

Queensland Government Response to the Queensland Parliamentary Economic Development Committee

Foreword

The Bligh Government is committed to creating and protecting jobs for Queenslanders.

The Government's response to the Second Report of the Parliamentary Economic Development Committee - "Identifying World's Best Practice by Governments to Effectively Stimulate Employment Opportunities in Queensland" - presents key recommendations regarding our employment programs, skills development initiatives, innovation programs and support for industry and regional development to align with world's best practice.

The Committee's report is comprehensive, and the Government supports the outcomes sought in each of the recommendations. I am pleased that the Committee's investigations into world's best practice has endorsed many of the existing programs and initiatives that the Queensland Government has already deployed to grow our economy.

While at the time of publication our economic and employment outlook is improving, the business of creating jobs is never done. A key challenge faced in Queensland is creating enough jobs to cater for our growing population, and this is a challenge we are determined to meet.

While maintaining our \$18.2 billion building program is at the epicentre of our jobs policy, the Bligh Government has also put in place other significant reforms to stimulate jobs growth, such as payroll tax rebates, first home owner concessions, and the implementation of jobs programs like the Green Army.

We are also working to ensure that those without work are ready and able to return to the labour market, that the state's workforce has the skills needed, and that once again the private sector is able to generate new employment opportunities across Queensland.

Our election commitment to create 100,000 net new jobs over the life of this term drives the policy framework of this Government. The Bligh Government will marshal all its resources into creating and protecting jobs for Queenslanders.

Andrew Fraser MP

Treasurer and Minister for Economic Development

Introduction

Recent economic and fiscal conditions have been unprecedented for both Queensland and the world. Unemployment has risen, interest rates were reduced to emergency lows and both State and Commonwealth Governments have committed to unprecedented economic stimulus. At the forefront of public policy pressures across the globe has been the weak labour market performance, particularly in the United States and the Euro economies, where unemployment exceeds 10%.

Economic growth in Queensland eased to 0.8 percent in 2009, slightly lower than the national rate of one percent. The financial crisis weighed on household confidence in particular, as well as on export demand from regions outside of emerging Asia and other parts of Australia¹.

The State economy is forecast to expand by one percent in 2009-10 and although there has been modest economic growth in 2008-09, this would still represent a three-year period of below trend growth in Queensland².

In line with the economic outlook, employment is now forecast to rise slightly in 2009-10. Employment in the first four months of 2009-10 was largely unchanged compared with the same period a year earlier.

Below-trend economic performance and below-average consumer and business confidence continues to undermine employment growth. Queensland Treasury estimates at December 2009, the unemployment rate is therefore expected to rise from 4.4 percent in 2008-09 to 6¼ percent in 2009-10, a marginal improvement on the original budget forecasts³.

In this context, the Report of the Parliamentary Economic Development Committee (the Committee) "*Identifying World's Best Practice by Governments to Effectively Stimulate Employment Opportunities in Queensland*" is timely.

Growing Queensland's economy and creating jobs requires individual businesses to make investment decisions and take on new employees. To do this, businesses need the right environment to support growth, the capability to grow and access to skilled labour and other factors of production. Government can play a role in supporting businesses in meeting the challenges they face and in creating the conditions for business success. This is essential if we are to meet our Q2 targets of being Australia's strongest economy and increasing the proportion of businesses undertaking research and innovation by 50%.

Being among the world's best, as the Committee highlights, requires Government itself to be flexible and responsive to both emerging challenges and long-term issues, to be customer focused, to understand the needs of individual businesses, industries and regions, to have services and policies that target the issues effectively and efficiently, and to work in partnership with other levels of Government.

The creation of the Department of Employment, Economic Development and Innovation (DEEDI) improves the Queensland Government's ability to make a difference for individuals and businesses. DEEDI enables a better result in a number of important ways:

- Linking, targeting and tailoring previously separate services.
- Improving interaction with customers, providing seamless service delivery and on-time information in a form that suits the customer's need.
- Taking a long term, whole-of-economy view, with improved information and data to underpin policies, programs and service delivery.
- A strong focus on the economic drivers in regional Queensland, with an integrated approach to facilitating development and growth.

¹ Queensland Government, *Mid-Year Fiscal and Economic Review 2009-10*, December 2009

² Queensland Government, *Mid-Year Fiscal and Economic Review 2009-10*, December 2009

³ Queensland Government, *Mid-Year Fiscal and Economic Review 2009-10*, December 2009

- Measuring performance and outcomes with a focus on getting the best outcome for Queensland.
- Preparing Queensland business for new challenges and opportunities, like the new LNG industry or the transition to a low-carbon economy.

Queensland's highly successful labour market programs have come under the international spotlight. The United Arab Emirates Government recently signed a Memorandum of Understanding with the Government to access our experience with labour market programs. The Memorandum focuses on the Skilling Queenslanders for Work program run through DEEDI and skills formation strategies run by the Department of Education and Training (DET), particularly in civil construction and infrastructure, tourism, advanced manufacturing, health care and ICT. This ground-breaking agreement acknowledges the successful role Government intervention can play in addressing labour market challenges.

The Government welcomes the Committee's report and supports the outcomes sought in each of the recommendations. Implementation of the recommendations will keep agencies focused on best practice and on the key task of creating more jobs for Queenslanders.

Response to Recommendations

Recommendation 1: The Committee recommends that, where employees and employers have agreed to reduce working hours to protect employment during economic downturns, the Queensland Government work with industry and unions to support training programs for these employees, particularly those employed in small and medium enterprises.

The Government supports this recommendation. As noted by the Committee's report, evidence shows that during an economic downturn the workers most adversely affected are individuals with lower skill bases. Expanding the skill base of individuals to improve aggregate labour force outcomes will continue to be a focus of Government.

Since the commencement of the \$10 million Jobs Assist initiative in August 2009, which provides direct business assistance during the economic downturn, it is estimated that 19,385 jobs in small and medium size businesses have been protected. Through this program, the Government encourages small to medium enterprises to undertake risk management planning, including skills capacity risks. This encourages businesses to provide training for staff in areas of most benefit to the business.

The Government will continue to work with businesses to position themselves for recovery once economic conditions improve. The choice by companies to reduce hours is often driven by the desire not to lose staff, given anticipated skill shortages in some sectors. DET works closely with industry and unions to identify training and employment opportunities. For example in 2009-10 the following will be provided:

- \$326.13 million to purchase training from TAFE institutes that meets industry and community needs and aligns with Government objectives.
- \$204.95 million to registered training organisations which work directly with employers to provide quality accredited training for apprentices and trainees to meet the employer's needs.
- \$44.78 million, through the joint Commonwealth-State Productivity Places Program, towards 148,000 training places for Queensland job seekers and existing workers by 30 June 2012. To ensure skills are relevant, the Government has contracted the eight industry organisations, including the Centres of Excellence, to broker training within their own industries and has also contracted registered training organisations recommended by industry.
- \$1.44 million to the Centres of Excellence, on top of \$21.7 million provided for establishment and operational costs since 2005, to provide advice to the Government on strategic skills investment. The Centres include Construction Skills Queensland, Energy Skills Queensland, Manufacturing Skills Queensland and Mining Industry Skills Centre.

