

Queensland Economic Action Plan

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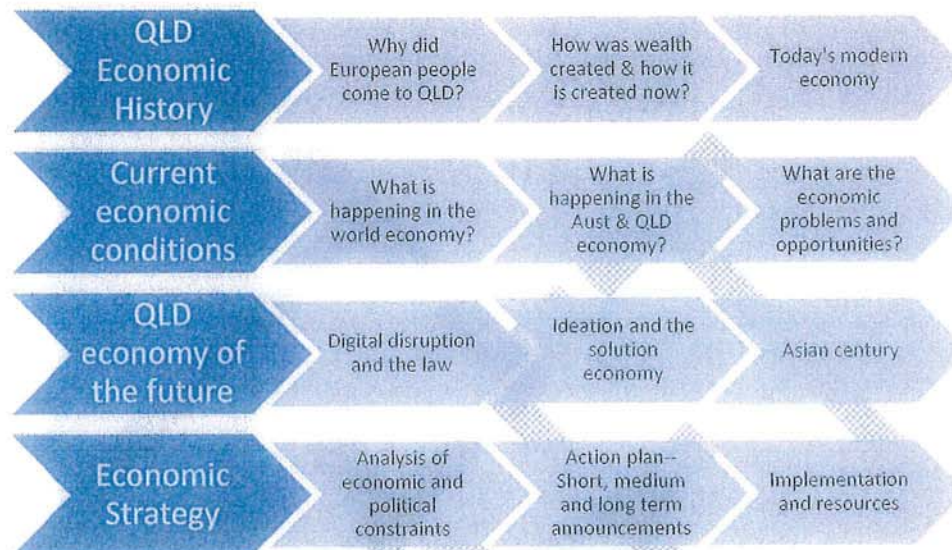
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Target customer: The Premier and CBRC

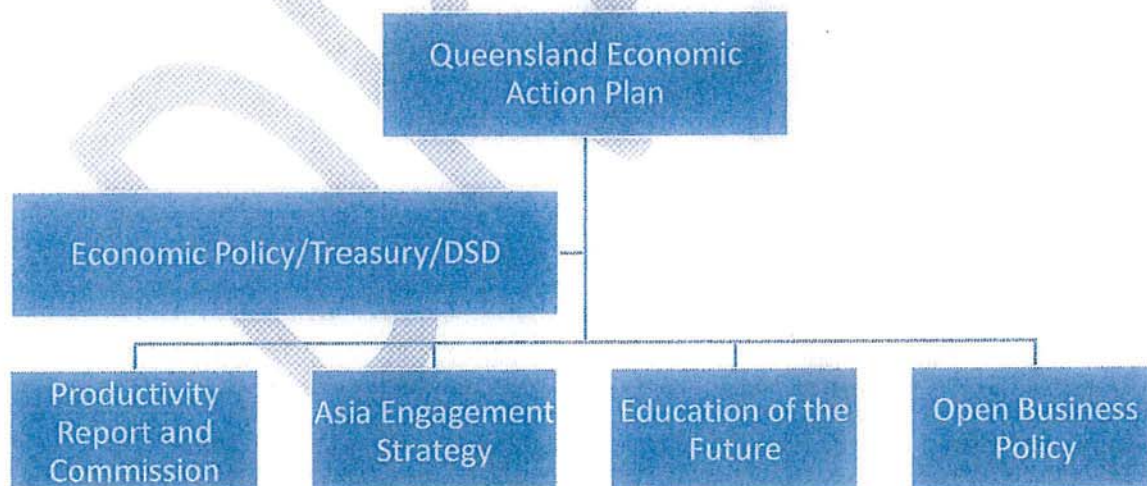
Key benefit: To increase the understanding of government leaders on the current economic problems and opportunities, and provide a course of actions to enable jobs-rich economic growth.

Framework: The framework provides a systematic approach along four streams of work.



Vision statement

Become the State of opportunity, competition and low cost-of-living to achieve population growth, competition and innovation.



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Chapter 1. Economic Conditions and Parameters

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Chapter 2. Drivers of Economic Growth

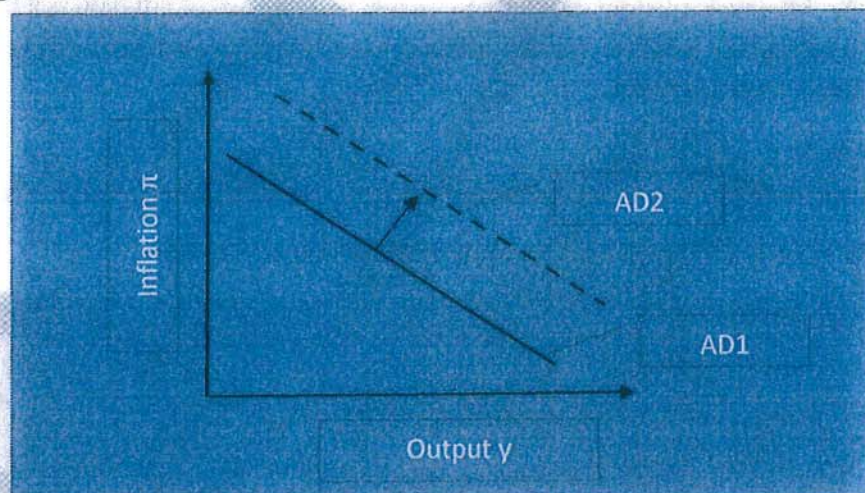
There are many ways to measure wealth and the factors that create more wealth, including: Gross Domestic Product (GDP), State level GSP and Gross National Income. However, these measures are only measuring the amount of activity each period, to really know if the economy will be able to maintain consistent growth more information is needed. This section of the paper provides a short summary of the economic growth measures and some common constraints.

Short run and long run aggregate supply and aggregate demand

Aggregate demand

Aggregate demand (AD) is represented as a downward sloping curve representing the relationship between the short-run equilibrium output and the rate of inflation. Short-run equilibrium output is determined by and equals total planned spending in the economy. The AD curve is downward sloping because the Reserve Bank of Australia (RBA) maintains the inflation rate at between 2% - 3% by increasing the real interest rate which reduces output (y). Other reasons for the negative relationship between inflation and output are the wealth effect of reduced real value to assets, distributional effects and uncertainty. Essentially, increases in inflation reduce planned spending and short-run equilibrium output.

Graph 3. Aggregate demand curve



Source: *Principles of Macroeconomics*, 2008.¹

An increase in the AD is represented in Graph 3 as the shift between AD1 and AD2. There are two types of increases in AD: exogenous changes in spending which are changes other than output increases and secondly, changes in RBA's monetary policy. An example of an exogenous increase in AD is when the share market increases causing an increase in consumers spending due to wealth effects of feeling wealthier.

Inflation

As a physical object will change speed if it is acted on by outside forces so economic forces can change the rate of inflation. The three main economic factors that affect inflation are an output gap,

¹ *Principles of Macroeconomics*, 2008. 2nd Ed, B Bernanke, N Olekalns, R Frank. North Ryde NSW

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inflation shocks and aggregate supply shocks. An output gap is the difference between actual output and potential output. If the short-run demand is higher than the output (supply) capacity then there is an inflationary output gap. Producers are not able to increase supply to meet the increase demand therefore, they increase (inflate) prices which will reduce demand. Therefore, increases in demand without an increase in supply create inflation.

Inflation shocks can occur in the economy which are outside the control of the local economy. Oil price increases are an example of inflation shock. When the oil price jumps up for some reason the domestic prices can increase without any increase in demand or supply causing an increase in inflation.

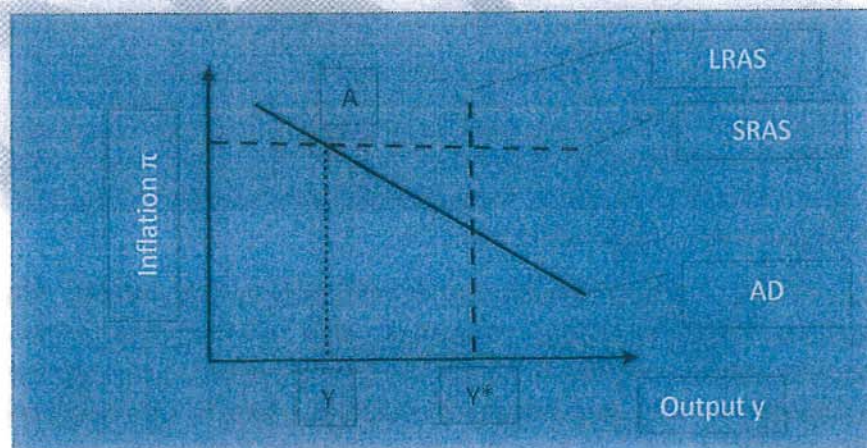
A supply shock can occur in the economy causing a rapid change of inflation without a change in demand. Cyclones can cause a supply shock by destroying a part of an economies production capability reducing its output capacity. Lower capacity and high demand could cause increase in prices as seen in Australian banana industry.

Inflation has inertia and therefore even when demand meets supply there will be price increases. Inflation is affected by inflation expectations, long-term wage and price contracts. The public expect inflation to be a certain rate in the future therefore when drafting contracts for wages and other products a certain level of price increase will be included in the contract. The RBA targets low inflation of 2% - 3% which provides certainty to people that the future inflation will be 2% -3%. Maintaining constant low inflation ensures inflation expectations remain low which assist in developing real economic growth.

Aggregate supply

Aggregate supply is different in the short and long-run as demonstrated in Graph x below.

Graph 4. Short and long-run aggregate supply with aggregate demand



Source: *Principles of Macroeconomics*, 2008.²

Graph 4 above shows the long-run aggregate supply curve (LRAS) otherwise known as the productive capacity of the economy. The horizontal line is the short-run aggregate supply curve (SRAS)

² *Principles of Macroeconomics*, 2008. 2nd Ed, B Bernanke, N Olekalns, R Frank. North Ryde NSW

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otherwise known as the short-run inertial inflation. The SRAS curve shows the current level of inflation in the economy which, as explained above, is determined by the past expectations of inflation through pricing decisions. The assumption is that producers supply whatever output is demanded at the current inertial inflation rate.

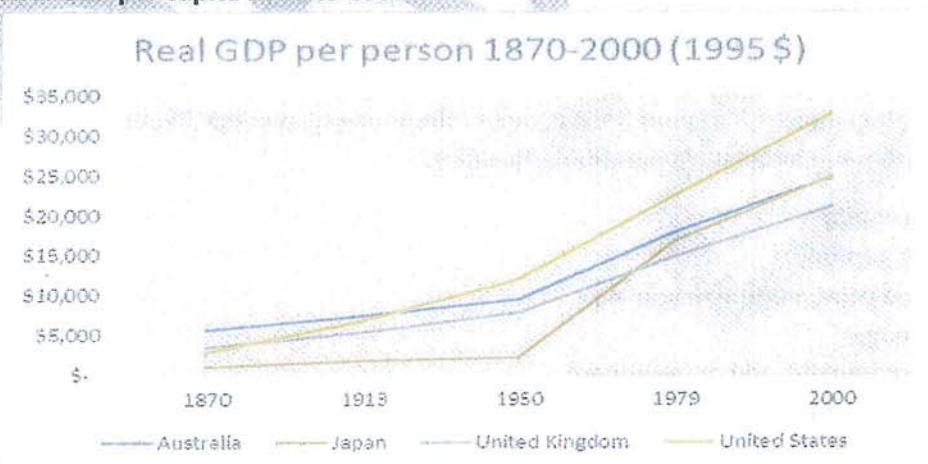
Short-run equilibrium is point A in Graph x above because AD and SRAS meet at that point. Therefore, this economy has a recessionary output gap due to equilibrium being less than LRAS (Y is less than Y^*). This means firms are not selling as much as they would like and so they slow down the rate at which they increase prices reducing inflation over time. Inflation will eventually reduce until SRAS is reduced so that it intersects with LRAS and AD. In the same way, if there is an expansionary output gap prices will increase until SRAS intersects with LRAS and AD.

Self-correcting economy

In the long-run the economy will correct any output gaps without changes to monetary or fiscal policy. Expansionary gaps are eliminated by rising inflation and recessionary output gaps are eliminated by falling inflation. However, it could take a long time to correct and there is potential for protracted periods of poor economic performance which would cause large social problems. The use of monetary and fiscal policy can assist in stabilising output. Due to the lags and uncertainties of policy making government should only act if there are long-run large stabilisation problems. Government policy actions when the economy returns to full employment quickly can cause more harm than good. The more flexible economic policy can be the quicker the economy will self-correct.

Economic growth and living standards

Economists think of economic growth in terms of per capita real GDP over long periods of time. Real GDP is the gross domestic product with the inflation removed which indicates the benefits to the community after removing the price increases. Small amounts of real economic growth over long periods of time is the way developed economies have provided very high real GDP per capita.

Graph 5. Real GDP per capita 1870 to 2000

Source: *Principles of Macroeconomics*, 2008.³

³ *Principles of Macroeconomics*, 2008. 2nd Ed, B Bernanke, N Olekalns, R Frank. North Ryde NSW

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Graph 5 above shows the real GDP per capita growth for a few developed countries over a long period of time. The average annual growth rate is about 1.1% to 2.5% however over the entire period each country has experienced very large real increases in GDP per capita. The United States has had a real GDP per person of more than 11-fold from 1870. Japan's GDP per capita has increased by more than 25 times over the same period. The small annual real GDP growth increases quickly over time as it is using the power of compounding interest. A focus on small increases in real economic growth will provide very large increases in the living standards of the community over time.

The crucial role of average labour productivity

Measuring GDP per person using labour multiply average labour productivity by the share of the population that is working. That is, the quantity of goods and services that each person can consume depends on two questions:

1. How much each worker can produce? and
2. How many people as a portion of the total population are working?

Australia has experienced a real GDP per person increase of over 100% from 1965 to 2006 which means the average Australian person in 2006 has twice as many goods and services than in 1965. During this time the proportion of the Australian population working increased from 66% to 74% which could largely be explained by more women entering the workforce. Labour productivity also increased during this time by approximately 87% which accounts for a large part of the increase in GDP per person.

The baby boom generation of workers are now coming to the end of their prime years of employment and started to reach retirement age in 2010. Therefore, the increase in the proportion of population moving into the workforce is most likely at or past its peak. The main focus of the rest of this section will be on the first question of 'how much each worker can produce?'

Cultures that promote 'hard work' can increase productivity however it is not the main factor in the labour productivity drivers. Both the United States and Bangladesh are hardworking countries, however the United States average labour productivity is 100 time more than Bangladesh. There are six key factors that appear to account for the major differences in average labour productivity both between countries and between generations, including:

1. Human capital
2. Physical capital
3. Land and other natural resources
4. Technology
5. Entrepreneurship and management
6. Political and legal environment

Human capital

The four main factors that influence human capital are talents, education, training and skills of the workers. All workers with high levels of these factors will be much more productive than workers without these factors. An example of this sort of benefit is an architect who can use a computerised drafting program will design more buildings than one who does not. Human capital is analogous to

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physical capital in that it is acquired primarily through the investment of time, energy and money.

Wages should be higher for higher trained people who are more productive and therefore encourage workers to pay the higher costs to obtain higher training.

Physical capital

Labour productivity also depends on the tools available for production including factories and machines. More and better capital allows workers to produce more efficiently. There are two main points related to physical capital that need to be considered, including:

1. for a given number of workers adding more capital generally increases both total output and average labour productivity
2. *diminishing returns to capital* - the more capital already in place the smaller the benefits of adding an extra capital unit

Diminishing returns of capital is a natural consequence of firms' incentive to use each piece of capital as productively as possible. Managers will assign machines to maximise output, all the highly productive ways of using them are already exploited, therefore adding another machine does not increase output.

Land and other natural resources

Fertile land is essential to agriculture and modern manufacturing processes make intensive use of energy and raw materials. In general, an abundance of natural resources increases the productivity of the workers who use them. The ability to trade removes the requirement for a country to have large amounts of natural resources within its borders. Many small countries without their own natural resources have managed high levels of growth by importing the resources required, including Japan, Singapore and Hong Kong. However, there are countries that have large quantities of natural resources that are not able to maintain a high level of economic growth. Papua New Guinea (PNG) has a large amount of natural resources, however its GDP per capita in 2012 was US\$2,187 compared to Australia's 2012 GDP per capita of US\$67,869⁴.

The important factor is the ability to use the natural resources productively.

⁴ UNdata – United Nations Statistics Division, World Statistics Pocketbook, <http://data.un.org/CountryProfile.aspx?crName=Australia>

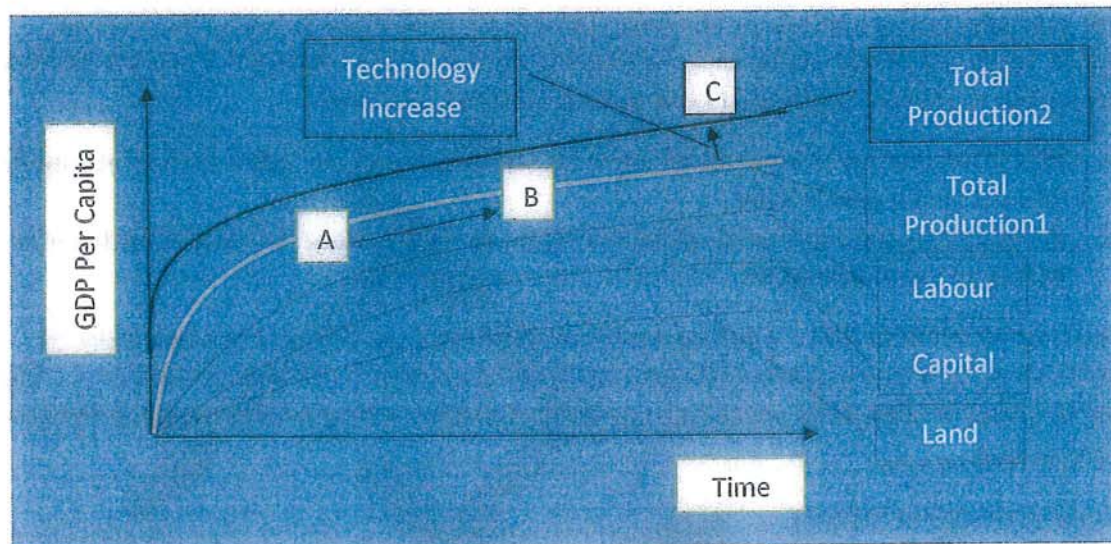
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Technology

Technology is the single most important source of productivity improvement and therefore, economic growth.

Graph 6. A country's potential growth using individual economic factors and technology



Source: Premiers, 2015.

Graph 6 above demonstrates a possible economic growth path for a country by separating the three key inputs, land, capital and labour. The Total Production1 line is a sum of the land, capital and labour inputs of the country. As time goes on most countries will improve the use of its available economic factors by improvement by learning while doing. The improvements with current economic factors is a productivity improvement which could move a country along the growth curve from point A to point B on the graph. However, there is a limit to the improvement in productivity with the current economic factors and the country will experience a diminishing marginal return from its efforts.

A country will have to develop or employ a new technology to shift its growth to a higher growth curve. Graph 6 demonstrates the technology jump as the shift from growth curve Total Production1 to Total Production2 at point C. The new technology can be a new method, idea, product which increases the productive capacity of the economy.

However, economic growth does not automatically follow from breakthrough in technology. Entrepreneurs are needed to turn the technology into commercial advantage combined with the legal and political environment that encourages the practical application of knowledge.

