

1 Economic Strategy: A strong economy for all Queenslanders

Features

- During the COVID-19 pandemic, the Queensland Government acted decisively to defend the health of Queenslanders.
- The government is investing \$22.237 billion to continue providing a world-class health system, which is critical for effectively managing the ongoing risks of COVID-19.
- While the emergency health response imposed short-term disruption, Queensland's success in managing the health challenge means Queensland's economic recovery from COVID-19 has begun sooner and is stronger than the rest of Australia. As of April 2021, total employment in Queensland is now 54,900 above the pre-COVID-19 level. However, some key industries and regions continue to be impacted due to the closure of international borders.
- The Queensland Government's *Economic Recovery Plan* continues to support businesses, workers, families and communities across the state. The government's economic response and policy focus will transition from shorter-term stimulatory support to investment in policies and initiatives with a greater focus on improving the state's productivity, competitiveness, community strength and liveability to drive ongoing private sector growth and jobs.
- A key element of the government's efforts to drive private sector growth and jobs is the flagship \$3.34 billion Queensland Jobs Fund. The fund has an enhanced focus on investment attraction and industry development, ensuring that in a post-pandemic global environment, Queensland is well positioned to attract the investment needed to support ongoing growth, and provide wider economic and employment benefits.
- Other key initiatives in the 2021–22 Queensland Budget include targeted measures that: build Queensland's productive capacity through investments in infrastructure, skills and innovation; promote economic and environmental sustainability; improve business competitiveness; and ensure a responsive public sector. These measures will enable Queensland to continue to successfully compete in national and international markets, both in terms of attracting investment and in the export of Queensland goods and services.
- The government's \$52.216 billion capital program over the forward estimates will help create thousands of ongoing jobs, in addition to sustaining direct construction jobs, including around 46,500 jobs in 2021–22. The 2021–22 Budget also commits \$460 million in additional funding towards targeted investments in skills, training and employment programs to provide an enhanced focus on productivity and support for disadvantaged cohorts to improve their prospects of securing employment.
- Targeted measures to support small businesses and regional economies will create enduring benefits for businesses and households.
- Building on the strong economic recovery to date, the government's economic strategy will be founded on protecting the health of Queenslanders.

1.1 Ensuring economic recovery by safeguarding Queenslanders' health

During the COVID-19 pandemic, the Queensland Government acted decisively to protect the health of Queenslanders. These actions were unprecedented, including at various times, lockdowns, border closures, social distancing requirements and mandatory mask directives. While these actions were disruptive to the economy in the short term, by protecting the health of Queenslanders, economic confidence has been maintained and the long-term economic benefits are significant.

Consequently, Queensland's economic recovery from COVID-19 commenced sooner, and has been stronger, than the rest of Australia. As of April 2021, total employment in Queensland is now 54,900 persons above the pre-COVID-19 level of March 2020, with two-thirds of the increase in full-time employment.

The extent of Queensland's overall economic recovery to date has exceeded expectations, although certain key industries and regions continue to be materially impacted by international border closures and the ongoing lack of overseas visitors.

The Queensland Government's *Economic Recovery Plan* continues to support businesses, workers, families and communities across the state. The Plan includes 6 economic recovery priority areas: safeguarding our health; backing small business; making it for Queensland; building Queensland; growing our regions; and investing in skills. In addition to the 6 recovery priority areas, the Queensland Government's objectives for the community also include supporting jobs, backing our frontline services and protecting the environment.

Queensland's COVID-19 Economic Recovery Plan – Budget update details the Queensland Government's recovery initiatives, which have delivered and continue to deliver on these priority areas by protecting our health, creating jobs and working together.

Beyond the immediate challenges posed by the pandemic, longer-term challenges and opportunities also continue to impact Queensland's economic performance, including changes in global trade, growth of new and emerging export markets, digital disruption and technological change, demographic change (including the ageing population) and natural disasters.

Therefore, as the health crisis evolves and the economy continues to strengthen, the Queensland Government's economic response and policy focus will continue to transition from short-term support and stimulus measures to supporting jobs and economic growth by improving productivity and competitiveness, and attracting private sector investment.

The resulting improvement in the state's fiscal capacity will also support the delivery of improved infrastructure and the essential services and support needed to meet the needs of Queenslanders.

To achieve these outcomes, the government’s economic strategy will continue to focus on 5 key foundations for economic growth and related policy focus areas:

1. **Protecting health** – the foundation of Queensland’s economic success has been its success in managing the pandemic. Accordingly, the government will continue to ensure that Queenslanders are protected from COVID-19.
2. **Building the state’s productive capacity** – by delivering productive infrastructure, investing in skills and fostering the development and uptake of innovation.
3. **Leveraging Queensland’s natural and competitive advantages** – to promote regional growth by driving and attracting increased private sector investment.
4. **Improving business competitiveness** – positive economic conditions, improved infrastructure, effective education, skills and training will help ensure the ongoing success of Queensland business.
5. **Maintaining a responsive public sector** – ongoing and innovative delivery of essential services to ensure the needs and expectations of all Queenslanders continue to be met through the delivery of essential services and support across the state.

Figure 1 Economic Strategy to boost productivity and competitiveness



1.2 Protecting health

During the COVID-19 pandemic, the Queensland Government acted decisively to protect the health of Queenslanders. These actions were unprecedented, including at various times, lockdowns, border closures, social distancing and mandatory mask directives. While these actions were disruptive in the short term, by protecting the health of Queenslanders, economic confidence has been maintained, and the long-term economic benefits are significant.

1.2.1 Protecting Queenslanders from COVID-19

Globally and nationally, there is strong correlation between good health outcomes and good economic outcomes. Queensland's success in containing the spread of the virus has allowed the Queensland Government to relax restrictions and re-invigorate the domestic economy. Queensland Treasury analysis of the economic impact of easing restrictions estimated that the cumulative positive economic impact in line with the 3 stages of Queensland's roadmap for easing restrictions was around \$1.8 billion per month, supporting around 167,000 jobs.

This analysis also found that much, if not all, of these economic gains could be lost if the spread of the virus led to Queensland having to impose or reimpose substantial emergency health restrictions. In particular, Queensland Treasury's analysis indicated that if an extended 'hard lockdown' similar to that previously imposed in Victoria was needed, the incremental impact of moving to a Stage 4 lockdown could reduce Queensland's GSP by around \$3.1 billion per month compared with the level of economic activity that prevailed in December quarter 2020.

The Queensland Government's primary objective throughout the COVID-19 pandemic has been to contain the spread of the virus to minimise health risks for individuals and the community, thereby preventing significant strain on the public health system. This commitment is further reflected in the significant investments in health outlined in the 2021–22 Budget, with \$20.885 billion in operating funding, an increase of \$685.7 million (or 3.4 per cent) compared with the 2020–21 Budget. A capital program of \$1.352 billion in 2021–22 is also provided to continue to deliver first-class health services to Queenslanders.

