

Ai GROUP

Submission to the NSW Government on the

2022-23 Budget

28 JANUARY 2022

Ai
GROUP

About Australian Industry Group

The Australian Industry Group (Ai Group®) is a peak national employer organisation representing traditional, innovative and emerging industry sectors. We have been acting on behalf of businesses across Australia for nearly 150 years.

Together with partner organisations we represent the interests of more than 60,000 businesses employing more than 1 million staff. Our members are small and large businesses in sectors including manufacturing, construction, engineering, transport & logistics, labour hire, mining services, the defence industry, civil airlines and ICT.

Our vision is for *thriving industries and a prosperous community*. We offer our membership high quality services, strong advocacy and an effective voice at all levels of government underpinned by our respected position of policy leadership and political non-partisanship.

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Executive Summary

New South Wales continues to be impacted by the unpredictable course of COVID-19 with considerable strains on the health system and adverse impacts on business and consumer confidence, economic activity, spending and employment.

Over the course of the pandemic to date, the economy has shown an ability to bounce back quickly in part due to government support to households and businesses. The NSW Government should be prepared to provide further support in partnership with the Commonwealth if the state were to face further disruption during 2022-23.

For NSW, a key part of this support is the continued delivery of the expanded program of infrastructure development announced in last year's Budget. The Government's commitment to this program should be maintained and its delivery facilitated with additional spending in this year's Budget if necessary.

While confidence can be taken from the experience of rapid rebounds so far as well as from the recent indications that case numbers associated with the Omicron strain may have peaked, the much higher case numbers and the more extensive supply chain and labour force implications of the current wave have pushed NSW into uncharted territory and is adding further uncertainty.

Put simply, we do not know about the impacts of the return of schools; the risks of a seasonal increase in cases as winter approaches; and whether new COVID-19 strains may develop.

In view of these uncertainties, Ai Group cautions against attempting in the 2022-23 year to make significant inroads to consolidate the NSW Budget. We recognise the impact of COVID-19 on the State's fiscal position and the need to return to a sustainable budgetary position including by restocking the state's fiscal buffers. However, we suggest that the performance of the economy over the next few years will be stronger if the private sector can replenish cash reserves, transition to living with COVID and reinvest for the future without having to face higher tax rates or additional taxes and charges in the 2022-23 year.

We also suggest that immediate attention be given to easing the pressure on Workers Compensation premiums by removing the presumptive liability provisions relating to COVID-19.

Transitioning to living with COVID

On the broader task of transitioning to a living with COVID footing, industry recognises and appreciates the leading role the NSW Government has made to change the national direction over recent months. We strongly urge the NSW to continue in this leading role while ensuring that health and economic objectives are given appropriate weight in further responses.

A key feature of this contribution has been the Government's close engagement with industry and industry associations both in relation to hearing from the coal face about industry conditions and in getting and reacting to industry feedback about government proposals and measures.

Transitioning to living with COVID has disrupted supply chains more than was anticipated particularly because of the unavailability of a significant proportion of the workforce. Governments should avoid regulatory positions that unnecessarily constrain labour supply further including by pursuing a sensible and safe easing of isolation requirements for people without COVID-19. NSW also has a role in the national discussion about the need to reopen and keep open international and interstate borders including to help ease labour shortages.

Gearing for the future

While dealing with the unfolding COVID-19 crisis and managing the transition to living with COVID are the immediate priorities, the important task of making progress in shaping the longer-term development of the state should not be put aside. In recent years the NSW Government has assumed national leadership in exploring ways to lift long-term economic performance. The state's Productivity Commission White Paper of 2021 and the final report of the NSW Review of Federal Financial Relations of 2020, for instance, highlight important opportunities for improving economic and social outcomes.

Ai Group commends the NSW Government both for taking this position of leadership and for the inclusive way it has developed its proposals including through its consultation with the business sector.

The bulk of Ai Group's submission to the NSW 2022-23 Budget has a similar focus on measures that will help improve underlying economic performance as a means of lifting living standards in NSW.

Summary of Recommendations

Transitioning to living with COVID

- Work with the Commonwealth government in supporting households and businesses to ensure the state's economy can rebound strongly in the face of further disruptions from the COVID-19 pandemic.
- Promote a stronger economic recovery by deferring the task of fiscal consolidation and not increasing tax rates or introducing new taxes and charges on business in 2022-23.
- Taking full account of the supply chain disruptions and labour shortages facing businesses in the design of regulation and in continuing to lead the national discussion about the importance of open international and interstate borders.

