



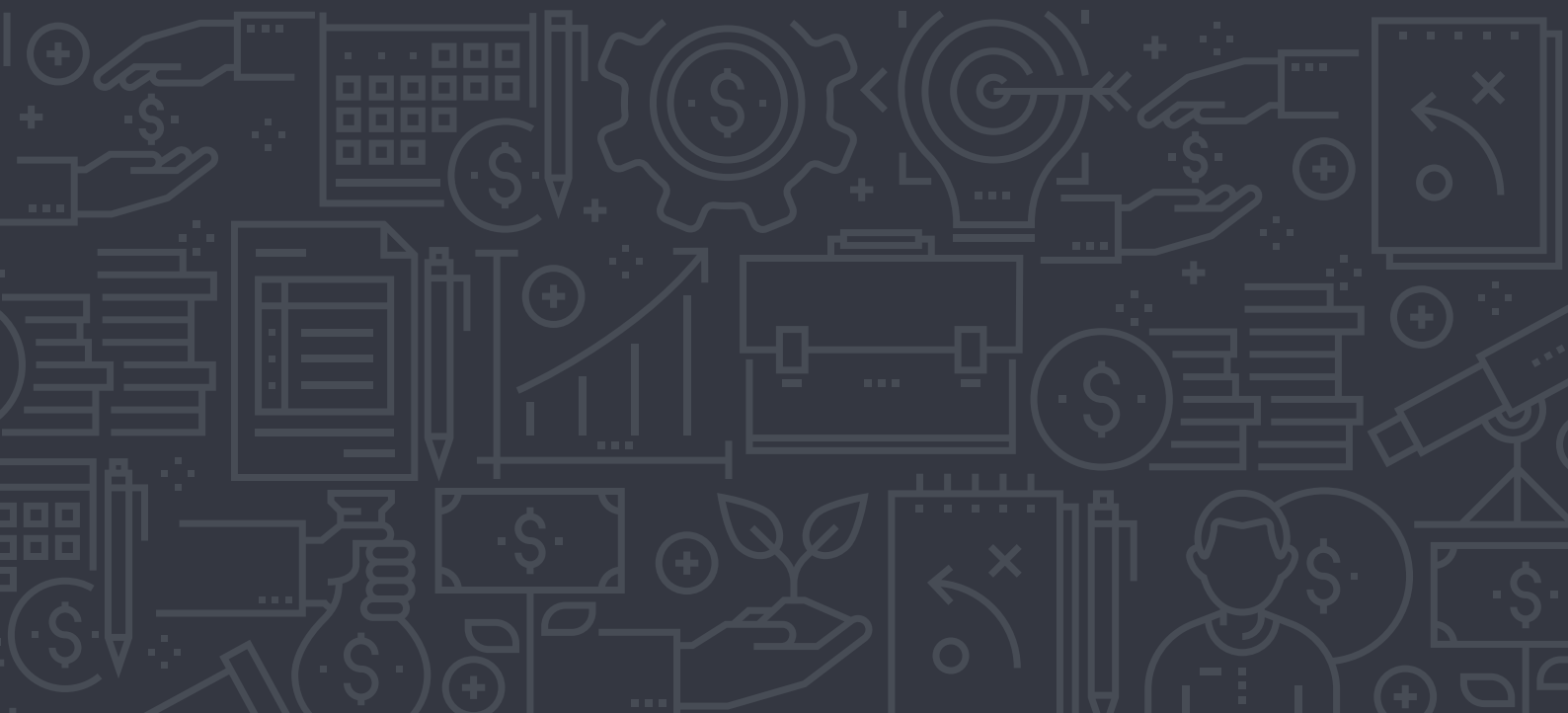
Rebuilding Queensland  
A Roadmap for  
Economic Revival

November 2020



# Contents

A Roadmap for Economic Revival	06
Reimagining a stronger, confident economic future	07
Brave new world	09
Foundations for Queensland's economic future	13
The choices we make	16
Priorities for Queensland	23



Reimagined. Confident. Thriving. Competitive

# Where else but **Queensland?**

by 2030

# \$20bn

bigger and bolder economy

net present value of gross state product increase

# 600k

# workers

in a reimagined economy

increase in total size of Queensland labour force

# A Roadmap for Economic Revival

## Decisive action takes being...

- ✓ Bold in our ambitions
- ✓ Co-ordinated in our actions
- ✓ Proactive and driving our own economic agenda
- ✓ Forthright to those needing to change
- ✓ Supportive of those facing change
- ✓ Responsive to the fast pace of change
- ✓ Focused on the economic destination

## How to act

- **Be Confidently Queensland** – COVID-19 has brought about a crisis in both consumer and business confidence. The next phase of Queensland's future needs to prioritise rebuilding confidence.
- **Use debt for good** – with the cost of borrowing at an all-time low, now is the time for government and business alike to use debt to invest in growth-delivering priorities.
- **Create local jobs** – the economic fallout from COVID-19 has hit hard for many workers and many regions, exposing existing vulnerabilities in regional labour markets. This necessitates a solution that is specifically tailored to the local context – the local industry, skills base, economic assets, regionality, climate, vulnerabilities, etc.
- **Cut sector deals** – to strategically position Queensland to ride the next wave of global growth, sector deals will need to be cut between government and business. Rather than tinkering at the margin, sector deals prioritise scale and co-ordination of investment to fast track economic growth and employment.