The Committee's recommendation is also being addressed through the Skilling Queenslanders for Work program, which assists individuals by supporting training programs targeted at the low-skilled and underemployed. The Skilling Queenslanders for Work initiative provides a network of 116 regional employment staff from the Gold Coast to the Cape. The initiative has an annual budget of \$101 million to assist up to 21,000 unemployed and disadvantaged Queenslanders through a range of targeted employment, training and prevention and early intervention programs. From 1 July 2007 to 31 December 2009, Skilling Queenslanders for Work programs assisted 52,541 disadvantaged jobseekers, underemployed and low skilled workers at a total cost of \$221.1 million. As the only state with extensive services to help vulnerable job seekers into work, Queensland leads the way in investing in employment programs.

The Australian Industry Group (Ai Group) is currently funded under the Skilling Queenslanders for Work initiative to deliver job preparation and accredited training to 100 underemployed and low skilled workers throughout 2010 at a cost of \$176,610. Working directly with employers and their employees, Ai Group aims to increase employability skills relevant to their industry sectors and the productivity of existing workers, reducing their risk of becoming unemployed.

Since 1998, the Queensland Government has invested significantly in tailored and targeted programs to assist the most vulnerable to engage in the labour market, despite generational lows in unemployment rates in 2005 and 2006. The Queensland Government remains committed to providing support for employee training and upskilling as well as opportunities for individuals to undertake additional education and training, regardless of economic conditions.

Recommendation 2: The Committee recommends the Queensland Government ensures Indigenous employment and training programs are coordinated across levels of Government and provide local solutions to local needs.

The Government supports the recommendation, which will be addressed through increased cooperation at the state and national level. The recommendation is being implemented through Council of Australian Government (COAG) initiatives like the newly established Queensland Indigenous Employment Taskforce and the Commonwealth-led "Keep Australia Working" program, which have both seen a rejuvenation of cooperation in employment assistance for indigenous jobseekers.

On 16 February 2010, the Premier signed the Australian Employment Covenant. This is a private sector initiative designed to secure 50,000 jobs for Indigenous Australians. The Government has joined major Queensland employers, such as Woolworths and Rio Tinto, to create opportunities for improving the employment prospects of Indigenous people. The Government will implement employment strategies, including skilling and mentoring programs, and has committed 2,800 public sector positions over five years for Indigenous Queenslanders.

The Taskforce will also ensure that the federal and state Governments major investment in infrastructure provides opportunities for Indigenous employment. This includes directing local employment assistance to provide a work-ready pool of Aboriginal and Torres Strait Islander people. Regional Action Plans are being developed in Cairns, Townsville, Mount Isa, Mackay, South West (Ipswich and Toowoomba) and Brisbane by 'Regional Action Teams' to coordinate Indigenous employment service delivery by Government. These Regional Action Plans will identify key industries and programs to assist employers and Indigenous job seekers.

The Queensland Government is working across agencies to ensure that infrastructure and training are coordinated to improve employment prospects of Indigenous Queenslanders. Over the next decade approximately over \$1 billion will be invested in Queensland's remote discrete Indigenous communities to provide new houses and to refurbish existing houses. As well as housing, the Government will be working to improve essential infrastructure including water systems, sewerage systems, electricity networks and roads. These projects will boost employment opportunities for local tradespeople, apprentices and those who want to start various training programs.

Professional services will also be required, creating jobs in engineering, surveying, town planning and construction.

The Government also partners with companies to create Indigenous employment programs. For example, on 3 February 2010, the Queensland Rugby League Northern Division launched its 12 month traineeship program through the First Start Program. The project is designed to create employment opportunities for young members of the Aboriginal and Torres Strait Islander and Australian South Sea Islander communities. There have been 10 trainees employed at a total cost to the department of \$190,000. The trainees will be based at QRL Northern Division offices in Mackay, Townsville, Cairns, Mt Isa, Palm Island, Weipa and Bamaga. Trainees will receive a Certificate II or III in Community Recreation.

In another example, the Sea World Resort Indigenous School Based Traineeship Program was conducted between 2007 and 2009. The program provided training opportunities for 33 trainees all working towards their Certificate III in Hospitality Operations. Trainees come from all areas of Queensland. DEEDI's investment of \$140,000 was provided towards the cost of the Indigenous School-Based Trainee Coordinator and associated administration for a two year period. The trainees attended the resort for block releases of 1-2 weeks at a time while still at school; in total they spent a total of 85 days each at the resort over an 18 month period. They also were provided with a personal development and training program which included training in life skills, resume preparation, interview techniques and team building.

DEEDI, the Department of Communities and the Department of Public Works are working together to ensure that as many jobs as possible are created for local people through the application of the Indigenous Employment Policy (20% policy). The policy requires all tenders for the construction of infrastructure to submit an Indigenous employment and training plan that outlines jobs and skills development opportunities for the local community from this investment.

Recommendation 3: The Committee recommends that, following a return to better economic conditions, the Queensland Government reviews its employment policies and programs and their impacts on Queensland employment opportunities to inform policies in preparation for future economic downturns that require a quick policy response.

The Government supports the recommendation. The Queensland Government's current suite of employment programs is targeted at labour force participants at risk of long term unemployment such as school leavers, mature age and low skilled workers. During previous economic downturns these are the labour market participants that have been disproportionately affected.

The Government's response to the economic crisis shows that our employment programs are targeted and flexible. One example is the Rapid Response Teams initiative which was introduced to mitigate the effects of large-scale retrenchment of workers across the state as business felt the impacts of the financial downturn. The Rapid Response Teams assist retrenched workers in the transition to new employment or training opportunities. Another example is the Green Army, which provides \$57 million over the next three years for green training for 3,000 apprentices and 700 trainees. It shows how, despite the downturn, employment programs can be refined and reconfigured to better meet the needs of individuals and communities.

The Premier's Employment Taskforce has brought together industry, Government, community organisations and unions to provide input to Government employment, training, industry and economic development policies during the global financial crisis. As a result, a number of programs were put in place to mitigate job losses, such as:

- The creation of Jobs First, an integrated stimulus assistance package.
- Creation of an out-of-trade register.
- Accelerated off-the-job training for apprentices and trainees.
- Applying the 10% training policy to Commonwealth funded infrastructure projects.
- Working with the Ai Group to reduce the regulatory burden on business.

The Government will continue to undertake reviews of employment policies and programs to ensure Queensland is best positioned to maximise economic development while supporting those in the community most in need of assistance to enter the labour market.

Recommendation 4: The Committee recommends the Queensland Government undertakes formal and long term planning for skill development, tailoring skills programs to regional and industry requirements.

The Government supports this recommendation. This recommendation is being proposed at the national level through Skills Australia, an independent organisation established by the Commonwealth to advise on current and future skills needs. Skills Australia released a paper recommending a new governance framework for the National Training System. State Governments are considering the recommendations. Any changes to the National Training System will ultimately guide long term planning in Queensland. The Queensland Government will continue to pursue the interests of local businesses and industry through this national process.

The Committee's recommendation will also be addressed at a state level through the Queensland Skills Plan, which details the Government's short and long term measures to alleviate skill shortages. It was first launched in 2006 and reviewed in 2008, in consultation with industry and community stakeholders. Since 2006, \$619 million has been invested in training through the Queensland Skills Plan, including \$239.18 million allocated to Skilling Queenslanders for Work.