Improving economic fundamentals

Education and Training

- Support existing worker upskilling and reskilling and remove barriers to micro-credentials provision by education and training providers.
- Establish a state-wide workforce plan for digital literacy, fluency and mastery.
- Fund pilots that develop higher level skills through an enhanced apprenticeship model.
- To broaden employer engagement of trainees and apprentices, the state should reintroduce targeted funding for registered Group Training Organisations.
- Facilitate the extension of the apprenticeship model including to higher-level qualifications.
- Trial a wide range of work-based and work integrated learning models across post-secondary education that include incentives for employers to take on students.
- Introduce hubs that incentivise partnerships between industry and education and training providers.

Industry Policy

- Businesses should be supported to become more globally competitive by taking fuller advantage of Industry 4.0, digitalization, and the Clean Economy.
- Drive the general uplift of the cyber-security skills of businesses and their employees.
- Support businesses undertaking international expansion, including by providing advice on local regulations, introductions to local officials and political risk insights.
- Drive the adoption of end-to-end integrated supply chain management systems that provide industry-wide and business-level efficiencies.
- Build the export capabilities of the state's businesses, to lift the export performance of NSW businesses by increasing resourcing and extending eligibility for the Going Global Export Program to a wider range of businesses.
- In its approach to building business capabilities, explore the benefits of provision of advice and networking by trusted intermediaries including industry associations.

- Provide certainty to the state's businesses regarding local procurement and recognize the supply chain benefits of local supply.
- Adopt a leadership position in the adoption across the country of a principled and coordinated approach to public sector procurement.

Energy and Climate

- Grow electricity networks with public finance and support for affected communities, including HumeLink early works & community engagement.
- Support industry decarbonisation through commitments on demand for clean inputs to public procurement, and exploration of industrial contracts for difference.

Waste and the Circular Economy

- Funding decisions for circular economy and waste should consider, complement, and capitalise on Federal funding opportunities to maximise outcomes for businesses and the community.
- Funding for company level product stewardship and circular projects could help drive innovation and action in NSW, beyond scheme or regulatory activity.
- State purchasing decisions should drive circular economy transition and procurement processes should be flexible enough to manage competing policy interests, while delivering value to the NSW community.
- Increased reinvestment of Waste Levy funds should be used to expand sorting and processing infrastructure, and support demand for recycled content.

Taxation and Charges

- Promote a stronger economic recovery by deferring the task of fiscal consolidation and not increasing tax rates or introducing new taxes and charges on business in 2022-23.
- Continue to take a leadership position for substantial overhaul of Australia's taxation and intergovernmental financial arrangements.
- Workers Compensation premiums are under considerable pressure in NSW for a variety of reasons including poor return to work rates and medical cost inflation. The removal of the presumptive liability provisions in relation to COVID-19 is an immediate step that can be taken to ease these cost pressures on employers.

Education & Training

Recommendations

- Support existing worker upskilling and reskilling and remove barriers to micro-credentials provision by education and training providers.
- Establish a statewide workforce plan for digital literacy, fluency and mastery.
- Fund pilots that develop higher level skills through an enhanced apprenticeship model.
- To broaden employer engagement of trainees and apprentices, the state should reintroduce targeted funding for registered Group Training Organisations.
- Facilitate the extension of the apprenticeship model including to higher-level qualifications.
- Trial a wide range of work-based and work integrated learning models across post-secondary education that include incentives for employers to take on students.
- Introduce hubs that incentivise partnerships between industry and education and training providers.

Policy approach

The skills urgency constraining New South Wales dynamic and digitally transforming economy demands action that alleviates skill pressures in the short term and addresses longer term structural change in the education and training system. Beyond immediate relief afforded by skilled migration, measures that assist employers to source, train and employ workers with the necessary skills, and to re-skill their existing employees must be coupled with the structural reforms.

The NSW education and training system needs to be able to more effectively to match employment demands with training and ensure employers and communities can find workers with the skills they need, when and where they need them. This will require specific new grants and funding to support industry through education and training. It is time to address current and emerging needs through innovative thinking and approaches. Such measures will contribute to improved outcomes for industry development and sustained economic growth.