## What to prioritise

- **Act fast on local jobs and sector deals:** newly analysed, evidenced and coordinated place-based job strategies and sector deals should be a key priority as part of any industry policy setting and economic recovery planning. Queensland has invested in getting the foundation right for these new policy mechanisms, and 2021 offers the chance to invest heavily in delivering on them.
- **Use the debt for good:** As recovery decisions are made globally, the gap between the state's debt and revenues will increase overtime if Queensland doesn't deliver a bold and competitive economic agenda on the right scale. And while the budget this side of Christmas is not the document to answer these questions, it sets Queensland up to reform the long-term fiscal agenda that it will need to solve for in 2021.
- **Experience Queensland** – The COVID-19 pandemic drastically changed the tourism market in Queensland. An 'Experience Queensland' program centres on the need to keep these businesses operational until international demand returns – there needs to be a thriving, attractive and well-maintained asset base to return to. This is about packaging and selling Queensland locations as an experience and a network of destinations.
- **Dedicated Transition Authority for the Bowen Basin** – The economic future of this region is considerably more uncertain than the rest of Queensland, and it requires co-ordinated, independent and timely leadership on its transition path. It's about ensuring this process is a transition and not a cliff.
- **Rebuilding economic partnerships** – Pre-COVID-19 trade tensions, plus the severe insularity of COVID-19 lockdowns and physical distancing requirements, have come at the expense of national and international relationships.
- **Win the war for talent** – Queensland needs to put skills at the core of economic policy, and this means solving for skills as a key input into economic growth. If Queensland businesses are going to compete in the war for talent in recovery, the notion of lifelong skills and how workers are placed to ensure they have the capability and experience to compete is critical.

# Reimagining a stronger, confident economic future

This year will be remembered as one of disruption. The economy lost almost six months of momentum and our focus rightly turned inwards as we battled the pandemic. But for Queensland, 2021 now offers the opportunity to *reset the economic agenda* and reimagine a bold new future.

## A great journey ahead

The global pandemic exposed new weaknesses in the Queensland (indeed, global) economy and exacerbated existing vulnerabilities. Overcoming this, Queensland's future growth will be determined by a mix of existing, accelerating and on-the-horizon trends.

## The pandemic, the pace of technology – all tied with climate change and the world's response to it – continue to be the major forces of economic uncertainty for Queensland.

But **all roads now lead to economic reform**, and the policies that will make Queensland's economy the best it can be.

The reform agenda must make Queensland's economy **competitive in a brave new world**. And the faster we make choices entering 2021, the greater the opportunity for business, industry and workers.

### Queensland needs the confidence of investors, to win the war for talent, and to use debt for good.

There has never been a better time to borrow to rebuild, and the private sector should back in government to get things moving to maximise their growth potential.

Yes, the global economy is shifting daily, but the foundations for Queensland's future are as solid as they have ever been.

## From crisis to reform

Economic policy responses to date have largely focused on immediate crisis response measures – and rightly so.

These measures gave business, workers and industry the means to hibernate at the height of the pandemic and remain resilient as limitations remain that will still require Queensland's world leading defence against the pandemic.

For now, the pandemic is under control in Queensland (and Australia) – and our institutions, front line workers and sense of community are the backbone to this outcome. *We are safe because Queensland is strong.*

And it is this very same spirit that will take Queensland into the decade with renewed optimism and **clarity of economic purpose**.

Now is the time to reimagine a stronger economic future by very purposely – and at scale – addressing the vulnerabilities the crisis has exposed and those that already held parts of the economy back.

The continued efforts of Australia's national monetary and fiscal policy decisions will provide support to aggregate supply and demand for the foreseeable future – the stability of our financial system and efforts at the peak of the crisis have set the **right conditions for renewed economic growth**.

But it is the state and local levels of government, business and their communities that will shape the speed and trajectory of the recovery. Economic and policy reform will need to be bold, targeted and above all, place based.



The pandemic has brought forward the **fiscal reckoning** of the need to balance the growing demand for government expenditures with funding shortfalls due structural economic change and the consequences of this for growth and employment.

Together, this demands government and business **reset their strategic direction** to ensure they are walking lockstep with needs of the global economy and what this means for regional industries and communities and economic structures.

**Reimagining a stronger, confident economic future could see Queensland's economy increase by \$20 billion and employ 600,000 more workers in the labour force by 2030.<sup>1 2</sup>**

The dividend of getting this right is not just growth for growth sake. Technology is better, Queensland is more productive, standards of living for workers are higher and small business is thriving. The Queensland economy is working for Queenslanders, while offering the world what it needs in a competitive global economy.

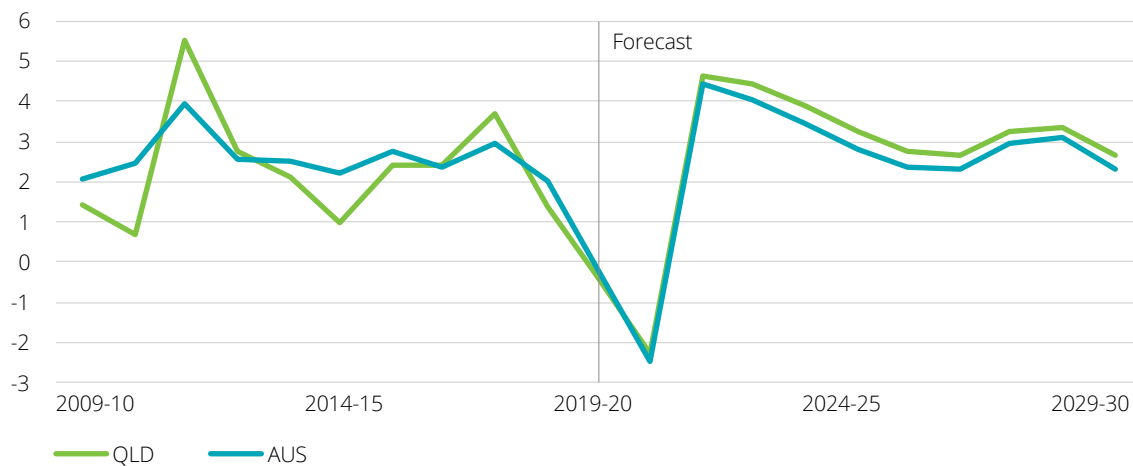
1. Net present value of Gross State Product increase over 10-year modelling period to 2030 calculated with a 7% discount rate.
2. Employment result is the trend growth rate and the additional gains of modelled reform, representing the total increase in the size of the employed labour force by 2030.

