAS</td> <td>10.1</td> <td>68.1</td> <td>64.6</td> </tr> <tr> <td>NT</td> <td>6.6</td> <td>37.6</td> <td>43.8</td> </tr> <tr> <td>ACT</td> <td>7.0</td> <td>56.3</td> <td>43.2</td> </tr> <tr> <td>AUST</td> <td>9.0</td> <td>54.1</td> <td>50.4</td> </tr> </tbody> </table> <p>* as % of commencements in 2005 **as % of commencements in 2007</p> <p>Source: Foundation for Young Australians, <i>How Young People Are Faring</i>, 09 p13, p37 (derived from NCVET Apprenticeship and Traineeship Data and ABS Population data)</p>		In-training in 2008 as % of 15-19 population	Trade completions in 2008*	Non-trades completions in 2008**	NSW	8.0	53.0	46.4	VIC	8.6	46.8	55.4	<b>QLD</b>	<b>10.9</b>	<b>58.8</b>	<b>49.8</b>	SA	9.3	54.4	48.0	WA	9.7	60.9	46.9	TAS	10.1	68.1	64.6	NT	6.6	37.6	43.8	ACT	7.0	56.3	43.2	AUST	9.0	54.1	50.4										
	In-training in 2008 as % of 15-19 population	Trade completions in 2008*	Non-trades completions in 2008**																																																
NSW	8.0	53.0	46.4																																																
VIC	8.6	46.8	55.4																																																
<b>QLD</b>	<b>10.9</b>	<b>58.8</b>	<b>49.8</b>																																																
SA	9.3	54.4	48.0																																																
WA	9.7	60.9	46.9																																																
TAS	10.1	68.1	64.6																																																
NT	6.6	37.6	43.8																																																
ACT	7.0	56.3	43.2																																																
AUST	9.0	54.1	50.4																																																

The figures outlined above outline a critical issue – if Queensland is going to achieve the laudable objective of 75% of 25-64 year-olds holding a trade or tertiary qualification, drastic action is needed – because based on the trends outlined above, it will appear to be difficult to achieve the targets.

The issue is further compounded by the significant decrease in apprenticeship commencements that occurred in 2008/09 in the context of the Global Financial Crisis.

In addition to the above, employers are being faced with increased skill shortages, and an ageing population which further underlines the need for Government action in this area.

In view of this, Ai Group proposes that the following be given priority in the Government's attempts to raise the qualification and skills profile of the Queensland workforce. These strategies will not only go a long-way towards achieving the Government's 2020 targets, but also play a significant role in improving the long-term productivity of the Queensland economy.

### **1. Reform the funding model for VET funding to grow skills investment.**

The model by which VET is funded in Queensland is in need of a major overhaul. This is especially important in the context of the Government's commitment to increase the skills level of the workforce, and in ensuring Queensland meets the economic challenges of the future.

Such an overhaul should aim to:

- Stimulate more responsive, industry-driven and innovative VET delivery
- Achieve greater contestability for public VET funding
- Facilitate greater industry influence and determination in the direction of public VET funding and align public funding to skill shortage areas and economic need
- Stimulate greater investment in skills development from both individual students and industry
- Improve public transparency in VET provider performance
- Complement reforms at a national level in funding and regulation
- Increase skills utilisation in the workplace.

#### *Delivering competition*

Bringing greater competition in the VET market and giving the industry stakeholders a more prominent role in funding is critical. Provided this contestability is introduced in a considered manner, it will allow providers much greater incentive to better meet the needs of students and employers, and to provide world-class training for world class industries. Complementing this increased contestability should be measures to improve public transparency of VET provider performance – similar to the models introduced in the schools sector.

#### *Review investment models*

At the same time, there is a need to review investment models for skills development to foster increased investment from both public and private sources. The table below outlines Queensland's reliance on public funding for its VET system (compared with New South Wales and Victoria). The table shows that in Queensland, almost 85% of funding came from public sources, compared with 62% in Victoria and 75.6% in New South Wales.