The significant additional investment in health includes the establishment of a \$2 billion Hospital Building Fund to assist in meeting growth pressures across the health system, with initial investments in the Toowoomba Day Surgery, purchasing public health services through the expansion at Mater Public Hospital Springfield and an uplift in Queensland Health's base capital program.

Further, \$482.5 million has been provided to address pressures in emergency patient flow through our public hospitals, elective surgery and specialist outpatient waitlists and the opening of the Nambour Hospital Redevelopment.

The Budget also provides \$480 million to continue the COVID-19 response including fever clinics, contact tracing and testing capability, the vaccination program, compliance activities, facilitation of quarantine in government arranged accommodation, COVID-19 contact centres and wellness checks for people in mandatory hotel quarantine. This funding is provided across several agencies, including Queensland Health, Queensland Police Service and Queensland Fire and Emergency Services.

To date, the majority of vaccinations have been administered within the Australian Government's controlled supply chains including through primary care and aged care sites. To assist the Australian Government to improve vaccine delivery to Queenslanders, the Queensland Government is stepping up its jurisdictional channels.

By keeping Queenslanders safe, this will help maintain the consumer and business confidence needed to support the state's ongoing strong economic recovery.

Box 1.1 Driving a productivity agenda

Enhancing productivity is integral to delivering a strong economy for all Queenslanders. The government will continue to drive increased productivity and growth by maintaining a regulatory and policy environment to support Queensland businesses, industries, and not-for-profit organisations. Enhancing productivity also promotes government agencies to find better and smarter ways of producing the goods and services that Queenslanders need.

Driving productivity growth has been a policy challenge for most developed economies over recent decades. Consistent with national and global trends, the latest data suggests that market sector productivity growth has been subdued in recent years, with growth between 2016–17 and 2018–19 averaging only 0.3 per cent per annum.

Many factors impact on productivity, including natural disasters, drought and declines in non-renewable resources, but state governments can play a key role in supporting and boosting productivity growth.

It is likely that global productivity will have been heavily impacted by COVID-19. However, Queensland's success in managing the pandemic and the resulting strong rebound in economic activity should help support the state's future productivity performance.

The Queensland Government is committed to significant investment in productive infrastructure to improve connectivity and labour mobility. It is also focussed on reducing costs for business, including by making energy prices more affordable, and developing the skills base of the state's workforce to prepare Queenslanders for the jobs of the future.

Further, the Queensland Government's approach to attracting investment and industry development, including supporting the growth of sustainable, clean energy generation, will ensure the economy can capitalise on emerging and future opportunities.

Through the COVID-19 pandemic, Queensland workers and businesses have demonstrated their ability to innovate and respond successfully to challenges. The government is committed to building on these successes through well-targeted investment in skills and training to meet the skills needs of the private sector and help individuals to re-engage with the labour market as the economic recovery continues.

The 2021–22 Budget reaffirms and refocuses the government’s commitment to 2 of its flagship skills and employment programs, Skilling Queenslanders for Work (SQW) and Back to Work. The budget delivers \$320 million over 4 years to extend SQW and the program is now being permanently funded, embedding this program into the core business of the state. Further, up to \$140 million over 4 years has been allocated for a revitalised Back to Work program, while the 50 per cent payroll tax rebate for apprentice and trainees has been extended for another 12 months to 30 June 2022.

These expanded and enhanced measures will also be key in supporting women’s economic security and workforce participation. The 2021–22 Queensland Budget papers include the *Investing for Women* paper, which outlines investments to address barriers impacting on economic security, safety and success for women and girls.

1.3 Building our productive capacity

Enhancing productive capacity, through ongoing improvements in physical and human capital, is the key to driving sustainable economic and employment growth.

The government’s economic strategy will continue to be shaped by targeted actions that build Queensland’s productive capacity through investments in infrastructure, skills and innovation, thereby enabling Queensland to continue to successfully compete in national and international markets.

1.3.1 Delivering productive infrastructure

Investment in productive and resilient infrastructure is vital to ensure ongoing strong economic growth and to maintain the high standard of living enjoyed by Queenslanders.

Queensland’s Economic Recovery Plan emphasises building Queensland, including strategies to fast-track capital projects, where appropriate, to support construction jobs in the short-term and more importantly, invest in the productive economic infrastructure critical to the state’s future success.

The government’s focus on delivering economic and social infrastructure will also support future ongoing economic growth by reducing input costs for business, enhancing supply chain linkages, improving regional connectivity, unlocking economic opportunities and improving liveability across all regions of the state.

The 2021–22 Budget includes a \$52.216 billion capital program over 4 years. The \$14.688 billion capital program in 2021–22 will directly support around 46,500 jobs during the construction phase and support many more ongoing jobs through increased business activity and connectivity.

The 2021–22 capital program includes key investments to deliver productive infrastructure for roads, water security, health, education and the arts, and to enhance resilience. Highlights include: \$1.517 billion for the continued delivery of Cross River Rail, Queensland’s largest ever capital project; \$200 million for the Pacific Motorway (Varsity Lakes to Tugun); \$180 million for the Bruce Highway (Cooroy to Curra) Section D; \$31.3 million for the Smithfield Bypass; \$85 million for the Haughton Pipeline Stage 2; and \$176 million for the upgrade and expansion of the Cairns Convention Centre.

As part of the Government’s ongoing capital works program, the 2021–22 Budget provides additional funding for a range of key infrastructure programs, including:

- \$200 million over 3 years from 2024–2025 in increased funding as part of a total \$1 billion Works for Queensland program for maintenance and minor infrastructure projects by regional councils
- \$70 million over 3 years in increased funding for the Department of Regional Development, Manufacturing and Water to deliver Building our Regions (Round 6), bringing the total government investment in this program to \$418.3 million since 2015
- \$150 million over 5 years from 2022–2023 in increased funding to deliver on the government’s election commitment to provide \$200 million over 6 years for the SEQ Community Stimulus Program.

Box 1.2 2032 Olympic and Paralympic Games

On 25 February 2021, the International Olympic Committee (IOC) entered into exclusive negotiations with Brisbane, Queensland to host the 2032 Olympic and Paralympic Games (Brisbane 2032). The Brisbane candidature has been developed with the Games Partners, including the Australian Government, relevant local Councils, the Australian Olympic Committee and Paralympics Australia.

On 11 June, the IOC Executive Board considered a report by the Future Host Commission on the proposal. The Board has recommended the Brisbane 2032 candidature be put forward to election by the IOC in July 2021.

Consistent with the Queensland Government’s economic recovery plan, hosting Brisbane 2032 is about creating jobs, boosting our economy and building healthier communities over the next decade. The Games will provide a platform to leverage healthy and active community initiatives, sporting pathways for elite athletes, arts and culture, sustainability initiatives, tourism, trade and local business opportunities.

Brisbane 2032 represents a significant opportunity to work with Games Partners to deliver critical legacy infrastructure to support South East Queensland’s long-term growth and enable successful delivery of the Games.

