

## 5 Expenses

### Features

- The 2024–25 Budget provides households with \$3.739 billion in new and expanded cost-of-living measures.
- From an expenses perspective, the most significant measure is the \$1,300 Cost of Living Rebate automatically credited to electricity bills for all Queensland households in 2024–25.
- Other key measures are in Health and Education services, support to build stronger and safer communities through the government's *Community Safety Plan for Queensland* and a ramp up in support to increase Queensland's housing supply and affordability.
- General Government Sector expenses for 2024–25 are estimated to be \$90.738 billion, an increase of \$2.243 billion (or 2.5 per cent) on 2023–24.
- New and expanded cost-of-living measures are temporary and largely contained across 2023–24 and 2024–25 years, with expenses expected to fall by 1.7 per cent in 2025–26 before growing moderately across the remainder of the forward estimates.
- Total expenses are projected to grow at an average annual rate of 4.2 per cent over the 5 years to 2027–28.
- A targeted savings plan will deliver savings of \$3 billion over the period 2024–25 to 2027–28, with initial savings of \$300 million in 2024–25 rising to \$1 billion ongoing from 2026–27.
- In 2024–25, the major areas of expenditure are in the key frontline services of health and education. Health, education, public order and safety, housing and community service and transport account for almost 85 per cent of expenditure.

This chapter provides an overview of General Government Sector expenses for the forecast 2024–25 Budget year and projections for 2025–26 to 2027–28. The forward estimates are based on the economic projections outlined in Chapter 2.

### 5.1 2023–24 Estimated actual

General Government Sector expenses in 2023–24 are estimated to total \$88.495 billion, \$4.234 billion or 5 per cent above the 2023–24 Budget estimate of \$84.261 billion. The increase is largely attributable to the Queensland Government delivering another round of cost-of-living relief with all Queensland households and small businesses to receive a rebate on their electricity bills in 2024–25.

Initiatives under the government's *Homes for Queenslanders* program, additional funding to support the Gladstone Area Water Board to complete construction of the Fitzroy to Gladstone Pipeline and higher depreciation costs following revaluations of infrastructure assets in 2022–23 also factor into higher expenses compared to the 2023–24 Budget estimate.

## 5.2 2024–25 Budget and outyears

Table 5.1 General Government Sector expenses<sup>1</sup>

	2022–23 Outcome \$ million	2023–24 Est. Act. \$ million	2024–25 Budget \$ million	2025–26 Projection \$ million	2026–27 Projection \$ million	2027–28 Projection \$ million
Employee expenses	30,557	33,231	35,217	36,030	37,094	38,465
Superannuation interest costs	776	787	758	676	638	596
Other superannuation expenses	3,756	3,929	4,108	4,254	4,353	4,545
Other operating expenses	20,014	26,612	25,153	23,002	22,180	22,951
Depreciation and amortisation	5,018	5,436	5,716	5,996	6,344	6,739
Other interest expenses	1,688	1,905	2,655	3,392	4,124	4,761
Grants expenses	14,072	16,595	17,131	15,881	15,050	15,248
<b>Total Expenses</b>	<b>75,880</b>	<b>88,495</b>	<b>90,738</b>	<b>89,232</b>	<b>89,783</b>	<b>93,305</b>
Note:						
1. Numbers may not add due to rounding.						

In 2024–25, General Government Sector expenses are estimated to be \$90.738 billion, an expected increase of \$2.243 billion (or 2.5 per cent) over the estimated actual for 2023–24. Key initiatives and frontline service delivery contributing to the growth in expenditure in 2024–25 include:

- \$1.375 billion uplift to Queensland Health’s operating funding to address emerging demand and cost pressures and support priority investment areas such as the Queensland Health workforce, Queensland Ambulance Service, and *Women and Girls’ Health Strategy*
- substantial funding for the Government’s *Homes for Queenslanders* program to further address housing supply and affordability pressures and demand for homelessness services in Queensland
- funding to meet student needs and funding under the National School Reform Agreement and associated Bilateral Agreement, maintenance of school facilities and support for Queensland children and families through *Putting Queensland Kids First* package
- measures to support building stronger and safer communities through the government’s *Community Safety Plan for Queensland*, including supporting victims, delivering for our frontline, detaining offenders, intervening when people offend and crime prevention
- administering the Australian Government’s \$300 rebate for households electricity bills in 2024–25
- additional funding for *Queensland Skills Strategy 2024–2028* to deliver skills needed to power our economy and provide access to good jobs with better pay for Queenslanders.