# Brave new world

## The scale of the economic challenge

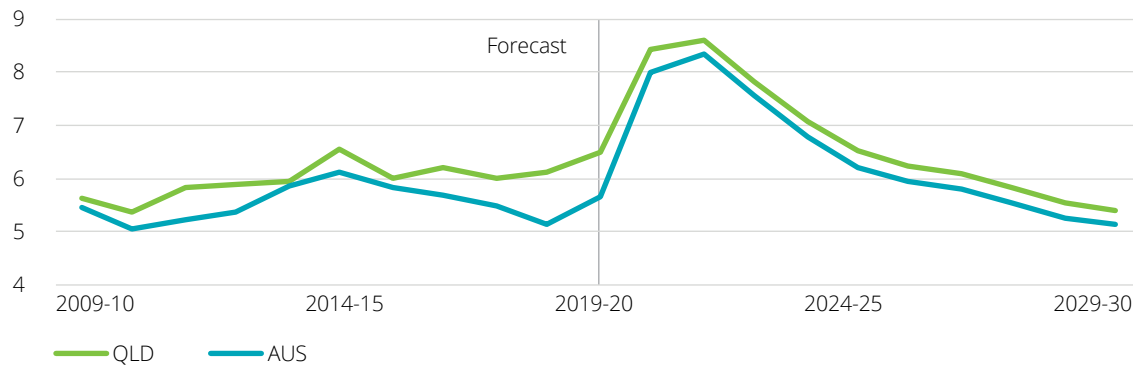
To reimagine Queensland’s economic future, we first need to understand the scale of the economic recovery challenge. Global, national and local economic growth paths have been derailed by the COVID-19 pandemic – just as it seemed like the final lingering effects of the global financial crisis were dissipating. The unprecedented job losses and business closures due to lockdowns and economic uncertainty have not yet fully played out, and confidence in the economy reflects this. In response, monetary and fiscal policy have been stretched to new extremes and are expected to remain this way for at least the next few years.

### Economic growth (Annual % change; real)



Source: Australian Bureau of Statistics, Deloitte Access Economics

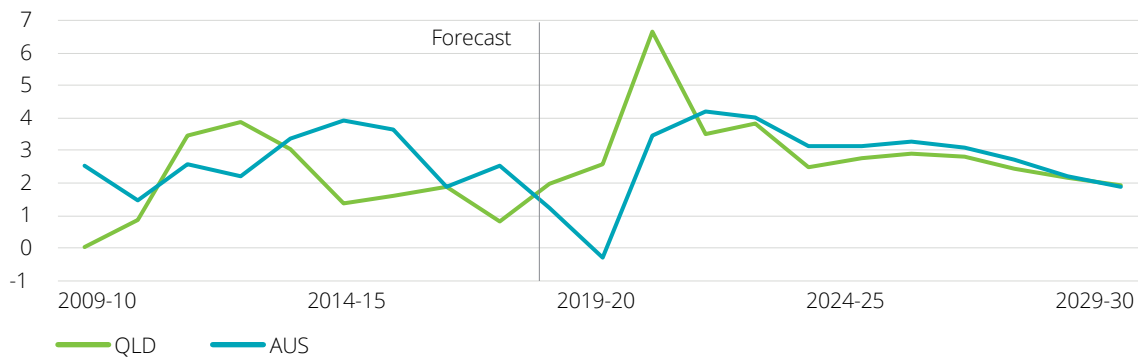
### Unemployment rate %



Source: Australian Bureau of Statistics, Deloitte Access Economics

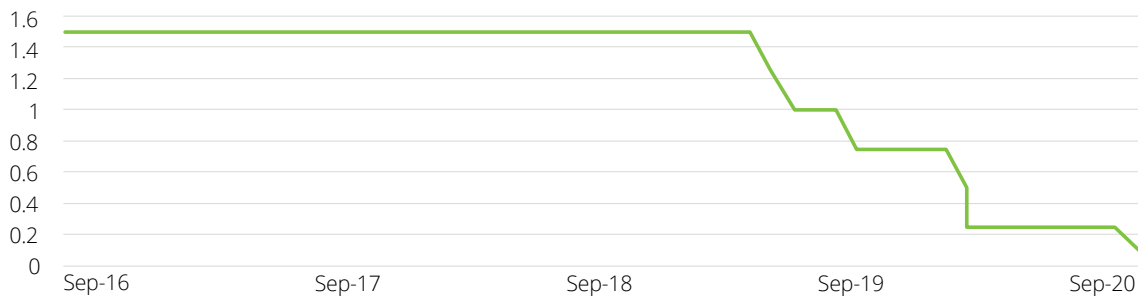


**Retail sales (Annual % change; real)**



Source: Australian Bureau of Statistics, Deloitte Access Economics

**Cash rate target**



Source: Reserve Bank of Australia

**Queensland Government COVID-19 expenditure to November 2020**

**\$7 billion**

Source: Queensland Government COVID-19 Fiscal and Economic Review

# Where COVID-19 has caused the most economic damage

The COVID-19 pandemic exposed new weaknesses in the Queensland (indeed, global) economy, as well as exacerbated existing vulnerabilities. The 2020 downturn was exceptionally quick and deep, coming off the back of a horrendous summer plagued by natural disasters. And, while the downturn itself was intentional (that is, the decision by governments to lock down society to halt the virus' spread), the resulting contraction in both demand and the economy's capacity to supply was acute.

