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No shocks and no surprises

Queensland Business Outlook

Special Queensland 2018-19 Budget Edition
June 2018


CUSTOMER SERVICE LEVELS
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SERVICE LEVELS AND
27%
TIME SCALE
BIG DATA
FINANCE
NEW BUSINESS
CUSTOMER SERVICE
NEW INFORMATION
GLOBAL STRATEGY

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No shocks and no surprises - Queensland State Budget 2018-19

For a budget that promises to 'borrow to build' for Queensland's future, debt actually doesn't go up by much. Thanks to a sugar hit from coal prices and dividends in 2017-18, in many ways this budget tinkers at the margins, producing no shocks and no surprises.

The Palaszczuk Government is back for its second term, with a majority Labor Government and a new Treasurer in Deputy Premier Jackie Trad. Finding its stride, the Government stays true to form with this budget's strong emphasis on infrastructure and funding for education and health – and a continued focus on Queensland's economic fundamentals – 'rocks, crops and cameras'.

This budget is safe, but smart.

Safe, in that it manages to increase expenditure, retain surpluses over the forward estimates, and deliver on election commitments, all at the same time.

Smart, in that it targets areas that will help the continued transition of the Queensland economy away from just 'rocks, crops and cameras'.

As is always the case, budgets are about choices. They are a balancing act of competing priorities between the short and long term, between meeting the service needs of people versus fiscal responsibilities.

This budget is an expression of a second term Government – all about delivery - with an eye to another election in just over two years' time.

A brief snapshot

- The economic outlook for Queensland over the next five years is steady as she goes hovering around 2.75%. The 2018-19 peak in economic growth at 3% comes off the back of stronger coal prices and business investment.

- Stronger global economic conditions are going Queensland's way until 2018-19, lifting demand for the key commodity exports that underpin the State's economic success.

- Into the forward estimates it is a different story. Modest growth is expected for exports while coal prices are likely to decline from current levels – so risky business bumping up against safe.

  Risky fact: for every one cent movement in the $AUD-$USD exchange rate, the impact on royalty revenue would be approximately $66 million in 2018-19.

- Unemployment remains particularly stubborn at the 6% mark across the forward estimates – the job market is expanding but not outpacing the increasing rate of labour force participation. Queensland's job market is a double edged sword.

  If you were playing budget bingo, the word population would have won it for you. Those coming over the border to call Queensland home feature big in this budget – the house price refugees from NSW have once again made Queensland the most popular state for interstate migration. This is the key rationale used to position the budget for infrastructure and front line service spending.

- This budget keeps Queensland in the black – just. The surplus for 2018-19 is boosted by coal prices but across the forward estimates it starts to look more like a rounding error. This is one to watch, especially with changes in GST arrangements with the Commonwealth, looming Gonski reforms and the perpetual risk of natural disasters in Queensland all creating uncertainty.

- In an important step the budget reports that public service jobs will now grow in line with the population, consistent with one of the six fiscal principles of the Government. Discipline in this will be critical for the ongoing sustainability of the budget.

- Delivering on election commitments, the ordinary Queenslander is largely immune from the revenue measures in the budget. Besides a 3.5% increase in rego, Robin Hood taxes are the order of the day – luxury land and car tax increases, along with an increase in duties for foreign buyers. An exception is that the 15% point of consumption betting tax will affect the hip pocket of those who like to gamble – now extended to include all forms of betting, not just online. There is also a new waste disposal levy to reduce waste generation and provide a source of funding for reinvestment in the waste sector.

- $1 in every $2 of general government expenditure goes to health and education in 2018-19 – true to form the Labor Government, is delivering on its commitments. A key expenditure item is Queensland committing to the National Redress Scheme for Survivors of Institutional Child Sexual Abuse, to the tune of $500 million.

- $45 billion expenditure in infrastructure investment is planned over the forward estimates with $21.7b of this on transport and roads. $11.6bn to be spent in 2018-19 with more than half of this outside Greater Brisbane.

In a less emphasised area of the budget, the government has announced 6 priority areas - the Government's Advancing Queensland areas of priority. This focus, to set targets and deliver outcomes is welcome and we would expect the Government's attention and focus to be on these areas in the years ahead.

