

Overview

Leveraging Queensland's strong economic performance, the 2023–24 Queensland Budget is responding to key challenges facing Queenslanders, including addressing cost-of-living pressures, enhancing health services, improving housing affordability and keeping communities safe.

The Budget is also investing substantially in healthcare and critical infrastructure across all regions to position Queensland on a clear path towards longer-term growth and prosperity.

The historic surplus in 2022–23, driven by the temporary surge in royalties due to the exceptionally high coal prices benefitting the state's coal producers, is providing capacity for the government to address these immediate challenges. This includes delivering substantial cost-of-living support to Queensland families and businesses, while also funding a record capital program to grow the economy and respond to Queensland's service and regional needs.

Tackling the cost of living

Cost-of-living pressures are being felt across the country, with all Australian households, businesses and industries continuing to face challenges including higher interest rates and higher costs of goods and services.

The Queensland Government is taking action on this national problem, with the 2023–24 Budget providing a record \$8.224 billion in concessions, an increase of over 21 per cent compared to 2022–23.

Notably, the 2023–24 Budget is providing \$1.617 billion in new and expanded cost-of-living measures in 2023–24.

This includes \$1.483 billion to deliver additional electricity bill support for households and small businesses facing cost-of-living pressures. This is the most significant electricity bill support package announced by any state or territory, more than doubling the size of the federally agreed support package for Queensland under the National Energy Bill Relief Fund.

This year's Budget provides \$645 million over 4 years from 2023–24 to provide 15 hours per week of free kindergarten from January 2024 for all 4-year-old Queensland children. This will reduce cost-of-living pressures for families, support labour market participation and improve educational outcomes.

The government is continuing to support improved social and affordable housing outcomes across Queensland, including through its \$2 billion Housing Investment Fund. The Budget includes substantial tax concessions for eligible Build to Rent developments that provide affordable dwellings at discounted rents.

Over the medium term, increasing labour force flexibility, skills and participation, and other actions to enhance the competitiveness and productivity of the state's businesses, will help reduce supply side constraints and dampen pressure on prices and cost of living.

The Big Build – infrastructure for a growing state

As Queensland continues to grow and diversify, continued investment in infrastructure will support productivity growth and enhanced standards of living.

The record capital program of \$88.729 billion over the 4 years to 2026–27, directly supporting around 58,000 jobs in 2023–24, will provide productivity-enhancing infrastructure across all regions of the state that will improve the competitiveness of Queensland's traditional industries and support growth in new and emerging sectors.

It will also provide the critical social infrastructure needed to support essential health and other services to meet the needs of a growing population.

Infrastructure delivered through the capital program will better connect communities across the state and strengthen their resilience in the face of future global challenges and natural disasters.

It will support job creation and attract people, skills and private investment to the regions, as well as improve overall liveability.

Delivering better services

The 2023–24 Budget continues to leverage off the significant investments made to date to deliver better services to Queenslanders.

Ongoing investment in essential services, including health, housing, education, justice, safety and social services, will continue delivering enduring social and economic benefits. These services support increased economic participation and improve the wellbeing of Queenslanders.

This Budget includes \$25.791 billion in total health funding and \$21.104 billion in total education and training funding in 2023–24, as well as significant levels of ongoing expenditure to safeguard and protect communities, improve liveability and enhance Queensland's lifestyle.

Through this targeted service delivery, the government is also directly investing in the growth and development of a healthy and skilled workforce to help drive productivity, boost real incomes and improve standards of living over the longer term.

Economic strategy – investing in Queensland's future

By addressing short-term challenges and laying a strong platform for future growth, the 2023–24 Budget is supporting delivery of the government's overarching community objectives of good jobs, better services and great lifestyle.

The 2023–24 Budget, including the record capital program, will also support the ongoing transformation of the Queensland economy, in line with the government's economic strategy focused on growing a sustainable and diversified economy that is resilient, productive, competitive and able to respond to future opportunities and challenges.

This investment will continue to create more jobs in more industries by leveraging Queensland's strengths, growing its traditional and emerging industries, expanding supply chains, and seizing opportunities in the lead up to the Brisbane 2032 Olympic and Paralympic Games and beyond.

Key initiatives and investments outlined in the 2023–24 Budget will help enable Queensland businesses, industries and communities to capitalise on these opportunities and drive future growth across all regions of the state. As well as the initiatives outlined above, this includes more than \$1.2 billion in skills and training initiatives in 2023–24, \$520 million over the period 2023–24 to 2029–30 for investments through the Low Emissions Investment Partnerships program, and \$16.3 million over 4 years for a package of measures to support women's economic security. As part of the government's capital program, \$19 billion is being invested over the forward estimates to deliver on the *Queensland Energy and Jobs Plan* and provide clean, reliable and affordable power for generations.

Economic outlook

Following strong growth of 4.4 per cent in 2021–22, the Queensland economy is now forecast to grow a further 2 per cent in 2022–23 and strengthen to 3 per cent growth in 2023–24. The economic growth profile reflects temporary domestic and international supply constraints, which have negatively impacted private investment, especially housing construction, and the overseas trade sector in 2022–23, and their subsequent unwinding.

Interest rates also continue to filter through to borrowers and household spending growth is expected to slow materially over the coming year.

With high rates of capacity utilisation and a solid pipeline of non-dwelling construction projects, overall business investment in Queensland is forecast to grow further.

While the nominal value of Queensland's exports is expected to grow to a record of almost \$140 billion in 2022–23, driven largely by exceptionally high global coal prices, commodity prices are forecast to normalise as supply issues abate.

