



CCIQ SUBMISSION

Transitioning Regional Economies
Productivity Commission



CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND

31 July 2017

Introduction

1. The Chamber of Commerce and Industry Queensland (CCIQ) is Queensland's peak industry representative organisation for small and medium businesses. We represent over 414,000 Queensland businesses on local, state, and federal issues that matter to them. Our guiding focus is to develop and advocate policies that are in the best interests of Queensland businesses, the Queensland economy, and the Queensland community.
2. CCIQ welcomes the opportunity to provide feedback to the Productivity Commission on the *Transitioning Regional Economies* initial report.
3. The slowdown in the resources industry has had an unmistakeable impact on Queensland's economy, which over the past two decades was characterised heavily by the resource industry's dominance in the State's economic makeup.
4. Since the slowdown, some of Queensland's larger regional towns and cities have seen a positive yet slow transition from the mining investment boom into a more diversified economy, encouraged by high tourist spending particularly from China.
5. However, the regional areas which are benefiting from the "tourism boom" are often not the same regional towns which were hardest hit from the mining downturn, meaning many of Queensland's regional localities are still facing significant challenges in transitioning to a more sustainable economic base.
6. As with other mining States such as Western Australia and the Northern Territory, Queensland's once resource-reliant regions are unlikely to see a return in the high levels of economic activity or investment, at least in the short-medium term.

Unemployment

7. Regions in Queensland are failing to transition post-mining boom, with many areas experiencing high – and climbing – levels of unemployment to this day. While unemployment rates are not entirely an accurate reflection of a slowdown in overall economic activity (many of those working in mining were FIFO and based elsewhere), the flow-on effects of reduced activity have had a detrimental effect on employment for residents.
8. Regions of Queensland which are experiencing high levels of unemployment, coupled with a significant increase in unemployment from the peak of the mining boom (circa 2011) to present day, are Cairns, Fitzroy, Mackay, the Outback, Townsville and Wide Bay. These are all of Queensland's regions (outside of the South-East Queensland region) except for the Darling Downs – Maranoa region which has a more diversified economy based on agriculture, forestry and fishing.

9.

		2011-12	2015-16
Cairns	Unemployment rate (%)	7.9	8.6
	Participation rate (%)	65.8	60.4
Fitzroy	Unemployment rate (%)	4.8	6.6
	Participation rate (%)	69.2	69.1
Mackay	Unemployment rate (%)	3.3	6.8
	Participation rate (%)	71.3	69.2
Queensland - Outback	Unemployment rate (%)	7.2	13
	Participation rate (%)	74	61.7
Townsville	Unemployment rate (%)	6.8	9.7
	Participation rate (%)	71.4	60.5
Wide Bay	Unemployment rate (%)	8	9
	Participation rate (%)	55.6	51.5
QUEENSLAND	Unemployment rate (%)	5.5	6.2
	Participation rate (%)	67	65.4

Source: Queensland Government Statisticians Office

Underemployment

10. A key overlooked concern for regional areas is underemployment. Small businesses in the Capricornia region are concerned with the levels of underemployment in regional areas.
11. Underemployment is defined as “the condition in which people in a labour force are employed at less than full-time or regular jobs”. The definition also encompasses “people in a labour force that are at jobs inadequate with respect to their training or economic needs.”
12. Until underemployment is accurately measured, the vitality of a regional economy will not be genuinely reflected.

13. A member of the local Capricornia Chamber of Commerce expressed there is an increasing number of 'self-employed' people across a range of industries, demonstrating a willingness and desire to have 'more work' during the week.

#GoQLD Campaign

14. As part of CCIQ's advocacy for greater support for our regions, we have been involved in the Courier Mail's highly-publicised #GoQLD campaign. Now in its second stage, CCIQ alongside other prominent Queensland business organisations will undertake a two-week examination of the "challenges regional Queensland faces, the strengths of our regions and how they might be leveraged to breathe new energy into what is the beating heart of our state".
15. Through the campaign, CCIQ has stressed how it is quite distinct that the southeast corner of Queensland clearly has a reasonable confidence factor but in the regions, not only do they have the economic statistics slowing but business confidence too.
16. As such, our call is for the Federal Government to recognise that regional businesses needed greater certainty to boost confidence levels, with much of that reliant on government leadership.
17. This includes a strong redirection of investment and attention into regional areas where it is needed most and as soon as possible. Many regions identify that government attention is only turned to them leading up to an election. CCIQ believes a better focus on regional plans was necessary to achieve this and to further identify points of competitive advantage.

