

1 Queensland's budget priorities

Features

- Queensland is leveraging the benefit of its strong health response to drive recovery and a growing economy through 3 priorities: *more jobs in more industries; better services; and protecting Queenslanders' lifestyle.*
- Queensland has led the nation and the world in its response to COVID-19, and the state has shown resilience in the face of the recent floods. This strong health and economic response has seen 206,000 more Queenslanders employed as at May 2022 than before COVID-19, the largest increase in Australia.
- Protecting the health of Queenslanders remains vital to the state's future. The 2022–23 Queensland Budget provides a record \$23.6 billion in 2022–23 for the health system, including operating funding of \$22.044 billion for health and ambulance services, an increase of 5.6 per cent from 2021–22.
- Health commitments include a transformational \$9.785 billion capital boost to build around 2,200 additional hospital beds over the next 6 years, as well as \$1.645 billion over 5 years for mental health services. This investment will support thousands of additional frontline staff including doctors, nurses and paramedics.
- This boost to health infrastructure is part of a \$59.126 billion capital program over 4 years to 2025–26 which is expected to support 48,000 construction jobs in 2022–23.
- Building on the state's traditional strengths and with 2032, the year of the Olympic and Paralympic Games as a focus, the economic strategy will drive the creation of more productive jobs in more industries across Queensland.
- There are opportunities to drive a growing, innovative economy across industries including new energy, new economy minerals, advanced manufacturing, biomedical products, agriculture, tourism, research and education services, and creative and design industries. The 2022–23 Budget contains a provision for the Queensland Energy Plan which will chart a course to a sustainable and affordable energy future.
- Queensland's economic strategy will focus on the enablers of a thriving economy including expanded trade opportunities, a larger skilled workforce, enhanced innovation and digitalisation, continued investment in public and private infrastructure, strengthened Environment, Social and Governance credentials, and a competitive investment environment. To enhance Queensland's trade opportunities, a new Queensland Trade and Investment Strategy will be backed by \$150 million over 10 years.
- A growing economy will allow the government to deliver better services across the state, including in education, justice and social services.
- This growing economy will also be delivered while protecting Queensland's great lifestyle and alleviating cost of living pressures. The Budget includes \$6.8 billion in concessions for Queenslanders in 2022–23, including \$385 million for a \$175 Cost of Living Rebate to help manage electricity costs. The Budget also includes \$200 million over 3 years in growth infrastructure to unlock housing supply.
- As Queensland continues its remarkable transition from recovery, these Budget priorities will make sure every Queenslanders shares in the benefits of a thriving economy.

1.1 Advancing Queensland’s health system

As Queensland continues to transition from recovery, the 2022–23 Queensland Budget still puts the health of Queenslanders first.

Like in many parts of the world, the Queensland healthcare system is facing unprecedented challenges including rising presentations to emergency departments, forced postponement of non-urgent elective surgeries in response to COVID-19 surges and a redirection of available public hospital beds into COVID-19 dedicated wards.

The government is continuing to provide record investments in the health system to meet these unprecedented challenges and ensure the delivery of first-class health services to Queenslanders.

Box 1.1 Increasing health expenditure

Queensland continues to experience very strong ongoing demand for public hospital services such as emergency departments, mental health, specialist outpatients and elective surgery. Data for the period June 2015 to June 2021 indicates the number of admitted hospitalisations in Queensland’s public hospitals has increased by 40 per cent, at an annual average growth rate of 5.8 per cent.

Despite these demands, Queensland’s health performance remains strong, supported by record health budgets, with a focus on recruiting frontline staff, meeting increased demand for health services, and continuing to protect the state from COVID-19.

Since 2015–16, Queensland Health’s operating budget has increased from \$14.183 billion to \$22.044 billion in the 2022–23 Queensland Budget. Faced with responding to the COVID-19 pandemic, the government has grown the Queensland Health budget by over 19 per cent over the last 3 years.

This investment has focused on supporting the health frontline by employing more staff in Queensland Health and the Queensland Ambulance Service. Between March 2015 and March 2022:

- the number of nurses increased by 10,638 (or 38.1 per cent)
- the number of doctors increased by 3,106 (or 39.2 per cent)
- the number of ambulance officers increased by 1,103 (or 29.7 per cent).

Queensland Health Capacity Expansion

The number of available hospital beds has also increased by 1,350 between June 2015 and June 2022. There are also 869 beds in the pipeline for delivery over coming years. Building on this, the 2022–23 Queensland Budget makes a significant investment to protect the health of Queenslanders through world-class health facilities across the state.

An additional \$9.785 billion has been provided to Queensland Health for a range of projects to expand system capacity over the next 6 years (\$5.708 billion over the forward estimates). With early works commencing in 2022–23, this will deliver around 2,200 additional overnight beds at 15 facilities by 2028, through the following projects:

- Cairns Hospital expansion
- New Toowoomba Hospital
- New Coomera Hospital
- Robina expansion
- Mackay Hospital expansion
- Princess Alexandra Hospital expansion
- Further Logan Hospital expansion
- QEII Hospital expansion
- New Queensland Cancer Centre
- The Prince Charles Hospital expansion
- Redcliffe Hospital expansion
- Townsville University Hospital expansion
- Ipswich Hospital expansion
- New Bundaberg Hospital
- Hervey Bay Hospital expansion

In total, the 2022–23 Budget will increase the number of hospital beds in the pipeline from 869 to 3,378. Further detail on these projects is available in the *Better Health and Hospitals Plan*.

The 2022–23 Queensland Budget folds remaining funds from the \$2 billion Hospital Building Fund, established as part of the 2021–22 Budget, into this program. Projects originally funded through the Hospital Building Fund remain funded and will continue to be delivered.

Supporting Mental Health

In any one year, one in 5 Queenslanders will experience mental illness, including substance use disorders. State-funded mental health services have a critical role in providing treatment, care and support for Queenslanders experiencing severe mental illness and substance misuse issues. However, the system is impacted by some key challenges, including increasing service demand, workforce constraints and the continuing impact of COVID-19.