Entrepreneurship and management

The productivity of workers in part depends on the people who decide what to produce and how to produce it: entrepreneurs and managers. Entrepreneurs are people who create new economic enterprises. Henry Ford is one of the most famous entrepreneurs as he developed the idea of assembly line mass production which reduced the cost of automobiles so the average person could own one. Entrepreneurship is a creative skill which is difficult to teach although supporting skills can

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be learned at university. History suggests the entrepreneurial spirit will always exist the difficulty is to direct that spirit into economically productive ways.

Economic policy objectives need to be set to ensure that taxation is not too heavy or regulation not so inflexible that small businesses cannot get off the ground. Sociological factors can also inhibit entrepreneurs when business and commerce are considered to be beneath the dignity of refined educated people.

Managers are the people who run businesses on a daily basis and are integral to improving the labour productivity of the economy. Developing good managers will assist in the improvement of labour productivity. A good example is Japanese managers in the 1970s who developed new production methods including just-in-time inventory systems, where suppliers deliver production components to the factory just when they are needed. Benefits of just-in-time delivery include: lower warehouse costs, better supply chain management, improved customers satisfaction and less waste.

Political and legal environment

One of the key roles governments play in improving productivity is providing a political and legal environment that encourages people to behave in economically productive ways, to work hard, save and invest wisely, acquire useful information and skills, and provide the goods and services that the public demands.

The key specific function of government is to provide well-defined property rights. The law defines property rights by providing clear rules for determining who owns what resources and how those resources can be used. In countries where a dictator can take any resource at any time there is very little incentive for people to invest time, money and capital to produce as the wealth produced could be taken or destroyed at any time. This effect of reduced property rights and uncertainty over what a person can do with resources is seen in Queensland in many different forms and many different degrees of severity.

Political instability also has a negative effect on economic growth because investors and savers are less likely to resources in an economy whose government is unstable. Political stability will particularly affect investment decision on projects that take years to produce as the approval for development could change part way through the projects development which would lead to lost investment. A political system that promotes the free and open exchange of ideas will speed the development of new technologies and products. The government's ability to quickly and easily accept new technologies and ideas into its legislation will encourage more economic activity over a slow acting government.

Queensland's current growth factor situation

The main objective of the economic strategy is to shift the long-run aggregate supply curve (LRAS) out thereby creating greater economic capacity. Many governments develop economic policy which only increases the aggregate demand curve which increases prices but does not increase the LRAS or the economic capacity. Increasing prices is increasing inflation which is damaging to the economy in the long-run.

As discussed above, there are six key factors that drive growth in an economies LRAS, namely:

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1. Human capital
2. Physical capital
3. Land and other natural resources
4. Technology
5. Entrepreneurship and management
6. Political and legal environment

Queensland is a large diverse economy however it is possible to observe some general issues related to these six growth factors.

Human capital and education

Human capital application in Queensland is distorted by government subsidies, industry protections, taxes and crowding out of private industry. The State and Federal Governments in Australia provide subsidies to all levels of education in one form or another to encourage increases in human capital. The difficulty with government subsidy is that it removes the market signals to actors in the market and therefore the students face a distorted decision making process at the start of the education process.

Child care and early childhood education

The importance of early child care has previously not been well understood however in modern times it is suggested that early child education and training could be the most important of all. In 2014, the Australian Productivity Commission (PC) completed a significant review of Childcare and Early Childhood Learning. The PC's review pointed out there are many issues in the market for child care and early childhood education.

The Queensland Department of Education and Training (DETE) are aware of the issues related to child care and early childhood education and are working to improve services. The PC report pointed out some of the general market problems experienced around Australia however, every region is different. There could be benefit in the Queensland Government reviewing the current market design of the Queensland child care and early childhood education sector. Economists could work with DETE to alter the rules and regulations to improve the outcomes for Queensland families.

State school

Australian State Governments provide free education for all Australian children from year one to year twelve because it is recognised a good education for all provides large long-term benefits for society. Queensland DETE has worked hard to ensure the State School system is providing a high standard of education to all Queensland students.

However, Queensland is below the national average for proportion of the population completing high school, ranking fifth among the states and territories. There appears to be some areas of the Queensland school system that could be improved to ensure maximum results for Queensland. Potential areas for investigation of refinements to the current school system could include:

1. Market design – supply and demand signals; incentives for schools, teachers and parents; flexibility, innovation and adaptability; market access
2. Funding allocation systems – voucher systems, co-payments for high income families and special needs teacher funding and alternative school incomes

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3. Specialisation of labour, economies of scale and scope
4. Teacher quantity, quality, support and incentive payments

Economics has a lot to add to the design of education systems which will greatly enhance the student outcomes. Therefore, any economic action plan should include a significant investigation into the possible alterations to the education market in Queensland.

Family support

Many studies indicate money spent on children in the early years (0 to 8 years of age) provide large benefits to the community through more productive people, lower crime, lower prison populations and many other improvements in key economic factors.

Formal education is important however a child who has social problems within their family, learning disability or has a medical condition will have a low probability of achieving a high level of education. In some ways the child's health, wellbeing and family are more important than the formal education services. The Queensland Government provides many important family support, police and educational services to assist during difficult times. The family assistance is currently disparate and inconsistent leading to some people getting some support but many families are missing key success factors. There would be significant benefits in coordinating all services with education services to ensure every child has the best opportunities to achieve a high level of education or training.

Children at school who are having difficulty need significant resources to ensure they are able to catch up or maintain the required level of learning. The government could consider catching problems early with special case workers in the schools who can assist in coordination of government services. Government assistance could include personal tutor sessions, medical tests, police and community welfare services.

University

In a normal market for university education services the high value jobs will attract high levels of demand, therefore the education price will reflect that value in doing that particular course. The university course prices should also reflect the cost of supplying the service including the capital, maintenance and operating costs of infrastructure.

A student would pay more for a degree in law as the expected lifetime earnings of a lawyer will be much higher than a person with an arts degree. The higher wages are typically possible due the high value of the work or application of intellectual capital. However, due to the government subsidies the universities provide courses for all subjects at about the same cost. The student no longer has a clear signal of what course will lead to the highest paying jobs. The university does not have a clear signal to minimise its costs and provide the highest value lowest cost education facilities. The result is that universities are spending very large amount of money on nice buildings in expensive areas which does not necessarily add to the human capital outcomes.

Human capital is analogous to physical capital in that it is acquired primarily through the investment of time, energy and money. However, as with physical capital any investment has risks and investment in non-productive assets will result in low or negative net value. Universities in Australia are paid by the student and the government by how many students do courses not how much value is created.

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Recent comments in COAG meeting of the Australian Government – Reform of the Federation White Paper Australian leaders' retreat communiqué:

Despite considerable increases in resources in recent years, Australian students are falling behind their international counterparts. We must arrest this decline. Increasingly, childcare is the delivery mechanism for early childhood learning. Leaders committed to improving the transition from early childhood learning to school including consideration of an earlier start to school, greater equity in the application of childcare funding to learning for the year before school and improving the standard of teachers which is critical to delivering better educational outcomes.

A better trained workforce is essential to grow our economy and create jobs but there is a misalignment between the jobs we train people for and the jobs business needs doing. We must reform the vocational education and training sector so that training helps young people get jobs when they finish, as well as providing real pathways for older workers to transition between careers. Leaders committed to change that will see a more demand driven system, greater engagement with business about their skills needs to deal with emerging industries and new ways to help support students.⁵

Queensland's economic action plan should incorporate a review of the current arrangements for universities and recommend improvements to be proposed to COAG and other government agencies.

Mental health

The Queensland community's intellectual capital can be improved by having a high standard of mental health services. Many people with mental health difficulties will be able to maintain a relatively normal productive life given the correct health care. Social problems related to mental health include crime, homelessness, drug addiction and domestic violence.

The Commonwealth Government tasked the National Mental Health Commission with conducting a national review of mental health programmes and services. The focus of the review was on assessing the efficiency and effectiveness of programmes and services in supporting individuals experiencing mental ill-health and their families and other support people to lead a contributing life and to engage productively in the community.

The final report was provided to the Commonwealth Government on 1 December 2014. This included programmes and services which have as a main objective:

1. Prevention, early detection and treatment of mental illness
2. Prevention of suicide
3. Mental health research, workforce development and training and
4. The reduction of the burden of disease caused by mental illness.

⁵ <https://federation.dpmc.gov.au/australian-leaders-retreat-communiqué>

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The review provides 25 recommendations across nine strategic directions which guide a detailed implementation framework of activity over the next decade. Taken together, they form a strong, achievable and practical plan to reform Australia's mental health system.

There could be significant economic benefits to the Queensland economy if mental health could be improved. The QEAP should investigate how it can incorporate some of the National Mental Health Commission's recommendations.

Physical capital

In economic theory, physical capital is one of the three primary factors of production. Examples of physical capital includes things like buildings, machinery, equipment and computers. However, it is not land or the raw materials that are used and turned into goods and services; those are natural resources.

Physical capital is an essential factor of production of any good or service and therefore is a key cost factor for any business. The government affect the cost of physical capital in many ways including: regulations, licensing, import restrictions, construction regulations, planning and Council approvals.

One of the largest constraints on physical capital in Queensland is the Council planning and approval processes and restrictions. Council have an important role in the community of managing the types of buildings and businesses that are developed. However, currently there are a number of misconceptions, misalignment of incentives and funding uncertainties.

Government are responsible for providing many services to the community including schools, roads, water, sewerage collection and treatment, electricity, drainage, maintenance of footpaths and parklands. The provision of these and other services are costly and complicated to organise especially with uncertain benefits and revenues. Gaining a better understanding of the current system and the potential benefits of improving the market design will provide large benefits to Queensland.

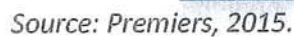
Misconceptions

The current view expressed by many people in government is that increasing the provision of services is an increase in costs and therefore, increasing the number of people or businesses in an area is costly. However, the increase in number of people and business is a net benefit to Queensland's economy. The government may experience upfront costs of an increase in services however the benefits are achieved over a longer period of time and captured by the greater economy. Once new houses and businesses are established they purchase equipment and services and increase taxes paid while adding to the productive capacity of the economy.

Government businesses are similar to most other businesses where it takes on risk by providing upfront capital investment in the expectation of future revenues to pay for the investment and risks. Currently, the Council funding arrangements are designed in such a way that its incentive is to minimise the new entrants into its area of service delivery. The Council revenue is mostly its rates which is based on the value of land in its Council area which is supplemented by fees, charges and other government funds.

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Graph 7. Theoretical economic assessment of the effect of restriction on supply of development



The Council's costs are not linked to its revenue and therefore there is very little pressure on the Council to reduce its costs of service.

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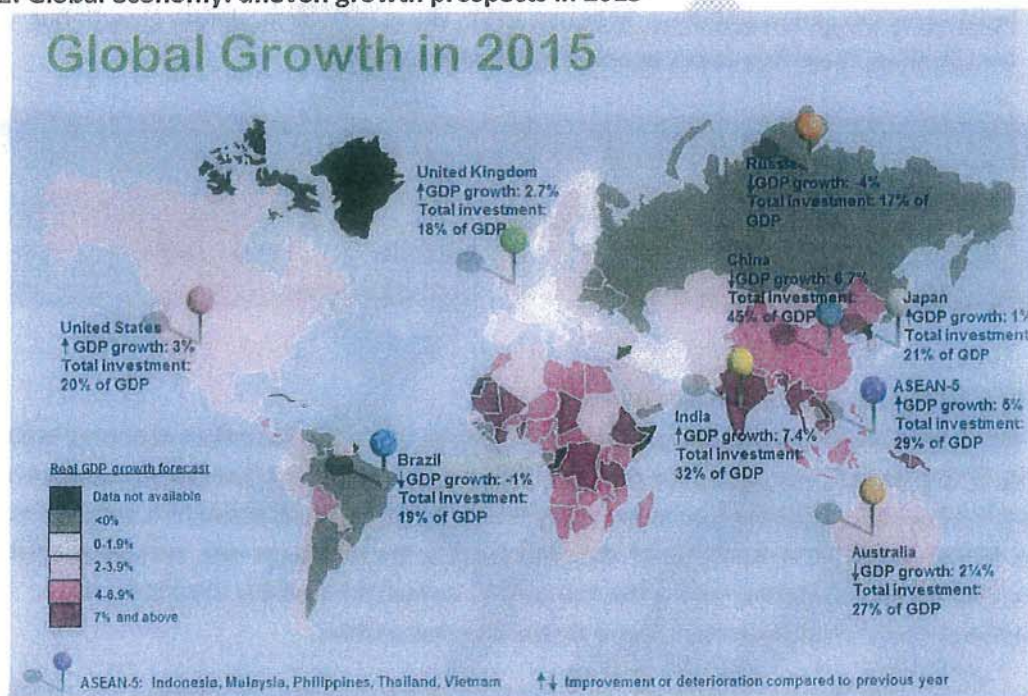
Chapter 3. Queensland Growth opportunities

Economic outlook in 2015 and 2016⁶

The big picture: Australia's position in the global economy

The global economy is expected to grow around 3 to 3½ per cent in 2015, a slight improvement from 2014. The IMF and OECD forecast a growth rate of 3.8 per cent in 2016. The forces shaping the global outlook – declining oil and commodity prices, and interest rate and currency adjustments – underpin the uneven economic growth prospects across countries and regions (Figure 1).

Figure 1: Global economy: uneven growth prospects in 2015



Source: IMF World Economic Outlook database, April 2015

Strengthening economies:

- **India** appears to be experiencing broad improvements in macroeconomic conditions, while the ASEAN-5⁷ economies are expected to continue strengthening.
- The underlying growth in the US economy appears solid despite registering a contraction in the first quarter of 2015. Consumption and trade activity are growing at a healthy pace, aided by improving consumer sentiment and labor market conditions. The unemployment rate fell to 5.4 percent in March 2015.
- **Modest growth in the European Union and Japan** is supported by currency depreciation and monetary stimulus. Growth in the euro area is uneven across countries.

⁶ Projections from Deloitte Access Economics, PWC, UK Economic Outlook March 2015, IMF World Economic Outlook 2015, OECD Economic Outlook June 2015, and McKinsey & Company's Outlook for global growth in 2015.

⁷ The ASEAN-5 countries are Indonesia, Malaysia, Thailand, Philippines, and Vietnam.

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Weakening economies:

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- **China's growth continued to moderate** with GDP growth expected to fall below 7 per cent, its lowest rate since the Global Financial Crisis. Weakening demand for new housing and infrastructure poses risks to China's debt levels.
- The UK economy showed signs of slowing down after a relatively strong recovery since early 2013. Growth is expected to remain moderately steady, supported by lower oil prices and improved financial market conditions.
- Russia and Brazil continue to perform poorly, with lower commodity prices (oil and iron ore respectively) and trade sanctions (in Russia's case) contributing negatively to growth.
- Relative to the global economy, Australia sits in the middle at moderate growth but transitioning towards a lower economic growth trajectory.

	Low growth	Moderate growth	High growth
Strengthening	<ul style="list-style-type: none"> • Japan • European Union 	<ul style="list-style-type: none"> • United States 	<ul style="list-style-type: none"> • India • ASEAN-5
Weakening	<ul style="list-style-type: none"> • Brazil • Russia 	<ul style="list-style-type: none"> • Australia • United Kingdom 	<ul style="list-style-type: none"> • China

Australian economy: Transitioning growth

During the decade leading up to the 2008 Global Financial Crisis the Australian economy enjoyed relatively strong growth, averaging 3.6 per cent (Figure 2) while other advanced economies only averaged 2.8 per cent. Australia's economic performance can be attributable to a series of economic reforms during the 1980s to 2000, which included floating the exchange rate, removing trade barriers, financial deregulation, enterprise bargaining, competition policy, central bank independence and shifting towards a more progressive tax system.

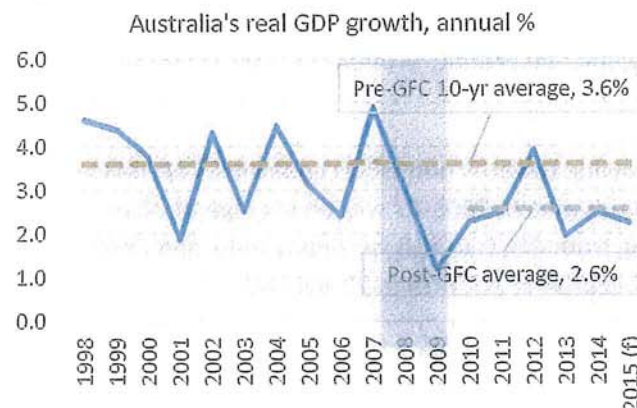
Another contributing and arguably more significant growth factor was the unexpected windfall gains from the commodity price boom. The price of metallurgical coal rose by almost eight times between 2004 and 2008 from A\$55 per tonne to A\$436 per tonne. By 2011, Australia's terms of trade reached its highest level in 140 years (Figure 3). While the terms of trade have declined and are expected to ease, they are still well above the pre-commodity price boom. Australia's economy is thus still registering moderate growth, albeit weakening and transitioning to a lower average of around 2.5 per cent (Figure 2).

Australia's economy needs to manage two transitions: The transition away from the recent resource boom and the transition to a world of lower interest rates.⁸ Australia's transition will be assisted by the lower Australian dollar improving the relative competitiveness of exports; the restraint in aggregate wage growth providing higher unemployment and kept a lid on price pressures; and the expansionary monetary policy setting, arguably more effective in stimulating selected housing markets than stimulating overall non-mining business investment.

⁸ Address given by Reserve Bank of Australia deputy governor Philip Lowe to the Corporate Finance Forum in Sydney on May 18, 2015.

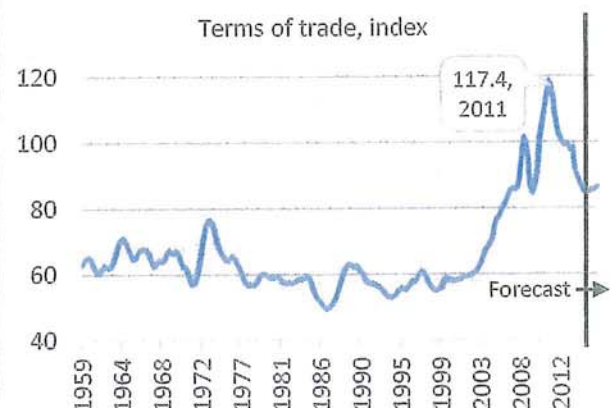
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Figure 2: Australia's real GDP growth



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Figure 3: Australia's terms of trade



Private business investment: The much needed helping hand

Global leaders and economic commentators have emphasised the need for a boost in private business investment to lift the global economy to a higher growth path.

This is especially so for Australia, where a boost in business investment outside the resources sector is critical for a successful transition. Australian business investment as a share of GDP has fallen substantially— mining capital expenditure has come off its peak and non-mining capital spending is also weakening (Figures 4 and 5). The decline in mining investment is likely to continue and perhaps accelerate as the large LNG and other mining projects draw to a close.