The Advancing Queensland priorities are to:

01. **Create Jobs in a strong economy** - (investment in economy) Create jobs; increase private sector investment; engage more young people in education, training or work
02. **Give all children a great start** - increase number of babies born healthier, increase immunisation rates, increase wellbeing prior to school (early childhood focus)
03. **Keep Queenslanders healthier** - Increase number of Queenslanders with healthy body weight and reduce suicide
04. **Protect the Great Barrier Reef Reduce** Queensland's contribution to climate change and improve water quality
05. **Be a Responsive Government** - digital play to make using Government services easier
06. **Keep communities safe** - reduce rates of youth reoffending and reduce rate of crime victims

Economic strategy

The Budget provides the Queensland Government with an opportunity to set the economic agenda for the next twelve months and highlight a broad direction for the subsequent three years. The tone of this year's budget was about growing and sharing Queensland's economic pie.

A test we set for the budget is to:

- Preserve and enhance the liveability of Queenslanders
- Continue the focus on diversifying the economy
- Ensure that all Queenslanders, no matter where they live, or their socioeconomic circumstances, can participate in the economy and society (an agenda of inclusive growth).

This budget's economic plan satisfies this test, putting sustainable and inclusive economic growth front and centre. However, a plan is only as good as the activities and investments that underpin it, and needs to be flexible enough to adapt to the external environment.

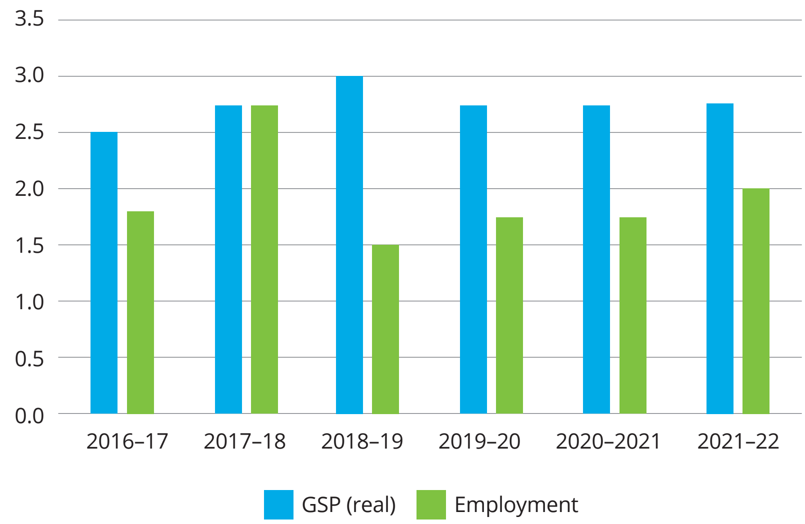
For an open trading economy, Queensland is highly exposed to global economic conditions which, over the forward estimates, are expected to be muted. While stronger global economic conditions are going Queensland's way until 2018-19, over the forward estimates it's a different story. The moderating economies within Australia's key trading partners – including China, Japan and the US – will translate into lower commodity prices and slower growth in demand for Queensland's exports.

Domestically, Queensland Treasury expects a pick-up in household consumption and stronger business investment to drive Gross State Product (GSP). On balance, net exports will detract from economic growth, as strengthening wages and reasonable employment prospects encourage the consumption of imports. The economic outlook for Queensland over the next five years is steady as she goes, with GSP growth hovering around 2.75% and employment growth bouncing between 1.5% to 2% per annum (see Chart 1.1).

If you were playing budget bingo, the word population would have won it for you. Those coming to call Queensland home – all five million of them – feature big in this budget. The house price refugees from NSW have once again made Queensland the most popular state for interstate migration, which combined with natural increases, will see Queensland welcome a further two million people by 2038. Most of these two million are likely to choose to locate in the south east of the state, further exacerbating the strained debate about government spending in the south east versus the regions.