Figure 7: Operating revenues (by %), by category, for government training departments, 2008 (QLD, NSW and VIC)

	QLD	NSW	VIC
State/Territory Government	60.5	55.8	46.1
Australian Government	23.1	19.8	15.9
Fee-for-service	8.7	16.5	26.4
Student fees and charges	5.7	4.2	3.7
Ancillary trading and other	2.1	3.7	7.8
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: NCVET, *Financial Information, 2008*

### Industry Ownership

It is also critical that industry takes on greater ownership in the shaping and funding of the VET system, such as through an industry led Skills Council. This will encourage higher level engagement in the skills development system, and help ensure that scarce public funding is directed to areas of highest skill need. Whilst such mechanisms occur at a sectoral level (eg through Centres of Excellence and Skills Alliance), there is a need for a body at a central level to have a greater influence. It should also act as a primary source of advice to Government in current skills' issues facing industry.

2. **Implement improved measures to support increased completion rates for apprentices and trainees** – through improved employer support models and incentive arrangements
3. **Training of existing workers** – For employers, retraining existing staff on the job is clearly the preferred strategy for meeting skill needs in 2009-10, with 65.7% of all respondents identifying this action. This outcome is consistent with the findings in previous reports produced by Ai Group. It reaffirms a strong preference amongst businesses to look inside their organisations in order to meet skilling requirements.
4. **Working with the Commonwealth Government** to bring about national improvements in Australia's skill base.

### Recommendations – skills

1. Review of funding models for skills development - That the Queensland Government undertakes a thorough review of funding models for skills development in Queensland, with a view towards increasing contestability for VET funding, and increasing overall investment on skills development.
2. Apprenticeship support and completion
  - a. Continue the *payroll tax rebate* for apprentices and trainees where the government provides a 25% payroll tax regime on the wages of each apprentice or trainee employed. The current initiative is due to finish on 30 June 2010.
  - b. Review current models of *employer support for apprentices* with a view of improving the level of support provided to employers who take on apprentices (particularly small employers without a HR capability)
3. The Right Job – Pilot Career Diagnostic for School Students – pilot the extension of the compulsory career planning (SET plan) with a career diagnostic test which helps students identify possible career paths. This psychometric analysis will support existing literacy and numeracy testing as well as support more directed conversations between students, their parents and teachers.

## Costings – skills development

	2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m
Funding Models for Skills Development	n/a	n/a	n/a	n/a
Payroll tax rebate for apprentice and trainee wages	15	15	15	15
Improved support for small businesses employing apprentices	1	1	2	2
The Right Job - Pilot Career Diagnostic for School Students	0.5	1	1	1

## Innovation

### Achievement of Government's *Toward Q2 target on innovation*

Under *Toward Q2: Tomorrow's Queensland*, the Queensland Government has set an ambitious and commendable target of increasing by 50% the proportion of Queensland businesses undertaking research and development or innovation. Meeting this target would see 54% of Queensland businesses innovating in 2020.<sup>8</sup>

Whilst lifting industry innovation requires a national approach in a range of policy areas (as identified in the recent Cutler review), there exists a clear role for the Queensland State Government to facilitate an increase in the level of innovation undertaken by Queensland businesses.

The Queensland Government can play a significant role in building connections between university business schools, industry and other industry-bodies to foster industry collaboration and leadership in innovation.

The Government could also consider the piloting of an innovation "voucher" – similar to that adopted in the Netherlands, Italy, Finland, Hungary, Serbia and Slovenia. The voucher could be targeted to help companies to buy either:

- "knowledge" from certain public research organisations or other industry-bodies on particular research and/knowledge activities; or
- Access to services which enhance collaboration with stakeholders, thereby supporting more so-called 'open' approaches to innovation in Queensland business

Ai Group recommends the limit of the voucher should be set at \$20,000. Consideration would also need to be undertaken into limiting the administrative burden for companies wishing to participate in the trial – this would help ensure a larger number of companies became interested in the vouchers. One option involves companies registering for the voucher in the realisation that they are allocated randomly with quotas attached to ensure businesses of all sizes and sectors can participate.