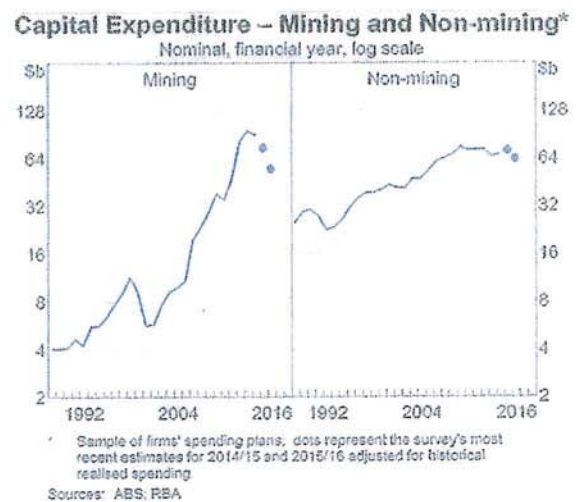
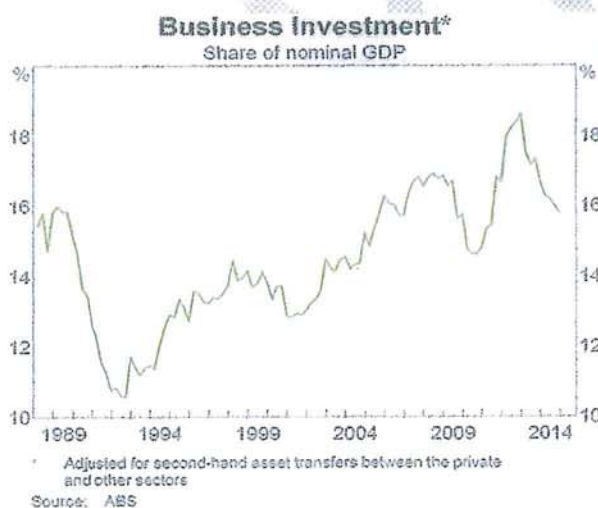


Figure 4: Business investment as a share of GDP

Figure 5: Investment in mining and non-mining

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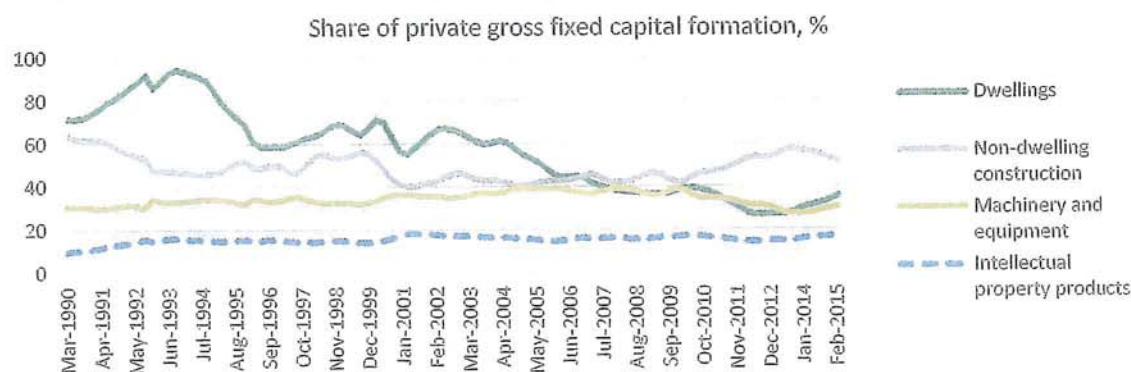
Australian other advanced countries weak business investment may be explained by several factors including the lingering post-GFC economic uncertainty; the slowdown in growth of most of the BRIC⁹ countries; structural shift to less capital-intensive services; high household debt levels potentially constraining consumer demand; excess capacity; and uncertainty around the type of capital investment in a digital disruptive environment.¹⁰

Foreign direct investment (FDI) is increasingly flowing towards non-OECD countries. The share of global greenfield FDI projects shifting from the Euro area in 2005-07 was an average of 20 per cent decreasing in 2011-13 to 10 per cent. FDI shifting from OECD to Asia excluding India and China in 2005-07 was an average of 17 per cent which increased in 2011-13 to 22 per cent.

The shift in FDI investment trend can partly be explained by a shift towards a less investment-intensive service economy and a shift from physical capital towards intangible knowledge-based capital in the OECD countries.¹¹

Australia's investment in intellectual property (knowledge-based capital) as a proportion of total private investment has been increasing slowly from 10 per cent in 1990 to around 17 per cent in 2015 (Figure 6). Investment in computer software as a share of total private investment in intellectual property is increasing while investments in R&D and mineral exploration are decreasing (Figure 7).

Figure 6: Intellectual property as a share of total private investment



⁹ The BRIC countries are Brazil, Russia, India and China.

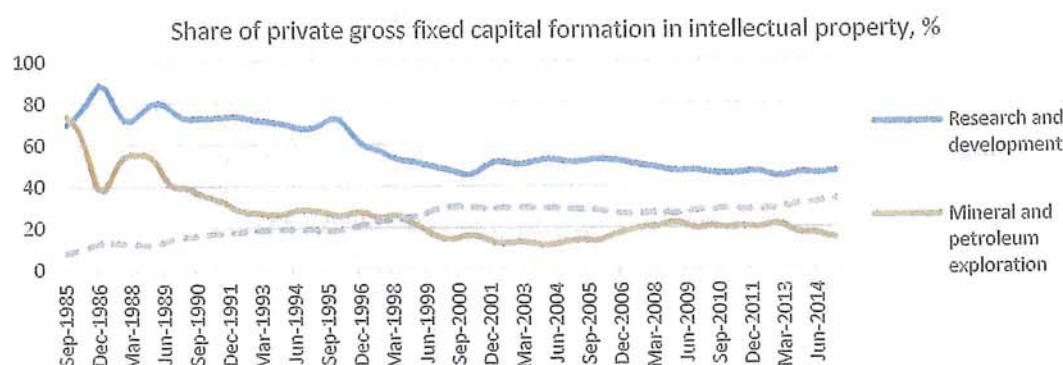
¹⁰ OECD Economic Outlook 2015, Volume 1

¹¹ OECD Economic Outlook 2015, Volume 1

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Figure 7: Computer software as a share of private investment in intellectual property



A better understanding of the drivers of business investment at the macro level will help to guide the thinking around improving business investment. The OECD Economic Outlook 2015 (based on an empirical analysis of 15 advanced OECD economies including Australia) found that:

- **Anti-competitive regulation, particularly barriers to entry and to trade and competition, hampers capital accumulation in the long run.** The provision and use of infrastructure is sensitive to regulation, in particular concerning the desired market structure, access regimes and pricing, and the burden of risks. OECD estimates suggest that reducing barriers to entry in network industries can foster higher rates of infrastructure investment.
- **Lower capital stock is associated with lower domestic and foreign output growth.**
- **Uncertainty in economic policy negatively affects capital accumulation in the short run.** The Business Climate Survey¹² identified “economic and regulatory uncertainty” as being the most important constraint on capital spending, followed by “taxation and other costs to business”.

These findings are broadly supported by the IMF’s World Economic Outlook 2015 which also found that financial constraints play a role in dampening private capital spending, particularly in cases where the firms rely on external funding.

¹² The Business and Industry Advisory Committee to the OECD surveyed national business associations across 27 OECD and non-member countries in late March-early April 2015.

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Implications for Australia

Australia can increase its economic resilience by building its capabilities to navigate the downside risks and improve the upside risks to the growth outlook. The government can facilitate this through growth-oriented policy initiatives especially in fostering private business investment.

Downside risks	Upside risks
<u>Slowdown in China's growth</u> Weakening demand for resources leading to softening global commodity prices, and the ending of a once-in a-century mining boom.	<u>The rise of the middle-income population in China and emerging markets of India and the ASEAN-5</u> There will be rising demand for higher value-add services such as financial services, health and aged care, mining-support services, clean energy products, etc.
<u>Growth risks and uncertainty in the Euro area</u> Prolonged low growth and low inflation, and persistently high debt and unemployment may continue to weigh down on global confidence.	<u>Recovery in the US</u> Expected solid growth momentum and the strengthening of the US dollar against the Australian dollar can help to boost confidence and demand for Australian exports.
<u>High household debt levels</u> Constraints on consumer demand can lead to softening business confidence.	<u>Better value proposition</u> Businesses will need to be more customer-centric and create better value proposition.
<u>Disruptive technologies</u> Disruption in business models can create uncertainty around the type of capital investment and contribute to a "holding off" pattern.	<u>Disruptive technologies</u> Digital disruption can shake out un-competitive businesses and allow the wider economy to benefit from greater diversity and efficiency, if enabled by policies that promote competition and equity.
<u>Weak private business investment</u> Continued economic and regulatory uncertainty could lead to a low-growth low-investment equilibrium.	<u>Positive relationship between investment and growth</u> Implementing competitive policies and stabilising the policy environment can foster private investment and spur economic growth.

Queensland economy: The new normal

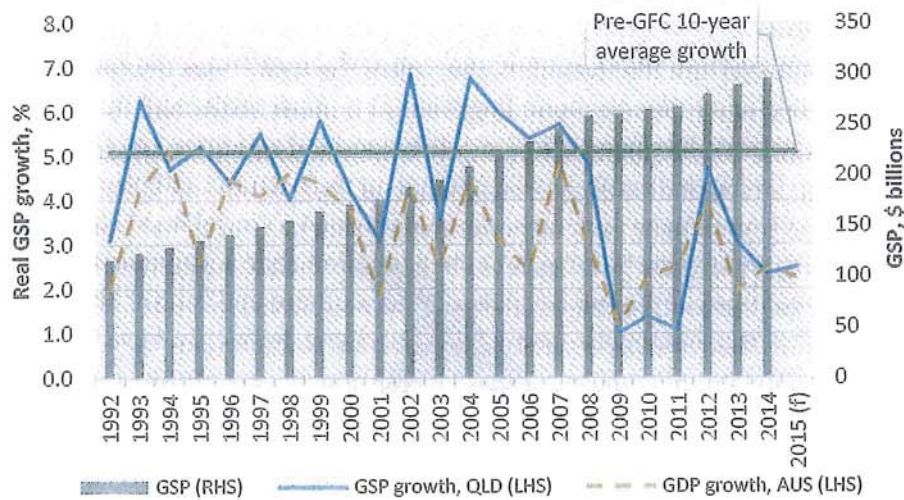
The Queensland economy is adjusting to a "new normal" of lower growth after averaging robust growth of 5.1 per cent in the decade leading up to the Global Financial Crisis (GFC) 2008.

Queensland's economy has since been set back by the GFC, widespread flooding, Tropical Cyclone Yasi in 2011, and softening global commodity prices. Real GSP growth moderated to 2.3 per cent in 2014 and is expected to remain subdued around 2.5 per cent in 2015 (Figure 8). The commencement of the LNG project in the near term is expected to lift GSP only temporarily.

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Figure 8: Real GSP growth in Queensland



As with the case nationally and globally, private business investment in Queensland is declining. Mining capital expenditure has fallen since its peak at end-2013 and the current level of non-mining capex is lower than the levels during the GFC (Figure 9). Since the start of 2015, business confidence has been flat while business conditions (trading, profitability and employment) have worsened (Figure 10).

Figure 9: Private capital expenditure

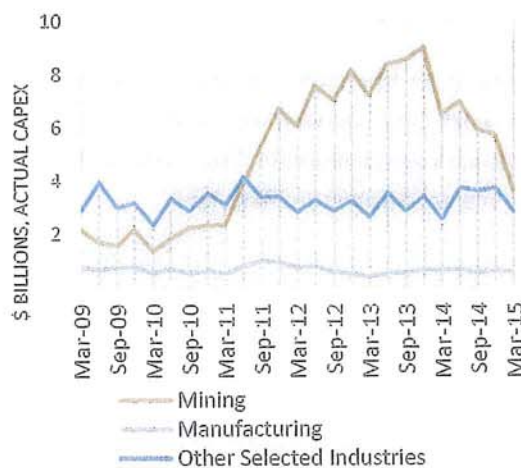
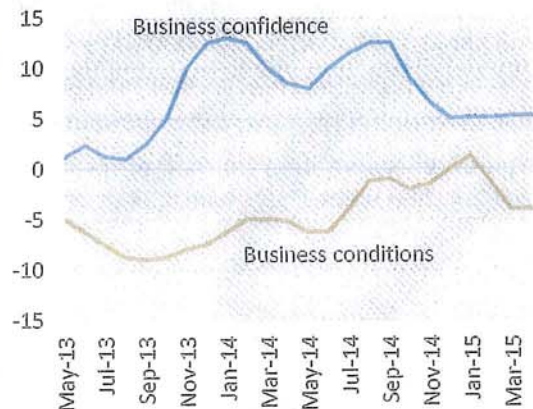


Figure 10: Business confidence



Source: Estimates from NAB Business Survey, April

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Attachment A. Economic History Lessons

Early Europeans in Queensland

During the nineteenth century, and well into the twentieth, the 'call of the land'¹³ was the catch cry that characterised Queensland's economic development. Beginning as a penal settlement in Moreton Bay in 1824 the evolution of the European economy of Queensland was driven by the expansion of the pastoral frontier. Sheep and cattle grazing opened up the pastures and plains of Queensland's interior, mining penetrated many isolated areas and provided a crucial fiscal liquidity to the colony, while timber-getting, small-scale farming, and the plantation-style sugar industry encouraged the occupation of large tracts of the coastal plains in the southern and central districts, and later in the far northern tropics. The nineteenth century was also characterised by rapid increases in population, the development of numerous urban clusters and by new ventures in the mining, manufacturing, and tertiary sectors.¹⁴

The fledgling settlement struggled through the early years, with the first of many taxing droughts hindered agricultural development in 1827-28. The often harsh climate was to continually shape and direct the patterns of development, and drought, particularly, was to play a fundamental role in how settlers and governments viewed the economic value of the land.¹⁵ As Ross Fitzgerald has noted, Logan's developmental zeal was often misdirected and much energy, expense and precious timber resources were wasted on agricultural projects of marginal value.¹⁶

The pattern of economic development in Queensland up to the 1840s was suppressed by the official restrictions placed upon economic activity. Economic activity therefore was contained to only that which served the subsistence needs of the penal settlement. In the late 1830s and early 1840s that the hinterland began to develop to the point where Brisbane and Limestone Hills became necessary conduits for the trade of rural commodities. Moreton Bay was effectively quarantined from free settlers until about 1840. Pressure from Darling Downs pastoralists for access to the ports at Brisbane and Limestone Hills forced Governor George Gipps to lift the trade and traffic restrictions in the fifty-mile exclusion zone around the settlement. Ships were then allowed to call at the port of Brisbane to off-load goods and seek outward cargoes without prior permission. The convict era at Moreton Bay finished when the township was declared a free settlement in May 1842.

¹³ W. Ross Johnston, *The Call of the Land: A History of Queensland to the Present Day* (Brisbane: Jacaranda Press, 1982).

¹⁴ *Economic Development in Queensland during the Nineteenth Century*

¹⁵ Dan Daly, *Wet as a shag, Dry as a bone: drought in a variable climate* (Brisbane: Department of Primary Industries Queensland, 1994), p. 117. Rainfall data was recorded in Brisbane from 1840, however, continuous records have only been kept since 1858 and not much data on drought is available before this date. There were significant droughts recorded in Queensland during the years 1827-28, 1858, 1862-68, 1882-86, 1887-88, and 1898-1903.

¹⁶ Fitzgerald, *From the Dreaming to 1915*, p. 81. He cites William Coote in *History of the Colony of Queensland; from 1770 to the close of the year 1881*, vol. 1, (Brisbane: William Thorn, 1882), pp.17-18. and Louis Cranfield, 'Life of Captain Patrick Logan', *JRHSQ*, 6, 2 (1959-60), p.320.

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During the 1860s townships were established at Townsville, Mackay and Bowen, as well as other service centres to the west at Roma, Charleville, Goondiwindi and Clermont. The establishment of permanent settlements encouraged the growth of essential service industries. In the townships, and along the wagon and coach routes, small manufacturing enterprises were established — saddlers, blacksmiths, sawmillers, joineries, coach and wagon workshops, coopers, tailors, dressmakers, and boot-makers. Eventually, with the growth in population densities, these markets would reach a point of critical mass when it became viable to establish non-essential goods manufacturing.

On 10 December 1859, Queensland was formally separated from the colony of New South Wales. The pastoral push had advanced throughout the south-eastern coastal plains and had penetrated deeply in to the southern brigalow belt, an area encompassing the western Darling Downs and the ranges and plains to the west of Rockhampton and Gladstone in central Queensland.

The first ministry, led by Colonial Secretary Robert Herbert, was representative of the pastoralists' interests yet adopted a land use strategy that, at least in part, attempted to address the needs of the smaller landholder and of the ideal of closer settlement. The Herbert government set aside tracts of land in three categories: town, suburban (including small farming allotments) and country (for pastoral runs and larger farms). The government's rationale appears to have been to allow immigrants of limited means to establish small farms to supply produce to the growing urban centres.

Large tracts of land were reserved for agricultural use; for example, 100,000 acres around Moreton Bay, Wide Bay and at Port Curtis (Gladstone). Smaller areas of 10,000 acres were to be retained around towns with a population greater than 500. Immigrants were able to apply for land grants and if unsuccessful they could purchase small farms of between 40 and 300 acres.

Queensland was almost totally dependent on Sydney for all 'finance, services, and supplies'¹⁷. During the 1850's the government built telegraph communications and railways in Melbourne and Sydney by borrowing money from London.

In late spring 1857, railroad stocks began to fall in value. One major United State's company (Ohio Life) was highly leveraged and overexposed failed on 24 August. As research by Charles Calomiris of Columbia University and Larry Schweikart of Dayton University shows, problems spread eastwards in the United States, dragging down stockbrokers that had invested in railways. When banks dumped their stock, prices fell further, magnifying losses. On October 13th Wall Street was packed with depositors demanding their money. The banks refused to convert deposits into currency. America's financial system had failed. Essentially, this event was the first ever example of contagion.

As the financial dominoes continued to topple, the first British cities to suffer were Glasgow and Liverpool. Merchants who traded with American firms began to fail in October. Dennistoun, Cross and Co. was an American bank that had branches in Liverpool, Glasgow, New York and New Orleans, collapsed on November 7th, taking with it the Western Bank of Scotland. That made the British crisis

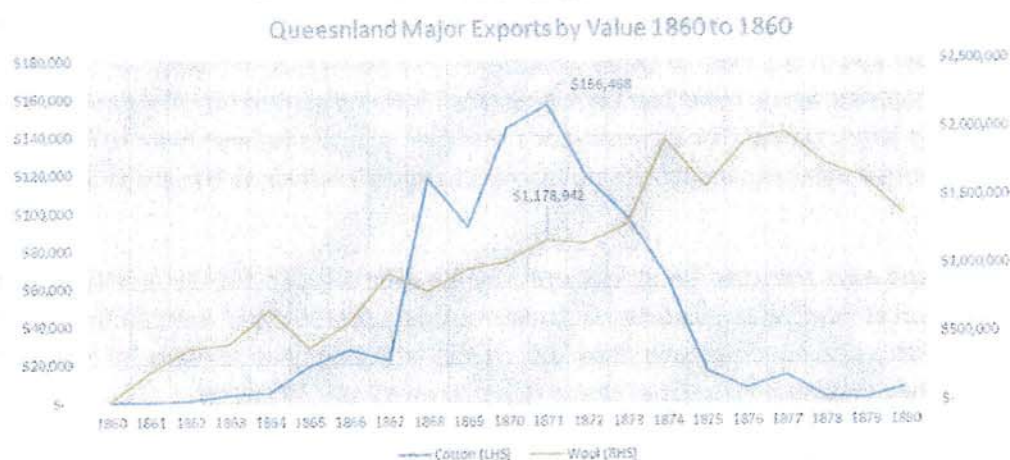
¹⁷ G. J. R. Linge, 'The Forging of an Industrial Nation: Manufacturing in Australia 1788-1913', in J. M. Powell & M. Williams, eds., *Australian Space, Australian Time* (Melbourne: Oxford University Press, 1975), p. 157.