In the short-term, training support for companies to transition existing workers into roles needed by employers being impacted by the need to adopt new technology and practices will also provide relief. The nature of work is increasingly changing from the performance of relatively routine tasks to more complex capabilities. In addition to specific technical skills, training needs to include digital skills at varying levels and human capabilities that allow workers to function effectively in changing work environments.

Companies need ready access to a broad range of micro-credentials that align with the increasingly regular re-skilling needs of industry. The Government should

work to remove barriers to the provision of micro-credentials by providers to ensure that education and training offerings are nimble.

The current and future New South Wales workforce must be better equipped for the digitally transforming economy. Improvement is needed at all levels - digital literacy, digital fluency and digital mastery- so that basic digital skill levels are assured, and numbers of digital professionals are sufficient. Current projections show large shortages of tech-based professionals.¹ A digital skills workforce plan for New South Wales will allow mapping and alignment of education and training. Additional attention is required in relation to the skills to support the decarbonisation of industry.

Ai Group has always had a strong focus on apprenticeships & traineeships. Continued and expanded support for the apprenticeship system will be necessary to ensure the development of an adequate pipeline of skills for the next decade. There is great opportunity to address these higher-level skill needs through an enhanced apprenticeship model that reaches into AQF levels beyond the usual Certificate III and IV programs. As digital transformation continues impacting every industry, it is vital that higher level skills programs are introduced across industry areas to meet the need for creeping skill levels. Commitment to funded pilots in targeted industries over multiple years will be required to embed this innovative reform.

One systemic challenge that higher level apprenticeships raise is in recognising higher education qualifications as apprenticeships and traineeships. Currently in New South Wales, only VET-level qualifications can be legally approved as an apprenticeship or traineeship. This formal recognition is important for both employers and apprentices. It provides the structure of training contracts and state regulation that offers confidence in the legitimacy of employment and training arrangements to both parties. Legislative changes that allow the relevant Minister to 'declare' apprenticeships for higher level qualifications would be a simple matter that would have a significant impact on broadening the scope of apprenticeships.

The New South Wales government is strongly encouraged to reintroduce funding for Group Training Organisations (GTOs), similar to the previous Joint Group Training funding. The provision of such funding to registered and compliant GTOs would help broaden employer engagement of trainees and apprentices and could be targeted to support specific priorities, i.e., diversity and equity groups, thin markets, and other innovations.

Work-based and work-integrated learning models suit today's workplace, allowing students to be immersed in fast changing, digitalised work environments and develop work readiness. An Ai Group survey late in 2020 found 80 per cent of employers would take on either university or TAFE students². New pilots that trial more work-based learning opportunities at all qualification levels should include support

¹ For example, Roadmap to Deliver One Million Tech Jobs, Technology Council of Australia, October 2021

² Skills Urgency: Transforming Australia's Workplaces, Ai Group, 2021

for employers in recognition of the time commitment and resources devoted to student placements and projects. Other state governments have funded scholarship programs, managed by Ai Group, for STEM and the defence industry.

The decreasing shelf life of skills means new paradigms must be created for partnerships between industry and VET and higher education providers. It is of mutual benefit to collaborate on new models, learning content, delivery, placements, research and incubation and to co-locate. Collaborative metropolitan and regional hubs, learning from the Centres of Vocational Excellence model in Europe, would develop strategies to meet local skill needs and assist large and small companies to create innovative solutions to skill challenges. The hubs would develop tripartite industry-student-provider engagement models that foster and increase relationships, and result in industry-tuned workforce entrants. The Institute of Applied Technology is an excellent initiative and additional similar initiatives should be considered.

Industry Policy

The last two years have been challenging for the state's businesses, with COVID-19 disruptions, the complexity of dealing with changing restrictions on activity and supply chain, labour supply and demand pressures affecting viability and ambitions. Investments to support a strengthening of businesses and to assist drive the next phase of economic development should be given priority in the 2022-23 Budget.