## COVID-19 Vulnerability Index

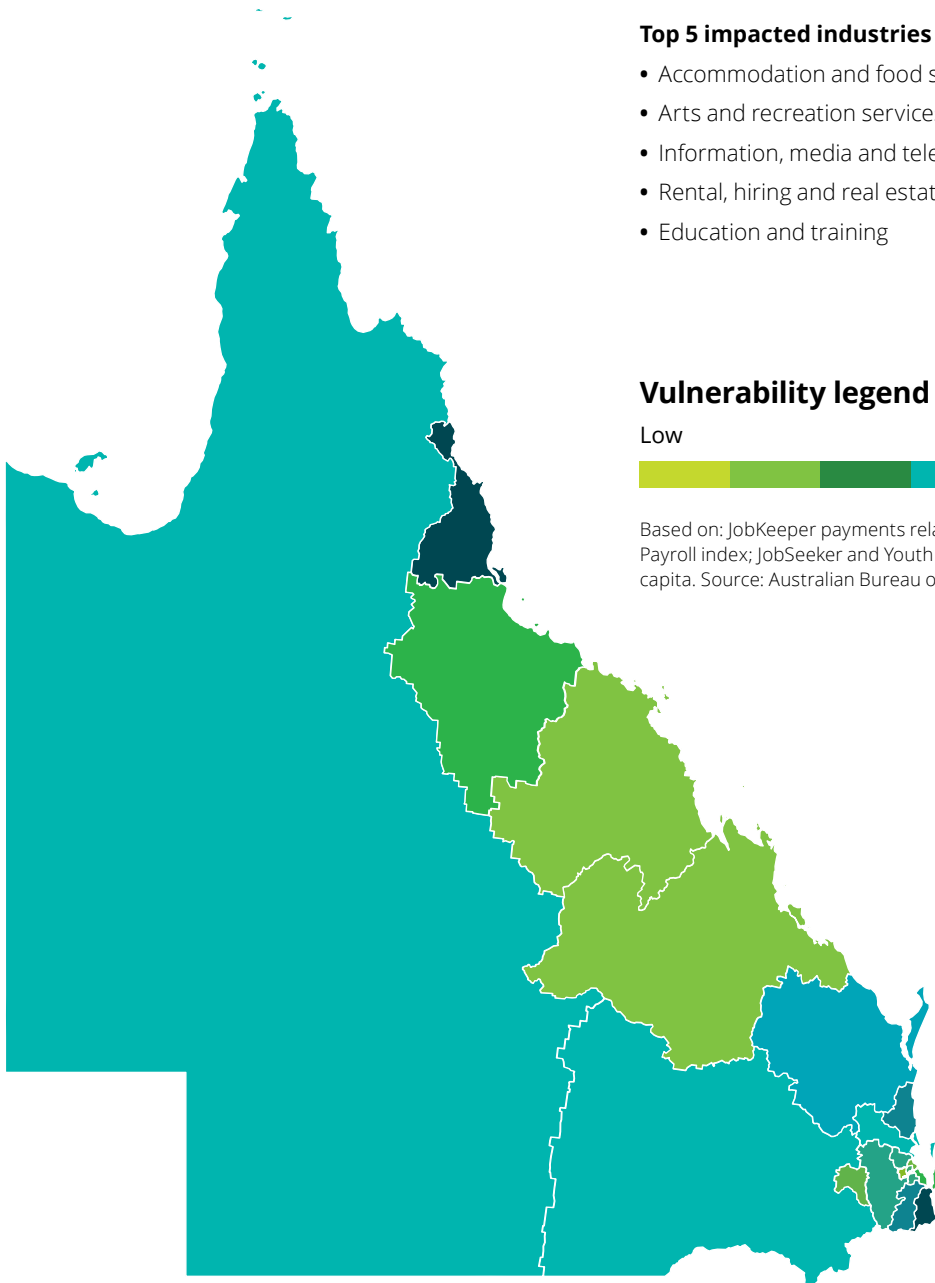
### Top 5 impacted industries

- Accommodation and food services
- Arts and recreation services
- Information, media and telecommunications
- Rental, hiring and real estate
- Education and training

### Vulnerability legend



Based on: JobKeeper payments relative to number of workers; Payroll index; JobSeeker and Youth Allowance payments per capita. Source: Australian Bureau of Statistics



# Many factors at play

Queensland's future growth trajectory will be determined by a complex mix of existing, accelerating and on-the-horizon factors. The COVID-19 pandemic, coupled with the increasing costs of climate change, will create a degree of economic uncertainty that is not yet fully understood.



# Foundations for Queensland's economic future

It's difficult to imagine a new economic future for Queensland when we're currently in the thick of the COVID-19 pandemic globally – will most small businesses weather the storm; will confidence dive as government support lessens; will the virus resurface in Australia in 2021? These are questions without answers, and only time will provide greater certainty.

But this is not a good enough excuse to not act now and make reforms that deliver economic resilience. The sooner we move, and the faster we make choices, the greater the chance for Queensland to minimise the costs and capitalise on the opportunities.

## Principles for resilient growth

Economic growth is a means to an end – it's a number on a chart that economists closely follow, but with limited real world meaning. Reimagining our economic future is so much more than forecasting economic measures. It means:

- **Being bold in our ambitions.** The largest economic decline in a generation calls for more than just tinkering at the margins. If we want Queensland to be the best place on earth, we need to be bold and make commanding choices – and we need to make them in the next year.
- **Being co-ordinated in our actions.** COVID-19 has without a doubt shown us that we are all in this together – from Europe, to the Middle East, to Cairns. The challenges, and the opportunities, are global – so if we don't work together and understand the rest of the world, we won't achieve much alone.
- **Being proactive and driving our own agenda.** The first movers in the recovery phase have everything to gain. Queensland needs to be proactive, set its own vision, and do what's needed to drive its economic future. There are some very big challenges on our horizon – particularly the costs of climate change and global transition to net zero – that we need to reckon with and be proactive in setting the agenda.
- **Being supportive.** Those that have been most affected by the economic fall-out of COVID-19 have been those that can least afford it. We need to ease the burden of recovery and transition to ensure these people, these businesses, these regions can return to a solid footing.
- **Being forthright.** Now is not the time to be meek; now is the time for Queensland to be heard. The biggest economic challenge of our time – climate change and economic structural adjustment – is starting to impact Queensland's economy in ways that make COVID-19 pale in comparison. Regions that are not provided a clear answer to 'what's next' are done a disservice by industry, business and government.
- **Being responsive.** Governments around the world mobilised an unprecedented response to COVID-19 in a heroically short period of time. Adopting a 'whatever it takes' approach meant governments, businesses and citizens got things done. This showed that being responsive – and forging ahead with reform – is a realistic expectation of our business and government leaders, and not just wishful thinking.