In the first place Ai Group recommends a \$4.5 million investment over 3 years. This could assist up to 300 businesses undertake some innovation activities, and contribute towards the achievement of the *Toward Q2* targets. At the completion of the first 18 months a review should be undertaken to consider the expansion or contraction of the scheme.

<sup>8</sup>Queensland Government 2008 *Toward Q2: Tomorrow's Queensland*, p19.

If the Government is to better stimulate innovation in Queensland it needs to take a more experimental approach than it has to date. Trialling innovation vouchers is a worthwhile experiment in this regard.

### **Tomorrow's Entrepreneur – a new initiative to foster an entrepreneurial spirit in Queensland**

Entrepreneurial individuals – people who can identify an economic or business opportunity, and exploit that opportunity to maximum effect – should be encouraged and fostered.

Successful entrepreneurs can bring positive benefits for an industry sector, the broader economy, and the state as a whole.

There exists room for the Queensland Government to work with schools, university business schools, and industry leaders to encourage and support entrepreneurial individuals currently within the schooling system, and to develop a leadership or mentoring program that support these individuals exploit and develop opportunities. Such a program could exist of:

- Statewide Awards Programs
- Mentoring activities with business leaders
- Leadership programs delivered by university business schools

The activities could focus on various groups of students within the schooling system – for example, Years 7, 10 and 12.

### **Recommendations – Innovation**

1. Innovation Vouchers - That the Queensland Government trial an “innovation voucher” scheme of up to \$20,000 for businesses to undertake open innovation and/or research activities in targeted areas. Distribution of the innovation vouchers could be undertaken through a lottery process requiring any Queensland business to register for a voucher but for it to be randomly allocated according to set quotas.
2. Tomorrow's Entrepreneur - That the Queensland Government investigate the establishment of a new program “Tomorrow's Entrepreneur”. The program would encourage and support entrepreneurial individuals currently within the schooling system, and to develop a leadership or mentoring program that support these individuals exploit and develop opportunities.

### **Costings – innovation**

	2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m
Innovation voucher	1.0	1.5	1.5	1.5
Tomorrow's Entrepreneur	1.0	2.0	2.0	2.0

## Infrastructure

The provision of high-quality infrastructure is a key driver influencing economic activity, and helps companies to grow and prosper. Most importantly, it is critical for improving the productivity of the state's economy.

The Queensland Government is investing heavily in infrastructure – as a means to improve our state's future economic capacity and in meeting the needs of our growing population, as well as a buffer against poor economic conditions and maintaining employment. The maintenance of the infrastructure program at current levels continues to be appropriate in order to bolster Queensland's long term economic growth.

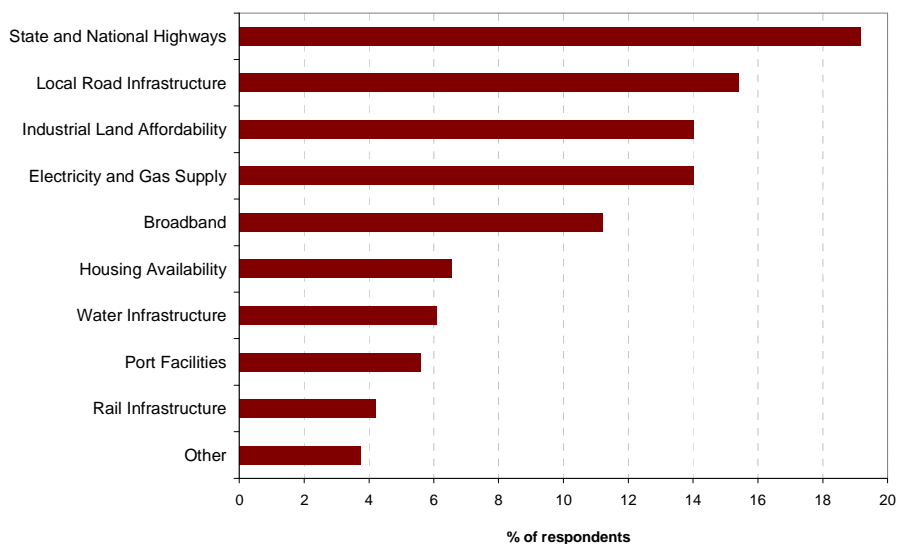
In late March 2009, Ai Group sought the views of companies in the manufacturing, construction and related sectors on infrastructure. This included their satisfaction with local infrastructure, as well as what they believed were the most critical areas of infrastructure provision that would positively impact on business success. A total of 214 companies responded to the survey in Queensland, in addition there were 337 respondents from New South Wales and Victoria. The survey was similar to one previously undertaken in early 2008<sup>9</sup>.

