

UNDER TREASURER'S REPORT



If a theme was evident over the past year, it would be the energy with which Queensland Treasury pursued growth for

the Queensland economy. We stayed focused on the things that mattered while emerging challenges and opportunities remained an ever-present feature of our operating environment.

Externally, economic conditions remained challenging with lower global demand, lower prices for resources and historically low revenue growth. Within Treasury, our workforce almost doubled as we integrated the Office of Industrial Relations (OIR) and its significant accountabilities for safety and workplace relations. Despite these complex challenges, we can reflect on a year marked with significant achievements.

To that end, economic growth in 2015–16 is estimated to finish at 3.5 per cent and in 2016–17 we have forecast growth of 4 per cent. Beyond that, Queensland is forecast to have the fastest-growing state

economy out to 2018–19. This growth is largely driven by liquefied natural gas (LNG) exports and, while the resources sector remains important to Queensland, our economy is more diverse than many people realise. Mining made up just 8 per cent of our output in 2014–15, while services make up a significant majority of our overall output.

Unlocking the full growth potential of our state will be possible with innovative approaches to attracting private investment to deliver job-creating infrastructure and fund services Queenslanders require.

This approach is evident in the government's economic plan, outlined in the 2016–17 Queensland Budget. This plan highlights three clear goals: to foster innovation, attract investment and build infrastructure. Ultimately these goals aim to create jobs. To support these goals Treasury has focused our attention on key programs and strategies that have potential to add significant value to this growth agenda for the benefit of Queenslanders.

In 2015–16 our people demonstrated their capacity for innovation through establishing the \$40 million Business Development Fund on behalf of the government. This is already providing valuable opportunities for job-creating businesses at the leading edge of their fields. The first investments totalling \$3 million have now been made in two technology businesses revolutionising electrical vehicle charging stations and road journey management software.

Furthermore, we have made significant progress in attracting private investment which will support job-creating infrastructure, in particular through the establishment of our Market-Led Proposals model. This is a fresh approach that attracts and accelerates unsolicited proposals from private sector businesses that see investment opportunities in our state. In its first year we supported four major projects worth \$665 million through to the final, detailed planning stage and we will have more proposals under active consideration in the year ahead.

We have also targeted job creation directly through the establishment of our Employment Policy Unit which has traversed the state delivering regional employment forums and consulting closely with more than 300 business owners and stakeholders to support policy development. This informed the government's \$100 million Back to Work regional employment package which seeks to create up to 8,000 jobs across Queensland over two years.

The contribution of fair and safe work practices to the wellbeing of employees and the productivity of our economy cannot be underestimated. I have been impressed with the work of OIR across the diverse elements that support safe and productive workplaces. Of critical importance has been their support of significant reductions in workplace injuries and fatalities. OIR has also implemented the legislation and frameworks that ensure all Queenslanders enjoy a fair and modern industrial relations system.

So much of the government's work is supported by a secure revenue base. Throughout 2015–16, the Office of State Revenue used its expertise in legislation, systems and customer service to administer approximately \$13 billion in revenue and grants.

As we grow Queensland's economy we also need to ensure the government is getting the best possible outcomes from its investment in services for Queenslanders. In 2015–16 we have made solid progress towards successfully delivering Queensland's first social benefit bonds (SBBs), an innovative way of delivering the services vulnerable Queenslanders need. With our SBB pilot program on track, we expect Queenslanders will be able to start accessing SBB-funded services in 2017.

The government's commitment to revitalising frontline services has also been delivered in 2015–16, resulting in an increase of almost 8,500 full-time equivalent government employees, including nurses, doctors, teachers and police officers. This saw the addition of a new principle to the government's fiscal strategy – to maintain a sustainable public service by ensuring that overall growth in full-time equivalent employees, on average over the forward estimates, does not exceed population growth.

In the year ahead, our job will be to support the successful implementation of all six principles that now underpin the government's fiscal strategy. It is a strategy which aims to advance Queensland's

growth and it reflects the complex economic conditions in which we operate.

Amidst this complexity, Treasury remains focused on the things that matter, with the ultimate goal of growing our economy for the benefit of Queenslanders.

Our sole purpose is to assist the government in providing first-class services to Queenslanders. By working collaboratively with other agencies and consulting with private sector organisations, we have been able to provide the government with the best possible information to support their service delivery priorities.

To equip ourselves to deliver our work program, during the year we embarked on a major organisational reform program. The *One Treasury: Agency Excellence program* will set Treasury up to meet the government's expectations, with stronger relationships with agencies, strategic goals for key priority areas and more targeted application of our people's expertise.

The achievements we reflect upon in our 2015–16 Annual Report show we are on the right track, and I maintain full confidence in Queensland's long term growth potential. I commend our people for successfully tackling some of our state's most complex social and economic challenges to realise this growth. Our results reflect our people's expertise, and above all, our dedication to Queensland.



Jim Murphy
Under Treasurer