The Mental Health Select Committee, in its report to Parliament – *Report No. 1, 57th Parliament – Inquiry into the opportunities to improve mental health outcomes for Queenslanders* – identified significant opportunities to improve the mental health and wellbeing of Queenslanders, including:

- greater involvement of people with lived experience in the system
- greater use of health data to inform service delivery
- expanded GP and other community-based mental health services
- greater support services in schools
- expanding alternative entry points and emergency department diversion services
- utilising health practitioners' full scope of practice.

The Chair's Foreword in the Report acknowledged it would be rare to find someone in our community who has not been impacted by one or more of: mental ill-health, suicidality and alcohol and other drugs issues. The Committee received 164 written submissions, heard evidence from 243 witnesses and conducted 11 site visits across Brisbane, Hervey Bay, Gold Coast, Yarrabah and Cairns.

Queensland Health advised the Committee that it spent an estimated \$1.35 billion on mental health in 2020–21 and a further \$139 million on alcohol and other drug (AOD) services. Even so, the Committee considered it was evident that to reform Queensland's mental health and AOD system, a substantial increase in investment is required.

The Committee's first recommendation included recommending that the Queensland Government:

- increase funding and expenditure for mental health and alcohol and other drugs services in Queensland
- creates a dedicated funding stream for mental health and alcohol and other drug services and explores all options to create it.

In the 2022–23 Budget, the Queensland Government is providing an additional \$1.645 billion in operating funding plus an additional \$28.5 million in capital funding to support a new 5-year plan, the *Better Care Together: a plan for Queensland's state-funded mental health alcohol and other drug services*, and to meet Queensland's obligations under the *National Agreement on Mental Health and Suicide Prevention*.

This funding will support new beds for adolescent, young adult, adult, perinatal, eating disorder and older person mental health services. It also supports beds for new crisis response services and will provide more than 1,000 new staff to operationalise this plan. Additional funding is also being provided to support enhanced provision of psychological supports to be delivered by non-government providers.

To fund the enhancements to mental health services, the Queensland Government will introduce a mental health levy to provide a sustainable funding source for the additional mental health related services and investment (see Chapter 4 for more detail).

1.2 Good jobs, better services, great lifestyle

While the Queensland Government continues to put the health of people first, Queensland is leveraging the momentum of its strong recovery to grow the economy and enhance the quality of life of all Queenslanders through 3 priorities.

More jobs in more industries – Queensland will take advantage of global shifts and build on its strengths to realise opportunities in traditional and emerging industries that support good, secure jobs. By focusing on critical economic settings and enablers, the Queensland Government's economic strategy will improve the competitiveness and productivity of Queensland businesses so that they can take advantage of opportunities to drive a growing, innovative economy and job creation.

Better services – Growing the economy will give government the capacity to deliver better and fairer services. These services will improve the lives of Queenslanders while also enhancing the opportunity for all Queenslanders to benefit from participation in the economy and community.

Protecting Queenslanders' lifestyle – A growing economy will also be achieved while protecting Queensland's great lifestyle through addressing the cost of living, investing in the infrastructure needed to support the state's growing population and taking care of the environment.

1.3 More jobs in more industries – Queensland's economic strategy

Queensland's economic strategy will create more good, secure jobs in more industries across the state by providing the environment for Queensland businesses to be competitive, attract private investment and thrive as the world changes.

It recognises the opportunities possible for Queensland in global shifts such as a lower emissions global economy, demand for Environmental, Social and Governance credentials, increasing digitalisation and supply chain diversification.

These opportunities leverage Queensland's economic strengths and comparative advantages to drive a growing, innovative economy and job creation across the state. This will occur across a range of traditional and emerging industries and sectors, including: new energy, new economy minerals, advanced manufacturing, biomedical products, agriculture, tourism, research and education services, and creative and design industries.

To facilitate and support the private sector growth and investment needed to maximise the benefits of these opportunities, the economic strategy is underpinned by a focus on enablers that will enhance the state's competitiveness and productivity, including expanded trade opportunities, a larger skilled workforce, enhanced innovation and digitalisation, continued investment in public and private infrastructure, strengthened Environment, Social and Governance credentials, and a competitive investment environment.

Queensland's economic strategy



1.3.1 Industry and business opportunities to create more jobs

Queensland has a diverse and resilient economy with competitive advantages and economic strengths across regions and industries such as agriculture, mining, tourism, and the services sector. These industries will remain important to the Queensland economy, while emerging industries will provide opportunities to diversify and grow.

In an increasingly competitive environment where investors have multiple locations to choose from, having a broad investment facilitation and assistance program enhances the state's attractiveness as a place to do business. The Queensland Government established the \$3.34 billion Queensland Jobs Fund to capture future opportunities in traditional and emerging industries. Each program in the Queensland Jobs Fund has a targeted set of objectives. These programs include:

- Industry Partnership Program – \$350 million to grow and create jobs across priority industry sectors
- Backing Queensland Business Investment Fund – to provide direct investment in Queensland business and industry
- Queensland Renewable Energy and Hydrogen Jobs Fund – \$2 billion to allow energy government-owned corporations (GOCs) to increase ownership of renewable energy and hydrogen projects, and supporting infrastructure, including in partnership with the private sector
- Building Acceleration Fund – to invest in catalyst infrastructure projects
- Made in Queensland – to help small and medium sized manufacturers to increase international competitiveness, productivity and innovation
- Manufacturing Hubs – to assist manufacturers to become more productive and create the jobs of the future
- Hydrogen Industry Development Fund – to drive investment and accelerate development of hydrogen projects
- Queensland Recycling Modernisation Fund – to support industry infrastructure expansions or upgrades (a joint initiative with the Australian Government)
- Invested in Queensland program – to boost job creation and supply chain opportunities by supporting major private sector investment.

The 2022–23 Queensland Budget also includes further investments targeted to assist the state's businesses and industries to realise economic opportunities in traditional and emerging sectors.

New energy

Queensland is well placed to deliver more renewable, reliable and competitively priced energy for domestic and international markets, continuing the state's role as an energy leader. The 2022–23 Queensland Budget contains a provision for the Queensland Energy Plan, which will chart a course to ensure a sustainable and affordable energy future for the state. Specific initiatives will be finalised as part of the release of the Queensland Energy Plan later in 2022.