Recommendations

- Businesses should be supported to become more globally competitive by taking fuller advantage of Industry 4.0, digitalization, and the Clean Economy.
- Drive the general uplift of the cyber-security skills of businesses and their employees.
- Support businesses undertaking international expansion, including by providing advice on local regulations, introductions to local officials and political risk insights.
- Drive the adoption of end-to-end integrated supply chain management systems that provide industry-wide and business-level efficiencies.
- Build the export capabilities of the state's businesses, to lift the export performance of NSW businesses by increasing resourcing and extending eligibility for the Going Global Export Program to a wider range of businesses.
- In its approach to building business capabilities, explore the benefits of provision of advice and networking by trusted intermediaries including industry associations.
- Provide certainty to the state's businesses regarding local procurement and recognize the supply chain benefits of local supply.
- Adopt a leadership position in the adoption across the country of a principled and coordinated approach to public sector procurement.

Policy approach

In recent years, the NSW Government has seen the benefits of adopting a more active industry policy role. Ai Group applauds this shift and encourages further involvement in assisting the development of the state's business capabilities – particularly among small and medium-sized businesses.

There are positive opportunities for building on existing measures by contributing to efforts to ensure the state's SMEs are better equipped for a digitally connected world; to lift their participation in international business; and to ensure they are better equipped to manage changing, and increasingly challenging, supply chains and supply chain risks.

Business engagement with digitisation has become more focused over the past couple of years as businesses have adapted to the global pandemic. Given the positive impact of technology and digitisation, now is an excellent time to engage with smaller businesses to encourage digital appreciation and develop greater efficiencies.

Ai Group appreciates the existing focus of the state's Going Global Export Program on food & beverage producers; health & medtech businesses; and a selection of technology industry segments. We propose increasing resourcing of the program and extending eligibility to other businesses with an interest in reaching new customers in new international markets.

In expanding its involvement in developing the capabilities of the state's SMEs, Ai Group encourages the Government explore the benefits of using trusted intermediaries, such as industry associations, to deliver capability development programs including by building specific networks through which businesses can share insights with other businesses. This approach has enjoyed considerable success in areas as diverse as Queensland's Women in Manufacturing program, various Industry 4.0 networks and the Commonwealth's Entrepreneurs' Programme.

For example, the NSW Government could provide funding for events across different regions in the state similar to the Women in Manufacturing programs that have been held in Queensland since 2018. These events should promote the importance for women to become a part of the new highly skilled occupations that are required for the future, and how to encourage and support new entrants into this evolving sector.

There are opportunities for well-designed procurement rules for governments to create positive market impacts in line with broader goals such as stimulation of domestic manufacturing capability, management of waste, the circular economy transition, and environmental sustainability more broadly. To better support domestic businesses to participate, grow and gain access to more local and global opportunities, in designing the use of procurement arrangements for these ends, strong consideration needs to be given to the barriers to access in Government projects, such as specifications and complexity, emphasis on upfront costs and a lack of harmonization.

The NSW Government should take a leadership position in the adoption across the country of a principled and coordinated approach to public sector procurement. This could include the following principles.

- Procurement processes should be nationally aligned where that offers advantages (such as through the development of economic of scale) , transparent, and subject to ongoing improvement to reduce the costs of tendering and access for domestic suppliers, particularly SMEs.
- Government should consider exploring a 'principles-based' approach to some elements of procurement to better facilitate innovation and manage competing interests (local content, recycled content etc.).
- Procurement projects should be designed to enable businesses to leverage the relationships they build, or the products/processes they develop, to find more opportunities in local and global supply chains.
- Governments should be flexible on the definition of local content, and 'local' should apply to Australia broadly, not within single states.

Energy & Climate

Recommendations

- Grow electricity networks with public finance and support for affected communities, including HumeLink early works & community engagement.
- Support industry decarbonisation through commitments on demand for clean inputs to public procurement, and exploration of industrial contracts for difference.

Policy approach

Successful transition to net zero emissions and a new energy advantage is critical for businesses in NSW and nationwide. While the State already has significant activities across multiple workstreams there are further steps that should be taken or provided for in the coming Budget.

These relate to electricity infrastructure and signalling credible demand for clean products.

Electricity infrastructure and funding options

There is no electricity transition without electricity transmission. Multiple major transmission and interregional connection projects are needed across Australia to support the emerging high-renewables National Electricity Market (NEM). However, these projects face significant barriers.

These include the concerns that major developments cause to local communities and landholders, which could stall existing developments or (if ignored) poison sentiment towards the many further projects that will be needed; and the existing cost allocation approach to interconnections, which can't take account of benefits beyond the borders of the two regions being connected.