Chart 1.1 GSP and employment forecast

Annual % Change



Fiscal strategy

This budget keeps Queensland in the black – just! (see Chart 1.2). The surplus for 2018-19 is boosted by coal prices, but across the forward estimates it starts to look more like a rounding error. This is one to watch, especially with changes in GST arrangements with the Commonwealth, looming Gonski reforms and the perpetual risk of natural disasters in Queensland all creating uncertainty.

Fiscal uncertainty also remains over the forward estimates regarding the operating budget, for instance, on account of yet to be determined by the Australian Government decisions under the Commonwealth National Health Reform funding arrangements.

As with all Governments, the number of levers available for economic and fiscal policy is constrained by its election commitments. In this budget, operating expenses have to do more work than would otherwise be the case to deliver on economic objectives, including budget repair.

But while the budget promises to 'borrow to build' for Queensland's future, debt actually doesn't go up by much. In 2017-18, general government debt was the lowest since 2011-12, and steadily increases out to 2021-22.

Debt is best measured and understood in context. In context, Queensland's general government borrowings are stable and serviceable (see Charts 1.3 and 1.4).

These charts highlight that general government debt to GSP falls from a recent peak of over 14% to stabilise around 10%. Similarly general government interest expenses to revenue decline and stabilise just under 3%.