In real terms, the overseas trade sector is forecast to make a one percentage point contribution to economic growth in 2023–24. The trade sector is then expected to largely return to balance in 2024–25 and make a neutral contribution to growth, as services export growth moderates.

Queensland's labour market is expected to remain exceptionally strong and tight, with the unemployment rate the lowest it has been in decades, the job vacancy rate near its historic high and the employment-to-population ratio at its highest level since the mining boom.

Following the strongest growth in 17 years, Queensland's employment growth is expected to ease to 3¼ per cent in 2022–23 and one per cent in 2023–24 as growth in domestic demand moderates. The unemployment rate is forecast to edge higher, but stay low by historical standards, to 4¼ per cent in 2023–24 and 4½ per cent in 2024–25.

Inflation is forecast to moderate to 3¾ per cent in 2023–24 and to 3 per cent in 2024–25.

Queensland's population growth is forecast to increase to 2 per cent in 2022–23, reflecting a pickup in overseas migration. However, with interstate migration forecast to stabilise at pre-pandemic levels, population growth is forecast to ease back to 1½ per cent by 2024–25.

Risks to the outlook however remain skewed to the downside, with inflation and monetary policy responses among major central banks the biggest risks to the global outlook.

Overview Table 1 Queensland economic forecasts/projections¹

	Actuals		Forecasts		Projections	
	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27
Gross state product²	4.4	2	3	3	2¾	2¾
Employment	5.1	3¼	1	1½	1¾	1¾
Unemployment rate ³	4.5	3¾	4¼	4½	4½	4¾
Inflation ⁴	5.4	7¼	3¾	3	2½	2½
Wage Price Index	2.5	3¾	4	3½	3½	3½
Population	1.6	2	1¾	1½	1½	1½
Notes:						
1. Unless otherwise stated, all figures are annual percentage changes.						
2. Chain volume measure (CVM), 2020–21 reference year.						
3. Per cent, year-average.						
4. Brisbane, per cent, year-average.						
<i>Sources: ABS Annual State Accounts, National, State and Territory Population, Labour Force, Wage Price Index, Consumer Price Index, and Queensland Treasury.</i>						

Fiscal outlook

Since the 2021–22 Budget, the government has committed to medium-term fiscal goals for the restoration of fiscal buffers impacted by the COVID-19 pandemic. This strategy has prepared Queensland to be able to meet contemporary and upcoming challenges.

Exceptionally high coal prices and the strength of the Queensland economy has resulted in higher than previously expected state revenues in 2022–23.

General Government Sector revenue is estimated to total \$87.623 billion in 2022–23, up \$13.437 billion (18.1 per cent) compared with 2021–22 and \$13.736 billion (18.6 per cent) higher than estimated in the 2022–23 Queensland Budget.

This significant upward revision in expected revenue in 2022–23 is largely driven by the exceptionally high coal prices that have continued to be received by Queensland’s coal producers, as well as the state’s strong labour market performance.

However, the substantial increase in royalties, is only temporary and not expected to be repeated over the forward estimates. As such, revenue is expected to decline sharply in 2023–24, by 6.3 per cent, as the temporary surge in coal and other commodity prices unwinds and continues to normalise.

Beyond 2023–24, revenue is expected to begin to stabilise (growing by less than 0.1 per cent) in 2024–25. Following this period of adjustment, revenue is expected to grow modestly in 2025–26 (by 0.9 per cent) and 2026–27 (by 3.3 per cent).

Given revenues are expected to moderate substantially as commodity prices normalise over the forward estimates, government has carefully planned its budgetary commitments.

The 2023–24 Budget achieves the right balance. Effective responses to immediate challenges will relieve cost-of-living pressures, strengthen the health system, and see more investment in social and affordable housing and youth services.

In parallel, government's careful management of recent extraordinary revenue performance and disciplined control of spending supports positive progress towards fiscal recovery, a lower reliance on borrowings, and creates capacity for additional public infrastructure investment.

The General Government Sector net operating surplus in 2022–23 of \$12.305 billion supports a reduction in the 2022–23 borrowing requirement and creates capacity for the transformative capital program while maintaining debt at sustainable levels.

A manageable deficit of \$2.182 billion in 2023–24 reflects commitments to priority areas, including temporary funding to relieve cost-of-living pressures.

Going forward, wages growth alongside easing inflation are expected to see cost-of-living pressures ease. As the one-off measures in the 2023–24 Budget fall away and royalty revenue normalises across the forward estimates period, a return to operating surplus is expected.

The government's expanded program of public infrastructure investment of \$88.729 billion over 4 years to 2026–27 will underpin ongoing job creation in existing and emerging sectors and maintain a strong and diverse economy into the future. Key elements include delivering increased health system capacity, decarbonisation of the state's energy system, improved water security and preparing for the Brisbane 2032 Olympic and Paralympic Games.

Over successive budgets, the government has worked to limit the legacy impacts of the COVID-19 crisis on borrowings and fiscal sustainability.

In 2022–23 net debt will comprise just 7 per cent of revenue. Total General Government Sector borrowings are expected to be \$8.745 billion lower at 30 June 2024 than forecast in the 2022–23 Budget and remain \$2.158 billion lower by 30 June 2026.