Queensland's renewable sector has continued to grow since the Queensland Government established a 50 per cent renewable energy target by 2030. More than 20 per cent of electricity used in Queensland is now met by renewables with 50 large-scale renewable energy projects operating, under construction or financially committed since 2015.

This equates to some \$11 billion of investment, supporting 7,900 construction jobs and producing 5,774 megawatts (MW) of clean energy such as wind and solar, with more than 13.8 million tonnes of avoided emissions each year.

The 2022–23 Queensland Budget continues to support Queensland's energy transformation. Through the \$2 billion Queensland Renewable Energy and Hydrogen Jobs Fund, the government has committed \$192.5 million for Stanwell's investment in the 252 MW Wambo Wind Farm, and \$43.9 million to support Stanwell and CS Energy hydrogen projects.

In addition, GOCs are retaining 2021–22 dividends for critical infrastructure and growth initiatives, supporting continued renewable energy, storage and strategic network investments across Queensland. This recognises the need to capitalise businesses to undertake strategically important investment in transformational growth opportunities, and the government's commitment to public ownership for the benefit of all Queenslanders.

CS Energy is investing \$150 million to deliver the 100 MW Chinchilla battery, and Stanwell is investing \$207 million to deliver a 150 MW battery at Tarong.

The 2022–23 Queensland Budget delivers up to \$10 million for a pilot to improve supply and storage of energy in regional communities through local solutions such as microgrids.

Queensland is also investing to deliver the new large-scale pumped hydro energy storage capacity essential for Queensland's energy future. In 2021–22, \$22 million was committed over 2 years to undertake a detailed feasibility study for a pumped hydro energy storage project at Borumba and concept studies for other sites.

This Budget allocates up to \$48 million more for pumped hydro energy storage investments, including \$13 million to fast-track a final investment decision on the proposed Borumba pumped hydro energy storage project and \$35 million towards feasibility work on a second pumped hydro energy project.

These investments will further strengthen the supply of affordable, reliable and clean energy across Queensland, while also supporting regional jobs and investment.

Box 1.2 Hydrogen

The Queensland Renewable Energy and Hydrogen Jobs Fund will directly support the state's potential to be at the forefront of Australia's hydrogen industry, and facilitate future production and supply of renewable hydrogen for both domestic and export markets over the next decade and beyond. This underlines the possibility of significant industry development, supply chain and employment opportunities being generated across regional Queensland.

In 2021–22, CS Energy announced it is part of a partnership demonstrating the production of renewable hydrogen to power Queensland’s heavy transport sector. A \$28.9 million allocation from the Queensland Renewable Energy and Hydrogen Jobs Fund will support CS Energy’s partnership with Queensland energy company Senex to build the Kogan Renewable Hydrogen Project, including a demonstration plant and refuelling facilities near Chinchilla.

Once operational, the project will produce up to 50,000 kilograms of renewable hydrogen per annum and includes a potential refueller network.

Also in 2021–22, Stanwell, as part of a world-class consortium including Iwatani Corporation, Kawasaki Heavy Industries, Kansai Electric Power Company and Marubeni, and Australian energy infrastructure business, APA Group, commenced a \$10 million feasibility study into the development of the Central Queensland Hydrogen Project (CQ-H2) near Gladstone Port.

CQ-H2 is a cornerstone opportunity for Queensland, with the project seeking to commercialise the production and liquefaction of renewable hydrogen and large-scale export to Japan. In 2022–23, the project will progress detailed feasibility and engineering design work into the development of a large-scale electrolyser and liquefaction facility in Central Queensland.

In demonstrating the government’s commitment to this project, Stanwell has been allocated an additional \$15 million towards the Front-End Engineering Design Study for the project.

Queensland’s port-based GOCs (Gladstone Port Corporation Limited, North Queensland Bulk Ports Corporation Limited, Port of Townsville Limited) are continuing to plan for the development of hydrogen export facilities, primarily in the ports of Gladstone, Hay Point, Abbot Point and Townsville.

The port-based GOCs have various commercial agreements with private consortiums seeking to progress hydrogen export facilities and will continue to actively work with them and other state agencies to investigate and plan for the infrastructure required to facilitate their respective developments.

New economy minerals

Working with industry and stakeholders, the Queensland Government is developing a Queensland Resources Industry Development Plan that will establish a 30-year vision for Queensland’s resources industry, to ensure it continues to grow and diversify. The government is committing \$68.5 million over 5 years to implement the package.

Expansion of Queensland’s resources sector will be driven by the production of new economy minerals needed for global decarbonisation technologies. The International Energy Agency estimates that total mineral demand for clean energy technologies will double between 2020 and 2040 under current energy policies that are either in place or announced. Concerted efforts to transition to global net zero emissions by 2050 would require 6 times more mineral inputs in 2040 compared with 2020.

Queensland will produce and deliver many of the new economy minerals the world needs like copper, vanadium and cobalt used to make renewable energy and electrification technologies. Queensland also has the genuine potential for downstream processing capability from extraction to manufacturing.

Box 1.3 New economy minerals and batteries

The Queensland Resources Industry Development Plan aims to fast track new economy minerals production and processing. The government is committing \$68.5 million over 5 years to implement the package, including an additional \$17.5 million over 4 years to enhance the Collaborative Exploration Initiative, to make more mineral discoveries in Queensland.

Through the \$520 million Invested in Queensland program, at least \$10 million will be put towards building a new common-user processing plant in Townsville with a focus on vanadium, a critical battery mineral.

The Queensland Government will partner with the Australian Government to create a local Battery Manufacturing Precinct in Queensland. This initiative is backed by a \$100 million equity investment by the Australian Government. The Queensland Government's Buy Queensland Procurement Policy will also support demand for local battery manufacturing.

In recognition of the potential opportunities in the battery supply chain, the government will also invest \$5 million in a Queensland Battery Industry Development Strategy. The Strategy will identify where Queensland has potential to value-add to battery minerals in the state.

This strategy will also be backed by up to \$15 million in 2022–23 to support scaling-up of the National Battery Testing Centre, subject to contractual arrangements being finalised. This will position Queensland to be Australia's gateway for battery innovation.

Advanced manufacturing

Future opportunities in Queensland's advanced manufacturing sector align with Queensland's traditional areas of economic strength, including value-adding and export opportunities in the resources and agricultural sectors. There are also emerging opportunities in industries such as defence, given the need to strengthen sovereign capability, and in the supply of high-value goods and services in biomedicine and health.