The 2021–22 Budget provides \$29.3 million over 2 years for the Department of Tourism, Innovation and Sport as an initial allocation of funding for preparations for future Olympic Games, should Queensland be successful in securing the 2032 Olympic and Paralympic Games.

The 2021–22 Budget also provides \$14.4 million as part of the Queensland Resilience and Risk Reduction Fund (QRRRF), jointly funded with the Australian Government, to improve the resilience of communities and households facing the ongoing threat of natural disasters.

In addition to reducing the potential damage suffered by Queenslanders in future disasters, this investment reduces cost of living pressures for those Queenslanders living in cyclone-prone areas by putting downward pressure on insurance premiums, as detailed in Box 1.3.

Box 1.3 North Queensland insurance affordability

Over the past decade, north Queensland has borne the brunt of multiple major cyclones and floods, contributing to large increases in insurance premiums and reduced availability of insurance coverage.

The Australian Competition and Consumer Commission's (ACCC) *Northern Australia Insurance Inquiry - Final report* noted that between 2007–08 and 2018–19, average premiums for home and contents insurance increased by 127 per cent in north Queensland, compared with 71 per cent in the rest of Australia.

The ACCC found that mitigation, both at the household and community level, can deliver material and sustainable reductions in insurance premiums.

The Queensland Government has made substantial investments in mitigation works over recent years, including through programs such as the \$41.5 million Household Resilience Program, the \$65 million Queensland Resilience and Risk Reduction Fund (QRRRF) and the \$100 million 2019 Queensland Betterment Fund administered by the Queensland Reconstruction Authority (QRA).

The QRA was established in 2011 and until recently, has been the only permanent, stand-alone agency in Australia with a focus on disaster recovery and mitigation. In recognition of Queensland's leadership success in disaster recovery, the Commonwealth and a number of the southern states have established similar organisations, emulating Queensland's model.

Further, the Commonwealth Government's Royal Commission into National Natural Disaster Arrangements recently acknowledged Queensland's robust and internationally renowned resilience and betterments systems which have been developed over many years.

The Budget outlines further funding and actions to support risk mitigation through key infrastructure programs such as the \$418.3 million Building our Regions program.

Key measures in the 2021–22 Budget that will also help increase disaster resilience and support insurance affordability include:

- \$14.4 million in funding to support mitigation projects in 2021–22 through the QRRRF, jointly funded by the Australian Government
- \$10 million additional funding to establish the North Queensland Natural Disasters Mitigation Program to administer grants to local government for disaster mitigation initiatives that assist in reducing the cost of insurance in their communities.

The Australian Government has also recently announced a \$10 billion Northern Australia Reinsurance Pool, albeit with a commitment of only \$2.4 million in 2021–22, further funding for disaster mitigation, and a \$40 million North Queensland Strata Title Resilience Pilot Program to fund mitigation works for strata title properties.

The Queensland Government's ongoing investment in mitigation works, complemented by the Australian Government's recent commitments, will help to put downward pressure on insurance premiums for Queensland families and businesses in high-risk and cyclone-prone areas.

1.3.2 Investing in skills and training

Ongoing improvement in the skills of Queensland's current and future workers, through investment in education, skills and training, is critical to boost Queensland's productive capacity.

The government has been responsive in ensuring Queenslanders have the skills they need to find meaningful jobs and set up pathways for the future, including through extensions to key skills and employment programs, as well as providing a \$100.5 million matching investment as part of the initial national JobTrainer Fund.

Well-targeted investment in skills and training will be important to meet the needs of the private sector and help individuals to re-engage with the labour market as part of the economic recovery.

Disadvantaged labour market cohorts, who lack the relevant experience, education or skills, are a key focus of the government's investment in skills and training

Young people have historically been a key disadvantaged cohort. Queenslanders aged 15 to 24 years have a comparatively lower level of engagement in employment, education and training than their peers nationally. This has contributed to Queensland's historical unemployment rate differential with the rest of Australia, as Queensland's youth represent a larger share of the state's labour force (one percentage point higher) than the national average.

Queensland's relatively high proportion of Aboriginal and Torres Strait Islander peoples, another key disadvantaged labour market cohort, in addition to the state's more decentralised population means, where appropriate, labour market programs need to have a strong emphasis on place-based responses and comprehensive wrap-around support measures such as financial counselling, mentoring, and job readiness training.

Reflecting the priority of supporting disadvantaged cohorts, the 2021–22 Budget reaffirms and refocuses the government's commitment to 2 flagship skills and employment programs - Skilling Queenslanders for Work (SQW) and Back to Work. These programs have also been enhanced to boost their effectiveness and better support disadvantaged jobseekers.

The 2021–22 Budget delivers \$320 million in additional funding over 4 years to extend SQW, taking the government's total investment in the program to date to \$750 million. This program has now been permanently funded, embedding this program into the core business of the state. The SQW program will assist up to 15,000 disadvantaged Queenslanders each year to gain the skills qualifications, and experience needed to enter and stay in the workforce and includes new programs to provide foundational skills (e.g. literacy and numeracy). It will also deliver targeted assistance to workers aged over 25 who require upskilling or reskilling to re-engage with the labour market.

These expanded and enhanced measures will also be key in supporting women's economic security and workforce participation, as will the government's continued strong investment in TAFE (which has seen a substantial increase in female enrolments), innovation (including the Female Founders Program and Women's Research Assistance Program), and targeted grant programs (such as the Investing in Queensland Women's Grant Program).

The 2021–22 Queensland Budget papers include the *Investing for Women* paper, which outlines investments to address barriers impacting on economic security, safety and success for women and girls.

To promote employment prospects for Queenslanders, up to \$140 million in additional funding over 4 years has been allocated in the Budget for a revitalised Back to Work program. This will provide businesses with the confidence to employ Queenslanders who have experienced a period of unemployment and also help workers facing disadvantage in the labour market.

The government has also allocated \$31.2 million to extend the 50 per cent payroll tax rebate for apprentice and trainees for another 12 months to 30 June 2022.

In addition to the government's investment in skills and training, this Budget continues to commit significant funding towards education, to provide all young Queenslanders the opportunity to acquire knowledge and develop their potential to the best of their ability. To help Queensland's next generation of workers take full advantage of the opportunities available to them, the 2021–22 Budget provides increased funding of around \$1.4 billion for new schools to open in 2023 and 2024 and additional and renewed infrastructure in existing state schools.

1.3.3 Fostering innovation

Innovation is a key driver of long-term economic growth, particularly in developed economies such as Queensland.

The significant direct economic benefits and 'spill-over' effects of innovation provide a clear rationale for governments to foster research and development (R&D), initial commercialisation and the widespread diffusion and adoption of innovative ideas, technologies and practices. Importantly, innovation is clearly recognised in Queensland's *Economic Recovery Plan* as a key factor in opening up opportunities in existing and new markets, and making Queensland more globally competitive.