### How do we drive growth?

The consequences of COVID-19 have affected both sides of the economic equation – supply and demand. Lockdowns and the like have greatly reduced the amount our economy produces, while at the same time the crisis in confidence and the lack of access to goods and services has seen a drastic reduction in the amount of demand. It proved one person's spending is another person's income – and we need to mend and strengthen this relationship.

To support the economic recovery – and thrive – Queensland needs to boost supply, through productivity and innovation, and at the same time unlock dormant demand.

We need to create more (supply), have what the world wants (demand), and get better at what we do (productivity).



**Create more**



**Have what the world wants**



**Get better at what we do**

# Four Fundamentals



**Confidently  
Queensland**



**Use debt  
for good**



**Local  
jobs**



**Sector  
deals**

# The choices we make

Reimagining Queensland's economic future requires some big choices. With this level of economic upheaval, doing nothing and expecting the economy to right itself is a costly choice.

It's going to require the mobilisation and co-ordination of resources on an unprecedented scale – both public and private. But rather than being scared, we can be prepared. We can be prepared with an economic vision that delivers for Queensland and a commitment to tackling the big challenges.

## Where do we start?

As we see it, there are four fundamentals to unlocking near-term growth in Queensland. While there are many, many more options on the table, these four have been designed to solve for the specific challenges presented by COVID-19 in Queensland.

- **Confidently Queensland** – Buffeted by changing trade conditions, geopolitical uncertainty and the COVID-19 pandemic, Queensland has had a crisis in both consumer and business confidence. What's more, our State is going to be buffeted by the physical impacts of climate change over the course of the century. The next phase of Queensland's future needs to prioritise rebuilding and embedding confidence and making the investments necessary to build the resilience needed to withstand the winds of change.
- **Use debt for good** – with the cost of borrowing at an all-time low, now is the time for government and business alike to use debt to invest in growth-delivering priorities. And these priorities are not familiar – Queensland needs to reset the focus on where the money goes: out with the old and in with the new.
- **Place-based jobs** – the economic fallout from COVID-19 has hit hard for many workers and many regions, exposing existing vulnerabilities in regional labour markets. This necessitates a solution that is specifically tailored to the local context – the local industry, skills base, economic assets, regionality, climate and vulnerabilities.

- **Sector deals** – to strategically position Queensland to ride the next wave of global growth, sector deals will need to be cut between government and business. Rather than tinkering at the margin, sector deals prioritise scale and co-ordination of investment to fast track economic growth and employment.

## Confidently Queensland

- **Confidence drives investment, renewal and growth.** The COVID-19 pandemic caused a global crisis in confidence – consumers lost confidence in their income potential, causing businesses to lose confidence in their income potential and ceasing investment, which further exacerbated the loss of consumer confidence. This vicious cycle of uncertainty and hesitation needs to be stopped if we're to rebuild the economy.
- **Don't be scared; be prepared.** Uncertainty is undoubtedly the new normal: uncertainty about the timing of a vaccine, about the impacts of climate change, about the new way of working, about US-China trade relations, just to name a few... The antidote to uncertainty is confidence – the confidence to make bold decisions even when all the answers may not be available. To do this, businesses, governments and citizens need to be prepared. Like bushfire preparedness – having a plan, practicing for different eventualities – the Queensland business community needs to be prepared for how different potential economic futures will affect their market, supply chain and access to funding. A clearly defined economic endgame from government will go a long way to supporting the decisions of business and industry on this front.

- **Tomorrow's business is likely to be different from the past.** COVID-19 has upended some longstanding assumptions about the business environment; assumptions like the lower productivity of home-based workers, the nature of relationships between B2B, B2C and online-to-offline, and the resilience of supply chains. This means that even as the world economy recovers, the focus shouldn't be on 'returning to normal' or 'getting back to where we were'; rather, the focus should be on 'where to next'. **The crisis has shown us that the frontier technologies of today – data analytics, AI, automation – are absolutely critical to the businesses of tomorrow.**
- **Rebuilding the business environment.** As each business considers its own 'where to next', there's a role for government and industry groups to help rebuild the business environment in Queensland. This, too, took a knock during the COVID-19 pandemic and is going to be further impacted by some large future trends, particularly climate change.

  - **Innovation:** as past economic downturns have demonstrated, the winners are those who rapidly innovate and make agile business decisions. There are new gaps in the products and services markets as a result of COVID-19, and there are a plethora of new technologies available to support innovation in the way we work.
  - **Small business:** small businesses are the foundation of the Queensland economy (particularly the labour market), so rebuilding the economy means supporting the small businesses hardest hit during the pandemic. Those with the most to gain from the opportunities from COVID-19 and future economic trends are often those with the least time, resources and know-how to capitalise on them.
  - **Supply chains:** the lasting impact of COVID-19 on global supply chains remains to be seen, but it certainly showed us that supply chain security is integral to a well-functioning economy. Supporting Queensland businesses with understanding and bolstering supply chain robustness and resilience is necessary for rebuilding business confidence.
  - **Intangibles:** the pandemic highlighted the personal nature of business: business owners worried about the livelihoods of staff, consumers supporting local businesses, social media profiling of small businesses doing it tough. Rebuilding the business environment means investing in the social capital – trust, relationships, networks, goodwill – that business is built on. Confidence means knowing that those around you believe in your business and want to see it succeed.





### Use debt for good

The real questions going into 2021 for Queensland is not ‘what is the size of the debt?’ or ‘how will the debt be paid down quickly?’ – but rather, ‘*what will the debt be used for?*’.