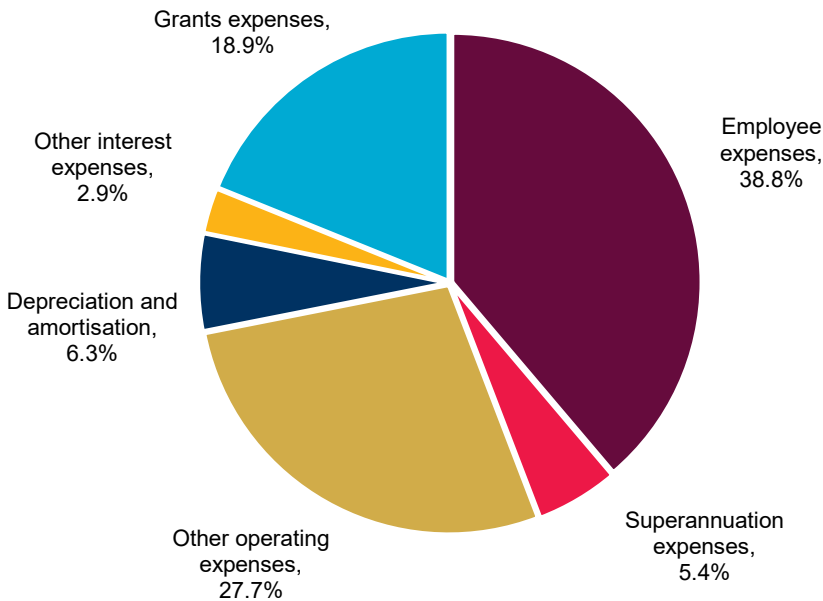
General Government Sector expenses are expected to decline 1.7 per cent in 2025–26 with cost-of-living relief measures not extending beyond 2024–25 and growth moderating in 2025–26 as disaster reconstruction works and Cross River Rail enabling works performed on behalf of

Queensland Rail near completion. From 2024–25, expenditure growth is further tempered by a targeted \$3 billion savings plan.

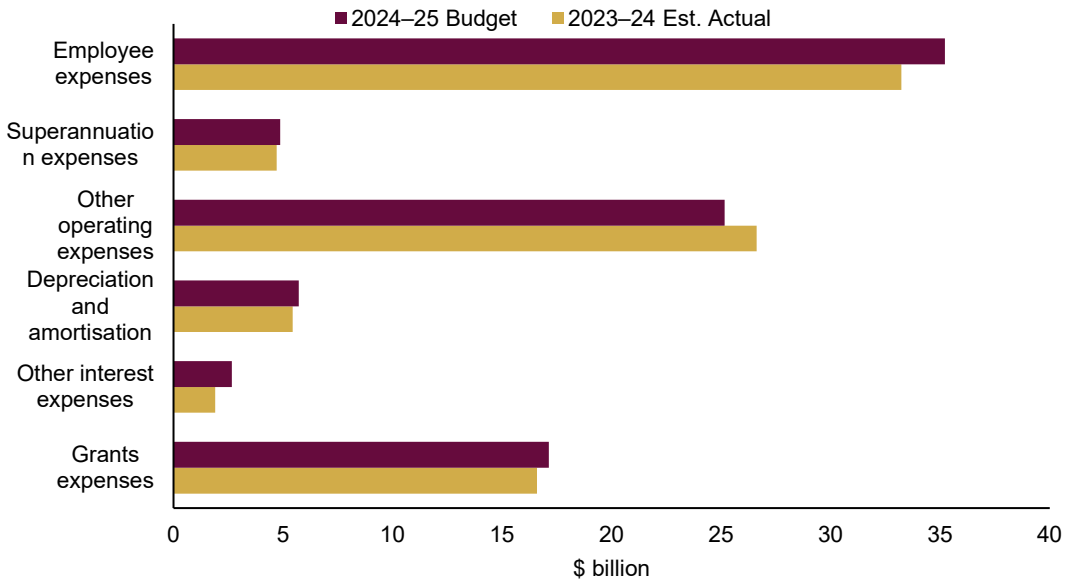
### 5.3 Expenses by operating statement category