In terms of priority infrastructure issues, state and national highways are viewed as the major infrastructure issue that requires more attention in terms of aiding business growth, with almost 1-in-5 businesses (19.2%) nominating it as the single most important issue.

The next tier of important infrastructure issues includes local road infrastructure (15.4%), industrial land affordability (14.0%) and electricity and gas supply (14.0%).

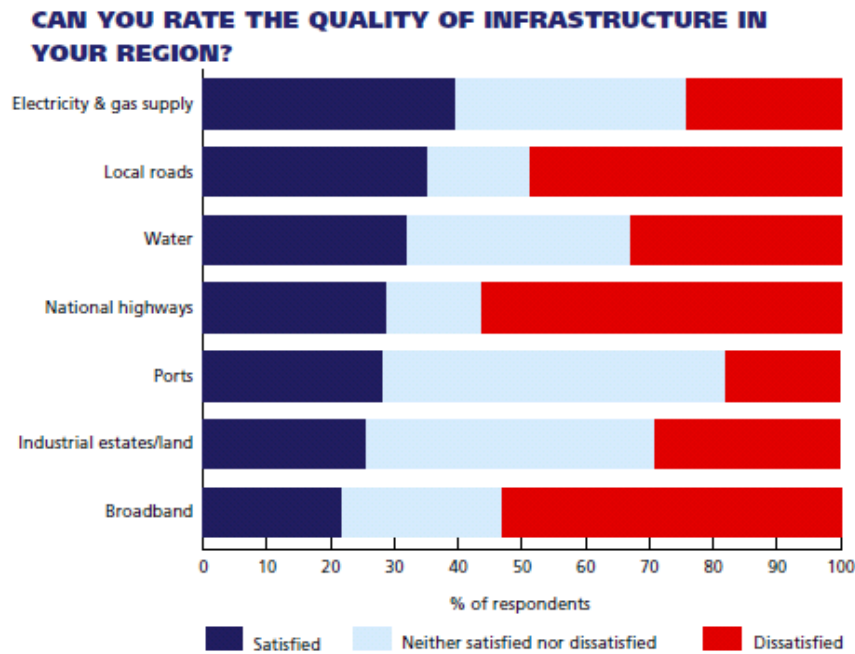
On *satisfaction* with infrastructure, Queensland companies expressed varying levels of satisfaction with the quality of infrastructure in their local region. Over half of respondents expressed dissatisfaction with broadband (53.3%) and road infrastructure (56.5%), and just under half expressed dissatisfaction with local roads (49.1%).

Figure 8: What is the most important infrastructure issue for your business growth?



<sup>9</sup> Ai Group *Infrastructure Issues in Queensland (May 2009)*

Figure 9: Satisfaction with Infrastructure: Queensland – 2009



Source: Ai Group: Infrastructure issues in Queensland: industry's views (May 2009)

### Road infrastructure

The capital outlay expenditure for Main Roads in the 2009/10 State Budget was \$3.53 billion (down from \$3.83 billion in 2008/09)<sup>10</sup> Expenditure on road maintenance and rehabilitation estimated to be \$577 million in 2009/10<sup>11</sup>

### Industrial Land

Industrial land availability and affordability is a critical issue influencing the growth of Queensland industry. In 2008, it was rated by Ai Group members as the most significant infrastructure issue constraining business growth, and in 2009, despite the economic downturn, as still rated as a significant factor in constraining industry growth in the state.

Fixing the problem associated with industrial land shortages requires a multi-pronged approach covering various policy areas and both state and local governments. There are also issues related to industry growth and normal supply/demand issues that constrains availability.