Building Queensland's advanced manufacturing capabilities will help secure reliable domestic supplies of essential products and support Queensland's economic resilience in the face of future global disruptions. However, for such projects to be sustainable they must be internationally competitive.

The government's Industry Roadmaps and initiatives such as the \$3.34 billion Queensland Jobs Fund will grow and create jobs in advanced manufacturing and priority sectors. Developed with industry, 10-year roadmaps in sectors such as hydrogen, biofutures, biomedical, defence, aerospace and resource recovery are driving innovation-led jobs for the future.

Defence – The defence roadmap is being realised through cutting-edge projects such as Boeing's 'MQ-28A Ghost Bat' unmanned aircraft, which is set to be produced and assembled in Queensland, subject to defence orders. This facility, to be built in Toowoomba's Wellcamp Aerospace and Defence Precinct, is expected to support around 300 construction jobs, with at least 70 high-skilled advanced manufacturing jobs to be created once the facility is operational.

Biomedical – Biomedical technology projects, like the new facility to produce Vaxxas' needle-free vaccines, support the Queensland Government's aim to make the state a globally competitive Asia-Pacific biomedical hub. This facility is expected to employ up to 110 high-skilled biomedical experts when operating in early 2023. This could grow to more than 139 new jobs over 5 years.

In addition, the 2022–23 Queensland Budget commits \$50 million over 2 years to continue the Made in Queensland and Manufacturing Hubs Grant programs. These programs help small and medium sized manufacturers across the state to increase their international competitiveness and build advanced manufacturing capability in Queensland's regions.

Agriculture

Agriculture is a traditional economic strength, employing 69,100 Queenslanders and with 84 per cent of Queensland's agricultural economic output originating from regional Queensland. Diversification and value-chain innovation will provide major opportunities to grow the industry in areas such as high-value horticulture, seafood, livestock and other value-added products.

This will be backed by a Low Emissions Agriculture Roadmap as well as an AgTech Roadmap currently under development in collaboration with industry and other stakeholders.

The Budget also continues to deliver support to drought affected regions through the delivery of the Drought Assistance and Reform Package of up to \$79.6 million over 4 years, and \$150 million over 3 years for drought preparedness and emergency loans to help primary producers prepare, manage, recover and mitigate the impacts of drought.

The Budget is also supporting industry sustainability with up to \$45.9 million over 5 years in new biosecurity funding, including \$37.1 million over 5 years for fire ant suppression, up to \$7.8 million over 4 years (and \$1.5 million) ongoing towards the National Biosecurity System and \$1 million in 2022–23 for the Queensland Feral Pest Initiative Round 7.

Tourism

Tourism is an important part of many regional Queensland economies and communities. Prior to the pandemic, 147,000 Queenslanders were employed in the sector in 2018–19, including in South East Queensland, tropical North Queensland, the Whitsundays and Fraser Coast.

Recognising the importance of the sector, the Queensland Government provided more than \$1 billion to support tourism and hospitality operators during the COVID-19 pandemic. With the reopening of domestic and international borders, tourism has started to recover, led by domestic tourism.

The most recent data from Tourism Research Australia indicates that domestic tourism in Queensland has largely recovered to pre-pandemic levels, while the recovery in international tourism is progressing. The number of short-term international arrivals to Queensland has increased strongly since late 2021, however it remains well below pre-pandemic levels.

The ongoing return of domestic and international tourists to Queensland will drive industry growth and the government will continue working with industry to realise future opportunities, culminating in delivery of the Brisbane 2032 Olympic and Paralympic Games (Brisbane 2032).

To support tourism operators and regional communities, this Budget commits up to \$66.4 million over 4 years to support initiatives for tourism recovery and growth.

Research and education, creative and design services

Research, education and training services directly employed 221,100 Queenslanders in 2021. These sectors also provide the training and education to increase the skills of the state's broader workforce.

These industries are also an important part of Queensland's innovation ecosystem. They develop the ideas and technologies for future Queensland businesses, products and services and apply overseas innovation to domestic applications. The easing of COVID-19 restrictions and the opening of international borders will support recovery of international education.

The government directly supports scientific research in Queensland through funding assistance and financial incentives, with this support creating a collaborative network of institutes and precincts across the state.

Reflecting this, the government has launched 3 regional science and innovation hubs in the first half of 2022 that aim to provide people living in regional Queensland with opportunities for skills development and establish local networks that will drive growth, development and capability in the science sector and innovation economy throughout the state's regions.

The government's Production Attraction Strategy continues to deliver outcomes for Queensland's thriving film and screen industry. Building on this momentum, the 2022–23 Queensland Budget provides \$13.8 million over 6 years to deliver a new film studio in Far North Queensland which will attract more local and international productions.

1.3.2 Economic settings and enablers

Ensuring the state remains a competitive and attractive destination for investment and talent is essential for a growing economy that creates good, secure jobs. By optimising the state's economic settings and enablers, Queensland's economy will be more flexible and resilient, and able to respond to new challenges and opportunities.

In particular, the economic strategy will be focused on facilitating trade opportunities, a skilled workforce, innovation, infrastructure, digitalisation and technology, Environment, Social and Governance credentials, and a competitive investment environment.

Trade

Trade is essential for Queensland as a trade-oriented economy, with one in 4 jobs across the state directly dependent on interstate or international trade. The state's exports were worth \$67.5 billion in 2020–21, accounting for 18.4 per cent of Gross State Product.

Queensland can leverage its international reputation, strong trade relationships and opportunities like Brisbane 2032 to promote and grow exports. A new Queensland Trade and Investment Strategy will be backed by a \$150 million investment over 10 years to deliver new specialist staff, export clusters and trade delegations targeted to the state's high value opportunities and markets.

Through facilitation services and industry development programs under the \$3.34 billion Queensland Jobs Fund, the Queensland Government is helping attract investment and support Queensland businesses to take their products and services to the world.

Investment attraction initiatives, such as the Invested in Queensland program, aim to unlock the potential of investment projects in Queensland, accelerate the expansion and scale-up of local production capabilities, and create more jobs across the state.