Rising Regional Costs

18. As regions either successfully or unsuccessfully begin the transition, all regions regardless of their industry base are experiencing rising operational costs. Electricity, payroll tax and increasing red tape continue to negatively impact regional economies. Townsville provided a brief submission¹ directly citing the impact electricity has had on business profitability.
19. Regions that have been sheltered or have not been adversely impact by the mining boom cessation are also experiencing this increasing pain. Operational costs are universal. Attention needs to be focussed on these increasing costs during transition periods as some regions need every dollar moving forward.

¹ Attached: TVL Chamber (2017) Transitioning Regional Economies CCIQ Submission

Recommendations

20. Queensland local chambers and CCIQ strongly advocate for improved and intelligent infrastructure to increase physical and digital connectivity.
21. Local Chambers and CCIQ caution Federal, State and Local governments from rushed, knee jerk initiatives. Any approach to assisting transition should be well thought out, have a clear vision and have measurable outcomes to benchmark success to identify gaps.
22. Local chambers have supported the decentralisation of government entities to be dispersed regionally to support regional economies and underpin growth and opportunities for small business communities.
23. Skills shortages in regional centres need to be addressed. State and federal governments must assist TAFE and VET industries over the coming years to train youth and transition workers as they change careers due to the changing economy and automation revolution.
24. Review regional electricity prices and tariff reform to ensure downward pressure is placed on electricity prices, as it is a direct impediment on business.



Transitioning Regional Economies CCIQ Submission

14 July 2017

Northtown
280 Flinders Street
PO Box 1114
Townsville QLD 4810

T (07) 4771 2729

W www.townsvillechamber.com.au

E commerce@townsvillechamber.com.au

A Chamber of Commerce is a form of business network, with local businesses getting together to further their interest. There are Chambers of Commerce all over the world and while we are all independent and different from one another, we all share the same goal: to improve the local business environment.

The Townsville Chamber has been in existence for 135 years. Our membership is made up of 450 businesses from across North Queensland, businesses of all sizes representing all sectors of our local economy. The Townsville Chamber provides its members with networking and promotion opportunities, as well as information to improve their business.

As the voice of business in Townsville, the Chamber also does a huge amount of advocacy work, representing our members and the broad business community. We advocate on a range of issues to advance regional opportunities and community affairs.

As the majority of our members are small to medium businesses, we place great importance in representing them at working groups, committee work, meetings, and in our media commentaries.

While we work collaboratively with all levels of government, non-government and the public sector, the Chamber's greatest asset is its independence.

We welcome the opportunity to provide our comments below.

Key Findings

- Townsville Census population numbers were 9,137 below ERP. An update on population from the Census for towns impacted by the mining boom is required. This could affect the findings that 80% of towns are in growth.
- Townsville Nett Household Wealth has dropped 30% from \$524,000 in 2009 to \$386,000 in 2016. This has been impacted by house and salary drops and includes high unemployment. Household nett should be included in the report as it affects disposable income, debt to equity house loans, and impacts overdrafts and loans business.
- High costs of electricity should also be included in the report.

Suggested Actions

- Decentralize Government departments/workforce. As example, refer to the boost to regional jobs brought on by NDIS.
- Federal and State Government working on skills shortage and identifying gaps and funding for TAFE/Business.
- Lower State Payroll Tax in regional areas (Victoria and South Australia have implemented this) so more jobs and profit for business expansion.
- Cheaper, reliable energy whether renewables solar, hydro, wind or clean coal.



- Tourism to focus on low Australian dollar and safe environment.
- Continue Queensland Government Jobs and Regional Growth Packages \$10.7 billion in 2017/2018.
- Fruit and Vegetable exports FTA and use of Townsville airport as a hub to Asia eg. Wellcamp Airport Toowoomba.
- International projects, students and research through JCU, CQU, GRMPA.

MARIE-CLAUDE BROWN
CEO

Townsville, 14 July 2017