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 systemic: the bank had branches and held £5m in deposits. There was “wild panic” with troops needed to calm the crowds. In 1858, Queensland had its first gold rush at Canoona in the Port Curtis district. The gold rush reduced the effects of the financial crisis and provided employment for the large amount of unemployed people.

Wool and Cotton Boom

On 19 April 1861, President Lincoln issues a Proclamation of Blockade against Southern ports. For the duration of the war the blockade limits the ability of the rural South to stay well supplied in its war against the industrialized North. However, it also stops the supply of cotton to London. The Queensland cotton crop therefore became more important to England, which had lost its American sources.

Graph 1. Queensland early exports of wool and cotton



Source: *Premiers, 2015*.¹⁸

On 9 April 1865, Gen. Robert E. Lee surrenders his Confederate Army to Gen. Ulysses S. Grant at the village of Appomattox Court House in Virginia.¹⁹ The end of the war also ended the blockade on the southern US cotton exports however it was a few years before US production could increase to large quantity of exports.

Pastoralism provided the economic foundation for Queensland and therefore was a consistent priority of all Queensland governments. Successive Queensland colonial administrations became increasingly active in the affairs of the pastoral and agricultural sectors, in which most parliamentarians were closely involved in promoting developmental railways, pastoral expansion,

¹⁸ Source: ABS 7503.3, Value of Agricultural Commodities Produced, Queensland, various editions; ABS 7503.0, Value of Agricultural Commodities Produced, Australia, various editions.

¹⁹ <http://www.historyplace.com/civilwar/>

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and ultimately closer settlement agriculture, while manufacturing was generally left to its own devices.

Wool and Cotton Bust

In the mid-1860s the pastoral sector had over-extended itself and the Queensland economy teetered on the brink of collapse. Overseas, a financial crisis was unfolding that involved a deflationary increase in lending interest rates that topped 10 per cent in 1866. A number of firms engaged in the global railway construction boom failed. The British Agra and Masterman Bank, which had raised the loan to finance Queensland's first railway from Ipswich to Grandchester (Bigge's Camp) in 1864-1865, was among the casualties of the 1866 crisis.

The Queensland economy had contracted from 1864 and in that year a major outbreak of pleuropneumonia²⁰ drastically reduced cattle numbers. The pastoral industry was over-capitalised, and this allied with stock losses, low prices and periods of drought, weakened the viability of the entire industry.

In May 1866, the Queensland Treasury was essentially bankrupt. Queensland had committed vast sums of borrowed money to developmental projects, especially to railway construction, and costs associated with its assisted immigration scheme had been rising. Mass immigration during this period was linked to the granting of land orders which undermined government revenues derived from land sales.

The extent of government involvement in the economy and the necessary curtailment of public works caused extreme hardship to newly arrived migrants and colony resident. The financial and fiscal crisis caused mass unemployment and considerable social unrest.

Booms and Borrowing

The 1866 example is a reminder of the risks of a government increasing its expenditure in line with its revenue during a boom period. Queensland is particularly exposed to the risk of booms and bust due to its heavy reliance on the mining sector. Currently, Queensland is in a similar situation to the 1866 recession. During the mining boom (1990 to 2013) the Queensland government increase its expenditure in line with its revenue, however as the boom finishes government revenue reduces and expenses remain high.

John Maynard Keynes explained in 1936 countercyclical fiscal policies should act against the direction of the business cycle.

²⁰ Pleuropneumonia, lung disease of cattle and sheep, characterized by inflammation of the lungs and caused by the bacterium *Mycoplasma mycoides*. Fever, thirst, loss of appetite, and difficult breathing are signs of the disease. The United States and Europe eradicated the disease near the end of the 19th century.

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The financial and fiscal crisis of 1866 was followed by a severe drought²¹, lasting from 1867 to 1869, which further weakened the pastoral and infant agricultural industries and contributed significantly to the depth of the fiscal and financial crisis that overtook the colony. In 1867 a new loan was raised in London and gold was discovered in viable quantities at Gympie. In 1868 the worst effects of the drought had faded and the pastoral sector regained its composure and the economy was revived.

Land allocations

The Torrens Title System is the system of land administration which applies in Queensland. The main architect of the British Empire land titling system was a South Australian named Robert Richard Torrens, who was born in Cork in 1814 and educated in Dublin. He arrived in South Australia in 1840 and was appointed Collector of Customs. In 1852, he became Registrar General and pursued, amongst others, the reform of the land title registration system.

Despite bitter opposition, the Real Property Act 1858 (SA) was proclaimed in South Australia. Queensland was the first State to follow the lead of South Australia in introducing the Torrens System by the proclamation of the Real Property Act 1861.

The Torrens System was probably based on an amalgam of concepts from the English Merchant Shipping Act 1854, registration systems in the Hanseatic towns (a group of towns in Northern Germany) and the report of English Royal Commissioners of 1857²².

Crown Lands Alienation Act 1868 marks an important juncture where the pastoralists' power over the land was beginning to be usurped as selectors, merchants, bankers and middlemen of all descriptions came to feast on the pastoral banquet. The increase in pastoral production was fuelled by a rapidly growing demand for wool by British mills and expanding export markets for preserved meat and meat extracts, tallow, leather and hides.

In the 1870s Land Acts throughout the colonies created an unsustainable cycle of debt. The Government encouraged pastoralists to invest in more land so it could use the revenue to service loans to construct railroads. This whole process was structured around the price of wool, and the bulk of this private and public debt was created while wool prices peaked during the 1870s and early 1880s.

The value of pastoral exports was virtually the same in 1880 (£1.9 million) and it had been in 1870 (£1.8 million) as demonstrated in Graph 1 above. The British market for wool, however, contracted in the late 1880s and the price of wool plummeted by approximately 37 per cent by 1894. Pastoralists, burdened by heavy debt, had little option but to drive down costs (principally by cutting

²¹ James Foreman-Peck, *A History of the World Economy: International Economic Relations since 1850* (Brighton: Wheatsheaf Books, 1983), pp. 85-6. & Ian Cameron, *125 Years of State Public Works in Queensland: 1859-1984* (Brisbane: Boolarong Press, 1989), pp. 38-42.

²² Queensland Department of Natural Resources and Mines Land Title Practice Manual (Queensland), *Introduction to the Land and Water Allocation Registries*, 6 April 2009

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wages) and increase production in a futile attempt to counteract the falling prices with predictable results.

1890s Depression

Between 1891 and 1893 there was a worldwide depression from over production of in Europe that led to decreased prices for commodities which reduced export earnings and undermined Australia's capacity to service its public debt. The economic crash was touched off by the collapse of Baring Brothers Bank in London after its Argentinean debtors defaulted on their loans. The money men of the 'City' panicked, quickly called in their paper and withdrew from various markets, including Queensland, effectively cutting off Australia's access to foreign investment capital.

Leading up to the crises in 1893 there is rapid growth in bank lending to fund growth in building and infrastructure investment. However, the global economy changes in 1893 when asset values (in particular real estate) fall substantially. A number of banks run out of funds as investors attempt to retrieve deposits, with rumours of bank collapse adding to the run on the banks. The Federal Bank of Australia in Melbourne runs out of cash and closes. Around Australia, 54 of the 64 banks operating are forced to close (including 8 of the 11 banks of issue in the Queensland colony) as depositors struggle to retrieve their savings. A few banks re-open, calling up state capital, and compulsorily convert many deposits into shares. The flow on impact of the financial crises on the Gross Domestic Product (GDP) of the colonies was a fall of 17 per cent in 1893, with GDP not returning to the 1891 level until a decade later.

As a result of the financial crisis Queensland experienced a depression that affected most of the colony. In 1890, Britain had begun to shift from being the industrial hub of the world to being the centre of world finance. More than 40 per cent of Australia's exports were required to fund its debt to British finance. Queensland was responsible for a sizeable chunk of Australian debt.

The 1890s were a critical and pivotal decade for the economic development of Queensland. The depression had a positive impact forcing the reorganisation of the colony's financial and industrial bases which resulted in a consolidation and restructuring of industrial organisation and ownership. In the pastoral sector there was a shift towards company ownership under the control of mortgage-holders.

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Queensland manufacturing 19th century

The development of the manufacturing of non-essential goods was fairly restricted, but by 1869 more sophisticated industries began to emerge; among these were 'boat-building and sail making, smelting works, and iron, brass and copper foundries'. By 1875 industries such as tanneries, soap and candle making, sugar and rum distilleries, and arrowroot processing had been added, followed by breweries, brickmaking (1876), rope and twine-making (1877), wine-making (1883), sawmills (1886), butter/cheese-making (1892), jam, sauces and condiment-making (1894), and boot and shoemaking (1897).

Creative Destruction and Trade

The early Queensland manufacturing industries are no longer pursued in large commercial quantities as new technology and the pressure from exports reduced the need for local manufacturing to produce. The new technology created new products that replaced the requirement to produce products like candles were replaced by electric lighting. The destruction of one industry (candles) may reduce the jobs in that industry however, the new technology increases the overall welfare of the population.

Trade also reduced the need for local people to produce products over time which reduced the employment in those industries however the Queensland economy as a whole benefited from the increased trade. Trade allows the Queensland economy to maximise its returns through specialisation in its comparative advantages.

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In the footwear trade, Brisbane and the south-east clearly dominated the trade by 1895. With the exception of one factory in Rockhampton, all of Queensland's thirty-four footwear factories were located in the south-east corner of the colony; of these, twenty were located in Brisbane.

The clothing sector flourished, concentrated in Brisbane, Ipswich and Townsville. In the metals sector, tin and iron works were reasonably decentralised, servicing local markets, and also supplying light equipment for the mining sector. Metals smelting peaked and troughed with prices paid on the overseas metals exchanges. The establishment of the gold and copper smelter at Aldershot in the early 1890s was significant as the works treated metals from all over Queensland.

²³ The World Economy Trade and Finance, Seventh Edition, by Beth V. Yarbrough and Robert M. Yarbrough. 2006

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Early recorded droughts

The twentieth century begins in the middle of a long and costly drought. Starting in 1895, the drought is the most severe in 1902 and lasts to 1904. The whole of Australia is affected and Queensland suffers heavy losses. Gold, pastoral products and sugar are the key exports, accounting for 91.0% of total export value.

Droughts and flooding rain

As the 1904 poem said, Australia has always had an extremely variable climate which has shaped the development of the economy. Queensland is regularly affected by long droughts which requires our water supply system to have large dams to capture the flooding rain and make it through the droughts. Dams require very long planning horizons and are difficult political issues. However, the economic cost of running out of water is a much higher cost and politically damaging.

As in the 1890s drought Queensland experienced another large drought in 2001-07 where South East Queensland almost ran out of water (NRW - The South East Queensland Drought to 2007). The risk of running out of water still remains with Queensland which affects the decisions of people and business when considering moving to the region.

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In terms of individual commodities, gold accounts for 29.4%, wool 22.9%, meat 16.3%, sugar 7.0% and livestock 6.2%. New South Wales is the main destination of total exports in value terms (49.6%), with the United Kingdom accounting for 34.1% (and most of the foreign export value). Interstate exports account for 56.7% of Queensland's total exports in 1900.²⁵

In 1900, state revenue exceeds receipts by around \$100,000, with this surplus used to reduce public debt. In total revenue terms, custom receipts accounted for 31.9% of the total, while railway receipts accounted for 31.0%. Interest on public debt was the largest item of public expenditure, accounting for 29.5% of total expenditure, with expenditure on railways the next highest contributor at 20.9%.

Early tax levels

At the time of federation, Australia's tax to GDP ratio is estimated at around 5%. This ratio remains reasonably constant until the introduction of income tax in 1915. The years following WWI see rapidly rising prices, particularly for basic commodities such as foodstuffs and clothing. The government of the day introduces 'The Profiteering Prevention Act of 1920' which provides for a Commissioner of Prices with power to fix the price of any commodity. After the Second World War,

²⁴ The poem 'My Country' by Dorothea Mackellar 1885 - 1968

²⁵ <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/1318.3Feature%20Article14Mar%202009#Ch1>

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tax revenue grows to over 22% of GDP in an effort to support the introduction of government support programs, such as the Widows' Pension in 1942 and Unemployment Benefit in 1945.

Currency and the gold standard

In the early 1790's the three most prominent mediums of exchange until the arrival of Governor Macquarie in the second decade of the new century were Promissory Notes and I.O.U's., Governor King's Proclamation Coins including Boulton's Cartwheel coinage and goods, more particularly, the Rum Trade.

The departure of Captain Phillip at the end of his tenure as governor in 1792, until his official replacement by Captain Hunter in 1795, the infant colony was left in the care of lieutenant-governors - first Francis Grose, then William Paterson. Effectively, these two officers governed on behalf of, and in the personal interests of, the New South Wales Corps (Corps). Members of the New South Wales Corps had the ability to raise capital by borrowing against their regimental pay, which was accumulating back home in England. The Corps snatched control of trade in the colony and established rum as the most common currency.

The Corps acted in 1793 after the arrival of the American trading ship (Hope), with 7,500 gallons of rum in her cargo. The other goods carried were desperately needed but the Hope's incorrigible captain insisted that he would sell nothing to the colonists unless they first bought all of his rum. The Corps officers saw this as an opportunity rather than a rort and formed a syndicate, with regimental paymaster John Macarthur at its head, pulling the necessary financial strings. They bought the cargo and distributed it at a huge profit. The vast pool of rum flooded into the market place at grossly inflated prices and at once became a means of exchange.

As rum grew to be the king of currency, the population of New South Wales soon became divided into two classes - those who dealt in rum and those who were paid with, and drank it. Rum, a liquid gold as the medium of exchange, was used and abused in more ways than one. Rum could buy anything. The wages for the construction of some of our most famous landmarks were paid out in rum. Rum was offered as a reward for the capture of bushrangers. Many of the officers became publicans, with a very effective system set up to control their monopoly over rum.

A well-documented case connected with the rum trade was the construction of Sydney's (and Australia's) first hospital - more commonly known as the Rum Hospital. Built on the orders of Governor Macquarie between 1810 and 1816.

William Bligh arrived at the colony in 1806 to take up the post of Governor and caused the Rum Rebellion of 1808 but failed to stop the rum trade. In 1810, Lachlan Macquarie arrived in Sydney with instructions to end the rum trade, to send the New South Wales Corps home and to arrest the leaders of the rebellion. Macquarie began to tackle the major problems that he had inherited. The colony was nearly broke; what coins there were continued to be shipped away by visiting traders and the illicit rum trade ruled commerce.

A stable currency would strengthen the economy and underpin its fragile political and social structure. Macquarie also realised that the dictatorial methods employed by Bligh, Hunter and King



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were useless against the well-entrenched and now enormously wealthy proponents of the rum trade - some of whom were former Rum Corps members who had elected to stay in New South Wales as free settlers. Macquarie fixed on a plan that was both economically sound and a brilliant strategic move.

First, he reduced the number of licensed houses in Sydney from 75 to 20 and enforced their closure on Sundays. While he believed it essential to prevent the destructive use of liquor, he also realised it was impossible simply to ban it. He then moved to increase the supply of rum, making it less of a luxury and therefore devaluing it as a currency and discouraging monopolistic trade by a few. He did this by allowing the free importation of spirits, but with a relatively high duty of four shillings per gallon.

By 1800, the population of the colony had passed 5,000. A crazy collection of currencies including guineas, guilders, johannas, mohurs, rupees, Spanish dollars and ducats and Matthew Boulton's copper 'cartwheel' twopences and pennies had been left behind by visiting ships and were circulating in the settlement.

From 1901 the Commonwealth Government had constitutional power over currency matters and was keen to have a nationally-acceptable currency. Legislation for an Australian currency was eventually enacted in 1910 and, in 1911, a government-owned bank – the Commonwealth Bank and forerunner to the Reserve Bank – was founded. However, it took some years to establish a unique set of Australian currency notes and a settled institutional framework for the note issue. The first currency notes reflected Australia's heavy dependence on the land and rural activities.

The early 1920s saw control of the note issue move from Treasury to the Commonwealth Bank. In 1920, responsibility for the note issue passed to the Board of Directors of the (new) Note Issue Department within the Commonwealth Bank, commonly known as the Notes Board. In 1924 the Commonwealth Bank Act was amended with the stated purpose of establishing a central bank. Declared intentions again ran ahead of what was achieved in practice, but full control of the note issue did pass to the Bank.

The Australian currency was essentially based on the quantity of gold held in the treasury. Each note or coin was a representation of the quantity of gold (or sometimes silver) that could be exchanged for the tender. The main feature of the gold exchange standard is that the government guarantees a fixed exchange rate to the currency of another country that uses a gold standard (specie or bullion), regardless of what type of notes or coins are used as a means of exchange. This creates a de facto gold standard, where the value of the means of exchange has a fixed external value in terms of gold that is independent of the inherent value of the means of exchange itself.

Economic historians, such as Barry Eichengreen, blame the gold standard of the 1920s for prolonging the economic depression which started in 1929 and lasted for about a decade. Adherence to the gold standard prevented the central banks from expanding the money supply to stimulate the economy, fund insolvent banks and fund government deficits that could "prime the pump" for an expansion. Once off the gold standard central banks became free to engage in money creation. The gold standard

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limited the flexibility of the central banks' monetary policy by limiting their ability to expand the money supply.

In the US, the Federal Reserve was required by law to have gold backing 40% of its demand notes. Others including former Federal Reserve Chairman Ben Bernanke and Nobel Prize-winner Milton Friedman place the blame for the severity and length of the Great Depression at the feet of the Federal Reserve, mostly due to the deliberate tightening of monetary policy even after the gold standard. They blamed the US major economic contraction in 1937 on tightening of monetary policy resulting in higher cost of capital, weaker securities markets, reduced net government contribution to income, the undistributed profits tax and higher labour costs.

During the 20th century Fiat money became a serious issue. The outburst of WW1 governments began spending enormous amounts of money on armaments and soldiers. Most governments suspended the citizens' rights to redeem their money for Gold, but still kept on printing money resulting in huge inflation, so in 1945 many governments signed the Bretton-Woods agreement.

Under the Bretton Woods international monetary agreement of 1944, the gold standard was kept without domestic convertibility. The role of gold was severely constrained, as other countries' currencies were fixed in terms of the dollar. Many countries kept reserves in gold and settled accounts in gold. Still they preferred to settle balances with other currencies, with the American dollar becoming the favourite.

The International Monetary Fund was established to help with the exchange process and assist nations in maintaining fixed rates. Within Bretton Woods adjustment was cushioned through credits that helped countries avoid deflation. Under the old standard, a country with an overvalued currency would lose gold and experience deflation until the currency was again valued correctly. Most countries defined their currencies in terms of dollars, but some countries imposed trading restrictions to protect reserves and exchange rates. Therefore, most countries' currencies were still basically inconvertible. In the late 1950s, the exchange restrictions were dropped and gold became an important element in international financial settlements.

Trade and Currency

Under the Gold Standard form of currency imports and exports were controlled by governments as the inflexibility of the money supply was affected by the movement of goods. Too many goods moved at any one time could cause an under supply of money which could negatively affect the economy.

Fiat money has removed the money supply problems and therefore there is very little economic reason to restrict trade.

The Bretton Woods system ended on August 15, 1971, when President Richard Nixon ended trading of gold at the fixed price of \$35/ounce. At that point for the first time in history, formal links between the major world currencies and real commodities were severed. The gold standard has not

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been used in any major economy since that time.

Today the world is on a system of 'fiat money', which is money that is intrinsically useless; is used only as a medium of exchange. The value of money is set by the supply and demand for money and the supply and demand for other goods and services in the economy. The prices for those goods and services, including gold and silver, are allowed to fluctuate based on market forces.