Chart 1.2 Net operating balance

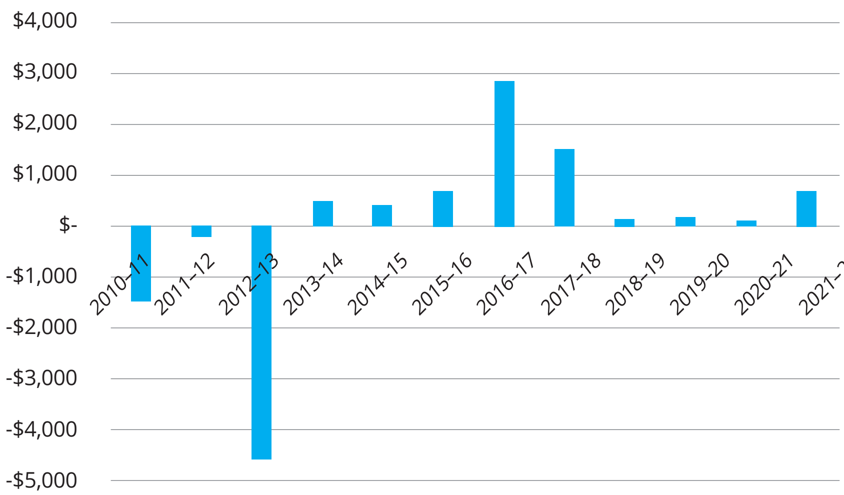


Chart 1.3 General government borrowings to GSP

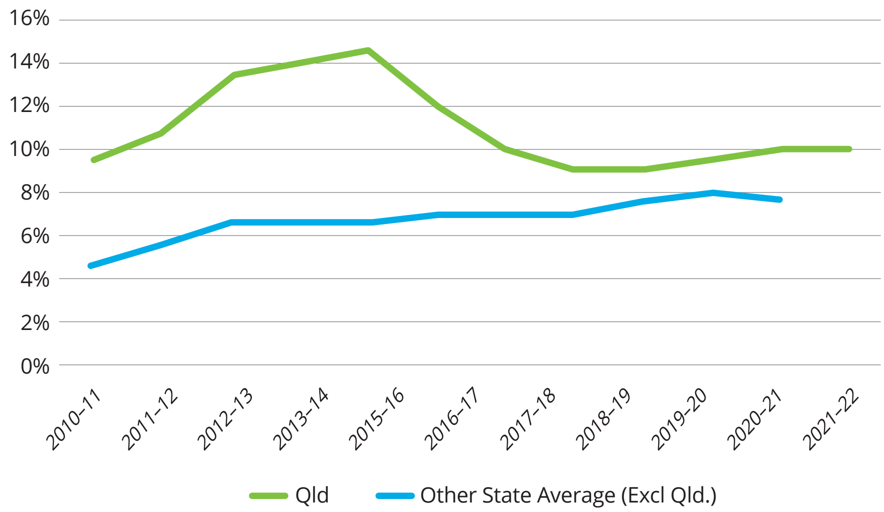
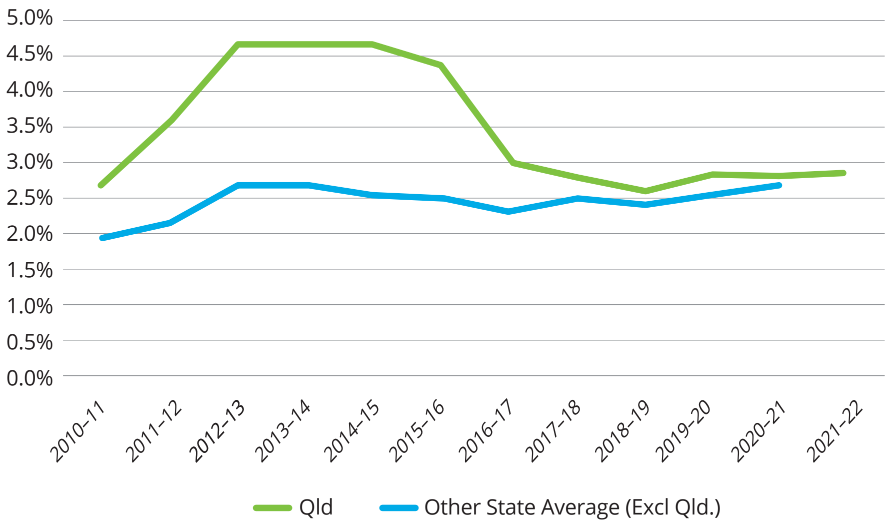


Chart 1.4 General government interest expense to revenue



Key taxation measures:
No real shocks, but one or two surprises

Payroll tax

The extension of the 50% payroll tax rebate for apprentices and trainees for a further 12 months until 30 June 2019 is most welcome. The rebate benefits employers by reducing the payroll tax payable by them on their overall taxable wages (in addition to the wages for the apprentice/trainee being exempt). The rebate amount is equal to 50% of the wages paid to apprentices and trainees multiplied by the payroll tax rate (4.75%) and is forecast to cost State revenue $26 million in FY19. Overall, the payroll tax take is expected to increase from $3.887 million in 2017-18 (est. actual) to $4.850 million in 2021-22 (projected), continuing the position of payroll tax in Queensland as the single biggest contributor to State own-source revenue.

Of course this rebate is only for businesses with apprentices and trainees and is not 'across-the board' increase to the payroll tax threshold for all small businesses, as in some other States and Territories.

Land tax

As the Government announced in the lead up to the October election and in its December Mid-Year Fiscal and Economic Review (MYFER), from 1 July 2018, a 0.5% additional land tax surcharge will be imposed for owners of land with aggregated landholdings in Queensland with a taxable value of more than $10 million. This will result in an increased tax rate of 2.25% for resident individuals and 2.5% for companies, trustees and absentees. It will apply from the 2018-19 financial year on the portion of landholdings exceeding $10 million. The current existing rates on landholdings with a land tax value below this amount were not amended. The new top land tax rate is expected to impact the top 850 land tax payers in Queensland.

In addition, the Land Tax Act 2010 and Land Tax Regulation 2010 will be amended to incorporate certain provisions which are currently the subject of a public ruling for 'agriculture, pasturage or dairy farming' when using the land for primary production business purposes.

Additional foreign acquirer duty (AFAD)

The AFAD surcharge transfer duty rate will increase from 3% to 7% and will apply to liabilities arising on or after 1 July 2018. This will take the top transfer duty rate in Queensland for transactions subject to AFAD to 12.75%. AFAD is imposed on purchases of residential property in Queensland by certain foreigners (including foreign individuals, companies and trusts). Although it will not directly impact Queenslanders, it is likely to have an indirect impact when they are buying homes in residential developments built by foreign developers. The increased rate will put Queensland on par with the other states which currently impose a transfer duty surcharge on foreign buyers and is expected to deliver $33 million in revenue in FY19.