Budget Strategy and Outlook 2023–24

Overview Table 2 Key fiscal aggregates¹

	2021–22	2022–23	2022–23	2023–24	2024–25	2025–26	2026–27
	Outcome	Budget	Est. Act.	Budget	Projection	Projection	Projection
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Revenue	74,185	73,886	87,623	82,079	82,102	82,858	85,591
Expenses	69,889	74,915	75,317	84,261	81,967	82,653	85,214
Net operating balance	4,296	(1,029)	12,305	(2,182)	135	206	377
PNFA ²	7,889	8,478	9,194	9,347	11,473	11,417	11,389
Fiscal balance	(71)	(5,635)	6,786	(6,716)	(7,265)	(5,977)	(5,301)
Borrowing ³	56,764	66,459	54,693	65,479	76,040	85,127	94,814
Net debt	10,997	19,772	5,852	16,190	28,074	37,648	46,934
Notes:							
1. Numbers may not add due to rounding.							
2. PNFA: Purchases of non-financial assets.							
3. Comprised of borrowing with QTC, leases and similar arrangements and securities and derivatives.							

1 Budget priorities and economic strategy

Features

- Leveraging Queensland’s strong economic performance, the 2023–24 Queensland Budget is responding to the challenges facing Queenslanders, including cost-of-living pressures and housing affordability. The Budget is also investing substantially in healthcare and infrastructure across all regions to position Queensland on a clear path towards longer-term growth and prosperity.
- The historic surplus in 2022–23, driven by strong royalties growth due to the high coal prices received by the state’s coal producers, is providing capacity to deliver substantial cost-of-living support to Queensland families and businesses, while also funding a significant increase in the capital program to grow the economy.
- The Budget provides a record \$8.224 billion in concessions in 2023–24, an increase of over 21 per cent compared to 2022–23. The Budget is delivering \$1.483 billion for additional electricity bill support to households and small businesses facing cost-of-living pressures.
- This Budget provides \$645 million over 4 years from 2023–24 to provide 15 hours per week of free kindergarten from January 2024 for all 4-year-old Queensland children. On average, a family attending a sessional kindy for 15 hours per week that charges \$46 per day will save \$4,600 a year in fees. This will not only reduce cost-of-living pressures for families but will also support labour market participation and improve educational outcomes.
- The 2023–24 Queensland Budget is providing increased funding of \$1.1 billion for the delivery and supply of social housing across Queensland through the *Housing and Homelessness Action Plan (2021–2025)*, including to meet higher construction costs and to boost the QuickStarts Queensland program target by 500 homes, bringing it to 3,265 social housing commencements by 30 June 2025.
- This brings the total investment to \$5 billion for delivery of social and affordable housing, and housing and homelessness support, including \$3 billion funding to support the *Housing and Homelessness Action Plan 2021–2025* and \$2 billion investment for the Housing Investment Fund.
- The Budget includes substantial tax concessions for eligible Build to Rent developments that provide affordable dwellings at discounted rents.
- To drive greater gender equality and deliver a fairer, more inclusive and prosperous society, the Budget allocates a \$16.3 million package of targeted measures to support women’s economic security and improve women’s economic outcomes.

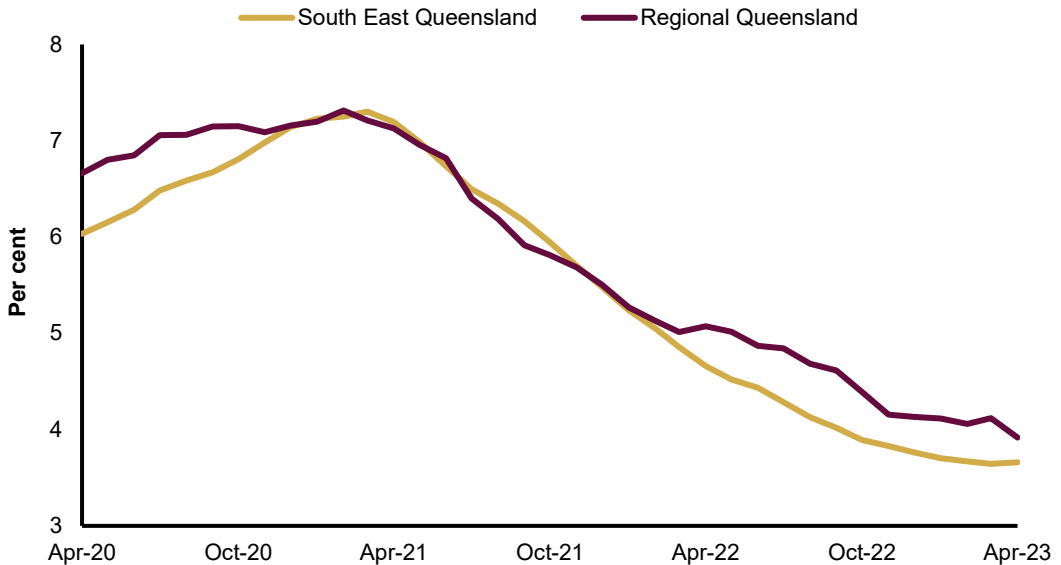
- Capacity constraints in recent years, including materials and labour supply shortages, have contributed to higher inflation, increasing the cost of living. Increasing labour force responsiveness, skills and participation, and other actions to enhance the competitiveness and productivity of the state's businesses, will help reduce these supply side constraints and dampen pressure on prices and cost of living over the medium term.
- The record capital program of \$89 billion over the 4 years to 2026–27 will provide the infrastructure to enhance productivity and the competitiveness of Queensland's traditional industries, support growth in new and emerging sectors and provide the essential health and other services needed to meet the needs of a growing population.
- In 2023–24, the government will invest \$20.321 billion in capital, directly supporting around 58,000 jobs. \$13.308 billion of this capital program will be invested outside of the Greater Brisbane region, supporting around 38,500 jobs.
- The government is continuing to invest in the growth and development of a healthy and skilled workforce to help drive productivity, boost real incomes and improve standards of living. The Budget includes \$25.791 billion in total health funding and \$21.104 billion in total education and training funding in 2023–24, as well as significant levels of ongoing expenditure to safeguard and protect communities, improve liveability and enhance Queensland's lifestyle.
- This Budget also backs the state's ongoing decarbonisation agenda through funding of \$520 million, over the period 2023–24 to 2029–30, to deliver the Low Emissions Investment Partnerships program, which will encourage the mining industry to fast-track capital investments that will both rapidly reduce its emissions profile and help maintain a competitive edge for the industry.
- By addressing short-term challenges and laying a strong platform for future growth, the Budget is supporting delivery of the government's overarching community objectives of good jobs, better services, and great lifestyle, including delivering on the government's economic strategy to create more jobs in more industries.