The Queensland Government has invested heavily in innovation across the state over several years through its flagship initiative, Advance Queensland. Advance Queensland has invested a total of \$755 million, which has helped over 7,500 innovators and projects to succeed and supported 27,000 jobs across the state. This has included innovative enterprises such as Tritium, the world-leading Queensland based manufacturer of electric vehicle fast charging infrastructure

The public and private response to the pandemic resulted in a wave of innovation that will have an enduring impact on future economic growth. Vaccine development efforts have spurred the development and uptake of numerous biomedical technologies.

Many businesses have adapted their business models to continue to effectively serve their customers in a pandemic environment. The crisis also highlighted that regulators and government agencies need to be flexible and implement new policies and delivery models to support economic activity and the provision of essential services.

Further, given the shift to more remote and flexible work practices, many Queensland businesses rapidly upgraded their telecommunications technology and processes. As businesses and workforces continue to adjust to more flexible work practices, innovation will continue to be a key element of ongoing business success and sustainability.

The Queensland Government continues to foster innovation across the economy and will continue to create a business and regulatory environment that encourages innovation and supports the development of new technologies and sectors.

In this context, the 2021–22 Budget continues to support small and medium businesses to innovate, build scale and realise their potential through the \$100 million Business Investment Fund.

The government is committed to build manufacturing capabilities across the state, including through the creation of manufacturing hubs, which are supporting enterprises to become more productive and create the jobs of the future through technology adoption, skills and training, strategic business development and advance robotic manufacturing hub services.

The hubs aim to lift productivity, increase international competitiveness and stimulate job growth across the state as well as attract private sector investment. The Queensland Government has committed a total of \$38.5 million to the manufacturing hubs and grants program with hubs currently operational in Cairns, Townsville, Rockhampton and Gladstone. Two additional hubs are to be developed, including a new hub to be created in Mackay, focusing on the manufacturing of bioproducts from crops grown in the region, and another at Gold Coast, with a focus on transport equipment and vehicles, food processing and metal products.

Queensland also has the potential to lead the nation in the future production of hydrogen for domestic and international markets. Queensland is already investing in research and development and training infrastructure, including \$2.6 million over 2 years to establish the Queensland Hydrogen Taskforce.

The Taskforce will work closely with Government to guide implementation of the *Queensland Hydrogen Industry Strategy 2019–2024*, including an enhanced focus on the delivery of the necessary policy settings to ensure the sustainable development of the state's emerging hydrogen industry.

The Budget also provides \$9 million over 3 years to enable the Queensland Museum Network to continue to host the World Science Festival Brisbane, positioning Queensland as a hub for scientific leadership and enhancing the state's profile as a knowledge economy.

Further, \$7.7 million will be provided to deliver Tranche 3 of the Government Science Platform, which by making data more accessible, integrated and reliable, will support the ability of government, industry, research and the community to respond to complex environmental challenges.

1.4 Leveraging our natural and competitive advantages

As a relatively small and open economy in a competitive global marketplace, Queensland needs to continue to efficiently produce goods and services that the world wants.

To achieve this, an ongoing focus on leveraging Queensland's competitive advantages, including the state's substantial natural endowments across its regions, will be essential to attract and increase investment, and to maximise the economic prosperity shared by all Queenslanders.

1.4.1 Promoting regional growth and prosperity

Queensland's economic recovery to date has been broad-based, with all regions seeing improvements in labour market conditions since the lows observed in the depths of the COVID-19 crisis in the first half of 2020. However, challenges remain, particularly in regions most affected by international border closures.

As such, targeted government support continues to be provided as part of Queensland's *Economic Recovery Plan*, including through key initiatives such as the 'Good to Go' marketing campaign, the provision of tourism vouchers to travellers in key tourism regions like Cairns, the Whitsundays, the Gold Coast and Brisbane, and the \$7.5 million Work in Paradise initiative to attract workers to help fill vacancies in key tourism jobs in the regions.

Queensland's regions have a range of natural advantages, including an abundant supply of metal and mineral resources, energy, and productive agricultural land, as well as the natural beauty of the environment and landscape that make Queensland such an attractive destination for tourists from around the world.

The resources sector has been a key part of Queensland's economic recovery from COVID-19. While Queensland's economy has long relied on traditional resources such as coal and gas, there is also an increasing demand for new economy minerals used to make the products of the future.

The *Queensland Resources Industry Development Plan* sets out a long-term vision to ensure that Queensland's resources industry can successfully navigate the shift to a lower carbon global economy and capitalise on new and emerging resource markets. The government is working closely with industry, the regions and communities to develop the plan and set a shared vision for the future of the resources industry, with the findings of this consultation to form the basis of a draft plan that will be released later this year.

Agriculture and food manufacturing play a key role in regional economies. The Queensland Government is committed to the development and release of a future-focussed industry development strategy for the agribusiness and food sector, which is designed to help the sector add value to the economy, the community and our environment through initiatives that will promote the productivity, profitability, sustainability, and resilience of Queensland's industries and safeguard the natural environment.

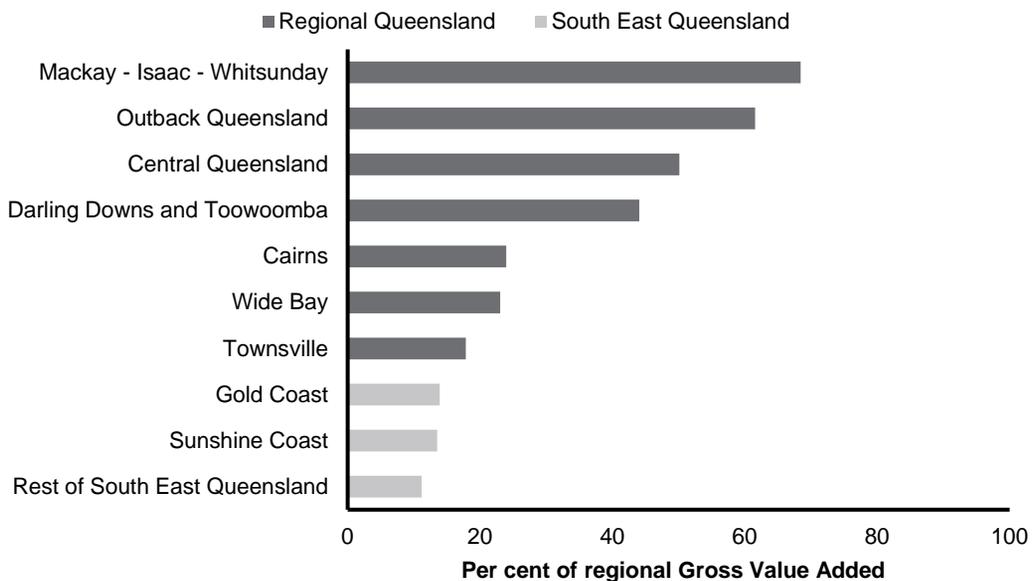
Queensland's regions also benefit from a large, well-educated and responsive workforce, given around 50 per cent of Queensland's residents live outside of Greater Brisbane, which is a significantly higher proportion of regional residents compared with New South Wales (34 per cent) or Victoria (23 per cent).