Premium motor vehicle duty

As also foreshadowed in the MYFER, a 'premium motor vehicle duty' will be introduced from 1 July 2018. Under this measure, the vehicle registration duty imposed on vehicles valued at more than $100,000 will be subject to a $2 per $100 surcharge on the total dutiable value. In addition the base motor vehicle duty rate will also apply. Heavy vehicles will not be affected by this measure. This duty is likely to impact approximately 6,000 motor vehicle sales in Queensland each year.

First home owner's grant (FHOG)

In a blow to first home buyers, the temporary increase of the First Home Owners' Grant from $15,000 to $20,000 for the purchase of newly constructed homes will cease as of 30 June 2018. There will, however, be some relief for first home buyers with the First Home Owner Grant expected to continue at $15,000.

Gambling tax

From 1 October 2018, the Government will introduce a point of consumption tax for all betting operators licenced in Australia on wagers placed by Queensland customers. The tax will apply at the rate of 15% of net wagering revenue earned from bets placed by customers located in Queensland, and will apply to operators with total wagering revenue exceeding an annual tax-free threshold of $300,000.

Although this new gambling tax was foreshadowed in MYFER last December, and has been recently introduced across a number of States and Territories, this will more than double the tax revenue amounts estimated in MYFER (from $30 million to $70.95 million in FY19 alone). This unexpected expansion of the tax base from only on-line wagering to all licenced Australian betting operators, is certainly one of the surprises in the budget. It is expected that the industry will pass this tax on to customers.

Labour hire licensing

From 15 June 2018, labour hire providers operating in Queensland are required to register for a licence under the Labour Hire Licensing Act 2017. Each provider will be required to pay a tier dependent fee of $1000, $3000 or $5000 (based on revenue) when applying, renewing or restoring a licence. The scheme is aimed at protecting labour hire workers and supporting responsible labour hire providers. Although not explicitly stated by the Government, the data gathered from this initiative could well have implications for payroll tax purposes.

Other State taxes administrative amendments

Mineral resources evidence requirements

Amendments to evidentiary requirements specific to the resources sector have been made to the Mineral Resources Act 1989 and Petroleum and Gas (Production and Safety) Act 2004. Although these changes may seem inconsequential on the surface, they will have a fundamental impact on evidentiary requirements and the administration of State royalty collection in Queensland. It is suggested the changes will also assist the Minister in overcoming significant hurdles due to an inability to produce information.

Waste disposal levy

From 1 January 2019 a $70 per tonne waste disposal levy, will be applicable to waste from within Queensland as well as interstate waste brought into Queensland. It will apply to the dumping of waste in Queensland. The waste disposal levy will also be subject to an annual increase of $5 per tonne. Local councils in designated parts of Queensland will receive an annual advance on their waste disposal levy charges from the Queensland government to avoid the levy costs being passed on to households. Although the Government has forecast revenue of almost $101 million in FY19 and more than $400 million each year in the forward estimates, only $32 million has been earmarked for local councils in FY19. The Government also expects that more than 70% of the revenue generated across the forward estimates will also be allocated for this purpose. The direct impact of this impost on Queenslanders is yet to be seen.

Information systems

Amendments to the Taxation Administration Act 2001 and Taxation Administration Regulation 2012 provide for the inclusion of additional ways that documents may be given to and given by the Commissioner. Primarily these changes include the Commissioner giving information to tax payers by text message. In addition, an approved land tax information system is identified in the amendments.

Portfolio synopsis

Education

The 2018-19 Queensland State budget invests more than $12.8 billion in the delivery of schooling and early childhood education with new investment primarily focused on school infrastructure, new teachers and teaching quality.
Within the budget context, there continues to be uncertainty regarding the future of federal-state funding and the implications for the forward estimates. For instance, the Queensland Government will need to negotiate a transition pathway with the Federal Government on school funding and provide certainty on the future of early childhood funding, with the financial implications for Queensland yet to be finalised.