As outlined in Chart 5.1, employee and superannuation expenses account for 44.2 per cent of the General Government Sector expenses. Other operating expenses (27.7 per cent) is the next largest category, reflecting non-labour costs of providing goods and services to government and non-government recipients including, for example, repairs and maintenance but also transport service contract payments to Queensland Rail, subsidies to households and payments to contractors.

**Chart 5.1 Expenses by operating statement category, 2024–25**



**Chart 5.2 Expenses by operating statement category, 2024–25**



### 5.3.1 Employee expenses

Employee expenses include salaries and wages, annual leave and long service leave.

In 2024–25, employee expenses are expected to be \$35.217 billion, \$1.986 billion or 6.0 per cent higher than the 2023–24 estimated actual. This increase is due in part to the combination of public sector wages policy and growth of 3 per cent in full-time equivalent employees, largely in frontline service areas of health, education and community safety.

The majority of public sector certified agreements nominally expired during 2022 and 2023, and new agreements were established including the following elements:

- 3-year agreements with wage increases of 4 per cent in years one and two and 3 per cent in year three
- a Cost of Living Adjustment payment for employees where inflation exceeds headline wage increases established in agreements.

Employee expenses growth is expected to moderate from 2025–26, with wages growth in current agreements reducing from 4 per cent to 3 per cent in the final year before nominal expiry. Wages growth of 2.5 per cent, which is in line with inflation projections, is then assumed in later years.

#### Full-time equivalent

The government is continuing to deliver on its commitment to revitalise frontline service delivery. Approved funded full time equivalent (FTE) positions in departments (refer Table 5.2) are estimated to increase by 7,995 (or 3 per cent) in 2024–25, driven principally by increases in Queensland Health, Queensland Police Service and the Department of Education.

The Public Sector Commission (PSC) has primary responsibility for monitoring the number of FTEs and collating key human resource workforce metrics across the broader public sector. Between March 2015 and March 2024, FTEs have increased by 56,603, including an increase in frontline by 50,239 FTEs.

The PSC's annual State of the Sector report provides a summary of the Queensland public sector workforce as at 31 March each year. The March 2024 report shows that:

- there was a total of 258,012 FTEs, representing an increase of 11,703 FTEs since March 2023
- the increase reflects growth of 9,655 FTEs in frontline and frontline support roles and 2,048 FTEs in non-frontline roles
- in total, 90.7 per cent of public servants are engaged in frontline and frontline support roles, with 24,079 FTEs in corporate service roles.

It is noted that the reporting basis of the State of the Sector report reflects active and paid FTEs engaged at March 2024 while FTEs levels reported in Table 5.2 reflect approved funded FTEs positions for the financial year.