The state's regional economies are highly trade-exposed. Chart 1.1 presents the share of each region's total economic output, comprising output across the agriculture, forestry and fishing, mining, manufacturing and tourism and hospitality industries, which broadly represent the key categories of tradable goods and services. This highlights the extent to which many regional economies are relatively more trade-exposed compared with South East Queensland regions.

This means the economic and employment growth prospects of Queensland's regions are inextricably linked to the level of international and national demand for key goods and services, as well as competition from other jurisdictions and countries exporting similar goods and services.

Improving the competitiveness of businesses and industries in Queensland's regions is, therefore, one of the key factors that will support and drive the continued development and transition of these important regional economies and labour markets.

Chart 1.1 Share of regional output related to highly tradeable goods and services



Note: Rest of South East Queensland includes all Brisbane, Moreton Bay, Ipswich and Logan – Beaudesert Statistical Area 4 (SA4) regions.

Source: Queensland Treasury, *Gross Regional Product, 2016–17 estimates*

Another critical factor in leveraging the natural advantages of Queensland's regions is the government's ongoing focus on boosting their physical, digital, and social connectivity with other parts of the state and beyond. This includes ongoing investment in key transport infrastructure such as roads, rail and ports, but also telecommunications and digital infrastructure to support broader business and social integration with the rest of the state.

For example, QCN Fibre, the Queensland Government's company established to improve regional connectivity through leveraging spare telecommunication capacity in government-owned fibre networks, will benefit from an upgrade to Powerlink's telecommunications network and be able to offer more data capacity and a greater number of services to customers right across Queensland. Completion of the network-wide upgrade is targeted for June 2022.

Continuing the government's record of strong spending on infrastructure in regional Queensland, the 2021–22 Budget will invest \$8.987 billion in capital works outside of the greater Brisbane region in 2021–22, directly supporting around 29,800 jobs in these regions in 2021–22 and helping increase regional connectivity.

Highlights of the regional capital program include:

- continuation of in-river works for the \$367.2 million Rookwood Weir, which will add up to 86,000 megalitres of medium priority water supply for the Central Queensland region
- commencement of construction of the \$250 million Karara Wind Farm in the Darling Downs, which will provide 102.6 MW of additional renewable energy capacity.

Regional development and infrastructure will be further supported by the increased \$200 million funding provided in this Budget for the \$1 billion Works for Queensland program and \$418.3 million Building our Regions program, which includes \$70 million in new funding for the Department of Regional Development, Manufacturing and Water to deliver Building our Regions (Round 6).

The Queensland Government's ongoing commitment to promoting regional development and connectivity is further demonstrated by the allocation of \$9.1 million over 4 years and \$2.5 million per year ongoing in this Budget to continue the Regional Communities Program, which will help rural and regional communities identify and address their key priorities in consultation with government.

The Budget also continues to support Queensland's drought-affected regions, with up to \$71.4 million over 4 years for the Drought Assistance and Reform Package, helping alleviate cost pressures both for agricultural businesses and communities, and a further \$50 million per annum for 4 years in drought preparedness and emergency drought loans. The budget also provides \$16.7 million in additional funding over 5 years to finalise long-term decisions on the future of Queensland Agricultural Training Colleges' assets, including a new Central Queensland Smart Cropping Centre at Emerald.

To support the return of aviation services and rebuild Queensland's visitor economy, the Budget also provides \$10 million over 2 years for the Aviation Route Support Package, which will fast-track route development in Queensland.

Further, to help increase the connectivity of Queensland's regions and provide access to essential telecommunications, the Budget delivers up to \$12 million in additional funding over 3 years for the Mobile Black Spot Program to improve coverage in areas where it is limited or non-existent. The Government has also invested \$1 million to develop options to improve digital connectivity for regional communities and businesses.

The Queensland Government is supporting better health outcomes for Queenslanders in the regions through investment in regional hospital and health infrastructure upgrades. The Government is investing \$426 million for new and upgraded regional hospitals including at Atherton, Cairns, Fraser Coast, Mer (Murray Island), Proserpine, Rockhampton, Roma, Sarina and Thursday Island.

Rural and regional state schools will continue to benefit from the Government's investment in schools, including an investment of \$235 million for new or upgraded multi-purpose school halls and performing arts centres to be delivered through the \$1 billion Great Schools, Great Future election commitment. This includes a new hall for Oakey State High School, a new performing arts centre for Trinity Bay State High School, while Woree State High School will get an extension to an existing hall.

1.4.2 Increasing investment

Queensland's private sector supports 84 per cent of the state's employment. Therefore, creating an environment conducive to encouraging private investment is essential to drive sustainable economic growth and job creation over the long term.

The investment climate and conditions in Queensland have evolved substantially over the past decade. In the early 2010s, Queensland experienced an unprecedented business investment boom associated with development of the state's LNG sector. Since that time, private business investment has been impacted by a range of factors, including a weaker global economic outlook, increased global uncertainty and trade tensions.

More recently, the impacts of the COVID-19 crisis have exacerbated the existing weakness in global economic activity and growth, with flow-on impacts on business confidence and investment, particularly in some trade-exposed industries, sectors and regions.

However, Queensland's success in containing the spread of COVID-19 and the Queensland Government's *Economic Recovery Plan* have seen domestic economic activity and employment recovering strongly. Surveys indicate that business confidence and conditions are now back above both their pre-COVID-19 levels and long-term averages.

Many businesses are now operating above their long-term average capacity levels, and together with prevailing low interest rates, this provides an investment climate which should encourage firms to increase their investment in new capacity. Therefore, notwithstanding the remaining uncertainty around the global pandemic, the outlook for business investment has become increasingly positive in recent months.

The Queensland Government continues to pursue a broad range of policies and programs focused on industry attraction and development. Since 2016, the Advance Queensland Industry Attraction Fund and the Jobs and Regional Growth Fund have supported over 77 projects to deliver more than 4,100 new direct jobs and almost \$2.5 billion in capital investment.

Building on this momentum, the 2021–22 Budget is delivering an enhanced investment attraction and industry development program through its centrepiece \$3.34 billion Queensland Jobs Fund.

As detailed in Box 1.4, the Queensland Jobs Fund has an enhanced focus on the creation of jobs through investment attraction and industry development. In the post-pandemic era, Queensland needs to compete more intensively with the rest of the world and other states for private sector investment. Importantly, the Queensland Jobs Fund will also have a strong focus on facilitating investment in priority sectors where the state has economic strengths, such as renewable energy, hydrogen, manufacturing, food and agritech, aerospace and defence, and digital innovation. It will also support projects that have broader supply chain and regional development benefits extending beyond individual firms.