1.1 Building on strong foundations

The government's nation-leading response to the COVID-19 pandemic protected and maintained the health and wellbeing of Queenslanders. This set the platform for the state's remarkable economic recovery, which has seen Queensland continue to record a stronger rate of jobs growth than the rest of the nation since pre-COVID-19, with trend employment up 8.8 per cent (or 226,300 persons) since March 2020, compared with 6.5 per cent growth in the rest of Australia.

Strong employment outcomes have been widespread across the state, with unemployment rates declining across both South East Queensland and regional Queensland (see Chart 1.1).

Chart 1.1 – Unemployment rates, South East Queensland and Regional Queensland



Source: ABS, *Labour Force, Australia, Detailed*

The average unemployment rate across regional Queensland fell 1.2 percentage points to 3.9 per cent in the year to April 2023, to be the lowest unemployment rate recorded in regional Queensland since May 2008. Cairns (3.8 per cent), Townsville (2.3 per cent) and Wide Bay (5.6 per cent) all recorded among the lowest unemployment rates in more than a decade in April 2023.

In addition to the strength of Queensland’s domestic economy and contributing to the state’s strong labour market performance, Queensland exporters, in particular the state’s coal producers, have been buoyed by a sustained period of exceptionally high global commodity prices.

Over the 2 years since mid-2021, Queensland coal producers have enjoyed unprecedented benefits from the surge in global coal prices, resulting in the value of Queensland coal exports reaching a calendar year record of \$83.5 billion in 2022, more than double the value in 2021 and triple the value in 2020.

Importantly, these record coal export revenues have contributed to the strong financial performance of coal mining companies, with many reporting record revenues and profits in 2022.

This performance highlights the important role that Queensland’s traditional industries, such as mining, agriculture, and tourism, will continue to play alongside new and emerging growth sectors and the ongoing transformation to a low-carbon global economy.

Given the majority of Queensland’s coal exports are metallurgical coal, international demand should continue to support Queensland’s coal exports over coming decades.

As outlined in Queensland Treasury’s report, *Queensland’s Coal Industry and Long-Term Global Coal Demand*, published in November 2022, Queensland continues to offer an attractive environment for investment in coal, reflecting its numerous competitive advantages.

This includes its high-quality hard coking coal, proximity to the fast-growing Asian region, efficient supply chain, well-established infrastructure and skilled workforce.

In the context of unprecedented global coal prices, the new coal royalty tiers announced by the Queensland Government in the 2022–23 Budget mean Queenslanders are getting a fair return for the state’s valuable and limited resources in a period when coal companies are generating extraordinary revenues and profits.

Driven by the strong growth in coal royalties, the historic surplus expected in 2022–23 is helping to create fiscal capacity for the productivity-enhancing infrastructure needed to facilitate Queensland’s economic and energy transformation, including through the government’s record 4-year capital program of \$88.729 billion.

By allowing the Budget to accommodate a much higher capital program, while keeping borrowings close to or less than the 2022–23 Budget estimate, the surge in coal royalties will enable the provision of the critical infrastructure needed to drive productivity and competitiveness for businesses and industry across the state.

The increase in coal royalties is also creating fiscal capacity for the government to address the more immediate challenges facing Queenslanders, including delivering substantial cost-of-living support to Queensland families and businesses, especially in 2023–24, in recognition of inflation growing much faster than wages the previous year.

A strong health system supports a healthy and productive population. It supports increased workforce participation and contributes to improvements in labour productivity over the longer term. As Queensland’s strong economic recovery from the COVID-19 pandemic demonstrates, the state’s economic success is dependent upon the health and wellbeing of Queenslanders.

By investing significantly in health services across the state, the government is protecting and enhancing the wellbeing of Queenslanders and strengthening the resilience and liveability of communities throughout the state’s regions.

As Queensland continues to grow and transform, the government is also taking targeted action to help ease current pressures in the state’s housing market, including supporting the supply of additional housing and rental stock. Investments to support the delivery of more social and affordable housing for Queenslanders will improve standards of living across communities and provide lasting benefits for the state’s economy. Access to more affordable housing also supports positive employment outcomes, greater labour mobility and helps attract a skilled workforce and new investment opportunities.

The critical support being provided to Queensland families, communities, and small businesses in the Budget will help ensure all Queenslanders continue to enjoy an enviable lifestyle and improved standards of living.

1.2 Tackling the cost of living

Cost-of-living pressures are currently being felt right across the country. Queensland’s households, businesses and industry are continuing to face these challenges, including higher interest rates, increasing electricity costs and higher costs of goods and services.

Box 1.1 Cost-of-living relief for Queenslanders

The Queensland Government recognises the challenges Queenslanders are currently facing in terms of cost-of-living pressures.