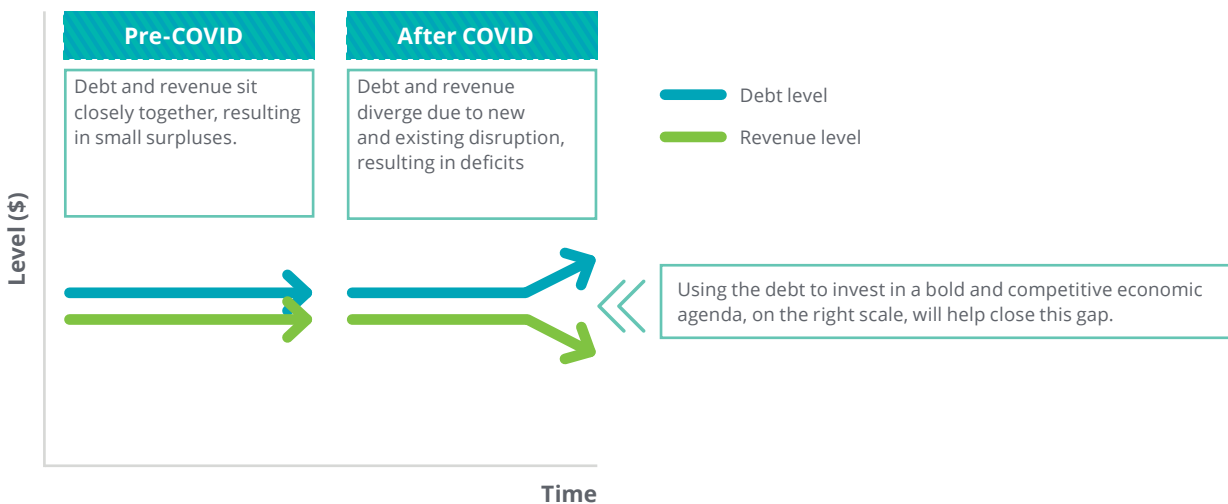
There’s a lot worth worrying about amid a pandemic and increasing government spending for economic recovery. But too many people are worrying a bit too much about the cost of protecting our livelihoods and not enough about how we are protecting them – both today and into the future.

Has the government sentenced younger Queenslanders to a lifetime of higher taxes and sub-standard services? Not at all. Although the dollars are unprecedented, what’s even more unprecedented are the record low interest rates Queenslanders will be paying on this new debt. Never in the two thousand years of recorded history of interest rates has it been cheaper for governments to borrow. Never. And markets aren’t fazed in the slightest.

But in a world after the pandemic, as recovery decisions are made globally, the gap between the state’s debt and revenues will increase overtime if Queensland doesn’t deliver a bold and competitive economic agenda on the right scale. And while the budget this side of Christmas is not the document to answer these questions, it sets Queensland up to reform the long-term fiscal agenda.

### Reform the long-term fiscal agenda

- **Start with meaningful tax reform:** for Queensland to be a world leading and competitive economy, we need a world leading state-based tax system that works for a modern economy. There are upfront budgetary costs with any structural tax reform, but it is an investment in a better tax system. With low interest rates there’s no better time to do it, and Queensland should start with stamp duty. The shift from stamp duty to an annual property tax or land tax is well documented as being good fiscal policy – and while Queensland won State of Origin, now that New South Wales has shifted to reform stamp duty (among others), competing state-based taxation settings are not going to be a win-win for overall productivity.



- **Match tax reform with balance sheet reform:** where future revenues are at risk, or unclear, and future spending is also uncertain, there is a need to shift to a unified understanding of economic and fiscal risk over the long-term – to take a long-term balance sheet approach to fiscal and economic policy. This includes understanding, just like business and regulators are, how to declare and mitigate climate related financial and economic risk. There is no reason that governments won't also eventually show climate change related risks and exposures on balance sheet – both from physical climate risk and global transition risk.
- **Create the settings for investment on a huge scale:** delivering the first two reform items sets the scene to attract the level and scale of investment Queensland needs from industry to grow the revenue base for the state.

### Rethink fiscal policy settings

- **A pandemic isn't a licence to simply borrow for the sake of it:** targeted, strategic and evidenced fiscal policy is the name of the game if Queensland is to not only grow the economy to pay down the debt in the long-term, but also to ensure workers in Queensland have good jobs. The balance sheet must be put to work if Queensland is going to create – and sustain – economic growth in the face of rapid change.
- **Deliver fiscal policy outcomes, not plans:** Conventionally, governments have used the state's Fiscal Principles to define their fiscal strategy and this is often accompanied by plans on savings and debt reduction. Neither the principles nor a savings plan is actual fiscal policy that will create jobs. While both remain important considerations as part of sustainable financial management – these frames are long overdue for a review in the context of the modern global economy, financial markets and notions on what truly drives long-term economic growth.
- **Have the capability to account for change:** uncertainty can breed indecision and results in missed opportunity, and business knows this well. There is no easy fix, but correct and timely information for decision making has proven to be key in the pandemic and will remain key for setting fiscal policy going forward.

### Local jobs

**Lead a jobs-focused recovery.** COVID-19 had an abrupt impact on the Queensland labour market. Many jobs were lost or put on hold, with entire supply chains forced to rapidly adjust in the pandemic environment. Coupled with the need to physically distance and socially isolate, the effect of COVID-19 has been very personal – much more so than previous recessions. A jobs-focused recovery acknowledges that employment provides more than just an income; it provides a sense of identity, a source of social interaction and a means to build self-confidence. Economic growth remains a valid long-term target, but the near-term needs to prioritise getting people back into good jobs and restoring economic confidence, thereby creating self-sustaining longer-term gains.

**Place matters.** Queensland's diverse regional economic structure has always needed to adapt in line with the changing economic times. Workers often enter and exit regional labour markets as local demand changes – consider the geographically concentrated boom and bust cycles of the natural resources sector and seasonal workforce requirements of the agriculture industry. How regions adjust to the economic challenges of the COVID-19 recovery, as well as big trends such as transitioning in response to climate change, will also be highly place-based.

While traditional economic models argue that people will move if there are better jobs available, experience shows that this does not hold true for large parts of the population – *they live there on purpose!*

### The solution? Place-based jobs.

**Why local jobs strategies?** Jobs strategies are much more than just labour market policies; rather, they recognise that good jobs are produced at the nexus of appropriately skilled workers and expanding businesses that have a place in a future economy.