The DET has developed a number of mechanisms to ensure that industry has input into workforce and skills development. These include centres of excellence, skills alliances, cross Government partnerships, skills formation strategies, the Gateway Schools initiative, and localised regional enterprise engagement strategies to facilitate greater collaboration between industry, school, vocational education and training and university sectors. While engagement and skills strategies are undertaken primarily on a sectoral basis, many industries are focussed in regional areas which means DET's initiatives incorporate regional needs.

To ensure industry engagement in 2010, DET will:

- Seek advice from centres of excellence and skills alliances through consultative committees representing each regional industry sector, and biannual reports that reflect both short term and long term industry training priorities across Queensland.
- Use skills formation strategies to identify and address the factors which impact on skills development.
- Undertake a review of industry engagement mechanisms so they continue to be responsive to the skilling needs of industry and the economy.

These industry engagement mechanisms are supported with annual estimates of training needs and other labour market analysis prepared by DET's Training and Skills Research Unit.

The Queensland Government, in conjunction with the Commonwealth Government, is committed to providing a dynamic and flexible education and training environment to ensure that training in skills provides maximum benefit to individuals and the industry in which they aspire to work.

Recommendation 5: The Committee recommends the Queensland Government develops programs to ensure Queensland schools are providing young people with the knowledge and skills for new and emerging industries. Some programs should include partnerships with industry to facilitate the transition from school to employment.

The Government supports this recommendation and will partner with industry to ensure training and education continues to be relevant to industry and its emerging sub-sectors, particularly training delivered as part of school based apprenticeships. The recommendation will be addressed through a variety of initiatives, such as the recently announced Queensland Minerals and Energy High School Program and the Gateway Schools Program.

The Queensland Minerals and Energy High School Program is a partnership between DET, the Queensland Resources Council and training and education providers. The scheme was first launched in 2005 when Queensland was experiencing a skills shortage in the minerals and energy sector.

From the start of the 2010 school year, seven new Surat Basin high schools will offer education and training options for students interested in resource sector careers. Establishment of a new Liquefied Natural Gas (LNG) Industry represents significant economic development and an estimated 18,000 jobs for these communities. The scheme means that more than 4,350 high school students at Roma, Chinchilla, Dalby, Toowoomba, Oakey and Pittsworth State High Schools and Downlands College in Toowoomba will have the opportunity to focus their education on the rapidly expanding coal seam gas industry.

By 2012 it is estimated there will be nearly 500 students from these schools who will have participated in the new curriculum which will provide the youth of the Surat Basin with the skills they need to take advantage of the local employment opportunities.

Another example where the Government delivers relevant training for industry sectors is the Gateway School Strategy. It is designed to ensure young people are engaged in education and training for the long term and make a successful transition from school to work. The Queensland Government has invested approximately \$1.2 million in the Gateway Schools Program to establish partnerships with significant Queensland industries. These sectors include manufacturing and engineering, mining, building and construction, agribusiness and aerospace. The program provides for the implementation of innovative curriculum, access to contemporary facilities, structured work experience/placements, relevant career advice and employment opportunities for high schools.

A further example is the trade training facilities in schools, which are progressively being rolled out through the Commonwealth Trade Training Centres in Schools program. Queensland schools are delivering industry-relevant training to support future skills development through the commitment of \$91.85 million over three years from 2008-09 to provide future pathways into the labour force.

Queensland continues to lead the nation in school-based apprenticeships and traineeships (SATs), with over 40% of all SATs commencements in Australia. This has been made possible by the high level of commitment, cooperation and leadership across schools, industry and Government. SATs are recognised as part of the Queensland Certificate of Education (QCE) which recognises academic, workplace, vocational training and university achievements and community endeavours. SATs are available in a range of industries including retail, hospitality, and construction.

Recommendation 6: The Committee recommends the Queensland Government investigates further possible responses to the decline in apprenticeship training arrangements including: changes to incentive arrangements; re-invigorating pre-apprenticeship programs; increasing public sector training; supporting best practice in group training companies and improving multi-employer coordination; and during times of economic decline, using a more institutional approach for apprenticeship training in order to minimise the cyclical fall in traditional apprenticeships.

The Government supports this recommendation and is committed to continuing to work with stakeholders to increase apprenticeship opportunities.

-The Government, through Skills Queensland, has worked with industry partners and has developed the pathway to improve the skills base and employability of prospective apprentices. On 6 October 2009, the Training and Employment Recognition Council approved the framework for the pathway which has been based on the following principles:

- Endorsed and led by industry.
- Provides flexible entry and exit points.
- Provides suitable workplace assessment processes and simulated work environments;
- Provides benefits for both industry and individuals.

Up to 2000 places are available for young people to undertake institutional training or other short term, pre-vocational programs and 1,500 people have registered to take part. Prospective apprentices are receiving intensive preparatory training, green and employability skills development, workplace simulation and vocational placement training.

From January 2010, DET is implementing customised industry models under the Pre-apprenticeship Skilling Pathway. Approved models to date include manufacturing and engineering, construction, electro-technology and automotive industries. Customised models are currently being considered for other industries. Customising the models will ensure that prospective apprentices have improved chances of being accepted by industry and securing employment once economic conditions improve. Skills Queensland will continue to work with industry and unions to create industry specific models that meet the needs of individual sectors.

To attempt to mitigate the immediate impact of the downturn on apprentices and trainees, a major initiative of the Queensland Government in this area has been the introduction of the payroll tax incentive scheme for apprentices and trainees announced in March 2009. Under the scheme, employers who hire an apprentice or trainee are eligible for a rebate of 125 percent of their apprentice and trainee wages off their payroll tax for another employee. This provides an incentive for businesses to retain apprentices and trainees, and provide a ready source of skilled labour once economic conditions improve.

Based on average weekly apprenticeship earnings, the rebate is estimated to have applied to approximately 18,500 apprentices and trainees, with 1,490 businesses claiming the rebate.

The Queensland Government is also supporting entry level positions, including apprentices and trainees, through its own departments. As at December 2009, the Queensland Government had employed a total of 3,176 apprentices in the public sector. In addition, the Government announced in October 2009 a new "job for a job" scheme to replace corporate staff roles with front line staff such as child safety officers, customer service workers and school support staff. Under the scheme, up to 250 senior public servants have been given the chance to voluntarily retire from the Queensland Public Service creating new employment opportunities for young people in entry level front line service delivery roles.

Incentives to employers are broadly a Commonwealth responsibility under Australian Apprenticeships Incentives. The State Government provides grant funding to group training organisations under the Joint Group Training Program. In 2009–10, grant funding of over \$4 million was provided by the State Government with equivalent funding provided by the Commonwealth. The Joint Group Training Program funding model is reviewed annually by DET to align the model with the Department's program objectives.

DET has also provided the Group Training Association – Queensland and Northern Territory Inc (GTAQNT) with funding totalling \$308,000 (excluding GST) to support out-of-trade apprentices through a website which allows out-of-trade apprentices, potential employers and group training organisations to come together to create training and employment outcomes for apprentices who have had their contracts cancelled.

The actions outlined in the Apprentice and Trainee Package, developed by the Trade Training Taskforce, have helped to combat the impact of the global financial crisis on apprentices in Queensland. Through the Taskforce, the Government, industry and unions are working together to support apprentices whose training remains at risk as a result of ongoing fallout from the global financial crisis.