Key highlights of the 2018-19 budget include:

- 1,000 extra teachers as part of a four-year commitment to employ more than 3,700 teachers
- $14.4 million over four years from 2018-19 to employ up to 45 additional instrumental music teachers and for instruments
- $107 million over three years from 2018-19 to develop and implement the Teaching Queensland's Future program to ensure we meet the demand for quality teachers across the state
- $308 million in addition funding over six years to the Building Future Schools Fund from 2018-19 to a total of $808 million to be able to deliver world class learning environments for students and to support enrolment growth in state schools
- $235 million over four years from 2018-19 under the Renewing Our Schools program in 17 high schools across the state to enhance and upgrade facilities.
- An additional $25.6 million over two years from 2018-19 to deliver renewal works at 31 state schools
- $31.1 million over four years from 2017-18 to establish four Centres for Learning and Wellbeing across rural and remote Queensland to support teacher professional development and wellbeing.

Health

The 2018-19 state budget provides an additional $798.7 million in funding for health, with a focus on additional frontline health workers and health infrastructure. The growth in demand for health services continues to dominate expenditure, with growth in operational expenditure totalling $554.5 million over four years. The budget also allocates funding over the forward estimates for the Queensland Government's election commitments on a range of policy initiatives including specialist outpatient services, midwives and nurse navigators.

Key highlights of the 2018-19 budget include:

- $154 million to extend specialist outpatient services
- $106 million for community mental health services
- $281 million for the Logan Hospital redevelopment
- $252 million for the Caboolture Hospital development
- $124 million for Stage 1A of the Ipswich Hospital expansion
- $80.7 million in additional funding for ambulance services.

Business

The Palaszczuk government has committed to advancing and growing Queensland businesses, with significant financial support provided through the Advance Queensland initiative, Queensland Made, and the Jobs and Regional Growth Fund.

Key highlights of the 2018-19 budget include:

- Increased funding to support the Advance Queensland initiative over the next four years by $73 million, including $30 million towards assisting Queensland start-ups and small to medium enterprises succeed, and $26 million which supports collaboration between researchers and industry through Industry Research Fellowships
- $32 million to continue funding programs under the Advance Queensland initiative
- $33 million over the next three years to establish manufacturing and defence supply chain logistics hubs in Central and Northern Queensland
- $20 million in 2018-19 to support the Jobs and Regional Growth Fund.

Infrastructure

Infrastructure is a key plank of the Government's budget announcements - with commitments to critical infrastructure, infrastructure maintenance, capital works and building disaster resilience.

Key highlights from the 2018-19 budget include:

- $200 million three-year commitment to extend Works for Queensland program, which will support job creation across regional Queensland through maintenance and minor infrastructure works
- $70 million over the next three years to deliver Round 4 of Building our Regions, which will provide much needed infrastructure in Queensland regions
- $38 million over the next four years to establish the Disaster Resilience Fund, which will support local governments, state agencies and non-government organisations.

Justice

The 2018-19 Budget provides additional funding to respond to increased criminal, domestic and family violence. In addition, there is support for the Government's recent youth justice reforms including the transition of the 17-year olds from the adult justice system to the youth justice system.

Key highlights from the 2018-19 budget include:

- $10.4m has been allocated to Youth Detention Capacity and Planning in 2018-19. The funding will provide extra frontline staff for the Brisbane Youth Detention Centre and Townsville's Cleveland Youth Detention Centre
- $11.7m has been committed to Reducing Remand of Children and Young People in Custody. The Department of Child Safety, Youth and Women is required to also reprioritise $11.3 million over four years to support this commitment
- $10 million has been allocated in 2018-19 to support Queensland Courts and Justice services in response to increased criminal, domestic and family violence
- $14.7 million over four years to enhance Digital Investigative and Information Security Services; as well as an additional $14 million over three years for recording and transcription services within Queensland Courts
- $9.1 million funding over four years to continue the delivery of the Murri Court and expand Court Link services to regions in need.

Environment and Energy

The State Budget has committed to increase its financial contribution to increase the health of the Great Barrier Reef, invest in renewable energy and a strategy to reduce interstate commercial waste disposal in Queensland.