Energy users are already apprehensive at the cumulative cost of the transmission projects that are likely to be required, though these fears will ease if the projects are well chosen, well delivered and demonstrate strong systemic value. Public funding may be an important part of solutions to the barriers mentioned above. Support and benefits for impacted communities can address development concerns. Cash or finance injections outside the regulated asset base cost recovery process can sidestep the limits of hard-to-change cost allocation methods and other roadblocks.

NSW faces a particularly important set of decisions around the HumeLink project, which would connect the in-progress Snowy 2.0 pumped hydro project with the NSW and Victorian regions of the NEM (and likely additional generation projects as well). The latest Draft Integrated System Plan (ISP) indicates that HumeLink will certainly be needed eventually, and much earlier in scenarios more consistent with the transition to net zero emissions by 2050 that is supported by NSW, the Commonwealth and industry. However, the Draft ISP also suggests that given the need to include scenarios for a much slower rate of energy system change in the cost benefit analysis, an early start to HumeLink appears to have marginal value for energy users.

There is a risk that economic approval of the project is delayed, which would push back energy system transformation and slow any response to early generator retirement.

NSW and the Commonwealth are already partly underwriting early works on Humelink. This is helpful in several ways, but does not address approval delay. The Commonwealth and NSW could best fix this with further statements and mechanisms of climate and electricity policy that further clarify the expected rate of change in the electricity system. In the meantime, it would be straightforward to convert a portion of the underwriting support already offered to a grant that will not ultimately be recovered from electricity users. Conversion of \$20-50m of support across all involved jurisdictions would likely be sufficient to ensure that scenario-weighted project benefits are unambiguously positive.

Demand signals for clean industry

Reaching net zero emissions by 2050 will require transformations in the production of many materials and goods, including aluminium, cement, chemicals, glass, steel and much more. While some improvements will be incremental, zero- or near-zero-emissions products will ultimately require new or substantially upgraded facilities using different or heavily modified processes. The significant investments required will be made when investors are confident in demand for clean products.

There are many potential policy pathways to support that demand, and NSW already has constructive emerging initiatives. We offer two more for consideration in the coming Budget.

Procurement and infrastructure.

Public procurement is a substantial source of demand, particularly for currently emissions-intensive construction materials. Beyond existing plans for electrifying the State Government passenger fleet and adding hydrogen-powered buses, the Government could also establish very useful forward signals of its intention to increase over time the share of cleaner materials and other products in its procurement and in publicly supported major projects. However many cleaner processes currently have a significant cost premium over conventional. Thus a decision to commit to, for example, at least 5% low-emissions cement and concrete may have significant budget implications. Nevertheless, demand for and deployment of these low- and zero-emissions technologies is essential to lower their cost over time. The Government should therefore provide long-term indications of its preparedness to pay for a growing percentage of clean products in relevant procurement streams, especially infrastructure and public buildings. It should also clearly define what counts as 'clean', using outcome or performance metrics rather than specifying technology inputs.

Industrial Contracts for Difference (CfD).

The Government is already planning to use innovative contractual arrangements for the electricity sector, through Long Term Energy Service Agreements, to provide investors with increased revenue certainty that eases development and lowers finance costs. Similar contracts are also potentially relevant to industrial

decarbonisation, where industry faces various forms of uncertainty and often significant, but declining, cost premiums for clean inputs or processes. Very substantial investments in clean production could be greatly de-risked by CfDs for industrial inputs (such as the cost of green hydrogen versus natural gas) or outputs (such as the cost of zero emissions aluminium versus prevailing market prices). Germany is pursuing industrial CfDs as a plank in its transition strategy. NSW should explore this concept further with industry and other stakeholders.

Waste & the Circular Economy

Recommendations

- Funding decisions for circular economy and waste should consider, complement, and capitalise on Federal funding opportunities to maximise outcomes for businesses and the community.
- Funding for company level product stewardship and circular projects could help drive innovation and action in NSW, beyond scheme or regulatory activity.
- State purchasing decisions should drive circular economy transition and procurement processes should be flexible enough to manage competing policy interests, while delivering value to the NSW community.
- Increased reinvestment of Waste Levy funds should be used to expand sorting and processing infrastructure, and support demand for recycled content.

Policy approach

Ai Group supports the Government's objectives of decreasing waste and promoting the development of the circular economy.

State funding in support of these objectives should consider, complement, and capitalise on federal funding opportunities (such as the National Product Stewardship Investment Fund (NPSIF) and the Modern Manufacturing Strategy and Initiative) to maximise outcomes for businesses and the community.