As a first step, the Queensland Government has established an industrial land monitoring program – a positive step that will clearly document the amount of industrial land available across the State.

The Government has also introduced new planning legislation which will, hopefully, help address bottlenecks in the planning and development system that affects overall industrial land supply.

Notwithstanding, Ai Group urges the Queensland Government to be vigilant in both monitoring industrial land supply, and taking action where necessary.

<sup>10</sup> State Budget 2009/10 *Capital Statement*, p4.

<sup>11</sup> State Budget 2009/10, *Service Delivery Statements* Book 2, p 2-189

## **Housing availability**

Housing availability is also an issue requiring attention, and has been identified by Ai Group members as an important factor in constraining industry growth.

Addressing housing availability is a critical issue on many fronts. In some parts of Queensland, ensuring that workers have access to affordable housing is vital for ensuring a supply of skilled labour. Similarly, the housing sector is a critical sector for the State's economy, and creates many positive spill-over benefits for the supply chain – such as the building products sector.

In March 2009, at the peak of the Global Financial Crisis, 6% of businesses surveyed identified housing availability as the major infrastructure issue important to business growth in Queensland. In 2008, 12% of respondents said housing availability was the most significant infrastructure issue constraining growth.

As such, Ai Group recommends that the Queensland Government is vigilant to its activities in ensuring housing availability and affordability in the state.

In July 2007, the Queensland Government released the Queensland Housing Affordability Strategy to ensure that the state's land and housing is on the market quickly and at the lowest cost. The actions aim to provide for a more competitive and responsive land and housing market by significantly reducing the timelines and associated holding costs of bringing new housing to the market. Strategies adopted through the Queensland Housing Affordability Strategy, included the establishment of an Urban Land Development Authority; make immediate changes to improve the planning and development assessment process; increase the supply of land ready for development; regulate infrastructure charging plans across Queensland; designate land for housing in regional areas of high demand; identify and develop appropriate underutilized government land for urban proposals; and allow local governments to facilitate private sector financing of infrastructure.

### **Recommendations – infrastructure**

1. Prioritisation on roads - That the Queensland Government prioritises its infrastructure budget to the provision and maintenance of the state's road network.
2. Industrial Land Availability and Affordability - That the Queensland Government is vigilant in monitoring industrial land availability and affordability in Queensland, and take decisive action where necessary to address bottlenecks and overcome shortages.
3. Housing availability – That the Queensland Government continue its vigilance in monitoring the current and future stock of housing in the state, and take decisive action where necessary to ensure that affordable housing is an achievable goal for all Queenslanders.

### **Government service delivery**

Improved government service delivery is a critical component for boosting productivity. This is particularly so for State Government services, and in regulation.

#### *Government regulation*

Poorly designed and poorly managed regulation imposes a significant inhibitor to economic growth and productivity performance for Queensland. Whilst Government plays a legitimate role in business regulation, poor regulation inhibits business activity, stifles innovation, reduces productivity and adds extra costs to firms doing business. As a result, it inhibits the ability of a business to grow, and consequently to grow employment.

The Queensland Government has recognised that regulatory issues are significant for Queensland industry, and has initiated several important actions. Most important of this is the initial target of reducing the compliance burden on business and the administrative burden on government by \$150 million per annum by the end of 2012-13. The Queensland Government has also been working with the Commonwealth Government and other State/Territory Governments on regulatory reform areas initiated by the Council of Australian Governments, including the harmonisation of workplace health and safety legislation.

Examples of recent initiatives include:

- The Regulatory Compliance Impacts Project – A joint Queensland Government-Ai Group project identifying specific regulatory issue for Queensland companies, specifically focused on the manufacturing and related services. A report from this project to the Queensland Government will be completed by March 2010.
- The “Reducing Green Tape for Business” initiative, announced as part of the *ClimateQ* strategy, to streamline reporting requirements in the energy, environment and resource use area.

#### *Public reporting of Government Agency Performance*

Governments across the world have realised the value of publicly reporting performance of government services and government agencies in a clear and transparent matter.