Depression 1929

Wall Street Crash. 28 and 29 October 1929 are the second and third largest one-day losses (in percentage terms) for the Dow Jones Index (remains the largest one-day loss). The 1929 losses are 12.8% and 11.7% respectively. After the crash one out of five U.S. banks fail, causing a significant contraction of the available money supply.

In 1934-35, Queensland emerges from the gloom of the Great Depression with employment levels restored, stimulation from public works expenditure and restoration of wool, wheat and metal prices to pre-depression levels.

In 1950-51, the value of foreign exports rise by over 530% on 1940-41 levels (to \$320.6m) due to significantly higher commodity prices rather than an increase in the volume of trade. Wool accounts for 64.3% of foreign export value, while sugar (9.0%), meat (8.3%) and butter (5.3%) are other significant contributors.

Tax and exports in 1950 – 1970

Tax revenues decline during the 1950s and by 1963-64 the tax to GDP ratio is around 18%. In the early 1970s, tax revenue increases significantly, partly driven by funding requirements for social programs such as the introduction of free higher education. Since the late 1980s Australia's overall tax to GDP ratio has been relatively stable and in 2008 was around 30% of GDP.

In 1952, strict import restrictions introduced to prevent further deterioration of Australia's Balance of Payments. Restrictions are also placed on the amount of money Australians can take overseas.

During the same time since 1950 to 1960, the contribution of wool exports to the value of foreign exports nearly halves from 64.3% to 33.1%. Sugar (21.2%) and meat (18.2%) are also key exports, although butter's contribution falls significantly from levels 10-15 years earlier.

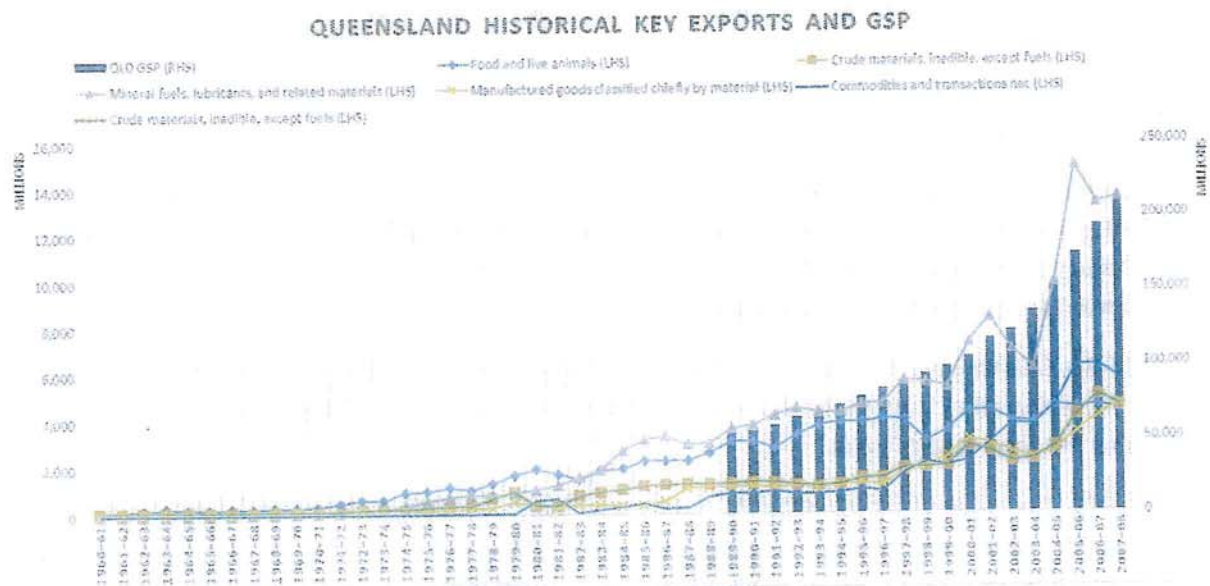
In 1973, the Australian Government reduces all tariffs on imported goods by 25%. In 1974, the headline Consumer Price Index (CPI) for Brisbane hits an annual high of 15.9% in the September quarter 1974. The CPI figure remains the record high figure for Brisbane over the history of the 60 year CPI series.

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Modern economy 1980

Graph 2. Queensland key historical exports 1960 to 2008 and GSP 1989 to 2008

Source: Premiers, 2015.²⁶

In 1980, sugar is the largest individual contributor by value to foreign exports (25.2%), with coal exports contribution growing to 23.5% (up from 9.3% in 1970-71) and 73.2% of foreign coal exports go to Japan. Meat exports are still significant (12.3%) but wool exports have fallen in relative terms to 2.3% of the value of foreign exports. The three main destinations of Queensland's foreign exports

Economic Reforms and Wealth Creation

In the 1960s, 1970s and early 1980s Australia was an insular, highly regulated economy, with many public sector monopolies, contributing to low productivity and growth and poor comparative economic performance. From the 1980s and 1990s Australia's economy was transformed by a broad reform agenda, particularly Australia's National Competition Policy, into an open, dynamic, flexible and high productivity economy.

Graph 2 above demonstrates the large increase in Queensland exports and Gross State Product (GSP) from the 1980 reforms. Due to the large increase in wealth the reforms stopped being implemented. However, now the mining boom is not expected to continue to support the Queensland economy microeconomic reforms are needed to increase productivity and maintain the community's standard of living.

in value terms in 1980-81 are Japan (35.2%), United States (16.6%) and Canada (6.5%). In 1983, the Australian Government floats the dollar and announces further quotas and increased tariffs to

²⁶ Office of Economic and Statistical Research, Queensland Treasury, Historical Tables, Economy, 1860 to 2007-2008, (Q150 Release)

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ensure Australian steelmakers receive 80% of the domestic market. In the same year Queensland coal exports begin to overtake all other exports in value terms.²⁷

On 19 October 1987, Black Monday' the biggest one-day stock market crash in history with the Dow Jones Industrial Average falling 22.6% in one day and the Australian shares subsequently fall by 25%.

In 1990, Coal is the largest single Queensland foreign export item in value terms, contributing \$3,634m or 33.9% of total exports; coal has been Queensland's largest single export commodity since 1981-82 to the present day. Other significant imports in value terms are meat (14.2%) and sugar (8.5%). Other mineral commodities such as aluminium, copper and lead combined make up around 9% of exports. Japan is the main destination of foreign exports of goods, accounting for 36.2% of the export value.

Fiscal repair

In 1994, the Queensland Treasurer, Hon. Keith De Lacey, announces that Queensland is debt-free, with assets exceeding liabilities for the first time since separation in 1859.

The financial year 1996-97 sees the start of 12 consecutive financial years where growth for the Queensland economy GSP outperforms the rest of Australia. Research by the Queensland Government (including the Queensland Treasury) indicates that contributing factors to the stronger growth include the State's stronger population growth, strong labour force participation and higher multi-factor productivity growth including higher business research and development growth. The mining boom, commencing around 2003, is also thought to have contributed to Queensland's stronger growth performance.

The internet and the economy

In 2001, the end of the 'dot-com bubble'. The dot-com stock market bubble saw the rise of Internet sites and the technical industry in general. The official date of the internet 'crash' is considered to be March of 2001, after internet stock valuations began to rapidly decline.

The March quarter 2002 sees the start of two and a half years of double-digit annual rates of growth in Brisbane's established house prices. The annual growth rate peaks at 38.8% in the December quarter 2003. Double digit annual growth rates are again achieved between the March quarter 2007 and June quarter 2008.

Mining boom and Global Financial Crisis

In April 2007, Queensland's trend unemployment rate hits 3.6%, the lowest rate recorded in the 30-year history of the ABS Labour Force series. This rate has been equalled but not bettered as at January 2009.

In 2007, the U.S. sub-prime and ensuing credit crisis begins. Foreclosures and bankruptcies accelerate in the United States in late 2006 and during 2007, with nearly 1.3 million United States

²⁷ <https://www.accc.gov.au/speech/australia%E2%80%99s-experience-driving-economic-growth-through-competition-policy-reforms>

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housing properties subject to foreclosure activity. Investors lose billions of dollars in investments that are tied to sub-prime mortgage assets. This in turn triggers disturbances in the global markets, including Australia.

In 2008, growth for the Queensland economy GSP outperforms the rest of Australia for the 12th year in a row. The average annual growth rate in Queensland GSP over the previous decade was 4.9 per cent compared with 3.2 per cent for the rest of Australia.

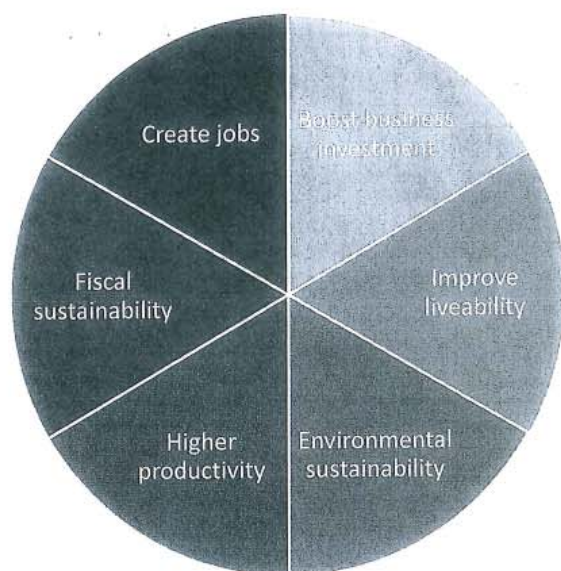
Coal accounts for 37.1% of total merchandise export value. Total rural commodities make up 14.5% of exports, of which meat is the largest contributor (8.8%).

Asian markets and the European Union are the main Queensland export markets in 2007-08. Japan, South Korea, India, China and Taiwan, together account for 58% of the total value of Queensland's foreign good exports. The European Union accounts for 16%. Japan remained Queensland's largest export market in 2007-08, accounting for 25% of total merchandise exports.

NOT GOVERNMENT POLICY -- DRAFT FOR DISCUSSION ONLY Queensland Economic Action Plan

This action plan provides a pragmatic and innovative pathway towards improving the Queensland economy. The proposed actions are implementable within the next three years and expected to have a direct impact on the six economic goals.

Part 1: Economic goals



These goals are to be achieved without privatising government assets, outsourcing public services, any new or increased royalties, taxes, fees and charges, and with a moderate approach to debt reduction.

Part 2: Economic analysis

Ch 1: Economic Conditions and Parameters	Ch 2: Drivers of economic growth	Ch 3: Queensland growth opportunities	Att A. Economic History
Slow Economic Growth	•Capital (human, physical)	•Economic Outlook (Global, Australia, Queensland)	•Booms and Debt
Structural Shift	•Technology	•Megatrends and implications for Queensland	•Creative Destruction and Trade
Declining Business Investment	•Entrepreneurship and Management	•State comparison on key economic indicators and cross-cutting themes	•Droughts and Flooding Rain
Productivity	•Political and Legal Environment	•SWOT and gap analysis	

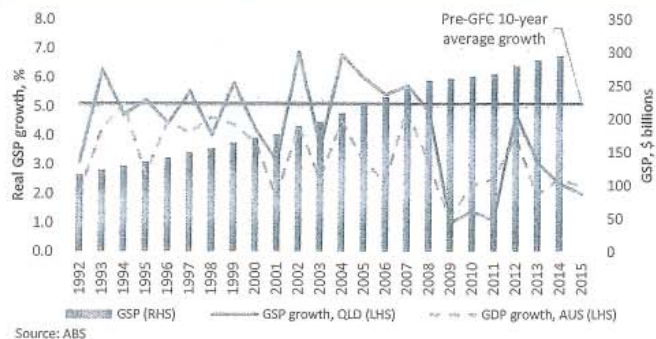
Part 3: Action Plan

The action plan includes existing government programs, ~~election commitments~~ and proposed new initiatives. The QEAP is organised into the following headings with specific actions under each of them.

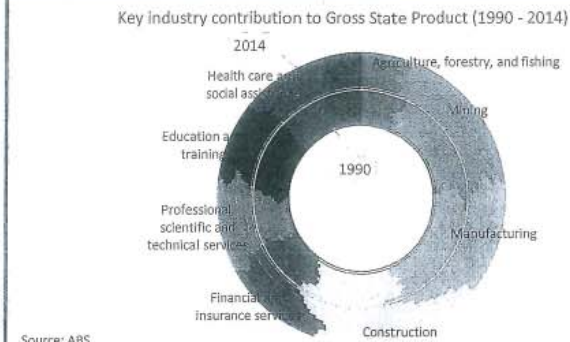
1. Job Creation	7. Attract the Best and Brightest
2. Innovation Action	8. Maximise Utility Net Benefit to Society
3. Small Business and Start-up Growth	9. Increase Businesses Ability to Grow the Queensland Economy
4. Improve Planning Regulation	10. Economics to Improve Social Issues
5. Improve Transport Efficiency	11. Fiscal and Debt Strategy
6. Deliver Better Education Outcomes	12. Infrastructure Advancement

NOT GOVERNMENT POLICY -- DRAFT FOR DISCUSSION Queensland Economic Action Plan to achieve a more open and productive Queensland economy

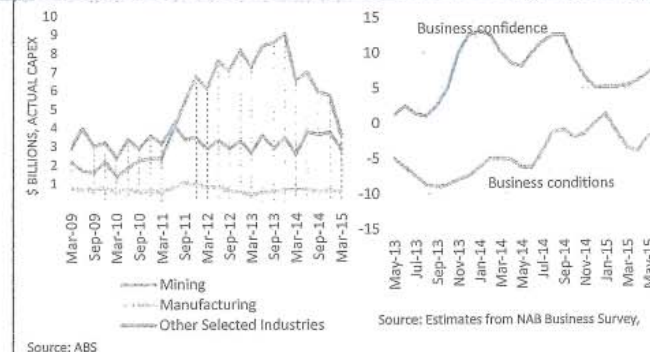
Economic growth is slowing down. After recording strong growth in the decade leading up to the Global Financial Crisis (2007-08), Queensland's economy was partly set back by the GFC, widespread flooding and Tropical Cyclone Yasi in 2011. Real GSP growth moderated to 2.3 per cent in 2013-14, much lower than the state's pre-GFC 10-year average growth of 5.1 per cent. GSP growth is expected to slow further to 2 per cent in 2014-15. The Australian economy is expected to slow to 2.25 per cent in 2014-15.



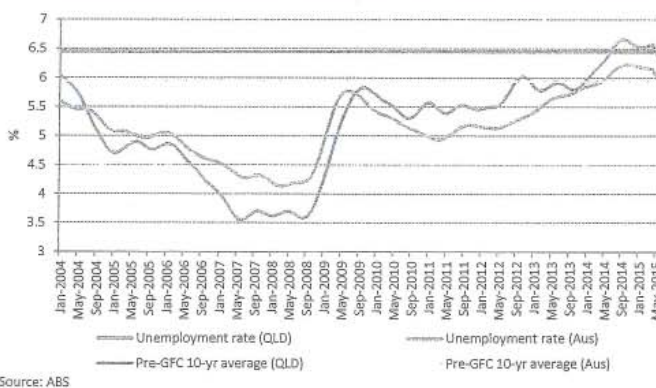
Structural shift in the economy towards services. The top three contributors to GSP from 1990 to 2009 were mining, construction, and manufacturing. However, manufacturing's contribution to GSP is on a downward trend, with health care and social assistance becoming the third largest contributor to GSP from 2011. Construction overtook mining in 2011 as the top contributor to GSP. As the mining boom wanes, new growth will have to come from the services industries.



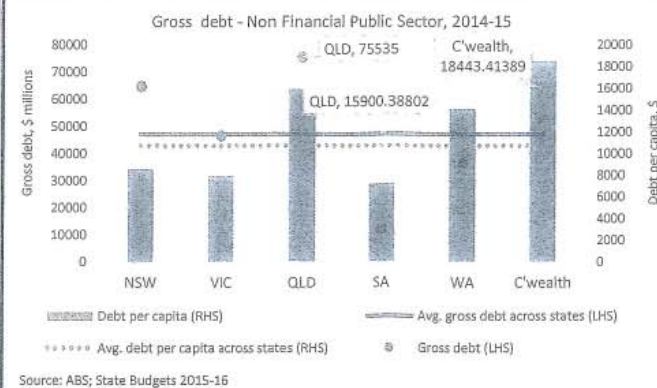
Business investment is declining. Mining capex has fallen since its peak at end-2013 and the current level of non-mining capex is lower than the levels during the GFC. Business confidence has plummeted since late 2014 but started to turn around in the second quarter of this year. Business conditions (trading, profitability and employment) have also started to reverse some of the losses made earlier in the year.



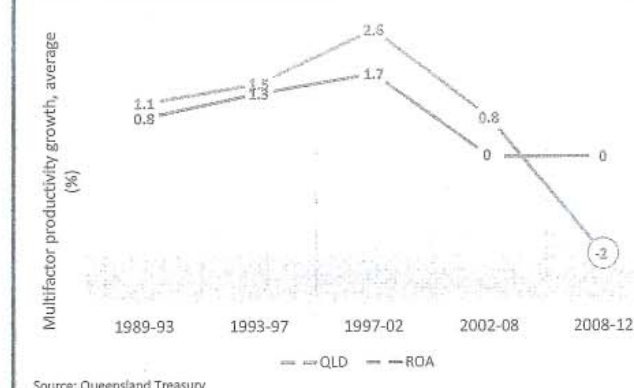
Unemployment is falling but still high. The unemployment rate is currently at 6.3 per cent, falling back below the pre-GFC 10-year average of 6.5 per cent (and below the historical long term average of 7.4 per cent). However, Queensland's current unemployment rate is still above Australia's unemployment rate of 6 per cent. Slower economic growth and high unemployment can lead to lower financial standards of living (income - cost of living) with increasing costs of living placing pressure on households.



Debt is rapidly rising. Gross public debt is expected to increase to around \$75 billion in 2014-15, the state with the highest debt level. Of the total debt, general government debt amounts to \$43 billion, an increase of almost 20 times in just eight years from the debt level in 2006-07. Queensland is the only Australian state with its debt more than revenue (1.5 times). The interest expense is just under \$4 billion a year (8 per cent of revenue).



Productivity has declined sharply. The average multifactor productivity (MFP) growth rate in Queensland has been on a downward trend since the late 1990s and has fallen below the average MFP growth in the rest of Australia. Between 2008 and 2012, MFP in Queensland declined by an average of 2 per cent. This trend must be reversed to improve Queensland's living standards.