Skilled workforce

Developing home-grown skills and attracting new talent will support both emerging industries that are growing and traditional industries that are constantly adapting to remain competitive. This is a challenge with industries and businesses across the state currently facing labour and skill shortages. Quality, responsive training is essential to position Queensland to compete internationally.

Investments in skills and training such as through Skilling Queenslanders for Work, will keep creating opportunities for Queenslanders to upskill, reskill and prepare for high value, highly skilled future job opportunities, helping to deliver higher incomes for Queenslanders.

In the 2021–22 Budget, the government provided \$320 million over 4 years and \$80 million ongoing to extend the Skilling Queenslanders for Work program, which assists up to 15,000 Queenslanders facing disadvantage in the labour market each year. Permanent funding for Skilling Queenslanders for Work has embedded the program into the core business of the state.

Queensland's Workforce Summit, held in March 2022, brought together the community, industry and government to build innovative solutions that support a ready workforce for future opportunities.

Queensland's Workforce Strategy will focus on how the Queensland Government can support development of a dynamic workforce, noting current challenges are being faced nationally. All levels of government and industry have a responsibility to contribute to solutions, including the Australian Government which has policy responsibility for tertiary education and migration which are critical to future outcomes.

Based on outcomes from the Summit, Queensland's Workforce Strategy will focus on promoting local opportunities to address labour shortages, maximising participation, supporting school-to-work transitions, developing emerging and innovative models of training, attracting and retaining staff, and seizing future opportunities for skills in rapidly growing sectors.

Measures announced at the Summit include \$15 million for the VET Emerging Industries initiative to develop flexible industry strategies and a Growing Workforce Participation Fund pilot to help employers to hire more diverse Queenslanders.

The Queensland Government's commitment to skills and training remains a priority with more than \$1.2 billion invested to continue delivering high quality training and creating career pathways for Queenslanders.

Innovation

Widespread creation and diffusion of innovative ideas, technologies and practices will support Queensland businesses to improve productivity, profitability and competitiveness, as well as deliver new products and services into global markets.

The government has a strong history of promoting innovation through investments such as the \$755 million Advance Queensland initiative. To date, Advance Queensland has funded more than 140 programs during its lifetime, helping to establish new industries that will underpin a growing economy. These programs include the Industry Research Fellowships Program which has helped partner researchers with industry, and The Precinct innovation hub that has connected Queensland start-ups, investors, and mentors to drive innovation.

The state's innovation ecosystem has also been enhanced by the establishment of a new leadership and engagement model. The new Queensland Chief Entrepreneur is working with government to connect the innovation ecosystem, support capital pathways and maximise the economic opportunity for Queensland from Brisbane 2032. The Innovation Advisory Council, established in 2021, will support the Queensland Chief Entrepreneur by attracting investment and providing a platform for setting new direction on priority outcomes.

New initiatives to foster and accelerate innovation across industries are being developed to further the innovation agenda and economic development across the state. To support the translation of research and innovation into improved healthcare outcomes, this Budget provides up to \$35.5 million in additional funding over 4 years to support the \$80 million expansion of the Translational Research Institute.

Public and private infrastructure

The delivery of productive infrastructure, including digital connectivity, will make it easier to do business in Queensland, facilitate greater mobility of labour and improve supply chains, as well as enabling better services to be delivered across the state and supporting Queensland's great lifestyle.

As part of a \$59.126 billion capital program over 4 years to 2025–26, \$15.510 billion in 2022–23 will directly support around 48,000 jobs during the construction phase, including 31,100 jobs outside of greater Brisbane. Many more jobs will also be indirectly supported through the increased economic activity and connectivity generated by this infrastructure investment.

The government's commitment to facilitate and deliver the critical infrastructure needed for a growing Queensland is outlined further in sections 1.4 and 1.5.

Environment, Social and Governance credentials

In the context of the continuing transition to a lower emissions global economy, maintenance and enhancement of the state's Environment, Social and Governance (ESG) credentials will be critical to support Queensland's competitiveness.

Realising Queensland's future Energy Plan will demonstrate the pathway to meeting the Queensland Renewable Energy Target. This will further bolster the state's ESG credentials, as will continued targeted investment in social services and justice reforms that strengthen communities and support vulnerable Queenslanders.

In tandem with Queensland's institutional stability, the state's financial management is a recognised strength. Queensland has a prudent approach of long-term planning and transparency, and exceptional debt and liquidity management that has contributed to its strong ESG credentials, being awarded an ESG rating of AA by MSCI in July 2021. Maintaining this strong position will be vital for attracting future investment.

Competitive investment environment

Maintaining a competitive business environment attracts investment and supports the establishment and expansion of industry and businesses across the state.

The government has implemented a range of regulatory reforms as part of its response to the COVID-19 pandemic, making it easier for businesses to recover, invest and employ. There will continue to be a focus on reducing the regulatory burden and compliance costs for business, including by improving the provision of information to businesses, removing duplication and reducing compliance and reporting requirements.

This complements existing industry attraction and facilitation services that assist businesses to establish or expand in Queensland. These include identifying suitable site options, streamlining approvals, advising on the development approval process and facilitating introductions to service providers.

Investment schemes under the \$3.34 billion Queensland Jobs Fund further strengthen Queensland's competitive position. The Strategic Investment Scheme provides tailored assistance packages to support large-scale projects and the Investment Support Scheme incentivises businesses to invest in Queensland through a rebate program for payroll tax and other state-managed taxes.

The government is also introducing a new Significant Investment Facilitation approach to enhance cross-government coordination of the most significant investment opportunities, which will deliver more timely and successful outcomes.

In recognition of the important role that small to medium businesses play in the Queensland economy, the government is providing payroll tax relief to small and medium businesses across the state, through adjustments to the existing payroll tax deduction framework from 1 January 2023.

This targeted payroll support measure will help to minimise the cost pressures on eligible businesses and provide confidence to those businesses to employ additional Queenslanders to take advantage of economic opportunities emerging across the state.

The reform is estimated to benefit over 12,000 Queensland businesses and will save a business paying \$6.5 million in annual taxable wages over \$26,000 in payroll tax each year.