Most recently, this has been evident in the publication of school performance data. In Queensland, the annual budget papers also provide a range of data across agencies allowing the public and stakeholders the opportunity to review agencies’ performance.

The Queensland Government should consider revisiting its public reporting of agency performance, to allow the public, the Government and stakeholders easier access to reviewing performance, and to drive customer improvement.

#### *COAG Reforms*

The Queensland Government should continue its working positively leadership in relation to the COAG Reform agenda, particularly in relation to regulation harmonisation.

The Government should also commit to a serious examination of tax reform proposals arising from Henry Tax review, with a view to improving efficiency of national taxation and intergovernmental financial relations.

#### *Environment protection legislation*

Over recent years, the Commonwealth and States/Territories have made significant progress towards the harmonisation of workplace health and safety legislation across Australia. Ai Group has been highly supportive of this process.

Ai Group believes such action should also be initiated in the area of environmental protection legislation to bring about greater consistency in environmental legislation, and improved environmental outcomes.

Currently, each State has separate environmental legislation – with separate requirements, administration, terminology, and reporting requirements. This framework makes it very difficult for companies that operate across State borders, with sites across States, to keep abreast of requirements and changes.

Ai Group believes the Queensland Government should work with other states through COAG and the relevant Ministerial Council to initiate such harmonisation, in close collaboration with industry and other stakeholder groups.

### *Planning and development*

Clear, robust and transparent planning processes are critical in helping Queensland industry recover from the economic downturn, and in allowing Queensland industry to grow and create employment.

Unfortunately, over recent years, the experience of Queensland industry in dealing with planning and development frameworks by State and Local Governments has been very poor.

In a survey undertaken by Ai Group in late 2009, planning and development issues were identified as the area of most dissatisfaction in relation to Government service delivery. Almost one-fifth (19.2%) said they were very dissatisfied with planning and development processes, and another quarter (25.2%) said they were moderately dissatisfied. These dissatisfaction levels were higher than those in Victoria and New South Wales.

The Queensland Government has clearly recognised that improvements need to be made in this area which allows all stakeholders greater certainty in the planning and development system. This has been evident in the introduction of the new *Sustainable Planning Act 2009*, and the broader local government reform agenda.

Notwithstanding, it is only early days to see whether these reforms have borne fruit and resulted in tangible improvements.

Close attention needs to focus on implementation of the new *Sustainable Planning Act*, to ensure that it bears the results for which have been promised. If necessary, additional resources should be allocated towards educating industry stakeholders, in addition to experts in the planning area.

### **Recommendations – government service delivery**

1. That the Queensland Government continue its efforts towards improving Government Service Delivery, particularly in relation to regulatory reform and the COAG reform agenda.
2. That the Queensland Government commit to a serious examination of tax reform proposals arising from Henry Tax review, with a view to improving efficiency of national taxation and intergovernmental financial relations.
3. That the Government closely monitor the implementation of the Sustainable Planning Act, to ensure that it bears the results for which have been promised. If necessary, additional resources should be allocated towards educating industry stakeholders about the provisions in new legislation – not just the traditional “experts” in the planning arena.
4. That the Government considers the introduction of “Agency Scorecards” or improved performance reporting of public sector agencies. This could include revisiting public reporting of agency performance, to allow the public, the Government and stakeholders easier access to reviewing performance, and to drive customer improvement. This could include the development of improved satisfaction indicators.
5. That the Queensland Government should work with other states through COAG and the relevant Ministerial Council to initiate harmonisation in environmental legislation across States and Territories, similar to the recent exercise being undertaken in workplace health and safety legislation.



## Conclusion and summary of recommendations

The 2010/11 Queensland State Budget will be critical for industry and the state's economy. Not only will the Government need to continue its work towards restoring the Budget to a balanced position, it needs to do this in a context of a need to continue building the long term frameworks catering for population growth, and towards building Queensland's economy for the future.

This submission has outlined industry's priorities for State Budget, and detailed a framework for government action, focused on two main areas: (a) creating the right environment for business success and (b) productivity - embedding strategies that better foster productivity in the state's economy which will benefit all Queenslanders.