NOT GOVERNMENT POLICY -- DRAFT FOR DISCUSSION ONLY Queensland Economic Action Plan

Cabinet-In-Confidence		NOT GOVERNMENT POLICY -- DRAFT FOR DISCUSSION ONLY		Queensland Economic Action Plan						
	Action Items	Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability
					Benefit					
1.11	Defence Industries Road Map - Promote and enable Queensland's defence industries. To access national and global supply chain opportunities		Existing	Easy	Medium	Medium				
1.12	Provide a payroll tax holiday to new companies established as a result of Advance Queensland research programs		Election	Easy	Low	Low				
2	Innovation									
2.01	Queensland Fire and Rescue Service increased its capabilities and launched a web-based portal allowing for electronic lodgement of building applications		Existing	Easy		Low	Low			
2.02	Maintain the Queensland science and innovation case study library		Existing	Easy		Low	Low			
2.03	Queensland Government delivers online services and to make it easier for business and industry customers to interact with government		Existing	Easy		Low	Low			
2.04	A \$50 million Advance Queensland Best and Brightest Fund, which will develop, attract and retain world-class talent—both scientific and entrepreneurial.		Existing	Easy	Low	Low	Low			
2.05	Advance Queensland Research Fellowships		Existing	Easy	Low	Low	Low			
2.06	Advance Queensland PhD Scholarships		Existing	Easy	Low		Low			
2.07	Advance Queensland Women's Academic Fund		Existing	Easy	Low		Low			
Status:		Proposed— new idea proposed by Economic Policy Existing— existing government program underway Election— government election commitment	Key:	Easy	Easy to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy			
				Difficult	Difficult to implement					

Cabinet-In-Confidence		NOT GOVERNMENT POLICY -- DRAFT FOR DISCUSSION ONLY				Queensland Economic Action Plan				
	Action items	Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability
					Benefit					
1	Job Creation									
1.01	Establish Jobs Queensland		Election	Easy	Medium		Low			
1.02	A \$46 million Advance Queensland Future Jobs Strategy, which will open the door to new industry/research collaborations,		Existing	Easy	Medium	Low	Low			
1.03	Legislation introduced in State Parliament to facilitate the necessary environmental approvals for the continued operation of Mount Isa copper smelter		Existing	Easy	Low				Low	
1.04	A \$76 million Business Investment Attraction package support proof-of-concept projects, and attract co-investment through the Business Development Fund.		Existing	Easy	Low	Medium	Low			
1.05	A 25% payroll tax rebate on apprentice and trainee wages		Existing	Easy	Medium	Low				
1.06	10% of workers on major government projects are apprentices and trainees		Election	Easy	Low					
1.07	Improve job opportunities for locally trained registered nurses		Election	Easy	Low					
1.08	Implement the Queensland Gas Supply and Demand Action Plan		Existing	Easy		Low	Medium			
1.09	Establishment of a Rural Job Agency in conjunction with industry to provide greater opportunities for facilitating the employment of rural workers with rural employers		Election	Easy	Low					
1.10	QLD Government work program - The 2015-16 capital program focused on ensuring a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging		Existing	Easy	Low	Low				
Status:		Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment	Key:		Easy Difficult	Easy to implement Difficult to implement	Low: Low impact on the economy. Medium: Medium impact on the economy. High: High impact on the economy			

Cabinet-In-Confidence		NOT GOVERNMENT POLICY -- DRAFT FOR DISCUSSION ONLY				Queensland Economic Action Plan				
Action Items	Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability	
				Benefit						
2.08	Work with the life sciences sector: to support early stage innovations by facilitating access to venture capital funding; better coordinate and profile the sector's capability at key national and international events	Existing	Easy	Low	Medium	Low				
2.09	Undertake activities through our international agreements and alliances which grow Queensland science, including agreements with China, India and North America.	Existing	Easy	Low	Medium	Low				
2.10	Focus on collaborations between researchers and industry to demonstrate the potential commercial viability of new ideas	Existing	Easy	Low	Medium	Medium				
2.11	Support the incubator program to improve the success rates of high growth potential start-ups and entrepreneurial ventures	Existing	Easy	Medium	Medium	Low				
2.12	Implement practical activities in collaboration with industry and research sectors to remove barriers, foster innovation and coordinate activity that supports Queensland's early stage entrepreneurs.	Existing	Difficult	Medium	Medium	Medium				
2.13	Deliver health services and information to regional areas using telecommunication technology	Existing	Difficult	Low	Medium	High	High			
2.14	Develop a Digital Government Framework to guide agencies in embracing a 'digital first' stance to drive service transformation using digital technologies and services innovation	Existing	Easy		Low	Medium				
Status: Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment		Key: Easy Easy to implement Difficult Difficult to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy						

Cabinet-In-Confidence		NOT GOVERNMENT POLICY -- DRAFT FOR DISCUSSION ONLY		Queensland Economic Action Plan						
	Action items	Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability
2.15	Science and Innovation Action Plan: provide a blue print to maximise the opportunities from world-class research infrastructure and institutes		Existing	Easy	Low	Medium	Medium			
2.16	Targeted assistance for geoscience		Existing	Easy		Low	Low		Low	
2.17	Promote the innovative use of digital technology to improve access to government information for people and business, while increasing information sharing across government agencies		Existing	Easy		Low	Medium	Low		
2.18	Digital archiving solutions to improve the long-term management of, and access to, government digital information assets by the community and government		Existing	Easy			Low		Low	Low
3	Small Business and Start-up Growth									
3.01	Meaningful dialogue with business to understand and act on ways to improve business	Boost business confidence having regular and meaningful dialogue with business about how to improve the business environment.	Proposed	Easy		Low	Low			
3.02	Develop an Asia Engagement Strategy for how the Queensland Government will assist the Queensland public to engage with Asia now and in the future	Asia is the largest and fastest growing region in the world which is geographically close to Queensland. Queensland people will need specific skills and knowledge to be able to interact with the Asian region that are different to the current trading patterns. Asian languages, culture, arts and method of business are different to Queensland's current understanding. Example: China is expected to have over 500 million people move into the middle class in the next 10 years and only about 2% of Queensland children can speak mandarin.	Proposed	Difficult	Medium	Medium				
3.03	Queensland Defence Training Zone - Work with Australian Defence Force to open areas of QLD for military exercise areas for foreign governments	Work with Australian Defence Force to open areas of QLD for military exercise areas for foreign governments. Military training areas can attract significant investment in regional and remote communities providing business with economic opportunities.	Proposed	Difficult						
3.04	Start the Queensland Small Business Advisory Council		Existing	Easy	Low	Low	Low			
Status:		Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment	Key: Easy Easy to implement Difficult Difficult to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy					

Cabinet-In-Confidence		NOT GOVERNMENT POLICY -- DRAFT FOR DISCUSSION ONLY			Queensland Economic Action Plan					
Action items		Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability
					Benefit					
3.05	Make Queensland a share and bond trading location	Investigate ways to make QLD a finance or share trading destination. Finance and share trading is a very large global industry which uses high levels of intellectual capital and provides large wealth creation opportunities. The average Australian trade of shares is about \$5 billion per month.	Proposed	Difficult	Medium	Medium	Medium		Medium	Medium
3.06	Since commencing in 2007, the Small Business Solutions Program has been delivered to over 5,000 small business owners.		Existing	Easy	Low	Low	Low			
3.07	Queensland centre of venture capitalism - enable easy provision of venture capital	Make Queensland the centre of venture capitalism in Australia by altering regulation to make it easy to provide capital and to start new businesses	Proposed	Difficult	Medium	High				Low
3.08	The Queensland Entrepreneurs of Tomorrow program		Existing	Easy	Low	Low	Low			
3.09	Provide business with Asian market information and assist with the development of connections by assisting organisations like the China Business Council	Increase government support for trade engagement with Asia through TIQ, Asian business representative bodies and associations. Queensland business find it difficult to access the large Asia markets. Government can assist business by providing information or connection services for local businesses.	Proposed	Easy	Medium	Medium	Low			
3.10	Improve regulation to allow the development of new businesses that are disruptive to current incumbent businesses	Investigate the creation of job-rich industries leveraging off digital disruptive technologies. Improving regulation to allow the development of new businesses that are disruptive to current incumbent businesses will increase productivity and job opportunities.	Proposed	Difficult	Medium	Medium	High	Low		Low
3.11	Restrict QTC's activity to debt management not consulting	Restrict QTC's activity to debt management not consulting. The private consultants in Brisbane are currently competing with QTC which is a constraint on private businesses	Proposed	Easy	Low	Medium	Medium			Medium
3.12	Stop QTC lending money to the Councils	Stop QTC lending to the Councils this is crowding out private money and banking or finance industry in Brisbane	Proposed	Easy	Low	Medium	Low			
3.13	Remove the requirement for public servants to use Qsuper	Remove the requirement for public servants to use Qsuper for their super fund. This is crowding out private super funds in Brisbane.	Proposed	Easy		Medium				
3.14	Remove QIC from the investment business	Remove QLD Gov funds from QIC and put the money through a private institution to increase the private finance companies in Brisbane.	Proposed	Easy	Low	High	Low			
3.15	Government provide contracts for locals	Investigate government business contracting out work to local business to increase efficiency and create opportunities for private businesses	Proposed	Easy	Medium	Medium		Low		
3.16	Assist Queensland businesses in gaining international defence industry contracts	Assist Defence Industries Queensland in procuring defence contracts for other countries defence equipment supply contracts. Assist in gaining the contracts for private companies.	Proposed	Difficult	Medium	Medium	Low			
Status:		Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment		Key:	Easy Difficult	Easy to implement Difficult to implement	Low: Low impact on the economy; Medium: Medium impact on the economy High: High impact on the economy			

Cabinet-In-Confidence		NOT GOVERNMENT POLICY -- DRAFT FOR DISCUSSION ONLY				Queensland Economic Action Plan				
	Action Items	Description	Status	Implement	Create jobs	Boost	Higher	Improve	Environmental	Fiscal
						business				
Benefit										
3.17	Improve the decision making of the Rental Tenancy Authority and the QLD Civil and Administrative Tribunal to improvement certainty for all	Bring in a better system for property disputes especially rental market decisions to give more certainty to both renter and landlords. Lower risk for people operating in the rental market will reduce rents and improve investment conditions.	Proposed	Easy		High	Medium	Medium		
3.18	Alter regulations and build infrastructure to enable water taxi industry in Brisbane River	Enabling a water taxi industry in Brisbane will reduce congestion, add jobs and increase the liveability of Brisbane.	Proposed	Difficult	Low	Low	Low	Medium		
3.19	Promote Queensland stability and strong property rights to attract technology development	Promote QLD as a place to develop new technology given its strong property rights, political stability and intellectual property protection. Queensland could be the base for business to operate in Asia due to its stable economy and geographic location.	Proposed	Easy	Low	High	Medium			
3.20	Government provide start-up business free rent in government buildings	Lease out underused government building to start-ups at zero rent but maintenance bills paid by start-up.	Proposed	Difficult	Medium	Medium	Medium			
3.21	Special leave without pay for public servants to create a start-up	Allow interested public servants two years off work without pay to found a start-up. The ability for a person to have a fall back job will reduce the risk of creating a start-up business.	Proposed	Easy	Low	Medium	Medium	Low		
3.22	Workplace Health and Safety Queensland (WHSQ) and the Electrical Safety Office (ESO) approve private inspectors to approve business safety and manage minor incidences	Work with Workplace Health and Safety to change the inspectors to being private inspectors except for serious investigations. All other inspections could be done similar to building approvals through a Gov authorised private inspector. The current inspectors would be able to focus on major areas of concern, approve licences and audit private inspectors.	Proposed	Difficult	Low	Low	Medium			
3.23	Establish a Business Development Fund to assist new small and medium businesses to commercialise their innovations		Election	Easy	Low	Medium	Low			
3.24	Support Development of Appropriate Water and Land Resources in North Queensland		Election	Easy	Low	Medium	Low	Low		
3.25	Develop National Multi-Peril Crop Insurance Scheme		Election	Difficult			High			Medium
3.26	Increase funding to destroy wild dog and cat populations		Election	Easy		Low	Low	Low	Low	
3.27	Develop Long Term R&D Blueprint for Agriculture and Food		Election	Easy	Medium	Medium	Medium			
3.28	Support the continuation of existing drought relief arrangements and assist farmer to improve climate risk management		Election	Easy		Medium		Low		
Status:		Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment	Key: Easy Easy to implement Difficult Difficult to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy					

Cabinet-In-Confidence		NOT GOVERNMENT POLICY -- DRAFT FOR DISCUSSION ONLY				Queensland Economic Action Plan				
Action items		Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability
					Benefit					
3.29	Get Trade and Investment Queensland (TIQ), the Department of Agriculture and Fisheries to adopt a whole of supply chain approach to policy.		Election	Easy	Low	Medium	Medium			
3.30	Establish a fund to help stay-at-home parents develop a business		Election	Easy	Low	Low	Low	Medium		
3.31	Establish a fund to support education in computational science and business development		Election	Easy		Low	Medium			
3.32	Fund a better international trade data collection and sharing data base for QLD (TIQ)	Creating good policy requires access to large amounts of accurate data. International trade data is not collected at the State level in the quantities required to get a good understanding of the trends and potential future changes.	Proposed	Easy		Medium	Medium			
3.33	Promote regulatory setting, exploration opportunities and commercial development that encourages of metalliferous resources such as copper, lead, zine and, in particular, rare earth elements.		Election	Easy	Medium	Medium	Low			
3.34	Provide incentive for people to have private health insurance	Provide incentives for people to move to private health funds to reduce the cost of providing public health in QLD and increase health jobs. The QLD government can maintain its funding of free health care while also provide assistance for people who want to use private facilities to access those services. A relatively small incentive could encourage a portion of people to move to private health insurance which could lead to large avoided costs for the government.	Proposed	Easy		Medium	Medium	Medium		High
3.35	Encourage Council to increase number of holiday homes	Council's could reduce their constraints on development to allow a large increase in the number of holiday homes on private property. QLD is a great place to holiday and it has a large amount of land. Holiday homes could have tank water, smaller building sizes, no electricity and septic plumbing to reduce the cost to Council. These dwellings would require caveats on the building approval to stop people living in them as permanent housing.	Proposed	Easy	High	High	Medium	High		Medium
Status:		Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment		Key:	Easy Difficult	Easy to implement Difficult to implement	Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy			

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Benefit										
3.36	Increase the percent of land a residential land owner can use to build	Remove the restriction on the percentage of land a person can build on. Currently, Council restrict the amount of land a house can cover. Brisbane City Council restrict houses to about 50% of the land which increases the cost of building. A person building a home on 50% of their land will either have to build a two story home or a small home. Building two story homes is much more expensive due to the increase in engineering requirements. Living in a small home will reduce the family's amenity for the life of the home.	Proposed	Easy	High	High		High	High	
3.37	Assist Council in altering regulations and planning to enable an increase in hotel development	Work with Council to increase the number of tourist accommodation. Tourism QLD is targeting 9% annual growth in numbers. The number of rooms will need to grow by a similar amount. Many more hotels should be allowed to be built in tourist destinations. Height limits need to be removed.	Proposed	Difficult	Medium	Medium		Medium		Low
3.38	Assist Council in speeding up the development approval process	Reduce time and risk of development approvals. Encourage councils to adopt risk tolerant approaches to setting levels of assessment. Consider moving assessed development applications (code assessment) to lower levels of assessment e.g. self-assessable.	Proposed	Easy	Medium	Medium	High	Low		Medium
3.39	Record historical buildings, old buildings and the surrounding community appearance then reduce constraint on removing some old buildings in Brisbane City Council region	Reduce the constraint on removing old QLD houses. The heritage value of the old QLD house is able to be kept by moving a sample to a historic village, maintaining a small sample in place and paying for a documentary of the history. Reducing the number of houses that are required within the city will increase the housing supply which reduces the cost of housing and the cost of transport. Increasing the available development sites will increase construction increasing jobs.	Proposed	Difficult	High	High	High	High	High	High
3.40	Allow easy development of UK style town homes	Alter regulations to make it easy for people to build UK style town houses that do not require body corporate because there is no shared property or assets. Easy construction of town houses will enable more density which increases agglomeration, reduces cost of services per person and reduces government cost of transport. Most town houses in QLD are required to pay a body corporate to maintain the common infrastructure. Body corporate fees can be costly and a deterrent to people living in higher density living.	Proposed	Easy	High	High	High	High	High	High
3.41	Increase business access to beach views by altering building regulations while maintaining environmental zones	Find a way to develop more places that over look beaches in QLD. QLD has some of the most beautiful beaches in the world which make them a comparative advantage. Increasing the ability of commercial activity on and around the beaches will increase economic activity and jobs. People want to be able to sit in the café, restaurants or hotel and see the water.	Proposed	Difficult	High	High	Medium	High		Medium
3.42	Allow business to operate on QLD beaches with special permits	Find a way to allow commercial activity on QLD beaches. While there is a need to control commercial activity on public land, like beaches, there are some activities that would be acceptable to the community. Increasing the commercial activity on beaches will increase economic activity, provide services to the public and create jobs.	Proposed	Easy	Medium	Medium		Medium		Low
Status:		Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment		Key: Easy Easy to implement Difficult Difficult to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy				

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Action items	Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability	
				Benefit						
3.43	Increase the liveability of cities by adding more parkland, increase small business and increase density	Proposed	Difficult	Medium	Medium		Medium	Medium	Medium	
3.44	Allow Food & drink carts in the city	Proposed	Easy	Medium	Medium	Medium	Medium			
3.45	Increase commercial space in government projects	Proposed	Easy	Medium	Medium	Medium	Medium		Medium	
3.46	Establish a voluntary Industry and Manufacturing Advisory Group	Election	Easy	Low						
3.47	Charter fishing is a distinct fishing activity with an economic benefit for the state and develop an action plan for the development of charter fishing	Election	Easy					Low		
3.48	Adopt a fisheries resource allocation policy based on maximising economic value	Existing	Difficult					Low		
3.49	Increase hunting businesses in QLD by adjusting regulations, including allowing a commercial wildlife harvesting licenced person to supervise unlicensed and licenced shooters and selling hunting tags to the highest bidder in an auction.	Proposed	Easy	Medium	Medium		Medium	Medium	Low	
4 Planning Regulation										
4.01	Change leasehold land to freehold land	Existing	Difficult	Medium	High	High	Medium	High	High	
Status: Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment		Key: Easy Easy to implement Difficult Difficult to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy						

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	Action Items	Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability
4.02	Moving Government owned commercial land to a GOC where it can be operated commercially	Currently, there are areas of government owned land that are not operated commercially that more wealth could be gained by giving the land to a GOC with a commercial focus.	Proposed	Difficult	Medium	Medium	Medium	Medium		High
4.03	Create regional university towns by working with the Federal Government to move current universities away from Brisbane	Move major universities to regional towns. Universities are self contained entities who are able to operate well away from major business centres. Working with the Federal Government to move universities out to regional areas will increase regional development and reduce congestion in the cities. It is also cheaper to build in regional areas which have more available land which would reduce the cost of education.	Proposed	Difficult	High	High	High	High	Medium	High
4.04	Provide the option for Aboriginal or Torres Strait Islander traditional land owners to change their land rights to freehold land	Reform land ownership in QLD - provide all Aboriginal and Torres Strait Islander's the option of moving land rights into full freehold land. Providing the option for Aboriginal and Torres Strait Islander's the option of moving land rights into full freehold land will improve investment decisions and increase economic activity. This is particularly important in these communities as the land rights problem is causing large social problems.	Existing	Difficult	High	High	High	High	High	High
4.05	Increase Brisbane City building height limits by changing flight paths and investing in an improved radar system	Work with CASA to alter flight paths over Brisbane and improve radar to enable an increase building heights in Brisbane. Currently the Brisbane Airport flight paths are directly over Brisbane city which is restricting the height of buildings in Brisbane. Changing the flight paths and improving the radar capacity will enable increases in all building heights in Brisbane. Higher buildings will allow more construction, higher returns on investment and better use of key commercial land.	Proposed	Difficult	High	High	High	Medium	High	Medium
4.06	Encourage niche agri-businesses to operate in QLD by changing regulation on water, land and transport access.	Work with Departments to reduce regulations and restrictions on niche agri-businesses. There are many difficult regulatory issues when a new type of business is trying to start. Agri-business can face issues related to water/land access, import/export issues, transport and land use issues. Clearing the path for new agri-businesses will enable QLD to access niche high value sales to Asia. Qld has the competitive advantage e.g. eco-organic, oilseeds, beef and lamb	Proposed	Difficult	Medium	Medium	Low		Medium	Low
4.07	Regular regulation audit to maximise net benefits	Audit restrictions on business and development to maximise benefits at minimum costs. Annually assess whether regulation is the most efficient way to achieve the desired outcome.	Proposed	Difficult	Low	Medium			High	Medium
4.08	Encourage private greenfield capital investment by reducing risks, reduce regulation and provide access to land.	Dedicated strategy and resources to attract greenfield capital for infrastructure projects. Government has a lot of land, planning and approval powers that it can use to reduce the risk for private providers to provide new infrastructure projects. Example: provide pre-project approvals for development before private developers provide funding	Proposed	Easy	Medium	Medium	Low	Medium		High
Status:		Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment	Key:	Easy Easy to implement Difficult Difficult to implement	Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy					