In the 2023–24 Queensland Budget, the government is providing a record \$8.224 billion in concessions to Queensland families and businesses, an increase of more than 21 per cent compared with 2022–23.

The government is providing \$1.617 billion in 2023–24 in the Budget towards new and expanded cost-of-living measures that will help address these challenges.

Electricity rebates

The 2023–24 Budget delivers \$1.483 billion for additional electricity bill support to households and small businesses facing cost-of-living pressures. This is the most significant electricity bill support package announced by any state or territory, more than doubling the size of the federally agreed support package for Queensland under the National Energy Bill Relief Fund.

As part of this package, all Queensland households will automatically receive a \$550 Cost of Living Rebate on their electricity bill in 2023–24, while around 600,000 vulnerable households will benefit from a higher \$700 Cost of Living Rebate.

In addition, vulnerable households will continue to receive the existing \$372 rebate under the Queensland Electricity Rebate Scheme, bringing total support for this group to \$1,072 in 2023–24.

The government's substantial cost-of-living relief package will more than offset typical household electricity bill increases in 2023–24. In some cases, households will have zero bills or be in credit in 2023–24.

Eligible small businesses in Queensland will also receive an automatic rebate of \$650 on their electricity bill in 2023–24. This includes around 205,000 Queensland small businesses that consume less than 100,000 kilowatt hours per annum.

Free kindy and FairPlay vouchers

The government will also provide 15 hours per week of free kindergarten from January 2024 for all 4-year-old Queensland children to further relieve cost-of-living pressures, improve access to early childhood education, and support economic participation across the state.

Eligibility for FairPlay vouchers will also be extended to more Queensland families to give more children aged 0-4 access to free swimming lessons.

Other cost-of-living support

The Budget also includes a range of other targeted measures that will reduce costs for Queenslanders.

Changes to licence fees will see Queensland’s learner licence fees reduced from \$186.55 to \$75, while the fee for replacement Queensland driver licences, photo identification cards and industry authority cards will be reduced to \$35.

Access to essential health services will be enhanced through increased funding for the Patient Travel Subsidy Scheme, while other measures will provide direct support for the state’s vulnerable families and children, including through the free school breakfast and critical food relief programs.

Details of the key new and expanded cost-of-living measures in 2023–24 are outlined below.

Table 1.1 – Cost-of-living relief measures

Measure	Description	2023–24 (\$ million)
Electricity Bill Support	Cost of Living Rebates for Queensland households and small businesses and other household energy initiatives.	1,483
Free Kindergarten	15 hours per week of free kindergarten from January 2024 for all 4-year-old Queensland children.	101.62
Patient Travel Subsidy Scheme	Increased funding to enhance access to essential health services.	14.18
FairPlay Vouchers	Extend availability to eligible children aged 0-4 years for swimming lessons.	2.38
Electricity Life Support Scheme	Expanded eligibility to allow more Queenslanders to access electricity rebates for life support equipment.	0.21
School Breakfast Programs	Extend and expand the programs delivered by non-government organisations across Queensland.	1.20
Critical Food Relief	Funding to help deliver critical food relief to vulnerable families and children.	0.32
Reducing Learner Licence Fees	Reducing Queensland’s learner licence fees from \$186.55 to \$75.	9.38
Replacement Smartcard Product Fee Changes	Reducing the replacement fees for Queensland driver licences, photo identification cards, and industry authority cards to \$35.	5.29
Total		1,617

A range of other existing government concessions have also been increased or expanded to help further address cost-of-living pressures for Queenslanders. Refer to Appendix A for further details on the Queensland Government’s \$8.224 billion in concessions.

In addition to providing immediate cost-of-living relief, the Queensland Government is focused on supporting economic growth through enablers and settings that will improve Queensland's productivity and deliver sustained increases in real wages.

This will ease cost-of-living pressures over the longer term and support improved standards of living for all Queenslanders.

Box 1.2 More affordable housing

Like many places in Australia and overseas, Queensland's housing system is experiencing significant pressures.

Reflecting its desirability as a great place to live, historically high levels of net interstate migration over 2021–22, followed by a recovery in net overseas migration over 2022–23, have both contributed to strong population growth in Queensland.

Other factors that have impacted Queensland's property market include: materials and skills shortages in the construction industry; long-term demographic trends such as the move towards smaller household sizes; working from home increasing demand for more space in different locations; and the impact of the 2022 Queensland floods.

In particular, material and labour supply shortages, weather disruptions, and several construction company insolvencies have constrained Queensland's residential construction activity, slowing the supply of new dwelling stock.

Average household size has also been declining due to both short- and long-term factors. Small changes in household size have large impacts — for each 0.01 fall in persons per household, around 8,500 additional dwellings are required.

Broader housing market conditions have tended to have the most significant impacts on the rental market. During the pandemic, the rental stock in Queensland declined significantly, partly due to the sale of properties to owner-occupiers. This drove rental vacancy rates to record lows and sharp rent increases across many Queensland regions, with a similar phenomenon apparent nationally.

The combined effect of these factors is that housing supply has not kept up with increased demand. In recognising these challenges, on 20 October 2022, the government held the Queensland Housing Summit to address the state's housing challenges and enhance supply, lift the responsiveness of the housing market and protect those who are most vulnerable.

The Queensland Government has a clear objective: that every Queenslanders should have access to a safe, secure, and affordable home that meets their needs and enables participation in the social and economic life of this prosperous state.