Box 1.4 Queensland Jobs Fund

The Queensland Jobs Fund (the Fund) is a \$3.34 billion program which brings together the Queensland Government's investment attraction and industry development programs for business attraction and facilitation in Queensland.

The Fund incorporates a range of existing initiatives and commits funding for a number of newly established funds.

Industry Partnership Program

This fund also includes the new \$350 million Industry Partnership Program, providing small to medium-sized enterprises and research institutions in Queensland with tailored support that strengthens local supply chains and grows the industry footprint to create and sustain jobs. Facilitating a 'single front door' approach to industry development will minimise costs and resources for businesses to expand or maintain jobs in Queensland.

Business Investment Fund (BIF)

As part of the *COVID-19 Fiscal and Economic Review* released in September 2020, the government announced the Backing Queensland Business Investment Fund (BQBIF).

This support is continuing through the \$100 million BIF, which is part of the BQBIF, to drive investment in established small and medium sized businesses to help them innovate, build scale, realise their potential, and promote job creation in Queensland.

The 2021–22 Budget also commits \$20.6 million over 5 years to continue the implementation of the *International Education and Training Strategy to Advance Queensland 2016–2026*. This funding will allow the government to continue to provide targeted support to the international education and training sector, which has been significantly impacted by COVID-19, and will support the industry to remain competitive when international borders reopen.

An additional \$71 million has been allocated to support the Queensland screen industry. This includes:

- \$53 million to continue the Screen Queensland Production Attraction Strategy to help maintain the state's competitiveness as a production location
- \$10 million for the Post, Digital and Visual Effects incentive to encourage and attract screen businesses to undertake post-production activities in Queensland

- \$4 million for the Screen Finance Program to support growth of the local screen industry by directly investing in productions and games development
- \$4 million for the North Queensland Regional Program to extend the footprint of the Queensland screen industry and support the delivery of the new Far North Queensland Studio in Cairns.

1.4.3 Protecting the environment

Protection of Queensland's rich natural environment in a way which complements the state's economic development priorities is essential to ensure economic growth is sustainable and to enhance the welfare of future generations of Queenslanders.

The Queensland Government is actively working, in line with its election commitment, to develop a Climate Action Plan 2020–2030, including actions to reduce emissions and increase sustainability.

Queensland has long held a comparative advantage in the provision of reliable and affordable energy. The Queensland energy sector has supported growth in the economy in 2 ways: firstly, as an important sector of the economy that directly creates jobs and value; and secondly, by providing reliable and affordable energy that underpins activity and supports competitiveness in the rest of the economy.

As seen in other parts of Australia, price shocks and supply interruptions can cause significant economic disruption. Queensland's stable and well-planned electricity network means industry can invest in Queensland with confidence.

International governments and global businesses are transitioning to a lower emissions future and making investment decisions on that basis. Queensland is already well placed to grow within this new paradigm. With a 50 per cent renewable energy target by 2030, and a \$2 billion Queensland Renewable Energy and Hydrogen Jobs Fund, the Queensland Government is focused on driving green-based economic development, securing current jobs, and growing future industries and the jobs that come with it.

Embracing green energy will also create jobs and grow the economy. The Queensland Government's commitment to a 50 per cent renewable energy target by 2030 has created a favourable climate for renewable energy investment, attracting and enabling approximately \$10 billion of investment since 2015.

Government ownership of renewable energy assets is a key pillar of this transition, with Queensland's publicly-owned clean energy generator, CleanCo, commencing construction of the \$250 million 102.6MW Karara Wind Farm in the Darling Downs. To further support the 50 per cent renewable energy target by 2030 and net zero emissions by 2050, the government will continue to invest in publicly owned renewables, including in partnership with private sector.

The Queensland Renewable Energy and Hydrogen Jobs Fund (formerly the Queensland Renewable Energy Fund) will benefit from an additional investment of \$1.5 billion, taking total investment in the fund to \$2 billion. The fund allows energy government-owned corporations to increase ownership of commercial renewable energy and hydrogen projects, along with supporting infrastructure, including in partnership with the private sector. This will continue to support the state's transition to renewable energy.

In 2021–22, the \$145 million commitment to establish Queensland Renewable Energy Zones (QREZs) will see proposals progressed for the Southern and Northern QREZs, as well as engagement for the Central QREZ. This will aim to bring together coordinated investment in transmission and generation infrastructure with industrial demand in a way that benefits the Queensland economy and communities.

Of the QREZ allocation, \$22 million has been committed over 2 years from 2021–22 to undertake a detailed feasibility study for a pumped hydroelectric storage project at Borumba, and concept studies for other sites. Investment in large-scale pumped hydroelectric storage will help manage the transition to renewable energy sources and provide generation support to stabilise the energy network.

Further, \$61 million over 15 years from 2021–22 will be allocated to the environmental markets and investment initiatives, which includes funding for Round 2 of the Land Restoration Fund (LRF) and market support activities for the Carbon Farming Advice Rebate. The funding will also support the creation of the Queensland Natural Capital Fund (QNCF), which is a pilot program to be managed by QIC Limited on behalf of the State to facilitate private sector co-investment to generate both commercial and environmental market returns to support environmental, social and economic co-benefits and establish a pathway for ongoing private investment in the sector.

To ensure funding is available for future investment rounds of the LRF, a \$500 million Carbon Reduction Investment Fund is being established. The returns on this fund will be available to support the existing LRF to leverage private finance and investment, and support financially sustainable carbon markets. The original \$500 million investment will remain intact to deliver ongoing investment returns.

The state's natural endowments and assets, such as the Great Barrier Reef, also provide significant economic and social benefits to Queensland, particularly in regional economies. To preserve this vital natural wonder of the world, the Queensland Government will continue the Queensland Reef Water Quality Program, providing \$270.1 million over 5 years.

The 2021–22 Budget includes additional funding of \$19.7 million in 2021–22, as part of \$93.6 million additional funding over 4 years, for the *Queensland Waste Management and Resource Recovery Strategy*. The strategy provides the framework to help deliver coordinated, long-term and sustained growth for the recycling and resource recovery sector while reducing the amount of waste produced and ultimately disposed of, by promoting more sustainable waste management practices for business, industry and households.

In addition, \$9.6 million has been allocated to continue the delivery of comprehensive mapping and assessment of vegetation change. This initiative continues the existing science behind the state's tree clearing mapping by developing and delivering a range of additional scientific approaches to map woody vegetation extent, regrowth and condition, supporting the protection of the state's vegetation assets.

1.5 Improving business competitiveness

For Queensland businesses to thrive it is critical that they are operating in an environment that supports their competitiveness and gives them the greatest possible chance to compete and succeed in domestic and global markets. To achieve this aim, the government will continue to have an ongoing focus on providing supportive economic conditions for business, delivering productive infrastructure, and helping to provide a labour force that is appropriately skilled and educated.