In addition, the 2022–23 Queensland Budget commits funding of \$39.1 million over 4 years and \$12.6 million ongoing to permanently fund Small Business Grants and the Mentoring for Growth program. Further, the permanent appointment of the Queensland Small Business Commissioner allows the government to continue to provide small businesses with ready access to support, information and advice, and will reduce the time and costs associated with resolving disputes.

Box 1.4 Productivity

A more productive economy improves the living standards of all Queenslanders and allows real wages to grow.

While many factors influence productivity, the government can play an important role through robust policy and regulatory settings and the efficient delivery of services.

The Queensland Government is progressing its productivity reform agenda by:

- developing productivity-enhancing reforms and initiatives across a broad range of priority areas, including:
 - investments in better services such as health, mental health and education that will improve social and economic participation
 - infrastructure that improves mobility and supply chain connectivity through the government’s capital program of \$59.126 billion over 4 years to 2025–26.
- ensuring new and existing regulations are necessary, fit-for-purpose and well designed
- identifying and progressing regulatory reforms where regulation may impede investment in new industries and technologies
- improving the way regulators administer and enforce regulation to reduce the regulatory burden on business and the community
- working with the Queensland Small Business Commissioner to identify regulatory reform priorities to support small business.

1.4 Better services

Queensland’s investment in the provision of health, education, justice and social services will raise living standards, provide the skills and wellbeing for individuals and households to participate in the economy, and help achieve a fairer environment that drives job creation.

1.4.1 Enhancing education and digital services

Access to quality learning and education is essential for young Queenslanders to thrive and participate in the state’s growing economy. Since March 2015 there has been a 13.75 per cent increase in the numbers of teachers in state schools. Overall, the 2022–23 Queensland Budget provides \$19.6 billion for education and training statewide in 2022–23.

The 2022–23 Queensland Budget includes \$389.5 million for new primary schools to open in 2025 and 2026 in Caboolture West, Caloundra South, Ripley Valley, Greater Flagstone and Bahrs Scrub, \$20 million over 2 years to upgrade school playgrounds and tuckshop facilities, and \$118.6 million over 2 years for additional classrooms at schools experiencing increases in enrolment.

This investment builds on the government’s \$1 billion Great Schools, Great Future infrastructure commitment and brings total investment under the Building Future Schools Program to \$3 billion since 2015.

This Budget also includes additional funding of \$80.6 million over 3 years to support the transition to a new resourcing model for students with disability, and \$13.3 million in 2022–23 to expand the Share the Dignity in Queensland Schools initiative, which provides free period packs to all state schools, outdoor education centres and student residential facilities.

To improve the delivery of education services to young people in the youth justice system, additional funding of \$27.6 million over 5 years and \$6.5 million per year ongoing is also provided to increase the teacher to student ratio for education staff working in Queensland’s 3 youth detention centres.

Digitalisation benefits Queensland households and businesses and is a catalyst for skills development, creating and communicating knowledge, innovation and service delivery.

Adoption of technology enables businesses to expand their delivery of goods and services to new customers and markets and increase their competitiveness. Households also gain access to more channels to purchase goods and services, and can improve access to services, such as education and telehealth.

Recognising that telecommunications is an Australian Government responsibility, the Queensland Government still plays a critical role in enhancing the growth of the digital economy in Queensland and its economic benefit by investing in essential infrastructure and skills development.

The government previously announced up to \$190 million over 5 years to make internet speeds 200 times faster for all Queensland state schools. This partnership with Telstra includes \$110 million for exchange upgrades, benefitting communities and businesses in hundreds of regional and remote areas.

Digitalisation also improves the delivery of government services. This Budget includes \$126.9 million over 5 years to digitise Queensland Courts and the Queensland Civil and Administrative Tribunal and \$30.4 million over 4 years to upgrade Queensland Corrective Services’ Integrated Offender Management System.

1.4.2 Supporting communities and keeping Queenslanders safe

The Queensland Government is committed to supporting vulnerable Queenslanders, with substantial funding commitments in the 2022–23 Queensland Budget including:

- Child Protection Services – \$2.2 billion over 5 years and \$500 million per year ongoing for out of home care services in response to significant, ongoing pressures arising from an increase in demand in the child protection system
- Youth Justice Investment – \$78.8 million over 4 years and \$18.9 million per year ongoing from 2025–26 to continue the Youth Justice Strategy reforms
- Strengthening Social Services in Queensland – \$125.6 million over 4 years and \$19 million per year ongoing to strengthen the community and social services sector with a focus on elevating the role and function of neighbourhood and community centres and to support delivery of the government’s response to the Parliamentary Inquiry into Social Isolation and Loneliness

Box 1.5 Parliamentary Inquiry into Social Isolation and Loneliness

The government is delivering on its commitment to address social isolation and loneliness.

On 27 May 2021, the Legislative Assembly agreed to a motion that the Community Support and Services Committee inquire into and report on social isolation and loneliness in Queensland. The Committee issued its report, which contained 14 recommendations, on 6 December 2021, and the government tabled its final response on 6 June 2022.

The government response supported, or supported in principle, all of the recommendations of the Committee.

The 2022–23 Budget includes a significant investment to support this response, providing \$51.8 million to increase existing neighbourhood and community centre base operational funding, ensuring the ongoing viability and maximum benefit from this important part of our social services infrastructure. The Inquiry report highlighted the invaluable role that neighbourhood and community centres play in promoting social inclusion and reducing loneliness.

This Budget also provides \$4 million over 4 years for a new Innovation Fund that will support the delivery of community-led responses to local issues, with a focus on responding to the causes and impacts of social isolation and loneliness.

Additional funding of \$2.1 million has also been provided to support activities recommended by the inquiry report, including to support the further development of plans and initiatives to address social isolation and loneliness, and development of training and resources to support workers and volunteers in the community and social services sector.

This forms part of the government's total funding of \$125.6 million over 4 years and \$19 million ongoing to strengthen social services in Queensland.

The government is also protecting communities and keeping Queenslanders safe through the \$2.878 billion provided in 2022–23 for policing services. The government is continuing to provide an additional 2,025 police personnel by 2025, which is the biggest increase in police resourcing in almost 30 years.

This Budget also includes \$174.6 million to fund the police capital program, including facilities, motor vehicles, vessels and other essential equipment, to support quality frontline police services.