To meet this objective, the government is implementing the *Queensland Housing Strategy 2017–2027*, delivered through the *Housing and Homelessness Action Plan 2021–2025* and *Aboriginal and Torres Strait Islander Housing Action Plan 2019–2023*. The government has also boosted the Queensland Government’s flagship Housing Investment Fund (HIF) to \$2 billion, first announced under the Action Plan, with \$130 million now available per annum to support an increased target of 5,600 new social and affordable housing commencements by 30 June 2027. In 2023, the first HIF supported tenancies became active, with further units currently under construction.

The government also continues to commit significant additional investment towards social and affordable housing projects, crisis accommodation and supports, as well as services to address homelessness.

The 2023–24 Queensland Budget is providing increased funding of \$1.1 billion for the delivery and supply of social housing across Queensland through the *Housing and Homelessness Action Plan (2021–2025)*, including to meet higher construction costs and to boost the QuickStarts Queensland program target by 500 homes, bringing it to 3,265 social housing commencements by 30 June 2025.

Further to this, over \$250 million has been committed to housing and homelessness support services since the 2022–23 Budget. This includes over \$100 million provided throughout the last 12 months, as well as an additional \$150 million committed in the Budget.

Key initiatives supported in the Budget include \$51.3 million for the second *Aboriginal and Torres Strait Islander Housing and Homelessness Action Plan*, \$61.9 million (out of a total \$64.3 million) for emergency supported accommodation, and \$18.1 million to enhance and expand youth housing and homelessness services.

The government is also offering tax concessions for eligible Build to Rent developments that provide at least 10 per cent of dwellings at discounted rents, thereby supporting the construction of additional rental housing and delivering more affordable housing for more Queenslanders.

Planning changes were also announced to support housing supply and delivery, including amending planning rules to allow secondary dwellings, such as granny flats, to be rented on the open market, while increases in rents have been limited to only once a year.

Further investment is being made to unlock land for housing through delivery of essential infrastructure within areas experiencing significant growth through initiatives such as the \$171.2 million Catalyst Infrastructure Fund and the \$50 million Growth Acceleration Fund.

1.3 Investing in Queensland’s future to create more jobs in more industries

While the 2023–24 Queensland Budget is providing significant targeted support to address immediate cost-of-living challenges, it simultaneously maintains a strong focus on investing to facilitate future economic growth and longer-term prosperity across the state.

1.3.1 Securing Queensland’s path to a prosperous future

The Queensland economy is continuing to transform in response to global trends and in the context of an uncertain global economic and socio-political outlook.

Against this backdrop, the government’s economic strategy is focused on growing a sustainable and diversified economy that is resilient, productive, competitive and able to respond to future opportunities and challenges.

The economic strategy will create more jobs by leveraging Queensland’s strengths and growing its traditional and emerging industries, expanding supply chains and seizing opportunities in the lead up to the Brisbane 2032 Olympic and Paralympic Games and beyond.

Key enablers to capitalise on these opportunities and drive future growth include: a larger, more skilled workforce; targeted infrastructure investment; a competitive investment environment; expanded trade networks; increased innovation and digitalisation; and strong Environmental, Social and Governance (ESG) credentials.

Queensland's economic strategy

Opportunities



New energy



Critical minerals



Traditional industries and value add



Services sector



Strategic supply chains



Brisbane 2032 Olympic and Paralympic Games

Enablers



Trade



Skilled workforce



Innovation



Public and private infrastructure



Digitalisation and technology



Environmental, Social and Governance credentials



Competitive investment environment

1.3.2 The Big Build – infrastructure for a growing state

As Queensland continues to grow and diversify, continued investment in the right infrastructure is vital to ensure the resilience and prosperity of the state and to support productivity growth and standards of living.

The record \$88.729 billion capital program to be delivered across the state over the next 4 years will help provide the critical economic and social infrastructure to futureproof Queensland's cities and regions. This infrastructure will better connect communities across the state and strengthen their resilience in the face of future global challenges and natural disasters. It will support job creation and attract people, skills and private investment to the regions and improve overall liveability.

This includes \$20.321 billion in 2023–24, directly supporting around 58,000 jobs during construction, including 38,500 jobs outside Greater Brisbane. Many more jobs will be supported by the economic activity and connectivity generated by this investment, particularly across regional Queensland.

The government is taking a long view with its significant program of public infrastructure investment that will deliver better health and transport facilities and services, decarbonise the state's energy system, improve water security, and prepare for the Brisbane 2032 Olympic and Paralympic Games.

To ensure Queenslanders have access to world-class health services, the government is investing \$9.785 billion over 6 years to build new or expand existing hospitals across the state, as part of the *Health and Hospitals Plan*, including in Cairns, Townsville, Mackay, Bundaberg, Hervey Bay, Toowoomba and South East Queensland. The 2023–24 Queensland Budget provides further investment in health infrastructure, including \$150 million over 4 years to fund a new mental health facility at Redland Hospital.

The Budget is also keeping Queenslanders connected through a \$6.9 billion investment in 2023–24 to provide integrated, safe and efficient transport infrastructure. Investments include the ongoing Bruce Highway Upgrade Program, the Queensland Train Manufacturing Program and Gold Coast Light Rail (Stage 3).

The Budget is also delivering new and ongoing projects that will support the long-term transformation of the Queensland economy. This includes delivering critical infrastructure to facilitate the development of emerging industries, while continuing to support the traditional sectors that will remain an important source of income and economic growth well into the future.