One of the initiatives developed as part of a \$20 million "safety net" program is the Out-of-Trade Register which encourages employers to take on apprentices and trainees whose employment has been affected by the economic downturn. Employers can access the register for details of apprentices and trainees at all levels and locations across a range of industries, including building and construction, electrical, engineering, automotive, hairdressing and hospitality.

The Supporting-Out-of-Trade Program commenced late last year so these apprentices were not lost to their trades. This important initiative gives apprentices at risk of non-completion the chance to continue their studies and subsequently return to industry.

As a result of this support, a total of 1,529 apprentices have registered for assistance since December 2008. Active case management has assisted 874 apprentices to complete their training or return to employment. Support to identify suitable opportunities continues for 655 individuals. As at 31 January 2010, 447 of registered out of trade apprentices have accessed institutionalised training under the Further Assistance for Apprentices and Trainees Program.

The Queensland Government will continue to review the effectiveness of apprenticeship and traineeship policy to ensure programs remain relevant.

Recommendation 7: The Committee recommends the Queensland Government reviews the enforcement regime for the 10 percent Training Policy and report on the effectiveness of this policy in increasing the number of apprenticeships and trainees.

The Government supports this recommendation. Compliance with the 10% training policy is currently 94.4%, however there is scope for improvement. While industry cooperation and support for this policy has been excellent a regime of incentives and sanctions is currently being developed to complement the policy objectives.

The State Government Building and Construction Contracts Structured Training Policy - the 10 percent Training Policy - supports the building and construction industry in employing apprentices and trainees and upskill its existing workforce. As at 28 January 2010, the policy had created new training opportunities for an additional 715 apprentices and trainees against a target of 1,180 apprentices and trainees for 2009–10.

The administration of the 10% Training Policy is undertaken by Construction Skills Queensland (CSQ), recognising the role CSQ plays as a centre of excellence for the construction industry. This has improved implementation of the policy by providing contractors with a single point of assistance for matters relating to the 10% Training Policy and workforce development.

A dedicated unit within CSQ focused on the effectiveness of the policy and ensure obligations are effectively managed on all applicable infrastructure projects. CSQ has developed a streamlined web based reporting tool for contractors to use as part of the compliance requirements of the policy. As part of CSQ's agreement with DET it is also required to provide regular reports detailing compliance with the 10% Training Policy.

Where contractors have failed to adequately address compliance issues, sanctions include options such as a formal review of the contractor's prequalification status and limited access to future Government works.

In line with the Committee's recommendations, DET and CSQ are pursuing 100 percent compliance with the policy and industry-relevant, structured training outcomes that provide longterm skills for the industry.

Recommendation 8: The Committee recommends the Queensland Government regularly monitors the need for skilled migration and ensures skilled migration does not replace the training and education of local workers.

The Government supports this recommendation. The Queensland Government does not consider that skilled migration should be seen as the first solution to occupational shortages. The Government considers skilled migration as a complement to education and training suitable only to providing partial, temporary relief to skill shortages in highly skilled professions that have significant training lead times.

Despite the current economic conditions, some ongoing occupational shortages remain in Queensland including doctors, nurses and specialist engineers. The number of skilled migrants nominated by the Queensland Government was 787 in the year ended 30 June 2009. These State Government nominations focused on occupations still experiencing shortages despite economic conditions including doctors, nurses, IT professionals and certain types of engineers. By way of comparison, these visas were a component of the 114,777 visas granted by the Commonwealth in the same period.

The aim of the Queensland Government Skilled Migration Program is to strengthen the economy of Queensland by attracting people with skills in critical shortage. Skilled migration can assist to build Queensland's regions through the establishment of new businesses which can help create employment opportunities and investment.

The principal tool used by the Queensland Government to target skilled applicants is the publication of eligible skills lists. In response to recent labour market volatility, DEEDI reviewed the state's eligible skills lists twice in 2009, most recently in July. As a result, the number of occupations under which skilled migrants can seek State nomination for visas has been reduced, and other relevant requirements for nomination have been tightened. Close and regular monitoring of these lists will continue to ensure that eligible migration occupations represent critical skill shortages in Queensland.

It is important to note that the Australian Government's Department of Immigration and Citizenship (DIAC) operates the national migration process, including skilled migration. The Australian Government announced on 8 February 2010 that changes will be made to the skilled migration program. The list of occupations in demand will be revoked so only highly skilled migrants will be eligible to apply for independent skilled migration visas.

A new and more targeted Skilled Occupations List (SOL) will be developed by Skills Australia and reviewed annually. The list will be introduced mid-year and focus on high value professions and trades. In addition, individual state migration plans will be developed so states can prioritise skilled migrants of their own choosing. This recognises that each state and territory has different skills requirements.

It is expected that changes to the Australian Government's skilled migration program will further tighten visa requirements and ensure that only workers in areas of skills shortages receive access to skilled migration in Australia.

The Queensland Government will continue to review the eligible skills lists to ensure that occupations included are representative of Queensland's critical skills shortages.

Recommendation 9: The Committee recommends the Queensland Government reviews learning opportunities for individuals living in regional areas to ensure flexible delivery options are provided in order to maximise these opportunities.

The Government supports this recommendation and is committed to increasing the flexibility and accessibility of education and training services in regional areas. The Government, through the Queensland Skills Plan, acknowledges that the rapidly changing training market poses real challenges for the responsiveness of the current TAFE delivery model. It outlines the need to revitalise the TAFE system to provide flexibility and greater responsiveness.

Queensland's regions contribute significantly to the prosperity of the state and DET plays a critical role in developing the skill base that sustains the economic infrastructure of industries and communities in these regions. It is important that Queensland's vocational education continues to focus on meeting the training needs of industry and the community. As part of the Government's Queensland Skills Plan, DET is implementing strategies that support the ongoing needs of all stakeholders, including those in regional and remote areas. These strategies aim to ensure that individuals living in regional areas are not disadvantaged and are provided with learning opportunities with flexible delivery options.

DET pays higher subsidies to training providers delivering in regional and remote locations to cover additional costs associated with delivery. Regional or country areas are those situated outside the South East Queensland, South Coast, Sunshine Coast and Moreton districts. Regional areas include North and Far North Queensland, Central Queensland, South-West Queensland and Wide Bay regions. Areas such as the Torres Strait, Cape York and Mount Isa are considered remote locations.

The Queensland Skills Plan also commits Government to increasing the flexibility and responsiveness of the TAFE system. This will be achieved by restructuring the TAFE governance arrangements which provide greater autonomy and enable institutes to be more responsive to individual, industry and community training needs. In accordance with the Queensland Skills Plan 2006 and the 2008 Actions, changes to TAFE governance arrangements are occurring through a phased approach, commencing with the transition of Southbank Institute of Technology and Gold Coast Institute of TAFE to statutory institute status.

As part of the Queensland Skills Plan, a state-wide trade training institute has been established to lead the delivery of training for automotive, construction, manufacturing, engineering and electrical trades. SkillsTech Australia is responsible for development of trade training in a range of ways that meets the needs of both regional and metropolitan Queenslanders. This includes face-to-face, e-learning, on the job, video conferencing and text.

TAFE Queensland has developed a new learning resource management system that provides flexibility in the way students undertake training and enables institutes to reach more students across the state, including those in regional and remote areas. Students can use the online platform to access course content, assessments, learning progress and much more. The system allows teachers to generate, store and access teaching and learning tools and templates to create customised materials to suit changing needs. This facilitates efficiency through resource sharing among teachers. In 2009-10, over 2000 students will participate in these programs. In particular, distance and on-line learning options are available to contribute to licensing requirements in the building and plumbing industry.