- **Human capital:** Investing in people is an obvious first step to getting more Queenslanders into good jobs. Skills development is integral to the economic recovery and supporting growth over the next decade. Questions also remain about how people will work in the post-COVID environment (e.g. remote).
  - **Businesses:** To create more and better jobs for Queenslanders, businesses need to be confident, resilient and positioned for growth. Small businesses are the economic heart of Queensland and have undoubtedly been the hardest hit during the pandemic. Well-designed jobs strategies focus on what businesses need to recover/start, grow and prosper.
  - **Together:** Too often, these two sets of policies are considered separately. Yet targeting individuals and businesses together – in the one place – is the only way to meaningfully deliver on the goal of creating good jobs.
- Place-based jobs.** To formulate an effective economic policy response at the regional level, we need to understand – and design jobs strategies that reflect – the structure of economic activity and the factors that are associated with success or failure for places overtime.
- **Locally led:** Most regions are best positioned to understand their own needs and leverage their unique assets. Local businesses and community leaders can diagnose the context-specific challenges (e.g. skills mismatch) and help design the challenge-specific solutions (e.g. targeted skills investments).
  - **Centrally enabled:** Not all regions have the capacity and resources to design and implement their own jobs strategies. Central government support can be used to standardise the framework, ensure consistency across regions and provide direction on solutions which have proven effective. Critically, the government is also likely to be largely responsible for structuring and sourcing funding. But above all, local regions can only truly diagnose and solve for challenges when they know where the economy is meant to be heading. Central government needs to provide a clearly articulated, defined and measured economic endgame for everyone to collectively work towards. This is not just a growth or jobs target – this is the specific industry policy, regulatory settings and macroeconomic vision for the future of Queensland that is designed at scale to answer, ‘where to next?’
  - **Iterative and adaptive:** Rather than presume we know what works in every context, the strategies need to continually evolve in response to evidence of success or failure. Queensland is behind other states in evaluating what does and does not work and making appropriate policy modifications in a timely way. The post-COVID world will move quickly, and Queensland has to keep up.

## Sector deals

The complexity and uncertainty of the global economy has increasingly made it hard to locally solve for the policy mix that delivers regional growth, new job opportunities and higher standards of living.

Traditional thinking on economic development – the occasional SWOT analysis on a region and glossy investment attractions booklets – no longer do the trick. The economy has evolved quickly, and where economic development and industry policy doesn't evolve alongside it, regions, workers and economies will be left behind.

**Partnerships** between the government, industry and firms on sector-specific issues and desired outcomes can create substantial opportunities to lift productivity, employment, innovation and skills for workers.

Think City Deals, but for sectors. And while grounded in industry and economic development policy, the frame is new, the method of delivery is new – and above all, **the scale is large**. Importantly, **sectors are not the same as an industry** – tourism is a sector, made up of retail, hospitality, transport and accommodation industries. And when a sector frame is taken to solving the productivity and economic growth puzzle, different groups, supply chains and factors are involved.

Government should **reset the economic development agenda** and cut sector deals that will take Queensland's regional economies to a resilient growth path.

### Cutting new deals for growth

A sector deal framework could supplant the priority industry approach. Queensland's priority industry efforts and investments were the right first step and have laid the strong foundation on which sector deals can now advance. Industry has done the work and now we are taking it to the next level.

- **Structure:** Sector deals would represent tailored arrangements between central government, industry bodies, specific firms and skilling organisations to collectively design, fund and deliver on the defined economic endgame. While centrally led, sector deals should be core business to every economic agency.
- **Link it up:** Sector deals should relate to place-based jobs strategies – the two approaches go hand in hand to create good jobs for Queenslanders over time. This means that the specific skills and location of workers in sectors are an input into developing sector deals – deals must ask, and answer, how to the existing skills of workers be best used to ensure meaningful employment in the future?
- **Not just government:** Leadership from business has been key to the success of sectoral policies in other jurisdictions. Government can set an 'open door' challenge to industry to come to government with proposals to transform their sectors through sector deals. Sectors deals are centrally led through government but are deliberately a mechanism for leadership outside of government to deliver advancements in productivity and economic potential.
- **Funding:** Not all sector deals would require new money. There will certainly be options to rightly reprioritise existing sources of government funding if there is a solid evidence base to do so. But sector deals offer the perfect example of how debt can be used for good – targeted, evidenced and a clear ROI for Queensland.

## Big plays for Queensland

Through years of consultation, analysis and discussions across Queensland industry, business and regions – we see the world is driving Queensland to be positioned for five major sector deals:



### Renewable energy superpower:

Queensland has the right industry, skill and infrastructure mix to competitively be the state that establishes Australia's status as the world's renewable energy superpower. A renewable energy superpower sector deal could bring together the work on domestic decarbonisation, capital investment in energy supply, unique financing and the infrastructure and regulatory settings that would see us export reliable renewable energy and the services that go with it. This sector deal is about METs, mining new minerals, advanced manufacturing, new energy tech, electric vehicles, green and blue fintech and hydrogen industry development all in one. It has scale, potential and massive employment opportunities.



### Healing the world:

From the investments of the Smart State to today, Queensland has always been a world leader in medical research and health offerings. And a new sector deal can increase the potential. From biotech and medtech, life sciences, to advancements in tropical health medicine in the face of climate change – Queensland's research institutions can deliver the innovations the world will need. But it needs scale, collaboration with advanced manufacturing, expanded supply chains and pathways to commercialisation.



### Take to the sky:

Queensland founded Qantas, is the home of Virgin Australia and has invested wisely in the potential of aerospace with commercial partnerships with the likes of Boeing. Developing and taking commercial advantage of the future technologies that will shape the aerospace sector will be key to Queensland's success story continuing. Connecting the dots at scale between advanced manufacturing, the global move towards hybrid-electric and electric propulsion, and valuable emerging markets such as drones and Urban Air Mobility. This sector's activity and supply chain also compliments a budding space industry and the applications of the space industry's output (data and analytics) to other sectors – alongside defence this is a key opportunity for Queensland.