To drive Queensland's competitiveness in the decades ahead, the *Queensland Energy and Jobs Plan* (QEJP) will provide clean, reliable and affordable power for generations. Queensland's publicly owned energy businesses are leading the state's energy transformation, investing in new wind, solar, storage and transmission infrastructure to deliver the QEJP and achieve renewable energy targets of 50 per cent renewables by 2030, 70 per cent by 2032 and 80 per cent by 2035.

The 2023–24 Budget includes a landmark capital investment of around \$19 billion over the forward estimates to deliver on the QEJP. This includes up to 7 GW of large-scale, long duration pumped hydro, CopperString 2032 to connect the North West Minerals Province to the national electricity grid, and a strong pipeline of renewable energy and storage projects.

The Queensland resources industry, a traditional driver of investment, economic growth and jobs across the state, is also undergoing transformation. The *Queensland Resources Industry Development Plan*, with committed funding of \$68.5 million over 5 years, sets out a 30-year vision to help guide the ongoing transformation and diversification of the state's resources industry.

The Budget is providing additional funding of \$21 million over 2 years to implement the Frontier Gas Exploration grants program to help unlock significant gas resources in the Bowen and Galilee basins.

With its abundance of valuable natural resources, Queensland is well placed to sustainably mine, process, manufacture and supply the critical minerals required around the world to achieve global emissions reduction targets.

Reflecting this, the government's \$5 billion investment in CopperString 2032, a 1,100 kilometre transmission line from Townsville to Mount Isa, will provide energy certainty to the North West Minerals Province and deliver reliable, affordable and renewable power to the people, businesses and communities in the region.

Acknowledging the ongoing importance of the state's mining industry as a driver of future growth opportunities, the Budget also allocates \$520 million over the period 2023–24 to 2029–30 for investments through the Low Emissions Investment Partnerships program. The program will encourage the mining industry to fast-track capital investments that will both rapidly reduce its emissions profile and help maintain a competitive edge for the industry.

A significant capital program is planned by the Public Non-financial Corporations water sector over the 4 years to 2026–27, focused on delivering additional water supply and fortifying the flood resilience of water infrastructure. A major driver of this is Seqwater, Sunwater and Gladstone Area Water Board's respective Dam Improvement Programs, which aim to ensure the safety and reliability of state-owned dams so they continue to operate safely during extreme weather events.

1.3.3 Building a skilled workforce

Queensland's ability to transition to a low carbon and more diversified economy will be underpinned by the resilience, dynamism and responsiveness of the state's labour force. Investing in skills is a key driver for addressing current capacity constraints in the labour market, while also realising sustained improvements in productivity growth in the longer term. In turn, this supports the increased resilience and competitiveness of the state's businesses and industries.

The *Good People. Good jobs: Queensland Workforce Strategy 2022–2032* will deliver practical and innovative solutions that will ensure the state has an agile workforce ready to support growth, strengthen local communities and capitalise on economic opportunities. The government's significant investment in skills and training (more than \$1.2 billion in skills and training initiatives in 2023–24) is supporting broader workforce development, while also helping Queenslanders overcome barriers to employment.

Further, reflecting the government’s commitment to improving women’s economic outcomes, the 2023–24 Queensland Budget allocates \$16.3 million over 4 years for a package of measures to support women’s economic security. These include targeted grants programs and tailored support, training and mentoring services to support women’s participation in male-dominated industries, enhance retention of female apprentices in trades and support women in business and innovation and disadvantaged and vulnerable women.

Box 1.3 Productivity

Productivity is essential to secure a sustained improvement in the living standards of all Queenslanders. Over the last 3 decades, labour productivity growth has been responsible for around 80 per cent of per capita income growth in Queensland.

Productivity growth can also play a key role in addressing cost-of-living challenges, including by: raising economic capacity and reducing prices; enhancing housing supply and reducing pressure on building costs and housing affordability; and helping make Queensland’s industries more competitive, thereby supporting the ongoing transition of the economy.

The Queensland Government continues to make substantial investments to develop a more highly-skilled and dynamic workforce and provide the critical infrastructure to drive productivity growth, ultimately delivering higher real incomes and prosperity for Queenslanders.

A healthy, productive and agile workforce is essential to capitalise on global opportunities, attract high-class industries and businesses, and attract global investment into industries that leverage the state’s valuable natural endowments like critical minerals, energy, agriculture and tourism.

The government continues to deliver high quality training and employment pathways, and provide ongoing investment in Queensland’s flagship employment programs, such as Skilling Queenslanders for Work and Back to Work.

Since 2015, Skilling Queenslanders for Work has provided training to 76,000 persons, which has helped 49,000 persons secure a job, while Back to Work has helped 28,000 unemployed job seekers gain full-time employment since 2016.

The government is also providing more than \$70 million for new initiatives included in the 2022–2025 Action Plan as part of the *Good People. Good Jobs: Queensland Workforce Strategy 2022–2032* to further grow the skilled workforce to meet industry needs.

The 2023–24 Queensland Budget invests a record \$88.729 billion over 4 years through the state’s capital program, to enable the state’s ongoing energy transformation, improve connectivity and help workers participate in a growing economy.

The government’s strong focus on productivity, including through regulatory reform and reducing costs for business, will be critical in enhancing the competitiveness of Queensland industries as they compete on the global stage. This will enable Queensland workers to access more employment opportunities and achieve higher incomes, and also ensure Queensland businesses can continue to grow, invest, innovate and export.

1.3.4 Facilitating a competitive investment and trade environment

As the Queensland economy continues to grow and diversify, the state's traditional industries, including mining, agriculture and tourism, will continue driving ongoing economic activity and support future job opportunities across the state.

It is therefore critical that these traditional industries are positioned to remain domestically and globally competitive into the future.