Women's economic security and safety is an important focus of the government's 5-year *Queensland Women's Strategy 2022–27*. The strategy provides a framework for improving outcomes for women and girls, supporting them to freely participate and succeed in economic, social and cultural opportunities.

The 2022–23 Queensland Budget commits \$363 million over 5 years and \$61.3 million ongoing as part of the Queensland Government response to the Queensland Women’s Safety and Justice Taskforce *Hear her voice – Report one – Addressing coercive control and domestic family violence in Queensland*, for system-wide reform and criminalising coercive control. A further \$19.2 million is provided over 4 years for specialist domestic, family and sexual violence support services and programs for women in custody.

1.5 Protecting Queenslanders’ lifestyle

Queensland’s strong economy and enviable lifestyle have made the state a destination of choice for Australians, with net interstate migration in Queensland the highest of all states and territories during 2020–21. Net interstate migration rose even higher in the September quarter 2021, to an annual change of 40,600 persons, the highest annual change since the December quarter 1994 and well above the next highest state of Western Australia with 6,100 persons.

The 2022–23 Queensland Budget continues to invest in protecting the environment and maintaining Queensland’s great way of life while Queenslanders and Queensland businesses realise the opportunities of a growing economy.

1.5.1 Cost of living support

The current global inflationary environment is driving up the cost of living around the world. This is the result of a combination of factors, including the easing of COVID-19 restrictions supporting strong domestic demand, COVID-related disruptions to global supply chains and geo-political instability driving a surge in commodity prices.

While Queensland’s housing prices remain broadly less expensive than in many of the other states and territories, Queensland has also experienced significant inflationary pressures.

The 2022–23 Queensland Budget is progressing several initiatives that will provide short-term and long-term solutions to reduce cost of living pressures.

Box 1.6 Concessions, subsidies and discounts

The Queensland Government provides a significant range of concessions, subsidies, discounts and rebates every year which help reduce transport, housing, healthcare, education, water and energy costs for millions of Queensland households.

In 2022–23, the value of these concessions is \$6.786 billion, an increase of more than 10 per cent from 2021–22.

This includes a total of \$385 million in 2022–23 to support Queensland households with a \$175 Cost of Living Rebate, with the government having allocated a total of \$1.185 billion to provide households with a total of \$575 in direct financial assistance through electricity bill rebates since April 2018.

Since the Palaszczuk Government's first budget in 2015–16, total government spending on concessions has increased by 44 per cent. This increase has, on average, outpaced inflation by 1.4 per cent per annum.

As part of the government's commitment to address housing affordability challenges, the *government managed housing rental rebate* supports approximately 54,700 low income households and has increased from \$363.1 million in 2015–16 to \$541.3 million in 2022–23.

General Transport Concessions for bus, rail and ferry services have risen from \$1.357 billion in 2015–16 to \$2.140 billion in 2022–23. *Energy concessions* help provide affordable power to households and businesses and have increased from \$689.5 million in 2015–16 to \$1.336 billion in 2022–23. Significant concessions provided in the 2022–23 Budget include:

- \$153.9 million for the School Transport Assistance Scheme, which provides funding for low-income households to reduce the costs of travelling to school
- \$180.7 million for the Oral Health Scheme, providing free dental care to eligible clients and their dependents
- \$195.8 million for Vehicle and Boat Registration Concessions available to a range of groups, including Queensland Seniors Card holders, to reduce registration fees
- \$799.1 million in rail network and infrastructure funding to ensure the safety and reliability of the rail network and reduce access charges for users
- \$245.7 million for the User Choice Training Subsidy which helps fund training and assessment costs for Queensland apprentices and trainees
- \$201.2 million for the Certificate 3 Guarantee Tuition Fee Subsidy, which supports eligible Queenslanders to obtain their first post-school Certificate III qualification.

These concessions make a real difference to the lives of Queenslanders. For example, in 2022–23 a retired couple in their seventies living in their own home in South East Queensland with no dependents, both with a Queensland Seniors Card and on the pension, will receive concessions including a \$372 electricity rebate, a \$120 South East Queensland water subsidy, \$200 for council rates and \$81 for reticulated natural gas.

They will also receive a reduction of around \$174 on the annual registration of their small 4 cylinder car, and a \$175 Cost of Living Rebate on their electricity bill. In total they save \$1,122 on these concessions. In addition, they are entitled to discounted travel on public transport, saving 50 per cent on fares.

A low-income family in social housing with 2 children in senior high school could be eligible for around \$10,600 in Queensland Government concessions in 2022–23, including up to \$590 in school textbook and resources allowance, a \$175 Cost of Living Rebate on their electricity bill and an average rental benefit of around \$9,900.

Housing affordability is a national issue requiring action from all levels of government.

Finding appropriate and affordable housing has become more challenging for many Australians in light of the exceptionally strong performance of the housing market in recent times.

The resulting higher prices, record low rental vacancy rates, and increased rents underscore the need for well-targeted government support and action.

Box 1.7 Housing affordability

The Queensland Government is committed to ensuring policy and regulatory settings support the delivery of quality housing at an accessible price for all Queenslanders, including through investments in affordable and social housing, an effective planning system, and direct support for home buyers.

Queensland's \$15,000 Queensland First Home Owners' Grant is one of the most generous in Australia and is available for properties up to a value of \$750,000, enabling more first home buyers to get into the market while also boosting housing supply.

Queensland's transfer duty settings are also highly competitive, with lower effective rates of duty than other states and territories for most home values and providing generous concessions for first home buyers worth up to \$15,925.

Increased supply of land and development opportunities support more affordable housing. The Queensland Government is planning and supporting the delivery of new land supply and homes across Queensland communities through a broad range of initiatives, including through progressing a new legislative framework for Priority Growth Areas that will better integrate land use and infrastructure planning.

The 2022–23 Queensland Budget builds on existing actions with funding of:

- \$150 million over 3 years to increase the Catalyst Infrastructure Fund (subject to a minimum co-investment by developers) to unlock development and increase the supply of housing in the state's Priority Development Areas
- \$50 million over 3 years, \$35 million held centrally, for the Growth Acceleration Fund to support the delivery of priority trunk infrastructure in the Caboolture West growth area and other targeted growth areas in South East Queensland

- \$10 million over 2 years to support the Growth Areas Team to address land supply, population growth and property development challenges across South East Queensland.