1.5.1 Providing positive economic conditions

The Queensland Government's swift and decisive actions to protect the health of Queenslanders has helped ensure Queensland businesses have enjoyed a strong recovery following the short lockdown period. By March quarter 2021, the Queensland domestic economy was 3 per cent larger than before the COVID-19 outbreak. This can be contrasted with conditions for business in countries where the virus has not been contained, with resulting sharp falls in economic activity and ongoing hardship for business and workers.

The government has also provided substantial support to business as part of its response to COVID-19, including substantial tax relief measures and a \$500 million utility relief package, involving \$500 rebates for electricity and water utilities for sole traders and small-to-medium businesses, to support the cashflows and viability of Queensland businesses during a critical and difficult period.

Energy and other key utilities are key input costs for many businesses, particularly those in some of Queensland's more trade-exposed industries such as manufacturing.

Importantly, over the past 4 years energy prices in Queensland have fallen substantially, driven by the expected continued entry of a large amount of renewable generation into Queensland and other National Energy Market regions, and the continuation of lower domestic gas prices. This is directly leading to lower electricity bills for businesses and households, as outlined in Box 1.5.

Box 1.5 Lower electricity prices for Queensland

After several years of significant price increases, the Queensland Government reformed the electricity sector to provide reliable energy and push prices down.

Structural changes and efficiencies in the network and generation sector, including the establishment of a new low-emissions generator, CleanCo, and a commitment to invest in new, clean energy generation, has led to decreasing costs and a diverse and robust electricity supply.

The plan has worked. In 2021–22, retail electricity prices are set to fall for Queensland households and businesses for the fourth consecutive year. The average regional household is set to see their biggest cut in more than a decade.

Based on the Queensland Competition Authority's (QCA's) Final 2021–22 Determination for regional electricity prices, the typical regional household can expect to see a 7.3 per cent electricity bill reduction.

Over the period from 2017–18 to 2021–22, the QCA's regulated prices, which apply in regional Queensland, have fallen by over 17 per cent. This represents a retail bill reduction over this period of around \$270 for regional Queensland households.

Regional businesses will also benefit in 2021–22, with the typical small business to see a 3.7 per cent reduction, and large business customers to benefit from reductions of between 2.5 per cent and 3.7 per cent. For small business, the reduction in 2021–22 will deliver the lowest electricity bills since 2012–13.

In South East Queensland, the Default Market Offer set by the Australian Energy Regulator (AER) determines the maximum electricity prices which may be charged to households and small businesses. For 2021–22, the AER determined bill reductions of around 3.5 per cent for households, and around 4.2 per cent for small businesses. Customers can also access even lower prices by shopping around between retailers.

In addition, because of the decision to retain ownership of our electricity assets, the government has been able to implement measures to support lower energy prices and greater energy affordability:

- utility bill relief has been provided to households and businesses through the \$500 million COVID-19 utility relief package in 2019–20 and the \$100 million Asset Ownership Dividend in 2020–21. Over this period, more than 2 million Queensland households have received \$250 to help with their utilities, with farmers and small to medium businesses receiving \$500. A further \$100 million relief package will be provided to households through another \$50 Asset Ownership Dividend payment in 2021–22
- under the Uniform Tariff Policy, the government provides around \$500 million per annum to offset energy costs and ensure electricity prices in regional Queensland are comparable to prices in South East Queensland. Reducing the cost of living for people in regional areas is a critical element of the government's economic plan
- the Electricity Rebate Scheme also provides a rebate of up to approximately \$341 per annum, at a cost of \$228.5 million in 2021–22, to assist with the cost of domestic electricity supply to the home of eligible Pensioner Concession Card, Health Care Card, Queensland Seniors Card and Department of Veterans' Affairs Gold Card holders.

The 2021–22 Budget continues the government's strong energy investment, with over \$2.2 billion in energy generation, transmission and distribution capital purchases to occur in 2021–22, including the Queensland Government's \$250 million investment in the 103 MW Karara Wind Farm in the Darling Downs, which CleanCo will build, own and operate.

Further, \$29.4 million has been allocated over 4 years for the Electricity Tariff Adjustment Scheme to provide support for regional business electricity connections due to the phasing-out of obsolete electricity tariffs. This initiative provides eligible customers with individually tailored transitional rebates to help offset the removal of obsolete tariffs and incentivise a pathway to self-sufficiency over time.

1.5.2 Supporting small business

The success and viability of Queensland's small businesses is central to the overall prosperity of the state and its residents. Small businesses are also critical from an economic recovery perspective. Given they account for around 42 per cent of the private sector workforce in Queensland, a significant proportion of employment growth comes from small businesses who grow and expand.

The Queensland Government's response to the COVID-19 pandemic recognised this fact, providing substantial support targeted at small businesses, including \$196 million in Small Business COVID-19 Adaption Grants, \$1 billion in concessional jobs support loans and substantial tax relief.

Small business can also play a key role in the generation and diffusion of innovation across the economy, which is another critical factor in Queensland's ongoing economic recovery. For instance, the Organisation for Economic Co-operation and Development has noted that the contribution of small business to innovation is increasing as a result of new technologies making it easier to overcome barriers to entry and access larger markets.¹

The \$140 million Big Plans for Small Business commitment, which includes the \$100 million Business Investment Fund, has a strong focus on helping small business to innovate, grow and access new markets, including by investing in skills and capability and by making it easier to do small business in Queensland.

The government is also providing support to Queensland's live music industry with a new investment of \$7 million in 2021–22 supporting the sustainability of the state's live music venues.

Queensland is also continuing to implement the 7 key reforms under the Small Business Regulatory Reform Agreement with the Australian Government. This includes a range of innovative reforms developed and implemented by the Queensland Government including: reforms targeting small business renewal and start-ups; improving information available to businesses on vocational education requirements; and streamlining requirements and permits related to food safety, transport and agricultural activities.

The flagship initiative under this program, the Business Launchpad, will reduce the amount of paperwork and approvals that start-up and expanding small businesses are required to obtain from all 3 levels of government. The recently-implemented first phase of this program directly assists food, beverage and residential construction businesses in Logan and Townsville to meet their regulatory and compliance obligations, and it is estimated it will deliver over \$50 million in benefits to participating businesses through time savings and productivity benefits over a 10-year period.

¹ OECD, 2010, *SMEs, Entrepreneurship and Innovation*.

1.5.3 Regulatory reform

The government is committed to driving regulatory reform to reduce red tape and minimise the regulatory burden on Queensland businesses, families and communities.

Since first forming government in 2015, the Palaszczuk Government has delivered productivity-enhancing reforms and red tape reduction across a range of areas, including reducing trading hours restrictions, facilitating development and regulation of the personalised transport sector, providing for the development of the craft-brewing industry, improving sustainability of fisheries, and reducing red tape for body corporates.