The Queensland Government will continue to maximise flexible learning opportunities for regions.

Recommendation 10: The Committee recommends the Queensland Government investigates the feasibility of establishing a state-wide capability data warehouse in order to improve the links between industry and research institutions.

The Government does not support establishing a state-wide data capability warehouse. This is because previous experience has shown that developing and supporting data warehouses is resource intensive and does not provide satisfactory for system users. The warehouse also tends to become out of date very quickly, which does not provide the best return for investment on Government funding.

The Government has in place alternate strategies to improve links between industry and research institutions such as:

- Technology Clinics - R&D Forums and Workshops to identify key areas of focus for technology clinics. Industry representatives and researchers come together to prioritise industry research needs. These provide a practical (and operational) approach to identifying and addressing specific technology and scientific opportunities and research between business/industry and researchers.
- The Smart Futures Fund - This program, through the Research Industry Partnership Program, provides up to \$1 million per project to deliver innovative products and processes. Fellowships fund the placement of researchers in industry to improve adoption.

Further initiatives are being delivered to identify research capability, including:

- An online Queensland Biotechnology Directory.
- An online ICT industry capability directory outlining Queensland's ICT R&D and software development capabilities, funded through 'ICT for Tomorrow's Queensland'.
- The ICT Innovation Ecosystem project designed to facilitate stronger linkages between small and medium enterprises (SMEs) and larger corporations in the industry, and between the research sector and the local ICT industry.
- A directory of Queensland Health and Medical Research Institutes is being compiled by Queensland Health and may be available as an online database in the second half of 2010.

The Government has already produced the Science and Research Infrastructure: A Directory of Queensland's Strengths to demonstrate and promote the extent and diversity of Queensland's research capability.

However, the Queensland Government will continue to monitor the effectiveness of these programs whilst also examining the need to expand these activities to a broader economy wide service offering.

Recommendation 11: The Committee recommends the Queensland Government encourages and supports the development of business incubator and accelerator organisations based at regional universities within Queensland.

The Government supports the recommendation in principle. Ongoing monitoring of demand for incubator services will be undertaken.

The Government acknowledges the need to provide regionally based business and industry with services and support for innovation and commercialisation. In 2005 through the State-Wide Technology Incubation Strategy (SWTIS) business cases conducted in Cairns, Townsville and Mackay were unable to demonstrate either adequate support from the research community or adequate levels of demand for incubation services from regional businesses for stand alone incubator facilities in these regions.

In response to this, the Queensland Government developed the Queensland-Wide Innovation Network (Q-WIN) to specifically support innovation. Q-WIN funds two Innovation Coaches that provide intensive support to regional businesses innovating or commercialising their research, product or technology. In less than twelve months, the Innovation Coaches have provided support to over 100 businesses and have worked intensively with ten businesses.

The Q-WIN program also provides on-line access to all innovation service providers in Queensland through the Innovation Toolbox. Regional businesses are also able to access incubation services from the four SEQ based Incubators as virtual clients and can access the Regional Innovation Support Fund which provides 50% subsidisation of travel and accommodation to access services in SEQ that are not otherwise available in their regions. Support is also provided for early-stage inventors through the free Queensland Inventor Service which includes an interactive tool and advice provided by the Australian Institute for Commercialisation.

The Government Review of Innovation Programs in 2008 found that supporting incubator services through University based incubators currently operating in Brisbane, the Gold Coast and Sunshine Coast has proven to be a cost effective mechanism for government with co-contributions from the universities and local governments. It may be appropriate to extend the model of limited co-funding agreements to other regional universities. This model has proved most effective when funding support comes from the institution and local government as well as State Government.

DEEDI will continue to monitor the demand for incubation services in regional centres such as Cairns, Townsville, Mackay and Rockhampton. In the meantime through virtual membership, firms statewide have access to incubation services provided by the existing incubators and through the QWIN program.

Recommendation 12: The Committee recommends the Queensland Government investigates best practice methods of providing additional support targeted to small and medium enterprises for business innovation and technology diffusion.

The Government supports the recommendation. Government support for technology diffusion is challenging. International experience shows that embedding innovation in businesses particularly in small and medium enterprises (SMEs) is difficult due to competing priorities. Many businesses focus on the day to day activities of turning a profit rather than looking for opportunities to innovate.

DEEDI is reviewing its innovation programs thoroughly to provide maximum support for SMEs. The review will identify increasing demand and gaps in services. It will also investigate best practice methods for providing support. The review focuses on short and long term activities to improve innovation, with short term activities identified by 31 July 2010.

Two examples where Queensland has sought best practice from elsewhere are pilot projects for the Innovation Benchmarking Tool and the Queensland Capability Design Program (Ulysses). These projects are being undertaken by the largely Government-funded QMI Solutions.

The Innovation Benchmarking Tool is new to Australia, developed by the European Commission in partnership with Germany's Fraunhofer Institute. It is designed to improve the competitiveness of SMEs by refining their innovation processes. QMI will pilot the program with 20 SME manufacturers across Queensland to analyse their innovation performance against that of participants internationally. QMI will then help them develop enhanced innovation strategies and practices. The pilot will determine the relevance and value of the tool for Queensland SMEs and assess the potential for the roll-out of a more extensive innovation benchmarking program. The pilot program has just started and is due for completion in July 2010.

Ulysses will target Queensland SME businesses that have the potential to drive competitive advantage through design. The initial program aims to assist 12 Queensland companies and is due for completion in December 2011. Ulysses will assist Queensland SMEs to transform intellectual property into high value, highly differentiated products, brands and services, improve price premiums, create competitive advantage and sustain growth in international markets by competing on capabilities.

These programs are Australian firsts and a testament to the flexibility and responsiveness of the Government's innovation programs.

In addition to these new initiatives, there are continuing programs to support innovation and technology diffusion. These include:

- Funding technology incubation programs in partnership with universities and some local councils. Since 2000, the incubators have assisted over 151 companies. These companies have leveraged \$109 million in investment attraction and created 802 technology jobs.
- Holding R&D forums and technology clinics across the state to bring together businesses and researchers and identify opportunities for collaboration. In 2008-09, three R&D forums were held in Toowoomba, Gladstone and Cairns and two technology clinics were held in Brisbane and Cairns. Further forums and clinics are underway in 2009-10.
- Progressing the ICT Assistance Roadmap project to help SMEs to better navigate the range of Government assistance programs available to them.
- Progressing the ICT Innovation Ecosystem project designed to facilitate stronger linkages between SMEs and larger corporations in the industry, and between the ICT research sector and local industry.

Recommendation 13: The Committee recommends the Queensland Government encourages local employers to employ and train local workers and graduates to meet the employers' short term and long term employment needs.

The Government supports the recommendation. The recommendation is being implemented through three major programs: Skilling Queenslanders for Work, the Productivity Places Program and the Queensland Skills Plan.

The Skilling Queenslanders for Work initiative uses a broad range of funding and delivery strategies to meet the needs of industry sectors and local employers. This includes industry brokered training, increased user choice funding for apprenticeships and traineeships, and direct purchase of training and delivery. A network of regional DEEDI staff work with local industry and community organisations to identify local needs for skilling and employment. Community Jobs Priority Committees have been established to provide advice on local industry needs.