Key highlights from the 2018-19 budget include:

- $26 million in additional funding over the next four years for the Joint Field Management Program for reef protection measures
- $13.8 million over the next four years to extend the Queensland Reef Water Quality Program to provide professional advice to graziers, and cane and banana growers, to support the transition to environmentally conscious practices
- $34.1 million over four years to implement the Waste Disposal Levy in the first quarter of 2019 and its ongoing operation. $32 million is provided in additional funding in 2018-19 for advance payments to councils to mitigate costs to households that may result from the introduction of the Levy
- $5.6 million over the next four years to further enhance the implementation of the Queensland Climate Change Response
- $100 million has been committed to the three-year delivery of a Resource Recovery Industry Development Program that will support the recovery and recycling industry
- $50 million in 2018-19 to support concentrated solar thermal development
- $51.8 million over three years to encourage more energy saving as part of the Affordable Energy Plan.

Tourism

The $25 billion tourism industry gets attention in the Budget.

Key highlights from the 2018-19 budget include:

- $85.6 million over the next four years toward the Attracting Tourism Fund to draw new international airline routes and cruise ships to Queensland, and the Regional Tourism Infrastructure and Experience Development Program, which will support communities grow their tourism offerings
- $20 million over the next two years into the Reef Resort Rejuvenation Fund. This will fund projects focused on growing, greening and cleaning the Great Barrier Reef Island resorts
- $16.1 million over the next three years to support the Advancing Tourism 2016-20: Growing Queensland Jobs Strategy to attract and grow events across Queensland. $36 million is also allocated to attract major events to Queensland.

Communities

The Budget provides additional funding to improve the life outcomes of Queensland's most vulnerable people, through joining the National Redress Scheme and support remote indigenous housing.

Key highlights from the 2018-19 budget include:

- The Department of Child Safety, Youth and Woman will reprioritise $500 million to support redress payments to be allocated to survivors of institutional child abuse. This commitment marks Queensland's participation in the National Redress Scheme, a key recommendation of the Royal Commission into Institutional Child Sexual Abuse
- The State will increase efforts to close the gap in health, education, employment and other life outcomes between Aboriginal and Torres Strait Islanders. The Queensland Government also announced it remains committed to improving the housing options for Aboriginal and Torres Strait Islanders by devoting $239 million over the forward estimates
- The Government commits $20m in 2018-19 to support children and young people in care with complex and challenging behaviour.

Transport

The 2018-19 Queensland State budget allocates $4.9 billion in road and transport related projects.

Key highlights from the 2018-19 budget include:

- The delivery of the $5.4 billion Cross River Rail project – this is expected to support jobs over the construction and operations phase
- A $21.7 billion investment over the next four years in the Queensland Transport and Roads Investment Program (QTRIP) – this represents an increase of around $700 million on the previous year's commitment
- $371 million for a new public transport ticketing system across the state over the next four years
- $534.3 million to continue the Toowoomba Second Range Crossing project
- Investment to upgrade the M1 Pacific Motorway:
    - Between Varsity Lakes and Tugun on the Queensland/NSW border at a total estimated cost of $1.03 billion
    - Between Eight Mile Plains to Daisy Hill at a total estimated cost of $749 million
- $160.8 million over four years towards the Beerburrum to Nambour Rail duplication project to address the infrastructure and capacity constraints on this section of the North Coast Line
- $40.5 million to upgrade accessibility at train stations, including Strathpine, Boondall, Morayfield, Southbank, Cannon Hill, Dakabin and Buranda
- $68 million to upgrade a section of the Ipswich Motorway between Rocklea and Darra, at a total cost of $400 million in partnership with the Australian Government
- $50 million to upgrade the Pacific Motorway/ Gateway Motorway merge, in partnership with the Australian Government at a total cost of $190 million.

Police, Fire, Corrective & Emergency Services

Delivering on election commitments, and consistent with its focus on front line services, additional Budget funding is provided on the following:

- $11.2 million per annum for an additional 100 fire fighters and 12 fire communication officers
- $15 million over 10 years to enable the SES on-boarding to the Government Wireless Network
- $28.4 million over five years and $6.9 million ongoing per annum for the final stage recommissioning and operation of the Borallon Training and Correctional Centre
- $53.8 million over four years from 2017-18 and $16.9 million per annum ongoing from 2021-22 for 85 counter terrorism officers and specialists and the establishment of a Security and Counter Terrorism Command
- $169.5 million over four years and $81.5 million per annum ongoing from 2022-23 for 400 police officers
- $20 million over five years to support the continued presence of police officers in Safe Night Precincts.