### (I) Creating the right environment for economic success

#### Cost of doing business

1. That the Queensland Government place a moratorium on increased fees, taxes and charges for businesses operating in the state so as not to jeopardise Queensland's economic recovery.
2. That the Queensland Government commit to significant savings in government running costs, including a containment in the increase in employee expenses to 1% per year, resulting in savings of the order of \$640 million in 2010/11, and increasing to \$1.6 billion in 2012/13.
3. That the Queensland Government outline a staged program of \$3.6 billion tax relief over three years to re-build Queensland's competitive position to do business. This can be achieved through committing to a lower than anticipated growth in employee expenses from 2010/11-2012/13 of 1% growth per annum.
4. That the Government not increase WorkCover premiums in the forthcoming review of the WorkCover scheme, and introduce measures that limit the eligibility for common law claims to 15 per cent whole person impairment.

### (II) Productivity – improving the productivity of the Queensland economy

#### Innovation

1. Innovation Vouchers - That the Queensland Government trial an "innovation voucher" scheme of up to \$20,000 for SMEs to undertake open innovation and/or research activities in targeted areas. Distribution of the innovation vouchers could be undertaken through a lottery process requiring any Queensland business to register for a voucher but for it to be randomly allocated according to set quotas.
2. Tomorrow's Entrepreneur - That the Queensland Government investigate the establishment of a new program "Tomorrow's Entrepreneur". The program would encourage and support entrepreneurial individuals currently within the schooling system, and to develop a leadership or mentoring program that support these individuals exploit and develop opportunities.

## Skills

1. Review of funding models for skills development - That the Queensland Government undertakes a thorough review of funding models for skills development in Queensland, with a view towards increasing contestability for VET funding, and increasing overall investment on skills development.
2. Apprenticeship support and completion
  - a. Continue the *payroll tax rebate* for apprentices and trainees where the government provides a 25% payroll tax regime on the wages of each apprentice or trainee employed. The current initiative is due to finish on 30 June 2010.
  - b. Review current models of *employer support for apprentices* with a view of improving the level of support provided to employers who take on apprentices (particularly small employers without a HR capability)
3. The Right Job – Pilot Career Diagnostic for School Students – pilot the extension of the compulsory career planning (SET plan) with a career diagnostic test which helps students identify possible career paths. This psychometric analysis will support existing literacy and numeracy testing as well as support more directed conversations between students, their parents and teachers.

## Infrastructure

1. Prioritisation on roads - That the Queensland Government prioritises its infrastructure budget to the provision and maintenance of the state's road network.
2. Industrial Land Availability and Affordability - That the Queensland Government is vigilant in monitoring industrial land availability and affordability in Queensland, and take decisive action where necessary to address bottlenecks and overcome shortages.
3. Housing availability – That the Queensland Government continue its vigilance in monitoring the current and future stock of housing in the state, and take decisive action where necessary to ensure that affordable housing is an achievable goal for all Queenslanders.

## Government Service Delivery

1. That the Queensland Government continue its efforts towards improving Government Service Delivery, particularly in relation to regulatory reform and the COAG reform agenda.
2. That the Queensland Government commit to a serious examination of tax reform proposals arising from Henry Tax review, with a view to improving efficiency of national taxation and intergovernmental financial relations
3. That the Government closely monitor the implementation of the Sustainable Planning Act, to ensure that it bears the results for which have been promised. If necessary, additional resources should be allocated towards educating industry stakeholders about the provisions in new legislation – not just the traditional “experts” in the planning arena.
4. That the Government considers the introduction of “Agency Scorecards” or improved performance reporting of public sector agencies. This could include revisiting public reporting of agency performance, to allow the public, the Government and stakeholders easier access to reviewing performance, and to drive customer improvement. This could include the development of improved satisfaction indicators.
5. That the Queensland Government should work with other states through COAG and the relevant Ministerial Council to initiate harmonisation in environmental legislation across States and Territories, similar to the recent exercise being undertaken in workplace health and safety legislation.