The Productivity Places Program (PPP) is a joint Commonwealth and Queensland Government initiative which aims to provide an additional 148,000 training places for Queensland job seekers and existing workers from 1 January 2009 to 30 June 2012. The Queensland Government has implemented a number of purchasing strategies to roll out these places including industry brokerage arrangements, direct enterprise agreements and direct contracts with registered training organisations. The following industry engagement bodies have been contracted by the department to broker training for enterprises within their industries:

- Construction Skills Queensland (\$2.7 million to date).
- Manufacturing Skills Queensland (\$2.7 million to date).
- Energy Skills Queensland (\$2.7 million to date).
- Health and Community Services Workforce Council (\$2.7 million to date).
- Queensland Tourism Industry Council (\$2.5 million to date).
- Queensland Rural Industry Training Council (\$1.5 million to date).
- Local Government Association of Queensland (\$2.7 million to date).
- Queensland Sport and Recreation Training Skills Alliance (\$0.5 million to date).

The Queensland Skills Plan has been reformed to improve its industry engagement mechanisms to ensure that individuals acquire the skills and abilities that employers and industry need to remain competitive. These mechanisms include Centres of Excellence, Strategic Industry Alliances and Skills Formation Strategies. These mechanisms enable employers to have direct input into the prioritisation of state and regional skill needs. Gateway schools, vocational education and training and higher education vocational schemes provide employers with the opportunity to engage with students and potential employees and influence skills development.

Recommendation 14: The Committee recommends the Queensland Government develops an economic development action plan and a skills action plan for every area of the state and that these plans align with the regional plan for the particular area.

The Government supports the objective of the recommendation around developing regionally-specific economic development and skilling plans.

A major element of the Government's planning for state-wide economic development and associated skilling is the Growth Summit planned for 30 - 31 March 2010. The Growth Summit recognises the link between an increasing population demand and economic growth. In areas where the population is increasing, economic growth also occurs through the need for increased infrastructure, such as housing and roads, as well as the need for additional services, such as medical or child care services.

Regional statutory planning is the key mechanism used to influence regional development, and economic development. A number of statutory regional plans are being rolled out across the state, in addition to the two existing plans for south east and far north Queensland. As economic development issues in each of the regional areas are different, the regional plans incorporate regional economic development activities that recognise the local context.

The Government is implementing programs to improve the links between regional economic development and regional planning. The Wide Bay Burnett Regional Plan is currently being developed will underpin the economic development and sustainability of the region. It will inform development of the Wide Bay Statutory Regional Plan and ensure that the Statutory Regional Plan supports industry development and long term economic development in the region.

The Queensland Government, through DEEDI, released in December 2009 an economic development plan with a local context. The Cairns Economic Future: A plan for jobs and the economy 2009-2011 provides an example of planning for a local context involving multiple departments. This plan builds on the Government's 2009-10 commitment of \$1.3 billion in capital works supporting 9,000 jobs in Far North Queensland, providing a further \$116 million to support 760 new jobs. The plan is also supported by a skills strategy, including providing 500 new training places in retail, tourism and hospitality sectors. The Cairns Plan builds on existing initiatives such as Centres of Enterprise, the Smart Industry Policy and the suite of Sector Action Plans.

Regional planning will be enhanced through our new regional engagement approach, called Tomorrow's Regions. The three core principles of Tomorrow's Regions are effective engagement, better partnerships and regions influencing priorities.

Key components of this strategy include:

- Implementation of Regional Development Australia (RDA) in Queensland, with 12 RDA committees across the state to inform the Australian, Queensland and local Governments on regional priorities (each committee includes at least two local Government members); and
- Integration of Blueprint for the Bush with regionally specific plans developed through RDA committees in Blueprint areas and in partnership with regional organisations.

The RDA committees will develop regional roadmaps stating a region's top four or five regional development priorities, with agreed actions to progress these priorities. These roadmaps will include priorities related to creating jobs.

Recommendation 15: The Committee recommends the Queensland Government reviews the Smart Industry Policy and associated documents in order to categorise the 15 key industries into three categories as follows:

- **Globally competitive industries with significant infrastructure requirements and high barriers to entry;**
- **Regionally significant industries; and**
- **Industries with low barriers to entry.**

Response combined with Recommendation 16.

Recommendation 16: The Committee recommends the Queensland Government identifies sub-sectors within the key industries in order to target Government resources more effectively.

The Government supports the objective of the recommendation to target Government resources to areas of industry where intervention will deliver the best results for industry and for the economy as a whole. The Government is considering these recommendations in the review of the Smart Industry Policy which is currently underway and scheduled for completion in mid-2010.

The Smart Industry Policy underpins the Queensland Government's engagement with industry sectors and sub-sectors. The ultimate objective of the Smart Industry Policy is to target Government resources to industry segments and sectors in which Queensland has a comparative advantage.

To maximise economic growth, intervention needs to recognise the interdependence between sectors and sub-sectors. Rather than focusing on a single sector, Government needs to work with the supply chains that cross multiple sectors. This means targeting opportunities that potentially create wealth for multiple sectors, particularly if it could improve economic activity in a region or is an emerging industry with high growth potential.

An important example of targeting economic opportunities is supporting the development of supply chains that can tender for and win work in the large number of major projects (both public and private) either underway or planned in Queensland. Many of these supply chains have members in regional Queensland, and if the members win contracts it will create jobs and longer term benefits for the local community. DEEDI continues to work with businesses to build their capacity to either tender individually or work as a cluster to improve their success in participating in a particular supply chain. The Government's support for the Industry Capability Network (ICN) and its use of the Local Industry Policy are crucial parts of this approach (see recommendation 19).

Over recent years, interventions have increasingly focused on parts of sectors, or links between sectors, that have the greatest potential to grow. For example, the development of a fibre composites capability in Queensland to enable the manufacture, maintenance, repair and overhaul of aircraft and aircraft components has been a major priority. A fibre composites capability supports multiple sectors including advanced manufacturing, aviation and aerospace, marine industries and mining technologies.

The challenge for Government is to continue to identify and respond to future challenges and opportunities for the economy and to work with businesses to identify those areas which can generate the best economic outcome.

These considerations will be central to the review of the Smart Industry Policy which currently guides sectoral level interventions. The decision-making framework in the policy outlines a range of factors that can be considered when assessing whether intervention is appropriate. This includes factors raised by the Committee, such as global competitiveness and contribution to regional economies. The creation of DEEDI, which brings together in one agency all major industries in the economy, provides an important opportunity to take a fresh look at the sectors, sub-sectors, supply-chains and economic opportunities where the Government can make a difference and encourage growth and job creation.

Recommendation 17: The Committee recommends the Queensland Government reviews the implementation of the Local Industry Policy with specific reference to ensuring the aims of the policy are met and that Local Industry Participation Plans are submitted in a timely manner and are complied with by contractors.

Response combined with Recommendation 19.

Recommendation 18: The Committee recommends the Queensland Government liaises with regional economic development boards and business groups to facilitate the ability of local suppliers to have the capacity to tender for Government projects and create alliances.

Response combined with Recommendation 19.

Recommendation 19: The Committee recommends the Queensland Government reviews the way projects are packaged to increase opportunities for local businesses and industries to tender on projects.

The Government supports recommendations 17, 18 and 19 in relation to the Local Industry Policy.