In May 2023, the Queensland Government published the *Queensland New-Industry Development Strategy* which enhances the focus on renewable energy manufacturing and infrastructure development, critical mineral processing, manufacturing and product development, battery industry development, green hydrogen, the circular economy and the bioeconomy. These industry sectors are expected to play increasingly significant roles in the Queensland economy in the decades ahead.

Facilitating increased levels of activity across the economy, particularly in trade-exposed industries, including attracting new businesses and industries to Queensland, relies on a dynamic investment environment that is domestically and globally competitive.

The government is committed to removing barriers to investment and growth, and working with industries and businesses to unlock opportunities for the state's workforce, enhance trade opportunities and networks and drive sustainable economic growth.

To achieve these outcomes, the Queensland Government has established specific industry attraction and investment programs, such as the \$520 million Invested in Queensland program, which is part of the flagship \$5.84 billion Queensland Jobs Fund, the \$100 million Queensland Critical Minerals and Battery Technology Fund and the \$200 million Attracting Aviation Investment Fund. The Queensland Government is partnering with industry and the private sector to ensure the state's traditional industries remain globally competitive while helping grow the emerging industries that will play a critical role in the state's economy in the future.

To further support businesses and industries right across the state, Queensland also continues to deliver a highly-competitive tax regime to support business and help attract investment into the economy. Reflecting this, the government is extending the one per cent payroll tax rate discount for regional employers to 30 June 2030 and has extended the 50 per cent payroll tax rebate for apprentices and trainees for a further 12 months until 30 June 2024.

The ability to continually innovate is important to drive sustained improvements in productivity and competitiveness through the creation and diffusion of ideas, technologies and practices. The government's innovation agenda has been underpinned by its flagship Advance Queensland initiative, which has helped leverage over \$1 billion from industry partners and supported more than 28,000 good jobs across the state, including over 11,200 in the regions.

Building off that success, the government last year released the \$142 million *Advance Queensland – Innovation for a Future Economy 2022–2032 Roadmap*, which sets out the direction, priorities and initiatives to establish Queensland as a world-class innovation economy.

This year, the government also released the *Our Thriving Digital Future: Queensland's Digital Economy Strategy*, which includes investment of \$200 million over the next 3 years to grow the state's digital economy and improve digital connectivity throughout Queensland.

As an open and diversified economy, Queensland relies on international trade as a driver of economic activity. In 2021–22, overseas exports were valued at \$130 billion, accounting for 29 per cent of nominal GSP, while about 1 in 5 jobs is supported directly or indirectly by exports.

The record level of exports was driven by a \$47 billion increase in the value of coal exports (due to high prices), worth \$72 billion in 2021–22. The vast majority of Queensland's coal exports are metallurgical coal, primarily used for making steel.

Other resources exports experienced strong growth due to high prices in 2021–22, with LNG exports doubling to just under \$20 billion and metals exports rising \$1 billion to \$12 billion. Queensland also has a large agricultural export industry, worth \$14 billion in 2021–22. Key agricultural exports include beef, sugar, cotton, wheat and grain sorghum.

The \$150 million *Queensland Trade and Investment Strategy 2022–2032* is positioning the state to help trade-orientated businesses adapt, thrive and grow, including targeted actions and initiatives to leverage international opportunities, drive diversity and value, create more jobs across traditional and priority industries, and champion enduring worldwide success.

The government has also released the *Queensland International Education and Training Strategy 2022–2027*, a 5-year, \$20.6 million strategy to support growth in education and training exports.

The Queensland Government also recognises that establishing and maintaining strong ESG credentials is central to achieving sustainable development outcomes and driving future competitiveness for businesses and industries throughout the Queensland economy. The government's sustainability agenda, including key risks and the government's sustainability priorities, is outlined in detail in Box 3.2 in Chapter 3.

1.4 Delivering better services

The government's significant ongoing investment in essential services, including health, education, justice, safety and social services, lies at the forefront of driving enduring social and economic outcomes. These services directly support improved living standards, participation in the economy, and increase the prosperity and wellbeing of all Queenslanders.

The 2023–24 Queensland Budget continues to leverage off the significant investments and commitments made to date to deliver better services to the people of Queensland in line with the government's community objectives.

Providing access to first-class healthcare is critical to ensure the overall wellbeing and prosperity of Queenslanders is maintained, both now and into future, including in the face of a growing, ageing and increasingly diverse population. The 2022–23 Budget injected \$1.645 billion over 5 years into mental health services. As well as improving the quality of life of Queenslanders, this will support increased participation in the economy and the community.

The 2023–24 Queensland Budget includes a Queensland Health total operating budget of \$24.153 billion, including an uplift of \$2.888 billion in additional operational growth funding over 5 years from 2022–23 to meet demand and cost pressures. This uplift will also support significant actions across the health system targeting improving ambulance responsiveness and reduce ramping, addressing pressures on emergency departments, reducing wait times for surgery and specialist clinics, as well as boosting women's health care and mental health care.

Access to a quality education and training is the cornerstone of ensuring Queenslanders are equipped with the future knowledge and skills they need to meaningfully engage and participate in the state's economy as it continues to grow and diversify. Reflecting this, the government continues to invest in the provision of inclusive and high-quality education and training services and facilities across Queensland, with total funding of \$21.104 billion for education and training in 2023–24.

The Queensland Government is also committed to supporting vulnerable Queenslanders and ensuring the state's communities are kept safe. Significant ongoing expenditure across key services such as police, justice (including youth), child safety, and social services, remain at the forefront of maintaining safe and secure communities.