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Action items		Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability
					Benefit					
4.09	Develop an organisation that ensures there are no artificial constraints on housing or commercial building supply	Providing an organisation that targets reducing any unnecessary constraints on the supply of housing and commercial property development will reduce the cost of housing and the cost of living.	Proposed	Difficult	Medium	Medium	Medium	Medium	Medium	High
4.1	Set the service delivery standards for each department at a very specific local level for all areas of QLD	Providing the public a clear understanding of the service delivery standard and cost of service delivery per person will allow better decisions about location of living and provide a clear signal to service providers.	Proposed	Difficult			Medium	High	High	High
4.11	Reduce regulations to allow much more alcohol licensing for small business	Allow many more alcohol licenses for small and medium businesses. Increasing the number of places that can sell alcohol will increase economic activity, amenity and jobs. The larger number of venues that sell alcohol will not necessarily increase the quantity of alcohol but will spread people out to many different locations reducing congestion and the risk of violent offences.	Proposed	Easy	Medium	High		High		Low
4.12	Reduce the regulations on opening a food or drink shop to increase the number of small food and drink shops	Allow many more food outlets with much broader types of food and drink rules and regulations. Currently rules and regulations about selling food and drinks are very narrow and restrictive causing high cost for business and large barriers to entry for new business. Broader rules will increase economic activity, increase amenity and jobs.	Proposed	Easy	Medium	High		High		Low
4.13	Allow environmentally sensitive business activity on land around dams	Open land around government dam sites for environmentally sensitive development and commercial use. The government owns large amounts of land around its dams which is not used for economic or commercial activity. Opening the land to certain types of developments will increase economic development and jobs. Types of use could include: lease hold land for holiday homes, cross country motor racing, eco-tourism.	Proposed	Difficult	Medium	High	High	High	High	Medium
4.14	Allow environmentally sensitive business activity on State land	Open QLD government state forest and national park sites for environmentally sensitive development and commercial use. The government owns large amounts of land which is not used for economic or commercial activity. Opening the land to certain types of developments will increase economic development and jobs. Types of use could include: lease hold holiday homes, cross country cycle racing, eco-tourism, hunting	Proposed	Difficult	Medium	High	High	High	High	Medium
4.15	Identify priority development areas		Election	Easy	Low	Medium	Medium	High	Medium	Medium
4.16	Reduce Council regulation on business	Review Council rules to reduce business cost. Task the QLD Productivity Commission or QCA with reviewing Council regulations to find savings for business and the community	Proposed	Difficult	Low	High	High	High		High
4.17	Move race tracks out of Brisbane to regional town	Move horse and dog racing out of Brisbane. Moving racing out of Brisbane city will free up land for residential development and increase regional tourism	Proposed	Difficult	Medium	High	High	High	Medium	High
Status:		Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment	Key:	Easy Difficult	Easy to implement Difficult to implement			Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy		

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Benefit										
4.18	Allow more development on Brisbane's Kangaroo Point cliffs	Allow the development of high rise apartments, restaurants and other commercial businesses on the land above Kangaroo Point cliffs. This land is some of the most valuable in Queensland and is currently extremely under utilised. The opportunity cost of restricting development is large and includes reduced liveability for the community. Allowing more people to live in apartments close to the city and related facilities increases the agglomeration and liveability of Brisbane.	Proposed	Difficult	Medium	High	High	High	High	Medium
4.19	Simplify development approval system and focus on achieving increased development outcomes	There could be value in opening a one window policy where developments can go to one source of information for all government interactions related to developments.	Proposed	Difficult	Low	High	High	Medium		
4.2	All State Assessment and Referral Agency (SARA) applications assessed by one agency on behalf of all Queensland Government departments		Election	Difficult	Low	Medium	Medium	Medium		
4.21	Continue ongoing management of State Development Areas		Existing	Easy		Medium		Low	Medium	
4.22	Provide more funding for all development approval processes to increase the speed of all developments	Many Council approval processes are under funded which increases the time for approval and reduces the likelihood of approval. Increasing the number and reducing the time of approvals will reduce the risk of development and increase economic development.	Proposed	Difficult	Medium	High	Medium	Medium	High	Medium
4.23	Remove limit on Chemists being built close to each other	Remove restriction on number of Chemists. Remove the restrictions on the number of chemists that can open in any one area will increase competition, reduce costs and increase service. The increase in number of chemists will increase jobs and economic activity.	Proposed	Difficult	Medium	Medium	Medium	High		Low
5 Transport Efficiency										
5.01	Fix Brisbane road bottlenecks	Improve productivity of Brisbane as the main business centre by removing development restrictions and reducing congestion through coordinated efforts in lots of small transport problems.	Proposed	Difficult	High	Medium	High	High		Medium
5.02	Introduce a congestion charge but remove the requirement to pay for car registration	Implement congestion charging and tolls around QLD but remove the vehicle registration charges. Pricing per use will reduce congestion by providing price signals to the road users and improve productivity.	Proposed	Difficult	Low	High	High	High	High	High
5.03	Remove limit of taxi licences	Removing the limit on the number of taxi licence will allow a more market based allocation of taxis, reduce taxi fares and increase economic activity. This can be achieved while maintaining all other current rules and regulations on taxis	Proposed	Difficult	Medium	High	Medium	High	Medium	Low
Status:		Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment		Key: Easy Easy to implement Difficult Difficult to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy				

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Action items	Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability							
				Benefit												
5.04	Remove transport subsidy from unprofitable industry	Proposed	Difficult	Medium	High	High		High		High						
5.05	Build major highways with concrete instead of bitumen	Proposed	Difficult	Medium		Medium	Medium			Medium						
5.06	Improve QCA's power over Aurizon's rail regulation to increase capital expansion and capacity on the coal network	Proposed	Difficult	Medium	High	Medium				High						
5.07	Find savings in Queensland Rail operations	Proposed	Difficult			High				High						
5.08	Provide incentives for heavy vehicle drivers to undertake advanced driving training to reduce risk and increase productivity	Proposed	Easy			High	Medium	Medium		High						
5.09	Map excessive congestion 'hot-spots', with a particular focus on non-recurring congestion 'hot-spots'. Including the development of a route and intersection ranking tool.	Existing	Easy	Medium		High	High									
5.10	Continue to facilitate the delivery of operational services through the State-wide Traffic Management Centre	Existing	Easy	Low		Medium	High									
5.11	Increase the influence that excessive congestion has on the prioritisation of investment decisions in transport Infrastructure	Existing	Easy	Low	Medium	High	High									
5.12	Emergency vehicles can automatically trigger traffic light sequences to change along their route when responding to emergencies.	Existing	Difficult			Medium	High									
Status: Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment		Key: Easy Easy to implement Difficult Difficult to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy												

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Action items	Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability	Benefit	
5.13	Along the Pacific Motorway and South East Freeway. Use of ramp signalling algorithms and vehicle detection sensors to be placed at various locations to optimise motorway flow.	Existing	Easy			Medium	High				
5.14	Congestion data acquisition and analysis program, including a targeted SEQ wide analysis of congestion data	Existing	Easy			Medium	Medium				
5.15	Monitor and evaluate progress across the Department's current and future road congestion initiatives in SEQ to determine excessive congestion reduction effectiveness.	Existing	Easy			Low	Low				
5.16	Continue to engage nationally through Austroads and with key researchers to ensure application of best practice in road system management.	Existing	Easy	Low	Low	Medium	Medium				
5.17	Develop systems processes and models that facilitate freight data collection, analysis and system decision making.	Existing	Easy	Low	Medium	Medium	Medium				
5.18	Park and Ride Strategy for South East Queensland public transport	Existing	Easy	Low	Low	High	High	High			
5.19	Identify and preserve future corridors for freight growth.	Existing	Difficult	Medium	Medium	Medium	Low				
5.20	Work with industry and interest groups to develop and implement a prioritised heavy vehicle rest area program.	Existing	Easy			Medium					
5.21	Expand the turn left on red signal after stopping for all road users in QLD	Proposed	Difficult			Medium	High				
5.22	Map flood immunity of the freight network to inform freight system development and resilience requirements.	Existing	Easy	Low	Medium	Medium					
5.23	Identify system integration requirements to support the viability of coastal shipping.	Existing	Easy	Low	Medium	High	Medium	Medium			
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					Benefit					
5.24	Remove restrictions on using segways in urban and city areas	Altering regulations to allow people to use segways in a larger part of the city area will allow the development of new businesses and increase community activity	Proposed	Easy	Low	Low	Low	Low		
5.25	Change public transport fares to the optimal level		Election	Easy			Medium			Medium
6	Education									
6.01	Deadly Ears - helping children to hear, talk, learn and play. QLD Health Aboriginal and Torres Strait Islander Ear Health Program		Existing	Easy	Medium	Medium	High	Medium		Medium
6.02	Subsidise Aboriginal and Torres Strait Islander children to attend boarding schools	Provide subsidised boarding school education for all Aboriginal and Torres Strait Island children with free travel back to their communities during breaks.	Proposed	Difficult	Medium	Medium	High	High		High
6.03	Develop a child-centric Queensland Early Childhood Development Strategy	<p>There is a growing body of evidence, internationally and domestically, that strongly indicates that investment in the earliest years of life provides significant return to the individual, society, and the economy over their life (i.e. improved schooling outcomes, employability, reduced recidivism etc.). Actions could include, but may not be limited to:</p> <ul style="list-style-type: none">o consolidation of Queensland's early childhood policy response (holistic response including education, intervention, protection, health etc.)o Potential amalgamation of child-centric government services into one area of responsibilityo pilot increased investment in targeted groups to improve outcomes (e.g. expand kindergarten programs for vulnerable children to include children aged 3 years)o increase number of integrated early childhood services that cater to full range of early development needs (health, education etc.).	Proposed	Difficult	Low		High	Medium		
6.04	Every QLD school to have an Asian sister school which encourage language training and regular interaction with other cultures	Every QLD school could have a sister school in Asia which they communicate with regularly on Skype. Getting school children to interact and make friends with Asian children will expand their opportunities in later life.	Proposed	Easy	Low	Low	High			Medium
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6.05	The government has created the \$8 million School Collaboration and Innovation Fund for Queensland high schools to support innovative education programs that promote science, technology, engineering and maths		Existing	Easy	Low	Low	Medium			
6.06	QLD Government provide support for working visas to convert foreign students to QLD workers	Find a way to provide special Australian working visas for foreign students that study in Queensland. Increasing the high skilled population of QLD will improve the economy.	Proposed	Difficult	High	Medium	High	Medium		Medium
6.07	Expand trade education options for school students	Expand the opportunities for children to learn a trade while at State High School. More options for children will increase the ability to keep them at school longer increasing their life earning potential.	Proposed	Difficult	High	Medium	High			Medium
6.08	Introduce a Premier's Asian Language Awards with a scholarship attached	Provide incentives for people to train children in Asian languages e.g. Premier awards and scholarships. Asia is the largest and fastest growing region in the world and QLD children will need to be able to communicate with Asian business leaders. Providing some funding and a visible push from the Premier will assist people in understanding the importance of learning another language.	Proposed	Easy	Low	Low	Medium			
6.09	Improve teaching of STEM subjects at state schools		Election	Difficult	Low	Low	Medium			
6.10	Promote school headmasters to use school facilities for increasing community benefits	Encourage schools to increase the utilisation of State school assets. There are opportunities for schools to use their facilities to earn extra revenue. Advertising, food outlets and after hours use of rooms are all good examples of community use opportunities.	Proposed	Easy		Low	Medium	Low		Low
6.11	Increase counselling and career advice services for Queensland high school students		Election	Easy	Low	Low	Low	Low		
6.12	Reinstate the Skilling Queenslanders for Work (SQW) program		Election	Easy	Low	Medium	Medium			
6.13	Establish Jobs Queensland as an independent statutory body		Election	Easy	Medium	Medium	Medium			
6.14	Expand the State level loans to students studying certificate courses	Providing a State level loans facility similar to the Federal HECS scheme could encourage more people to gain more skills for developing their skills.	Proposed	Easy	Low	Low	Medium	Low		
6.15	Provide funding for Ready to Work, a community-based program to assist young people into the workforce		Election	Easy	Low	Low	Medium			
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Benefit										
6.16	Subsidise Foundation Skills Courses (such as literacy and numeracy) for disadvantaged learners		Election	Easy	Low	Low	Medium	Low		
6.17	Continuation and expansion of the Solid Pathways Program		Existing	Easy			Low	Low		
6.18	Provide a funding source for female researchers to help them advance their careers		Election	Easy			Low	Low		
6.19	Award up to 100 Advance Queensland Research Fellowships targeting Aboriginal and Torres Strait Islanders and women.		Election	Easy	Low		Low	Low		
6.20	Award 20 Advance Queensland University Scholarships to indigenous people and female post-graduate students worth \$10,000 each year for the duration of each Master's degree		Election	Easy			Low	Low		
6.21	Create partnerships with universities and training colleges for skill-based training in agriculture		Election	Easy	Low	Low	Low			
6.22	Ensure all Queensland children have access to at least fifteen hours of kindergarten per week		Election	Difficult	Low	Medium	High	High		
6.23	Partnership Advancing Next Generation of Education		Existing	Easy			Low	Low		
6.24	Skilling Queenslanders for Work – Community Work Skills		Election	Easy	Low	Medium	Medium			
6.25	Skilling Queenslanders for Work – Get Set for Work		Election	Easy	Low	Medium	Medium			
6.26	Skilling Queenslanders for Work – First Start		Election	Easy	Low	Medium	Medium			
6.27	Skilling Queenslanders for Work - Ready For Work		Election	Easy	Low	Medium	Medium			
6.28	Skilling Queenslanders for Work – Youth Skills		Election	Easy	Low	Medium	Medium			
6.29	Deliver the Great Skills. Real Opportunities reforms		Election	Easy	Low	Medium	Medium			
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					Benefit					
6.30	Implement the Vocational Education and Training Inclusive Learning: A Way Forward		Election	Easy	Low	Low	Low	Low		
6.31	Implement the Indigenous Education Action Plan		Election	Easy	Low	Low	Low	Low		
6.32	Establish the independent Training Ombudsman		Election	Easy	Low	Low	Low			
6.33	Funding provided to restore TAFE Queensland's status as Queensland's premier provider of VET.		Election	Easy	Low	Low	Low			
6.34	RoadTek's capability development agenda focuses on developing the skills and abilities of all team members, as well as developing apprentices, trainees, graduates and gap year students		Existing	Easy	Low	Low	Low	Low		
6.35	Enhance international education and training across Queensland - promote Queensland training and education products and services internationally		Existing	Difficult	Low	Medium	Medium			
6.36	Skilling Queenslanders for Work – Work Start		Election	Easy	Low	Medium	Medium			
7	Best and Brightest									
7.01	Attract interstate migrants by reducing the cost of living	Attract more interstate migrants who will bring new skills and opportunities as well as boost spending in the state. Promote QLD as the place to live and reduce the cost of housing to make it an easy economic decision to move for people in other areas of Australia.	Proposed	Difficult	Medium	Medium	High	High		Medium
7.02	Provide incentives to attract the best and brightest from other states and globally	Provide incentives to attract the best and brightest from other states and globally. Highly intelligent people provide an economy with high value ideas and innovations.	Proposed	Difficult	Medium	Medium	High	Low		
7.03	Continue the Advance Queensland Best and Brightest fund		Existing	Easy	Low	Medium	Low			
7.04	Start-up Queensland Program to increase start-up formation and attraction, a competition based to promote new business opportunities for SMEs.		Existing	Easy	Medium	Medium	Medium			
Status:		Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment	Key:	Easy Difficult	Easy to implement Difficult to implement	Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy				

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Action items		Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability	
					Benefit						
7.05	Develop a resource strategy to make Queensland a world leader in resources		Existing	Easy	Medium	High	Medium				
7.06	QLD Government support working visas and work with COAG to increase skilled immigration	Increase the QLD population through skilled immigration which would require some agreement with the Federal Government. Queensland's economy benefits from a larger population in many ways and skilled people provide an economy with new ideas, businesses and increase productivity.	Proposed	Difficult	Low	Medium	Medium				
7.07	QLD Government support STEM visa applications and be a sponsor	Sponsor specific skills visa (e.g. STEM, entrepreneurs) to live and work in Qld for a minimum of two years as a pathway to other visa categories.	Proposed	Difficult	Medium	Medium	Medium				
8 Highly Productive Utilities											
8.01	Reduce bulk water costs by maintaining water quality standards at the national standard	Gain control on Seqwater's spending on new assets by setting the quality level of water provision at the Australian standard. Maintaining a very high level of water quality increases the cost of retail water provision.	Proposed	Easy		Medium	Medium	Low		High	
8.02	Set the water quality test point for each water entity at the end of its infrastructure. Allocates risk and cost to correct entity	Change the point of testing for quality to the end of each providers asset to give the correct signals to the correct operator. Currently, bulk water quality is tested at the tap. However, bulk water assets finish at the retailer/distributor's assets which deliver water to the tap. Pushing water quality only on bulk water provider skews investment decisions and increase costs.	Proposed	Easy		Medium	Medium			Medium	
8.03	Align bulk water price with individual supply chain costs	Bulk water prices in SEQ are currently on a path to one price for all. There are benefits to allowing the water price to be full cost reflective pricing for each supply chain. The price signal will allow a clear investment decision for Seqwater, Council and residential owners.	Proposed	Difficult			Medium		Low	Medium	
8.04	Increase agriculture water price to upper bound full cost recovery	Increase all agriculture water prices to upper bound prices to provide a full price signal to the commercial operators. Agriculture users consume about 80% of the water but only pay about 20% of the costs. Clear allocation of costs is more efficient and will reduce future water costs. Full cost water for agriculture will encourage more efficient and environmentally sustainable water use.	Proposed	Difficult	Low	Medium	Medium		High	High	
8.05	Mothball the desalination and recycle plants and instead build back-up water treatment plants to cater for emergency actions	Maintaining AWTPs on standby mode costs about \$80M per year which is more than the cost of a full water treatment plant. Seqwater could purchase forward space in the production line for the filters to reduce time to start up of AWTP. The back-up water treatment plant will enable Seqwater to operate during floods or when WTP is under maintenance. Avoiding the ongoing operating costs of AWTP is a large saving and the new WTPs will provide risk reduction at low cost.	Proposed	Easy	Low		Low	Medium	High	High	
8.06	Put a commercially minded and trained person in charge of Seqwater to assist in a drive for efficient operation.	Placing a commercially minded person in charge of Seqwater will bring a focus of efficient delivery of water supply reducing the future water prices for the SEQ community.	Proposed	Easy			High	Medium	Medium	High	
Status:		Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment	Key:	Easy	Easy to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy				
				Difficult	Difficult to implement						