### Feeding the world:

Queensland has always grown what the world wants and needs. But the agricultural sector is no longer just crops and cattle, increasingly becoming more complex as a sector with new supply chains and outputs that come from agtech, food processing, carbon farming, climate science and data, and green finance. The increasing complexity of the sector is creating new types of employment, services and export potential – but more work can be done to connect the dots at scale, and fast deliver greater growth potential for regional agricultural businesses and related services.



### Creating content:

Creative industries is not only art; they are the industries and skills of a resilient future workforce, offering the goods and services that Queensland can export to the world. From Screen Queensland and our film and television sector, to gaming, design, digital economy content, architecture, advertising and publishing. Queensland has the foundation of a growing creative economy, but a sector deal and targeted effort could produce the scale required to rival and compete in an increasingly creative world.

# Priorities for Queensland

There are some specific challenges that Queensland needs to address if we're to move to an economic growth path that supports all Queenslanders.

This list highlights a selection of near-term priorities (in no order) that can kickstart Queensland's recovery in 2021:

- **Dedicated Transition Authority for the Bowen Basin** – The economic future of this region is considerably more uncertain than the rest of Queensland, and it requires co-ordinated, independent and timely leadership on its transition path. It is a matter of when, not if, the declining demand for the region's resources necessitates a large structural economic adjustment. As recent announcements from key trading partners has shown, it may not be a question of Australian politics; but, rather, a question of when the world will cease demanding what Queensland is selling. *It's about ensuring this process is a transition and not a cliff.*
- **Experience Queensland** – The COVID-19 pandemic drastically changed the tourism market in Queensland. With international tourism expected to remain well below 2019 levels until at least 2024, Queensland's tourism businesses and supply chains will be performing below capacity for some time to come. The concept of 'Experience Queensland' centres on the need to keep these businesses operational until international demand returns – there needs to be a thriving, attractive and well-maintained asset base to return to. Sustaining these businesses means encouraging Australians to Experience Queensland. Perhaps it's not for the once-in-a-lifetime trip, but it's a mid-week escape (laptop in tow) to the hinterland or a long weekend planned around a Sunday market in the country. We need to make it easy for people to choose trips around Queensland – provide driving itineraries from Brisbane, have a list of Instagram-worthy photo opportunities, advertise key natural assets, and so on. This is about packaging and selling Queensland locations as an experience.
- **Rebuilding economic partnerships** – Pre-COVID-19 trade tensions, plus the severe insularity of COVID-19 lockdowns and physical distancing requirements, have come at the expense of national and international relationships. Queensland needs to take proactive steps on rebuilding strategic economic partnerships – trade, cultural and political. In the current environment of geopolitical uncertainty, focusing on place-to-place relationships (such as metro-to-metro) or focused relationships (such as specific trade routes) is likely to yield the biggest bang for buck. For businesses, this is closely tied to the need to ensure that supply chains are robust and resilient to future economic and geopolitical shocks.
- **Win the war for talent** – Queensland needs to view the skilling agenda as core economic policy, and this means solving for skills as a key input into economic growth. Skills are key to the creation of place-based jobs strategies and how the debt can be used for good. Skills are core to cutting sector deals and realising outcomes for workers whose skills are vulnerable to disruption from economic change. Solving for place-based unemployment in economic recovery will require a revival of labour market analysis to sit at the front of decision making – this is universally true for government and business alike. If Queensland businesses are going to compete in the war for talent in recovery, the notion of lifelong skills and how they are best placed to ensure workers have the capability and experience to help them compete is critical.





- **Use the debt for good:** As recovery decisions are made globally, the gap between the state's debt and revenues will increase overtime if Queensland doesn't deliver a bold and competitive economic agenda on the right scale. And while the budget this side of Christmas is not the document to answer these questions, it sets Queensland up to reform the long-term fiscal agenda that it will need to solve for in 2021. Core to this is defining the framework on how to use debt for good and developing a long-term balance sheet approach – this will help restore confidence, attract investment and maximise economic potential.
- **Act fast on local job strategies and sector deals:** newly analysed, evidenced and coordinated place-based job strategies and sector deals should be a key priority as part of any industry policy setting and economic recovery planning. Queensland has invested in getting the foundation right for these new policy mechanisms, and 2021 offers the chance to invest heavily in delivering on them.
- **Insuring Queensland** – As the ACCC's Northern Australia Insurance Inquiry notes "destructive extreme weather events are not rare occurrences in northern Australia" and, as a result "home, contents and strata premiums are, on average, considerably higher in northern Australia than in the rest of Australia and have increased more in recent years."<sup>3</sup> This issue is only going to get worse as the damages of climate change accelerate over the coming years. If people and businesses are to remain financially viable in northern Queensland communities, something must be done to address this. The ACCC has already put forward a number of recommendations to government and industry, and more are expected before the end of this year. Action needs to be taken on these recommendations as a matter of priority.

3. Page 1, Northern Australia Insurance Inquiry, Second Interim Report, November 2019









This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

#### **About Deloitte**

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500 companies. Learn how Deloitte's approximately 286,000 people make an impact that matters at [www.deloitte.com](http://www.deloitte.com).

#### **About Deloitte Asia Pacific**

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities provide services in Australia, Brunei Darussalam, Cambodia, East Timor, Federated States of Micronesia, Guam, Indonesia, Japan, Laos, Malaysia, Mongolia, Myanmar, New Zealand, Palau, Papua New Guinea, Singapore, Thailand, The Marshall Islands, The Northern Mariana Islands, The People's Republic of China (incl. Hong Kong SAR and Macau SAR), The Philippines and Vietnam, in each of which operations are conducted by separate and independent legal entities.

#### **About Deloitte Australia**

In Australia, the Deloitte Network member is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 8,000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at [www.deloitte.com.au](http://www.deloitte.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte Network.

© 2020 Deloitte Touche Tohmatsu.

Designed by CoRe Creative Services. RITM589715