**Table 5.2 Funded Controlled FTE positions by Department<sup>1</sup>**

	<b>2023–24 Adjusted Budget<sup>2</sup></b>	<b>2023–24 Est. Act.</b>	<b>2024–25 Budget</b>
Agriculture and Fisheries	2,120	2,278	2,791
Child Safety, Seniors and Disability Services	5,375	5,421	5,480
Education	76,242	76,520	77,528
Electoral Commission of Queensland	101	101	88
Employment, Small Business and Training	4,940	5,001	5,002
Energy and Climate	702	721	440
Environment, Science and Innovation	2,960	2,974	3,034
Housing, Local Government, Planning and Public Works	3,587	3,684	4,565
Justice and Attorney-General	4,075	4,206	4,680
Office of the Inspector-General Emergency Management	22	22	22
Premier and Cabinet	496	495	496
Public Sector Commission	82	93	100
Queensland Audit Office	191	191	191
Queensland Corrective Services	7,249	7,712	8,299
Queensland Fire Department	4,145	4,145	4,121
Queensland Health	106,743	107,862	110,811
Queensland Police Service	18,350	18,469	19,595
Queensland Treasury	1,425	1,434	1,710
Regional Development, Manufacturing and Water	741	771	775
Resources	1,442	1,447	1,459
State Development and Infrastructure	1,717	1,800	1,812
The Public Trustee of Queensland	633	633	635
Tourism and Sport	481	481	477
Transport and Main Roads	9,560	9,731	9,814
Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts	696	803	797
Youth Justice	1,945	2,009	2,277
<b>Total</b>	<b>256,020</b>	<b>259,004</b>	<b>266,999</b>
Notes:			
1. Explanations for variations in departmental FTEs can be found in the Service Delivery Statements (SDS). Department total may include multiple tables from SDS, due to separate FTE tables being provided for Departmental service areas and Commercialised Business Units.			
2. Adjusted Budget reflects movements of FTEs following Machinery of Government changes only.			

### 5.3.2 Superannuation expenses

The superannuation interest cost represents the imputed interest on the government's accruing defined benefit superannuation liabilities.

In determining the state's defined benefit superannuation liabilities, Australian Accounting Standards Board (AASB) 119 *Employee Benefits* requires the discounting of future benefit obligations using yield rates on government bonds net of investment tax. Interest costs are calculated on a net liability approach by applying the discount rate to both the gross liability and superannuation plans.

Superannuation interest costs are dependent on the applicable discount rate at the beginning of the year. Superannuation interest costs decline modestly from 2024–25 and across the outyears as rates stabilise. Obligations of the defined benefit scheme, which is closed to new members, will decline over time as members leave.

Other superannuation expenses represent employer superannuation contributions to accumulated superannuation and the current service cost of the state's defined benefit obligation (or the increase in the present value of the defined benefit obligation resulting from employee service in the current period), and increases steadily across the forward estimates.

### 5.3.3 Other operating expenses

Other operating expenses comprise the non-labour costs of providing goods and services including services to government and non-government organisations (NGO), repairs and maintenance, consultancies, contractors, electricity, communication and marketing.

The Queensland Government provides additional funding to departments each year to enable appropriate indexation of service delivery arrangements with community services sector organisations, in recognition of increasing costs. The NGO indexation rate, on which this funding is calculated, was approved at 3.75 per cent in the 2023–24 Budget Update. The government is considering a revision to the 2024–25 NGO indexation rate in light of the Fair Work Commission's Annual Wage Review decision on 3 June 2024.

Other operating expenses in 2024–25 are estimated to total \$25.153 billion, representing a decline of \$1.459 billion or 5.5 per cent, compared to the 2023–24 estimated actual.

The decline in other operating expenses can be largely attributed to the 2 cost-of-living electricity bill rebates to Queensland households and small businesses. The rebates are deducted from consumers' electricity bills in 2023–24 and 2024–25 at a cost to the budget of \$3.750 billion in 2023–24.

This is in part offset by an increase in demand for health and homelessness services, transport service contract payments to Queensland Rail, works associated with delivery of Cross River Rail and funding to administer the Australian Government's electricity bill rebates for Queensland households and small businesses.

### **5.3.4 Depreciation and amortisation**

Depreciation and amortisation expenses are an estimate of the progressive consumption of the state's assets through normal usage, wear and tear and obsolescence.

The size of the state's capital program in combination with increases in asset values has seen depreciation increase significantly since the 2023–24 Budget.

### **5.3.5 Other interest expenses**

Other interest expenses include interest paid on borrowings, finance leases and similar arrangements to acquire capital assets and infrastructure such as roads, hospitals and state schools.