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						Benefit				
8.07	Get Council's outside of SEQ to provide water bills separate to rates bills	Separating the cost of water supply and the cost of Council services on the bill will assist in providing consumers a clear price signal assisting in reducing the use of water and future water prices.	Proposed	Easy			Medium	Low	High	Medium
8.08	QCA to oversee the Council rates and other charges.	Council business charges are not regulated and therefore, there is the possibility of under and over charging for its services. The community has a reduced ability to understand the charges or the ability to put pressure on the Council to reduce its costs.	Proposed	Easy		Low	Medium	Low	Low	Medium
8.09	QCA to Find a Fair Price for Solar		Election	Easy		Low	Medium	Low	Low	Medium
8.10	QCA put all Council rates and charges on its website comparing all Councils in QLD	One of the key issues in any market is the asymmetry of information. Making it clear what the price is of living in each Council region will enable the community to make informed decisions. Providing a clear public comparison of each Council will put pressure on Councils to reduce their costs and fees.	Proposed	Easy		Medium	Medium	Low		Low
8.11	Set the service delivery standard for each utility service for each area	Providing a service delivery standard will make clear to all players in the market what the standard is and the community can provide feedback on their acceptable level of service given the cost of delivery.	Proposed	Easy	Low	Low	Medium	Medium	Low	Medium
8.12	Improve the Queensland Competition Authority Act 1997 to place a stronger focus on achieving greater economic efficiency of regulated assets		Election	Difficult	Low	Medium	High	Medium		Low
8.13	Remove restrictions on water use or any special access rights (within the environmental rules)	Queensland has special rules for agriculture use of water which provides agriculture businesses special access to water. Agriculture businesses are generally very low value products. Other uses of the water could provide higher value to the economy. Remove constraints on what water can be used for in a commercial area.	Proposed	Difficult	Low	Medium	High		High	Medium
9 Boost Business Investment										
9.01	Breakdown trade qualifications and licencing to define who can do what in much smaller segments.	Review trades to redefine the level of training required for specific types of work to reduce the cost of doing business e.g. (plumbers having a three years training to fit a sprinkler). Trade qualifications have increased to a very high level which is increasing the cost of living for everyday Queenslanders. There are some jobs that require high levels of training but there are many jobs that can be done by a person with minimal training.	Proposed	Difficult	Medium	Medium	Medium	High		
9.02	Reduce regulation and tax to encourage a rum industry	Reduce regulation and taxes to encourage a rum industry in QLD. Queensland is a large sugar producer however it does not produce much rum. Rum is a high value product which can be exported. Sugar is a very low value product.	Proposed	Difficult	Medium	Medium	Low			Medium
Status:		Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment		Key: Easy Easy to implement Difficult Difficult to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy				

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Action items		Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability
					Benefit					
9.03	Reduce regulations on new entrants to the alcohol manufacturing industry in QLD	Alcohol manufacturing is a high value activity which has little government subsidisation and can provide jobs and economic activity. Gaining a licence can take in excess of 18 months and a further 12 months to change location of manufacturing which is a large barrier to entry for small operations. Reduce regulations on new entrants to the alcohol manufacturing industry in QLD.	Proposed	Difficult	Medium	High	Medium			Medium
9.04	Open a government "one window" regulatory approval for new entrants who want to start a winery in QLD.	The QCA found a wine producer in QLD can require up to 122 different licences, approvals or other regulatory obligations to operate. The QLD Government could open a one window for new entrants who want to start a winery in QLD.	Proposed	Difficult	Low	Low	Medium	Low		Medium
9.05	Harper Review - Governments should promote consumer choice when funding, procuring or providing goods and services and enable informed choices by consumers.		Proposed	Difficult	Low	Medium	High	Medium		
9.06	Harper Review - Government business activities that compete with private provision, whether for-profit or not-for-profit, should comply with competitive neutrality principles		Proposed	Easy	Low	High	Medium			Medium
9.07	Harper Review - A right to third-party access to significant bottleneck infrastructure should be granted		Proposed	Easy	Low	Medium	Medium			Low
9.08	Harper Review - Independent authorities should set, administer or oversee prices for natural monopoly infrastructure providers		Proposed	Easy	Low	Medium	High	High	Medium	Medium
9.09	Harper Review - adopt choice and competition principles in the domain of human services		Proposed	Difficult	Low	Low	Medium	Low		
9.10	Harper Review - work to remove restriction on cabotage to increase coastal shipping, air cargo and other transport		Proposed	Difficult	Medium	Medium	High	Medium	High	Medium
9.11	Harper Review - Provide small business access to effective and low cost advice and dispute resolution services in dealing with government regulations		Proposed	Difficult	Low	Medium	Medium	Low		
Status:		Proposed - new Idea proposed by Economic Policy Existing - existing government program underway Election - government election commitment		Key: Easy Easy to implement Difficult Difficult to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy				

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Benefit									
9.12	Introduce an independent body which people can complain to about restrictive regulation, planning and development rules or decisions. The independent body can review any decision and recommend a change to rules or decisions. This could be the QLD Productivity Commission who could take many minor complaints that are not bad enough for the Ombudsman or a court appeal but are constraints on economic activity.	Proposed	Difficult		Medium	Medium	Medium		
9.13	Implement a program of world's best practice fisheries management	Election	Difficult		Low	Low		Medium	
9.14	Establish a Construction, Planning and Property Red Tape Reduction Panel	Election	Easy	Low	Medium	Medium			
9.15	Establish a Red Tape Reduction Advisory Council	Election	Easy	Medium	Medium	Medium			
9.16	All proposed new regulations will be required to have a thorough cost-benefit analysis (signed off by Queensland Treasury)	Election	Easy	Low	Low	High			High
9.17	Reduce regulations on bottle shop ownership and location Reduce restriction on owning a bottle shop	Proposed	Easy	Medium	Medium	Low	Medium		Low
9.18	Reduce public drinking rules to allow small quantities of alcohol to be consumed in public space. Reduce rules about drinking in public to enable more people to enjoy their favoured drinks in more locations which will assist in more people using open space for more activity. For example a picnic in a public park.	Proposed	Easy	Low	Low		Medium		
9.19	Reduce Alcohol Licensing Requirements for small bars Reduce the restrictions on alcohol licensing to make it easier for small business to gain a licence to provide alcohol to their customers.	Proposed	Easy	Medium	Medium		Medium		
9.20	Alter Legislation to allow Peer-to-peer business Investigate how to alter legislation to allow 'peer-to-peer' businesses to legally operate in QLD. Increasing the types of businesses in QLD will increase employment and the economy.	Proposed	Difficult	High	Medium	High	High		
9.21	Remove requirement to be a chemist before owning a chemist Remove restrictions on chemists. No need to be a chemist to open a chemist.	Proposed	Difficult	Low	Medium	High	Medium		
9.22	Remove restriction on business opening hours Remove opening hours restrictions on businesses to improve access to shops and increase employment. Businesses opened longer will pay more wages and hire more people while reducing congestion and increasing peoples utility.	Proposed	Difficult	Medium	Medium	Medium	High		
9.23	Establish an independent QLD productivity commission	Election	Easy	Low	Medium	Medium			
Status: Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment		Key: Easy Easy to implement Difficult Difficult to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy					

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Benefit										
9.24	Bring in Daylight saving	Bring in daylight saving to provide workers more time after work to spend outside with their family. People spending more time out doing activity each day will increase economic activity and improve the wellbeing of the people. The last QLD referendum on daylight saving was in 1992, it is time for a change.	Proposed	Difficult	Low	Medium	Low	High		
9.25	Change planning regulation to encourage the development of aged care facilities	Queensland aim to be the best place to retire in the entire Asian region. Aging population of China and Australia could be very profitable for QLD businesses.	Proposed	Easy	Medium	Medium				
9.26	Establish the North Queensland Premier's Office		Existing	Easy	Low	Medium	Medium	Medium		
9.27	Reduce requirement for business to be on government panels before it can submit proposals for tenders	Remove or reduce the requirement for a supplier to be on a special list to gain government contracts. Constraining the businesses that can tender for government contracts reduces the competitive tension and reduces the ability for QLD small business to access tenders.	Proposed	Easy	Medium	Medium	Medium			
9.28	Reduce restrictions on locations of vending machines and the products sold	Reduce regulations that constrain the use or placement of vending machines and the goods able to be sold.	Proposed	Easy		Medium	Low	Low		
10 Improve Liveability										
10.01	Improve the probation system to by much more intense and outcome focused to avoid putting people in prison	Increase the QLD probation and parole services to be much more intensive and delivered at a very early age to minimise the quantity of people going to prison. Heavy parole is much cheaper fiscally and more productive economically.	Proposed	Difficult	Low		High	Low		High
10.02	Enact the recommendations for improving mental health in the Federal Government review	Improve mental health in QLD inline with the Fed Gov review to reduce the negative outcomes including crime, homelessness and domestic violence.	Proposed	Difficult	Low	Low	Medium	Medium		Medium
10.03	Open procurement to new market players and use crowdsourcing to solve difficult problems	Government can be a catalyst of collaboration by crowdsourcing difficult public problems and opening up procurement to new and smaller market players.	Proposed	Easy	Low	Medium	Medium			Low
10.04	Facilitate Redevelopment of Aging and Uneconomic Buildings		Election	Difficult	Low	Medium	High	Medium		
10.05	Move public housing to a rental assistance scheme in place of government owning property	Selling the current stock of public housing would reduce debt, increase mobility for tenants and reduce cost of managing properties. The reduced debt payments would be sufficient to pay for the rental assistance and free the people in government housing to move to where the jobs are available.	Proposed	Difficult		Medium	Medium	Medium		High
10.06	Establish Royalties for Resource Producing Communities Fund for infrastructure projects in mining communities		Election	Easy	Low	Low	Medium	Medium		
10.07	Improve marine infrastructure throughout QLD		Election	Easy	Medium	Medium	Low	Medium		
Status:		Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment	Key:		Easy	Easy to implement	Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy			
					Difficult	Difficult to implement				

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Action items		Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability
					Benefit					
10.08	Contribute up to \$100 million for the construction of a new sports stadium for North Queensland		Election	Easy	Low	Low		Low		
10.09	Establish Remote Communities Infrastructure Fund for infrastructure projects in remote communities		Election	Easy	Low	Low	Low	Medium		
10.10	Work with Vision Australia to explore opportunities to increase workforce participation of people with a disability or who are blind		Election	Difficult	Low			Medium		
10.11	Educate and support small businesses to manage their health and safety risks		Existing	Easy	Low		Low	Low		
10.12	Continue the Economic Participation Grants Program - The aim of the Economic Participation Grants Program is to: improve job readiness for migrants and refugees through attainment of in-demand skills		Existing	Easy	Low	Low	Low	Medium		
10.13	The Injury Prevention and Management Program (IPaM) is a joint initiative between WHSQ and WorkCover Queensland (WCQ). The Program works with employers to improve their injury prevention and rehabilitation and return to work systems through a 24 month case management model.		Existing	Easy	Low	Low	Low	Low		
10.14	Create a Regional Capital Fund for infrastructure projects in provincial cities and surrounding rural areas		Election	Easy	Medium	Low	Low	Low		
10.15	Deliver the fourth round of the Royalties for Regions program		Election	Easy	Medium	Medium	Low	Low		
11	Fiscal Sustainability									
Status:	Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment		Key:	Easy Difficult	Easy to implement Difficult to implement	Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy				

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Action Items	Description	Status	Implement	Benefit							
				Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability		
11.01 Hold budget growth at inflation for three years	Constrain spending at current levels for two to three years. Holding government expenditures at close to current levels will allow the government's revenues to overtake its expenditures improving the credit rating and lowering its cost of debt.	Proposed	Difficult			High				High	
11.02 Increase GST by the amount required to replace payroll and stamp duty. Require the increased GST amount comes directly to QLD	Reform tax system by replacing payroll tax and stamp duty with an agreed amount of increase to GST that comes to QLD. Increase GST in QLD by a required amount (5%) however the extra GST payments are delivered directly back to QLD without going through the normal GST distribution calculation. GST is a tried and well understood tax with lower negative effects than the current payroll tax and stamp duty.	Proposed	Difficult	High	High	High	High			High	
11.03 Create a QLD sovereign wealth fund to assist with fiscal balance over the next 50 years	Aim to develop a sovereign wealth fund for QLD with future revenue from gas and mining exports. The wealth fund will assist QLD Treasury in maintaining its revenue in about 50 to 80 years time when resources are depleted.	Proposed	Difficult		Low	Medium				High	
11.04 Establish Building Queensland to assess and prioritise government capital projects		Election	Easy	Medium	Low	High				Low	
11.05 Prepare a long term infrastructure plan		Election	Easy	Low	High	Medium	Medium			Low	
11.06 Conduct Cost-Benefit Analysis of Large-Scale Infrastructure Projects		Election	Easy			Medium				High	
11.07 Formulate Best Practice Framework for Assessing Benefits, Costs and Risks of Infrastructure Delivery		Election	Easy			Medium				High	
11.08 Use disaster bonds to assist in reducing the cost of insurance in North QLD	The government is able to use its borrowing ability through QTC to develop a range of disaster bonds that could be used to reduce the cost to private insurance companies in the event of a large natural disaster. Reducing the cost of insurance in QLD will assist in increasing development.	Proposed	Easy	Low	Medium	Low	Low			Medium	
11.09 Stop running long distance passenger and high speed Tilt Train services on the north coast line and western system	The government could continue to assist pensioner travel within QLD by providing some form of subsidy for air travel. The use of trains for long distance passenger services is very slow, expensive and reduces coal rail access.	Proposed	Difficult		Medium	Medium				High	
11.10 All government road infrastructure offered as advertising space for private providers	The government owns a vast amount of public space that is highly visible and is currently underutilised. Providing access to these sites for advertising will increase government revenues and improve the looks of the infrastructure.	Proposed	Difficult	Medium	Medium	Medium	Medium			High	
11.11 Space over rail offered for sale for development	Air space over the city rail is a valuable space that is currently underutilised. Providing some access to the private sector to develop areas over city rail will increase development, reduce train noise pollution and increase government revenue.	Proposed	Difficult	Medium	High	Low	Medium	Medium		Medium	
Status: Proposed – new idea proposed by Economic Policy Existing – existing government program underway Election – government election commitment		Key: Easy Easy to implement Difficult Difficult to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy							

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					Benefit					
12	Infrastructure Advancement									
12.01	Improve regional airports to enable more fly-in-fly out tourism	Airports are a relatively cheap investment to enable quick and easy travel to regional towns that can be long distances from major centres. Low cost airports could reduce the cost of air travel to small towns increasing tourism and improving jobs for the regions.	Proposed	Difficult	Medium	Medium	Medium	High	Low	
12.02	Provide a heavy vehicle toll road from Brisbane Port north, south and west of the city to move trucks off the road.	About 90% of all imports to Brisbane Port are unloaded within 100km of the port. Providing increased access for trucks to the port without them accessing the public roads will increase speed of trucks, reduce risks and reduce general congestion.	Proposed	Difficult	Low	Medium	High	Low	High	Medium
12.03	Increase freight rail fares to full cost recovery for all QR lines	Stopping cross subsidisation from coal trains and the general tax payer to agriculture trains will assist in improving productivity and reducing fiscal costs.	Proposed	Difficult			Medium		Medium	High
12.04	Introduce heavy vehicle charging for all trucks on QLD roads (GPS tracking)	Sending a clear price signal to each truck on the road will assist in controlling congestion, reduce risks and increase productivity. Heavy vehicles currently pay a general heavy vehicle charge however there is no clear price signal for when travel is taken or where the vehicle goes. The ability for DTMR to track trucks will provide it with much needed information to make better decisions and reduce the cost of roads funding.	Proposed	Difficult			Medium	High	Medium	High
12.05	Join Brisbane City tunnels to the City	Join the tunnels under Brisbane to the city. Currently, the major road tunnels in Brisbane are bypassing the city however, the major congestion is people getting to the city. Adding access to the city from the tunnels will increase the tunnel use, reduce congestion and increase the returns on the investments.	Proposed	Difficult	High		High	High		Medium
12.06	State Infrastructure Plan - The Delivering an infrastructure plan for Queensland directions paper, released on 11 June 2015, outlines the government's broad approach to developing the State Infrastructure Plan		Existing	Easy	Medium	Medium	High	High		
12.07	Set aside land for a second SEQ airport and encourage private developers to build the airport	Open a site for private operators to develop a new major airport near Brisbane. A second airport near Brisbane would put pressure on the current Brisbane airport to lower costs and provide better service. More airport capacity will lower the cost of travelling to QLD for domestic and international visitors. Future proofing SEQ for air travel will avoid the issues experienced in Sydney.	Proposed	Difficult	High	High	Medium	High		High
12.08	Increase the number of sites developers can build new ocean ports including government assistance to minimise environmental damage and meet Reef Action Plan	Open more sea port sites in QLD. Transporting goods by sea can be much cheaper than by other forms of transport. Having more private operated ports will enable competition between ports and reduce costs of transport. Increasing the number of ports at lower cost will increase the export and import capacity of QLD increasing jobs.	Proposed	Difficult	High	High	Medium	High		High
Status: Proposed - new idea proposed by Economic Policy Existing - existing government program underway Election - government election commitment					Key: Easy Easy to implement Difficult Difficult to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy			

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Action items	Description	Status	Implement	Create jobs	Boost business investment	Higher productivity	Improve liveability	Environmental sustainability	Fiscal sustainability
				Benefit					
12.09	Develop a new large dam to supply water to SEQ over the next 10 years	Proposed	Difficult	Medium	Medium	High	High	High	High
12.10	Work with the Federal Government to ensure the Inland Rail (if built) goes to regional towns not Brisbane	Proposed	Easy	High	High	High	Medium		High
12.11	Develop a 10-year action plan for major flood mitigation works	Election	Easy	Low	Low	Medium	Medium		Low
12.12	Prioritise bus transport options over rail to reduce the cost of public transport	Proposed	Easy	Low		High	Medium		High
12.13	Completed detailed rail planning project activities through the Surat Basin Regional Transport Study Stage 3	Existing	Easy	Low	Medium	Medium			
12.14	Expand busway system in Brisbane	Proposed	Difficult	Medium	Medium	High	High	Medium	Medium
12.15	Building our Regions (BoR) grant funding scheme - Regional Capital Fund (\$70 million over two years)	Existing	Easy	Medium	Medium	Low	Medium		
12.16	Building our Regions (BoR) grant funding scheme - Resource Producing Communities Fund (\$55 million over two years)	Existing	Easy	Medium	Medium	Low	Medium		
12.17	Building our Regions (BoR) grant funding scheme - Remote Communities Fund (\$15 million over two years)	Existing	Easy	Low	Medium	Low	Medium		
Status:		Key:		Easy				Low: Low impact on the economy	
				Easy to implement				Medium: Medium impact on the economy	
				Difficult				High: High impact on the economy	
				Difficult to implement					

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Benefit										
12.18	Building our Regions (BoR) grant funding scheme - Committed \$60 million in additional funding for the Transport Infrastructure Development Scheme.		Existing	Easy	Medium	Medium	Low	Medium		
12.19	Construction! - Create an industry-led vision including a 20 year blueprint with clearly identified actions for the building construction industry		Existing	Easy	Medium	Medium	Medium			
12.20	Develop a major highway from Cairns to Weipa to open the cattle country, expand tourism and increase community access.	In connection with the Federal Government and the Northern Australia development plan the Queensland Government could open the large far northern parts of QLD. One major highway would provide much needed access to a very large part of northern Australia for industry and the community.	Proposed	Difficult	High	High	Medium			
12.21	Fast-track private sector capital project proposals	Fast-track existing proposed private sector projects e.g. Adani and Galilee. Clearing the regulatory path for large capital projects will assist in construction jobs now and future sustainable economic activity.	Proposed	Difficult	Medium	High	Medium			
Status:		Proposed - new idea proposed by Economic Policy Existing - existing government program underway Election - government election commitment		Key: Easy Easy to implement Difficult Difficult to implement		Low: Low impact on the economy Medium: Medium impact on the economy High: High impact on the economy				