Further, a key element of the government's economic response to the pandemic is making it easier for businesses to recover, invest and employ Queenslanders by reducing compliance costs. For example, the Queensland Government recently introduced a suite of temporary reforms providing for electronic signing and witnessing of legal documents such as statutory declarations and deeds. A range of other innovative reforms have also been implemented to reduce costs for business, including reforms related to e-conveyancing, simplifying management of taxation obligations and digitising and streamlining identification procedures, procurement processes and park permit application processes.

Many of these reforms provide innovative digital solutions to previously paper-based processes, delivering more efficient sharing of information and clearer communication. These measures have reduced red tape and provided substantial time savings for businesses.

The government is committed to developing e-invoicing capability across Queensland Government departments. The digital exchange of invoices between suppliers and buyers provides economic benefits to businesses through improved accuracy, enhanced supplier payment times and reduced processing costs. Progressing this important digital reform across government is expected to drive faster uptake of e-invoicing technology across businesses and supply chains, supporting further economic growth through e-commerce.

The government is also implementing a new licence model for racing industry participants and enhanced telecommunications approval processes for bookmakers, which will reduce red tape for industry and promote better regulatory outcomes.

Another key regulatory reform to be implemented during the year includes the introduction of a fee unit model to streamline the annual process of indexing regulatory fees. Government indexation seeks to maintain the value of a fee over time. Currently, annual indexation requires agencies to amend hundreds of pages of regulation each year to reflect the new dollar value of their fees. This process is resource intensive, taking up to 3 months for some agencies to implement these changes.

Removing these administrative inefficiencies will realise productivity gains across government, as staffing effort can be redirected to focus on service delivery and higher value priorities.

The new Office of Productivity and Red Tape Reduction, which commenced on 2 June 2021, will help develop innovative policy solutions to boost productivity and regulatory reform as part of the government's economic recovery policies.

The government's ongoing regulatory reform agenda will enable the government to identify opportunities to ensure regulation is fit-for-purpose, and also ensure new and existing regulation is well-targeted, effective and flexible.

1.6 Responsive public sector

As Queensland continues to manage the health, social and economic impacts of the COVID-19 pandemic, it is critical the government remains responsive and innovative in delivering essential services to ensure the best possible outcomes for Queensland.

1.6.1 Delivering essential services

As highlighted by the success of the response to COVID-19, providing essential services that are flexible and responsive is important to protect Queenslanders and help communities remain resilient. This includes ensuring that our frontline services have the resources they require for effective service delivery.

The Queensland Government is committed to delivering world class frontline services that Queenslanders deserve. Our health, education, law and order, and social services investments are helping Queenslanders improve their living standards and attract thousands of people from all parts of Australia and overseas.

The Queensland Government continues to invest in boosting housing supply and increasing housing and homelessness support across Queensland, with additional funding of \$314.9 million over 4 years supporting the \$1.908 billion *Housing and Homelessness Action Plan 2021–25*. This includes \$1.813 billion over 4 years to increase supply and upgrade the existing social housing property portfolio, including \$502.6 million in capital works and capital grants in 2021–22.

To support this, the Queensland Government has established the \$1 billion Housing Investment Fund, a long-term fund with returns used to drive new supply to support current and future housing needs across the state.

Over \$317 million has been allocated in 2021–22 to improve housing outcomes for Aboriginal and Torres Strait Islander peoples in Queensland, including \$212.4 million to improve social rental housing and deliver services in discrete communities, and \$45.3 million to improve state-owned and managed Indigenous housing across Queensland.

The 2021–22 Budget provides \$18.3 billion for education and training in 2021–22.

To ensure Queensland's schools can keep up with the increasing enrolment growth and ensure all children have access to quality school facilities, the 2021–22 Budget provides funding to support construction of new schools and growth projects in existing schools. This includes increased funding of \$913.7 million over 7 years for the Building Future Schools Program and \$508.3 million over 4 years for additional and renewed infrastructure in existing state schools, and to address emerging issues relating to asbestos.

The government is also committed to ensuring a quality education for children of all ages, which is reflected in the investment of an additional \$202.9 million over 4 years and \$64 million per year ongoing to support the continued provision of universal access to kindergarten in the year before school. This will ensure all children are able to participate in a high-quality kindergarten program and prepare them for school.

The government is committed to protecting communities and keeping Queenslanders safe through the \$2.7 billion provided in 2021–22 for policing. The government will continue to provide an additional 2,025 police personnel by 2025, which is the biggest increase in police resourcing in almost 30 years. The 2021–2022 Budget also includes \$156.1 million to fund the police capital program, including facilities, motor vehicles, vessels and other essential equipment, to support quality frontline police services.

To build resilience in response to natural disasters, the budget provides funding for drought preparedness, response to the bushfires on Fraser Island (K'Gari) and mitigation measures to put downward pressure on insurance. It also provides \$10.8 million over 4 years and \$1.3 million per annum ongoing to implement priority actions in response to the Royal Commission into National Natural Disaster Arrangements to help keep Queenslanders safe when natural disasters strike.

1.6.2 Innovative service delivery

Queensland Government agencies continue to identify opportunities to improve the effectiveness and efficiency of government service delivery to support productivity improvements and growth. Reforming and improving the delivery of these services will reduce costs for businesses and consumers and streamline business and community interactions with government.

The Queensland Government continues to invest in innovative reforms, including identifying and working to implement regulatory technology priority reforms across several key agencies. Reforms currently underway include: a Digital Food Safety Hub, providing food businesses with a streamlined online hub for legislative, licensing and training requirements; a Biosecurity Entity Online Customer Portal, allowing businesses keeping livestock or bees to renew their registration online; and further streamlining and modernisation of the state's fines administration system.

Innovation in service delivery, such as in health technology, can also support improvements in accessibility. For example, Queensland's telehealth program enables patients to receive quality care closer to home via telecommunication technology, and expands access to specialist healthcare for people in regional communities by reducing the need to travel for specialist advice.

Telehealth consultations increased by 160 per cent in the first 3 months of the COVID-19 pandemic, enabled by efforts from Queensland Health to increase system capacity. This reduced the number of patients who needed to present at hospitals, freeing up hospitals and health clinics, and reducing potential exposure for at-risk patients with pre-existing conditions.

A further example of innovative health service delivery is the Queensland Government's Sunshine Coast GPwSI program, a model of care that integrates GPs with additional skills and expertise into specialist-led clinical teams in hospital outpatient units. The program led to improvement in the share of people seen within recommended wait times, as well as having positive effects on access, efficiency, and clinician and consumer satisfaction.

The productivity benefits of these innovative approaches to service delivery extend beyond the health sector. As such, ongoing improvements and innovative approaches to facilitate the delivery of key government services and functions has the potential to deliver much broader economic and social benefits for all Queenslanders.

Further innovative service delivery investments have also been announced in the 2021–22 Budget. This includes \$11 million to enhance cyber security across the Queensland Government. The 2021–22 Budget also provides funding to continue the Crime Statistics and Research Unit, ensuring up-to-date, targeted crime data can be utilised to develop informed policy responses.