Confidently Queensland

Queensland is shifting from a once in a lifetime resources construction boom towards a more diversified and knowledge based economy. However, many Queenslanders – especially those in the regions – are grappling with how best to respond.

Deloitte, together with business, government and communities have come together to co-design an overarching approach to shape a future that will, over the next ten years, further unlock prosperity for all Queenslanders.

We are creating a more confident Queensland, with liveable communities, a diversified economy and inclusive growth.

For details on Deloitte's Confidently Queensland report go to https://www2.deloitte.com/au/en/pages/future-of-cities/articles/confidently-queensland.html


PASSENGER

Can we turn our mobility fantasy into a reality?

Dr Kellie Nuttall – Future of Mobility Lead Partner, Deloitte

As we look to the future of a Confident Queensland - one of liveability, with a diversified economy and inclusive growth, we include a published thought piece by Dr Kellie Nuttall our Future Mobility Lead Partner at Deloitte

Consider a future where your journey starts not with a trip to the bus stop, but with a smartphone identifying the quickest, most affordable and comfortable way of getting to your destination. In places like Finland, this vision is already becoming a reality.

But in Australia, it's more fantasy than reality.

While the underpinning technology to support this vision is rapidly maturing, it won't be realised in Australia without a collective effort that sees a range of transport players working collaboratively in a true mobility ecosystem.

And contrary to loud voices telling governments to get out of the way, their role has never been more important.

Government must activate an ecosystem of public, private and not-for-profit organisations to drive improved transport, social and economic outcomes through sensible collaboration. Currently, there are numerous barriers - data sharing, privacy, technology platforms, and commercial IP to name but a few - but government is well positioned to **incentivise** the collaboration required through regulatory settings.

Consider the impact of new transport operators entering the market. The arrival of Uber, Ola, Go Get, Mobike, Ofo and many more are largely blind-siding government, disrupting the existing mobility ecosystem and illustrating the inflexible nature of existing regulation. Some governments continue to squash these new entrants into legacy frameworks with little success, frustrating both operators and customers alike. More progressive governments have embraced the disruption and introduced wide ranging reforms that have positive impacts for customers, innovation and competition.

We will continue to see new and non-traditional players emerge or transition their business into the delivery of mobility services. How government collaborates to integrate these new entrants into the broader ecosystem will be critical.

In times of rapid change and uncertainty, governments should consider reforming regulation that stifles innovation and consult widely to develop a strategic direction for the industry. If the market is slow in responding to opportunities, then they must take a stronger position to act as a catalyst to influence behaviours. And government will require new revenue streams to fund the transport system of tomorrow and find new and new innovative ways to meet ever-changing customer expectations.

The building blocks of being agile, data-driven and customer-centric are crucial starting points for government agencies to embrace disruption while also allowing them to maintain an appropriate level of governance over decisions. Regulation, structure and hierarchy are all well-placed in managing risk and disruption. But what is needed to yield the agencies of the future and a future mobility ecosystem is thinking about whether your organisation can respond to market-driven mobility solutions that appear overnight, whether mobility benefits can be realised if they are not based on data-driven insights reflecting the real-time preferences of travellers or the role customers want to play in their journey.

So it's not just government that needs to consider what their role is in shaping the ecosystem. A changing world means governments, businesses and consumers alike need to adapt. And while customers are quickest to adopt new and emerging technologies, businesses and regulation tends to always lag behind. Not only must they consider their role, they would like to play in the evolving landscape, but t hey must also be acutely aware of how these roles have previously been performed and questioning whether a new approach, skill set or capability is required to keep pace in this fast moving ecosystem.

At the end of the day, a collaborative mobility ecosystem is the dream for any future government, organisation or customer. But we need to be seamlessly integrated to solve the most wicked transport problems and turn this fantasy into reality.

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