Recent figures show that the impact of the Local Industry Policy (LIP) has been substantial. From the Policy's introduction in 2000 to December 2009, a total of 5,120 contestable work packages worth \$8.194 billion were identified by the State Government-funded Industry Capability Network (ICN) as a result of the Policy. Contracts worth \$5.798 billion have so far been awarded to Australian manufacturers. Of this, Queensland companies have won the lion's share with 2,595 contracts worth \$4.345 billion, including \$1.325 billion secured by regionally based Queensland companies. In the 2008-09 financial year alone, ICN recorded \$1.11 billion of identified contestable contracts won by Queensland businesses of which \$356 million went to regional firms. Case studies published regularly on the ICN's website at www.icnqld.org.au detail the significant benefits achieved for individual companies and regions.

To explore how further opportunities can be provided for local businesses, the Queensland Government is supporting a pilot scheme being conducted in the North Queensland region over a 12-month period to January 2011. This is in response to issues raised by Townsville Enterprise Limited and the Townsville Economic Development Taskforce. The pilot will trial a methodology for 'unbundling' the components of individual major projects and deliver supplier training to local contractors. The pilot will be delivered in cooperation with the ICN, local Government, the regional development body and the local engineering network.

The pilot will complement the Government funding provided to the ICN to partner with major project proponents to prepare Local Industry Participation Plans (LIPPs) identifying specific work packages that local companies can potentially supply and identifies competitive suppliers to tender. Where possible, this process includes breaking down high-level 'packaged' parts of projects into smaller components that are more readily accessible by SMEs, particularly smaller, regionally-based companies.

The appropriateness of bundling projects is always carefully considered by Government on a case-by-case basis and depends on the capability of the supply base available, the geographical location, the similarity of the projects and the impact on the market.

The Government's approach to implementation of the LIPPs is one of continuous review and ongoing improvement. It has frequent exchanges with stakeholders, including industry and unions, about issues affecting participation by local companies in Government-funded procurements and potential improvements to local content policy. In response to recent representations, DEEDI has begun an internal review of the LIP and is considering options to improve its delivery. DEEDI will discuss the results with stakeholders by mid 2010.

DEEDI also undertakes audits of at least three major projects each year to assess the effectiveness of the LIP's implementation. The audits assess the outcomes for local industry, participation by small-to-medium enterprises, employment creation, skills development and innovation. This provides continuous additional feedback to inform the ongoing refinement of the policy's delivery.

To help ensure compliance and improve the outcomes of the LIP, new guidelines were issued in June 2009. Under the process now in place:

- All LIPPs must be registered with DEEDI's Office of Advanced Manufacturing. Exemptions are only granted where published data for procurements of the same type meet LIP criteria and local content will automatically comprise the majority of the project value (e.g. some road and Nation Building projects).
- The ICN is funded to assist Government agencies and Government owned corporations to prepare detailed LIPPs and identify capable local suppliers.
- Advice is provided including contract clauses to ensure that project managers adopt all the principles of the LIP, devolve them through their supply chains and report back on progress of project delivery against LIPP objectives.
- Departments and agencies report the local content outcomes of their projects to DEEDI on a six-monthly basis, and Government Owned Corporations on an annual basis. These results in turn are reported through the Local Industry Committee to Cabinet on an annual basis, by 30 June, with the first report due in 2010.

The Government and the ICN are actively involved in extending the Policy's reach beyond Government projects and assisting private sector companies to apply the LIP's principles to their projects. The ICN regularly partners with private companies on major infrastructure and resources projects to identify capable local companies for their supply chains.

The Queensland Government has committed an extra \$6.45 million to the ICN over five years from 2009-10. This is funding both additional resources to support the LIP's implementation and complementary supply chain development. The Major Project Supplier Program established with part of this funding will assist up to 100 additional companies each year to adopt a detailed action plan to improve their skills, capacity and capability to access new business.

To increase the capacity of businesses to tender for Government projects, DEEDI delivers upskilling seminars throughout the state. DEEDI's Office of Advanced Manufacturing delivered 47 such workshops in 2008-09 to 902 representatives of supplier companies. This level of industry education activity will continue through to the end of 2011 and may be extended further. DEEDI also funds the ICN to deliver seminars to raise awareness amongst local suppliers of specific potential new business opportunities on major projects, which involves local economic

development boards and business groups. This cooperative approach with regional stakeholders will continue to be a strong feature of the program.

To open up more opportunities for smaller companies on major infrastructure and resource projects, the LIP was amended in 2007-08 to reduce the threshold at which major projects are subject to the policy down to \$2.5 million (from \$5 million) in regional and rural areas. The LIP guidelines give clear advice on criteria to be used in preparing LIPPs, including the identification of specific equipment, components and services that could be supplied by local companies, or value-adding to imports that might be undertaken locally, with support as necessary from the ICN. Proponents are expected to package tenders with regard to local industry capabilities, in a way that optimises participation by local SMEs. The Guidelines also advise proponents to hold briefing sessions for local suppliers to provide timely information on project requirements and opportunities.

Recommendation 20: The Committee recommends the Queensland Government, in conjunction with the local Government sector, develops more defined purchasing guidelines for local Government and assists in the provision of training regarding these guidelines.

Combined with recommendation 21.

Recommendation 21: The Committee recommends the Queensland Government undertakes research to identify which industry sectors have a historically low participation rate in applying for local Government tenders and to identify opportunities for local businesses to make use of Government procurement.

The Government supports the objective of these recommendations, being to improve opportunities for businesses through local Government procurement. Councils however ultimately control their purchasing policies and changes will need to occur to council practices to affect outcomes for local businesses.

Additional material to assist local Government is available through both the Chief Procurement Office and DEEDI. The Chief Procurement Office has an extensive range of generic procurement guidance material online and procurement certification training courses which could be of use to local Government. DEEDI will make available a copy of the LIP for consideration by councils and access to support such as training programs.

As discussed under recommendation 19, a pilot scheme is being implemented to explore what more can be done to provide opportunities for local businesses. DEEDI is trialling a methodology for 'unbundling' the components of individual major projects and deliver supplier training to local contractors. The pilot will be delivered in cooperation with the ICN, local Government, the regional development body and the local engineering network.

The Committee's recommendation for improved purchasing guidelines is being considered in the *Local Government (Finance, Plans and Reporting) Regulation*. The regulation will provide a framework for financial sustainability by requiring councils to adopt sound contracting principles and comply with legislative provisions for contract and tendering processes.

Recommendation 22: The committee recommends the Queensland Government considers the feasibility of encouraging smaller local Governments to cooperate with neighbouring local Governments in order to develop a regional economic development approach.

The Government supports the objective of the recommendation to encourage collaboration between local Governments on regional economic development. A number of programs are in place to assist councils to work together, however each council ultimately decides economic policy based on local knowledge.

To encourage greater cooperation in regional economic development, on 12 February 2010 the Government announced new funding for regional development in Queensland. Under previous arrangements, five individual regional development organisations were funded in four regions. Under the new arrangements, the Government committed \$7.52 million over the next four years, including \$1.26 million in additional funding, to support economic development activities across six regions. These regions include those formerly funded through Queensland Regional Development Initiative (QRDI) – Cairns, Townsville, Fitzroy and Mackay/Whitsunday - plus Wide Bay-Burnett and the Darling Downs-Surat. Funding will also be provided to five remote development organisations: the Cape York Peninsula Development Association, Gulf Savannah Development Inc, Mount Isa Townsville Enterprise Zone, Remote Area Promotions and Development and South West Regional Economic Development.