The Queensland Government is backing the largest concentrated investment in social housing in Queensland's history, with \$1.9 billion in funding over 4 years under the *Housing and Homelessness Action Plan 2021–2025*. This is supported by returns from the \$1 billion Housing Investment Fund, a long-term fund with returns to drive new supply to support current and future social and affordable housing needs.

Under the Action Plan, the Queensland Government will deliver 7,400 new dwelling commencements across Queensland.

The 2022–23 Queensland Budget builds on this investment with further targeted support to address youth homelessness across Queensland, with \$29.8 million over 4 years and \$10 million per year ongoing. This will deliver new frontline service initiatives that provide housing with support for young people as they work toward social and economic independence. This is a key action under the Queensland *Housing and Homelessness Action Plan 2021–2025*.

1.5.2 Transport infrastructure that keeps pace with population

Over \$7.3 billion is budgeted for transport portfolio capital investment in 2022–23, such as road, rail, port, bus, cycling and marine infrastructure to meet the needs of the growing population and mitigate risks, such as traffic congestion.

Critical projects include the Cross River Rail Project to improve travel across South East Queensland, construction of the Coomera Connector Stage 1 and Gold Coast Light Rail Stage 3 and priority upgrades to the Pacific Motorway.

The 2022–23 capital program also includes investment in several key projects on the Bruce Highway, improving safety and supporting jobs across the regions, including:

- \$1.065 billion to plan, preserve and construct the Rockhampton Ring Road
- \$1 billion to construct Cooroy to Curra (Section D)
- \$662.5 million to upgrade the highway from 4 to 6 lanes between Caboolture-Bribie Island Road and Steve Irwin Way
- \$500 million funding injection for the Bruce Highway, noting the Queensland Government's priority for upgrades between Mackay and Proserpine, and between Gladstone and Rockhampton
- \$481 million to duplicate the highway from 2 to 4 lanes as part of the Cairns Southern Access Corridor (Stage 3), from Collinson Creek in Edmonton to the Wrights Creek area near Gordonvale
- \$350 million for the Mackay Port Access upgrade, to improve access to the Port of Mackay while addressing urban congestion in North Mackay

- \$336 million to increase the flood immunity, safety and efficiency of the Bruce Highway and future-proof the road to cater for growing traffic volumes at Tiaro.

These investments will connect businesses and regions across the state, mobilise people and goods, help enhance the state's productivity, and drive economic activity and job creation.

1.5.3 Towards the Brisbane 2032 Olympic and Paralympic Games

The announcement of Queensland as the host of Brisbane 2032 presents Queensland with the opportunity to showcase the state on the global stage and leave a legacy that will define the state for decades to come. In addition to the direct benefits and jobs from Brisbane 2032, the event will create ongoing benefits through increased trade and investment activity.

The 10-year horizon to Brisbane 2032 provides for the state to effectively progress planning, design and delivery of critical infrastructure which will both support South East Queensland's long-term growth and enable successful delivery of Brisbane 2032. The Queensland Government continues to work closely with Games Partners, including the Australian Government, on funding arrangements for Brisbane 2032 as part of this critical planning work.

The establishment of the Organising Committee for the Brisbane 2032 Olympic and Paralympic Games (OCOG) in December 2021 and inaugural meeting of the OCOG Board in April 2022 were important milestones for Brisbane 2032. A key priority for the OCOG Board is securing third party funding arrangements so its responsibilities for delivering Brisbane 2032 are achieved on a cost neutral basis.

To support effective planning for Brisbane 2032, the government is investing \$59.3 million over 4 years and \$4.7 million per year ongoing for the Brisbane 2032 Taskforce to lead activities across the Queensland Government. This will support preparation of the 2032 Games Legacy Program and planning and design of infrastructure to support delivery of Brisbane 2032, including venues and athletes' villages. It will also support priority transport projects being delivered in South East Queensland to manage growth in the region and support the Games transport task.

The 2022–23 Queensland Budget provides \$31.4 million over 2 years from 2023–24 to extend the 2032 High Performance Strategy to help prepare elite Queensland athletes to achieve world class success at Paris 2024 and leading up to Brisbane 2032.

A further \$100 million over 4 years is being invested to establish the Go for Gold Fund (School Sports Infrastructure). This program will deliver new and upgraded sports infrastructure for schools across the state, with a focus on encouraging sports participation.

1.5.4 Protecting Queensland's environment

Queensland has a diverse natural environment that underpins the economy and allows Queenslanders to enjoy recreational activities, events and sports that support wellbeing.

To ensure protection of this valuable space, the government has committed \$262.5 million over 4 years to continue delivery of *Queensland's Protected Area Strategy 2020–2030*, providing conservation and carbon positive outcomes. This 10-year plan is directly supporting the growth, better management and sustainability of the state's protected areas.

Resource recovery and recycling policies and initiatives, with an investment of \$291.8 million over 4 years, will contribute to implementation of waste management plans, expand resource recovery programs and support environmental activities.

Queensland has also committed to the target of zero net emissions by 2050, consistent with the national commitment to this target. The Budget also provides an additional \$14 million over 2 years for a community-based pilot program to reduce emissions by partnering with local government and industry.

Biodiversity is an invaluable part of Queensland's environmental heritage. To ensure that Queensland's precious wildlife remains protected, the government is providing \$14.7 million over 4 years and \$1 million per year ongoing to continue the Saving Queensland's Threatened Species Program.

A further \$24.6 million over 4 years and \$1 million per year ongoing will also be invested into continuing implementation of the *South East Queensland Koala Conservation Strategy 2020–2025*, including an increased commitment to the South East Queensland Wildlife Hospitals that help rescue and rehabilitate sick and injured koalas.

Recognising its significant environmental and economic importance, the Queensland Government continues to invest in the protection of the Great Barrier Reef. Last year, the Queensland Government committed \$270.1 million over 5 years to 2025–2026 to continue the Queensland Reef Water Quality Program, which funds a range of projects working with industry, agricultural producers and communities. The government is also working with councils and the urban development industry to better manage urban run-off.