Funding for product stewardship and circular projects at a company level should be used to support NSW-active businesses to work towards state policy objectives as well as contribute to national efforts in this area. Industry-led stewardship can help to stimulate innovation and maximise the benefits of public funding through co-investment.

The government should evaluate the relative efficiency of supporting markets for circular products and services through its procurement practices. Where circular principles are concerned, sustainable procurement by government should go beyond blanket recycled input specifications (which are inflexible and vulnerable to supply issues) and foster genuinely improved outcomes and innovations.

Public and private procurement is becoming increasingly complex due to our understanding of value evolving beyond cost to include social and environmental considerations. Our broadening view of value creates a need to manage complex and competing policy objectives, such as buying local or using recycled inputs, which may be at odds with each other. Investment in skilling procurement experts to manage these tensions can potentially unlock greater value for the state.

NSW should also consider whether an efficient and effective way to increase sorting and processing infrastructure and supporting demand for recycled content is to reinvest a greater percentage of Waste Levy revenue for these purposes.

Taxation & Charges

Recommendations

- Promote a stronger economic recovery by deferring the task of fiscal consolidation and not increasing tax rates or introducing new taxes and charges on business in 2022-23.
- Continue to take a leadership position for substantial overhaul of Australia's taxation and intergovernmental financial arrangements.
- Workers Compensation premiums are under considerable pressure in NSW for a variety of reasons including poor return to work rates and medical cost inflation. The removal of the presumptive liability provisions in relation to COVID-19 is an immediate step that can be taken to ease these cost pressures on employers.

Policy Approach

Taxation

Ai Group recognises the damage to the state's fiscal position from the COVID-19 pandemic and the further erosion of this position since the last Budget. We suggest that the fiscal position and the near-term prospects for the state would have been much worse had the stimulatory measures adopted not been put in place.

At the same time, we caution against raising tax rates or broadening bases in the present environment of uncertainty and fragility. An extra pick-up in revenue can be expected from the faster lift in activity that will be generated if rates are not increased, nor tax bases expanded until the economy is on a surer footing.

Ai Group appreciates the leading role that NSW has played in discussions about taxation reform options and intergovernmental financial relations.

In particular, Ai Group supports the reform direction of a phased replacement of conveyance duties with an annual land tax as a means of substantially reducing the stifling impacts of a lumpy tax on property transfers. We appreciate the consultative way this debate has been progressed to date and urge the Government to persist with this agenda.

Ai Group also supports the NSW Government's willingness to improve federal financial relations. We see this as offering very substantial opportunities for a step-up in the efficiency of Australia's taxation arrangements, and of government more broadly across the federation. We see it as a key element in raising the capacity of the state and national economy and its contribution to broader well-being.

We urge the NSW Government to persist with its leadership role in promoting improvements to taxation and federal financial relations in Australia. The worsening of the fiscal positions of the commonwealth and the states wrought by the COVID-19 pandemic has added to the importance of these agendas and has raised the

potential benefits of modernising the structure and allocation of taxation in Australia.

Significant changes to the pattern of taxation are unquestionably required in Australia both due to the damage imposed by the pandemic on budgetary positions and to the more fundamental shortcomings in the present structure of taxation. There are considerable opportunities for a less costly consolidation than could be achieved with the current tax pattern of taxation. These benefits

Workers compensation premiums

The workers compensation presumptive liability provisions passed in July 2020 are no longer appropriate given the widespread opening of the economy and free access to vaccination for COVID-19. The public health strategy, risks of exposure and vectors of transmission for COVID-19 have all changed substantially since July 2020.

To continue to hold employers in what is now a quite arbitrary list of industries automatically responsible for an employee's COVID-19 infection, on the assumption that in those sectors COVID is overwhelmingly likely to have been caught at work, is no longer sustainable or fair.

To continue the presumed liability provisions risks significant unfair financial stress on the workers compensation scheme and employers in the industries covered by the presumption, particularly businesses who may be struggling to recover from the economic effects of the pandemic.

Premiums in NSW are already under pressure due to causes largely beyond the control of employers, including poor return to work rates and medical cost inflation. These are issues requiring substantial attention in themselves within the workers compensation scheme, without the added burden of inappropriate use of presumed liability for COVID-19.



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