Local Governments are members of these organisations, along with regional industry and community groups. Many QRDI-supported projects include local Governments as project partners. The Gulf Savannah Development Inc., for example, promotes economic development for five shire councils.

The QRDI funding will be enhanced by a new regional engagement approach, called Tomorrow's Regions, previously outlined under recommendation 14. The Government will engage with regional stakeholders, including local Government, through Regional Development Australia (RDA) committees. The committees will develop regional roadmaps stating a region's top four or five regional development priorities with agreed actions to progress these priorities.

Recommendation 23: The Committee recommends the Queensland Government considers providing funding for local Governments not currently undertaking economic development activities, and if they are not funded through a broader regional economic development group, provide funding to promote strong local Government economic development programs.

The Government supports the direction of the Committee's recommendation to provide funding for local economic development activities. Rather than funding local Governments directly, the Government provides funding to regional development organisations through QRDI to facilitate economic development across all regional and remote shire councils. As already stated in recommendation 22, QRDI funding has been increased by \$1.26 million over four years and all regions outside of South East Queensland are now eligible for funding.

Although membership of these organisations is voluntary, virtually all regional and remote local Governments are members of the organisation covering their geographical area. The possible exception has been indigenous local Governments, which have historically not been active members of regional development organisations. This participation gap has been disappearing; for example, Doomadgee and Mornington Island Councils are now active members of Gulf Savannah Development. All local councils outside of south east Queensland are able to participate in these activities.

Local Governments can also access a publication called "Incorporating Economic Development into Local Government Planning" which was produced in 2007 in partnership with the Local Government Association of Queensland and Ergon Energy. The publication provides councils with basic information about economic development concepts and resources. Its focus is on practical examples to assist local Governments to identify and pursue economic development opportunities as part of their core business. The publication can be located at www.regions.qld.gov.au/dsdweb/v4/apps/web/content.cfm?id=14861

Recommendation 24: The Committee recommends the Queensland Government includes local Government as a partner in developing regional employment creation plans.

The Government supports the Committee's recommendation.

This recommendation is being implemented through our enhanced regional engagement approach, called Tomorrow's Regions. As outlined in recommendations 14, 22 and 23, The Government will continue to engage with regional stakeholders, including local Government, through Regional Development Australia (RDA) committees. The committees will develop regional roadmaps stating a region's top four or five regional development priorities with agreed actions to progress these priorities.

For example, as referred to in recommendation 14, the Wide Bay Burnett Regional Plan will provide a blueprint for economic development in the region into the future.

Recommendation 25: The Committee recommends the Queensland Government reviews its approach to measuring the costs of regulation to consider the number of specific requirements or actions that each regulation imposes on business and the cumulative impact on businesses and the wider community.

The Government supports the Committee's recommendation. The recommendation is being implemented by working directly with businesses and through the Smart Regulation Reform Agenda.

The Queensland Government and the Ai Group are working together to identify the most pressing regulatory compliance issues for business and see what improvements can be made. The joint project focuses on companies in the sectors of: manufacturing, construction services, transport and storage and environmental and waste services. A project team of Government officers and Ai Group staff have met with companies to identify compliance issues.

The Government's Smart Regulation Reform Agenda builds on previous reform work by tackling the quantity of existing regulatory stock and the quality of future regulation simultaneously. The Agenda is focussed at preventing unnecessary and excessive regulatory requirements and processes where possible while preserving or strengthening community safeguards and protections with best practice regulation.

In reviewing existing regulation (via agency regulatory simplification plans), the focus is on removing unnecessary regulatory requirements and implementing initiatives to streamline administrative and procurement processes.

In assessing future regulation, the new enhanced Regulatory Assessment Statement system will:

- Strengthen assessment of compliance costs impacts on business, community and Government by mandating their quantification, except where negligible or trivial.
- Apply to all regulatory proposals (primary, subordinate and quasi regulation).

To support better measurement of the costs of existing and future regulation, the Government is investigating the feasibility of extending the Commonwealth's Business Cost Calculator from just measuring business compliance costs to business, but also measuring costs on community and Government.

Recommendation 26: The Committee recommends Queensland Treasury strengthens public consultation on new regulations, including providing better information to business on how they can contribute to making regulation.

The Government supports the Committee's recommendation. The recommendation is being implemented through the Smart Regulation Reform Agenda which considers both current and future proposed legislation.

The Queensland Office of Regulatory Efficiency (QORE), in the Queensland Treasury is working with agencies to develop new strategies to improve access by business and community to Government information and better support consultation and compliance.

In terms of proposed regulation, initiatives under the new enhanced Regulatory Assessment Statement system that strengthen public consultation include:

- Whole-of-Government protocols for more effective consultation and engagement with key affected stakeholders throughout the regulatory cycle with a minimum consultation period and public notification of consultation opportunities.
- An email hotline allowing the public to raise any regulatory concerns or opportunities.
- A public register notifying current and upcoming regulatory reviews, consultation and regulatory proposals.
- A register listing approved RAS consultation documents with easy public access.

With respect to the review of existing regulation, QORE is working with agencies on strategies to facilitate consultation with key stakeholders on agency regulatory simplification plans to ensure that the proposed reform directions deliver significant benefits to business, community and Government stakeholders and meet net regulatory savings targets.

Recommendation 27: The Committee recommends Queensland Treasury creates an integrated communication strategy for its Smart Regulation Reform Agenda so stakeholders have a greater understanding of the objectives of the reform agenda, its achievements in reducing regulatory burden and the consultation process undertaken.

The Government supports the Committee's recommendation. The recommendation is being implemented through the annual Smart Regulation Annual Report. The Government will continue to report on the Smart Regulation Reform Agenda through this report.

The Government is also developing an integrated communication strategy which will promote the Agenda to business and the community with particular emphasis on consultation opportunities for existing and future regulation.

As part of this strategy, recent initiatives will be further promoted including:

- A Shaping Smart Regulation online service which recently became available at <http://www.getinvolved.qld.gov.au/your-say/regulation/regulation.html>.
- The "Get Involved" public consultation register for open and upcoming policy issues to improve the interface between Government and business.

Recommendation 28: The Committee recommends the Queensland Government investigates methods of ensuring the regulatory compliance burden on Queensland businesses does not increase once the review of regulation is completed.

The Government supports the Committee's recommendation.

The Government's Smart Regulation Reform Agenda is focused at eliminating unnecessary and excessive regulatory requirements and streamlining remaining areas of legislation where possible, while preserving and strengthening community safeguards and protections with best practice regulation.

The Agenda achieves this by tackling both existing and future regulation simultaneously: the review of existing regulation via agency regulatory simplification plans, and future regulation via the introduction of the new enhanced Regulatory Assessment Statement (RAS) system in early 2010.

The RAS system is focused at preventing unnecessary and excessive regulatory requirements in new regulation through strengthened assessment of compliance cost impacts, strengthened consultation and stakeholder engagement and the review of regulation at least every 10 years.

At the national level, through the Council of Australian Governments, the Queensland Government is part of the review effort looking at techniques to tackle the issue of regulatory 'creep'.

Techniques used internationally which could be investigated include 'one-in-one-out' approach when introducing new regulation, common commencement dates for regulation, and regulatory budgets.