Other interest expenses are estimated to increase \$750 million in 2024–25 to \$2.655 billion as borrowings increase to fund the expanded capital program. Interest expenses continue to increase across the forward estimates for the same reason.

### **5.3.6 Grants expenses**

Current grants include grants and subsidies to the community (such as non-state schools, hospitals, benevolent institutions and local governments) and personal benefit payments. Community Service Obligations are provided where Public Non-financial Corporations (PNFCs) are required to provide non-commercial services or services at non-commercial prices for the benefit of the community (for further details refer to Chapter 8).

Capital grants also represent transfers to the PNFC Sector, local governments, not-for-profit institutions and non-state schools, businesses and households (including the Queensland First Home Owner Grant) for capital purposes.



Table 5.3 provides a breakdown of grants by category and recipient type.

**Table 5.3 Grant expenses<sup>1</sup>**

	<b>2022–23 Outcome \$ million</b>	<b>2023–24 Est. Act. \$ million</b>	<b>2024–25 Budget \$ million</b>
<b>Current</b>			
Grants to local government <sup>2</sup>	1,043	255	872
Grants to private and not-for-profit organisations			
State funding for non-state schools	863	892	922
Australian Government funding for non-state schools	3,962	4,305	4,443
Other	2,408	3,228	3,162
Grants to other sectors of government			
Community service obligations to PNFCs	644	624	633
Other payments to PNFCs and PFCs	158	190	75
Other (includes payments to NDIA)	2,119	2,279	2,381
Other	446	617	454
<b>Total current grants</b>	<b>11,643</b>	<b>12,390</b>	<b>12,941</b>
<b>Capital</b>			
Grants to local government <sup>3</sup>	1,615	2,123	2,678
State funding for non-state schools	123	131	138
Grants to private and not-for-profit organisations	496	1,135	1,051
Grants to PNFCs	67	664	47
Queensland First Home Owner Grants	73	60	155
Other	55	91	120
<b>Total capital grants</b>	<b>2,429</b>	<b>4,204</b>	<b>4,189</b>
<b>Total current and capital grants</b>	<b>14,072</b>	<b>16,595</b>	<b>17,131</b>
Notes:			
1. Numbers may not add due to rounding.			
2. Current grants to local governments were higher in 2022–23 due to the advance payment by the Australian Government of Financial Assistance Grants for the 2023–24 financial year on-passed to local councils.			
3. Capital grants to local government in large part reflect Disaster Recovery Funding Arrangements grants.			

In 2024–25, grant expenses are estimated to total \$17.131 billion, \$536 million higher than the 2023–24 estimated actual. The increase is mainly due to:

- additional grant funding to support the delivery of social and affordable housing to address housing pressures including support for the Renters Relief package as part of the *Homes for Queenslanders* program
- higher capital grants to local government councils for various initiatives including *Works for Queensland*, *South East Queensland Liveability Fund* and *South East Queensland Community Stimulus Program*
- funding for *Queensland Skills Strategy 2024–2028* to strengthen the state’s training system
- higher Australian Government grants on-passed to non-government schools

- additional funding to temporarily double the First Home Owner Grant from \$15,000 to \$30,000 for eligible transactions entered into between 20 November and 30 June 2025
- lower Australian Government Financial Assistance Grants to local councils in 2023–24 with the Australian Government making the 2023–24 Financial Assistance Grants payments in the 2022–23 financial year.

In 2024–25, the increase in grants is partly offset by one-off grants in 2023–24 to PNFC entities for the transfer of Rookwood Weir water infrastructure and grant funding to support completion of the Fitzroy to Gladstone water pipeline.

Grants expenses are expected to decline from 2025–26 as some funding boosts conclude and the substantial DRFA program of work for the 2022 to 2024 disaster events draws closer to completion.

## 5.4 Operating expenses by purpose

Chart 5.3 indicates the proportion of expenditure by major purpose classification for the 2024–25 Budget. Health accounts for the largest share of expenses (29.5 per cent) followed by Education (23.4 per cent).

**Chart 5.3 General Government Sector expenses by purpose, 2024–25**

