

Overview

Queensland's economic performance continues to be highlighted by stronger than national economic growth and nation-leading jobs growth, while challenged by an unprecedented increase in the population and global inflationary pressures.

The Queensland Government, through the 2024–25 Budget, is continuing to address immediate cost-of-living challenges facing Queenslanders, while also making significant additional investments to accommodate the rapid population growth and position the state for longer-term growth and prosperity.

This includes significant new and expanded cost-of-living relief for all Queensland households, and additional support for more vulnerable Queenslanders.

As population growth continues to drive demand for infrastructure and government services, the government is continuing to make substantial additional investments in essential services such as health and education, building stronger and safer communities, and strengthening the foundations that support positive life outcomes and the overall wellbeing of young Queenslanders across the state. Population growth has particularly challenged housing supply and affordability across the state, warranting a particular focus with a range of targeted initiatives and funding support.

Investments in productivity-enhancing infrastructure will continue to directly underpin Queensland's economic growth opportunities while helping to increase overall living standards.

The government also continues to invest significantly in targeted skills and training initiatives to increase the capacity of the workforce to respond to future economic challenges.

Addressing cost-of-living challenges and delivering more homes for Queenslanders

The 2024–25 Budget cost-of-living measures are responding to the pressures confronting Queensland households arising from a unique set of circumstances.

In 2024–25, the government is providing a record \$11.218 billion in concessions, an increase of 31.1 per cent compared with 2023–24.

The government is providing \$3.739 billion in new and expanded measures in 2024–25 to support Queenslanders in tackling cost-of-living challenges.

Through the *Cheaper Power (Supplementary Appropriation) Bill 2024*, the government resolved to provide \$2.267 billion in urgent cost-of-living relief through electricity rebates.

The \$1,300 Cost of Living Rebate will be automatically credited to electricity bills for all Queensland households in 2024–25, consisting of an upfront \$1,000 Cost of Living Rebate from the Queensland Government and a \$300 rebate paid in quarterly instalments from the Australian Government.

Around 205,000 eligible Queensland small businesses will also continue to receive \$650 off their electricity bills in 2024–25, co-funded by the Queensland and Australian Governments.

These temporary elevated levels of assistance are helping households meet these immediate pressures. The cost-of-living pressures will ease as inflation falls, real wages continue to grow,

significant Australian Government income tax cuts are delivered from 1 July 2024, and interest rates in time begin to fall.

To address ongoing pressures in the state's housing system, the government is implementing its housing plan, *Homes for Queenslanders*, backed by an investment of over \$3 billion. This represents a significant uplift on top of the already major investment in social and affordable housing, with total investment by the government in social housing and infrastructure increasing to \$1.125 billion in 2024–25.

Delivering better services and supporting stronger, safer communities

Unprecedented population growth is driving extraordinary demand for core government services. The 2024–25 Queensland Budget aims to support these services through substantial investments and additional funding in key areas such as health and community safety.

This includes a record Queensland Health total operating budget of \$26.710 billion in 2024–25, as well as additional funding of \$247.9 million over 5 years to improve women's health outcomes and experience of the healthcare system under the \$1 billion *Queensland Women and Girls' Health Strategy 2032*.

The government's evidence-based *Community Safety Plan for Queensland* commits an extra \$1.28 billion over 5 years for community safety measures across 5 key pillars: supporting victims; delivering for our frontline; detaining offenders; intervening when people offend; and preventing crime before it occurs.

Foundations for future success

The Budget is investing in young Queenslanders and the state's future workforce through significant investments in education and training, and prevention and early support initiatives.

This includes total funding of \$22.801 billion for education and training in 2024–25, and the \$502 million *Putting Queensland Kids First* package to support children from their earliest years of life. This funding will ensure every Queensland child and family has the best possible opportunities for a great life.

By supporting the education, development and growth of young Queenslanders, the government's investments will help drive sustained economic participation, productivity and income growth, and increased standards of living over time.

Delivering Queensland's Big Build program

The record increase in the population and driving diversification of the Queensland economy requires continued investments in critical social and economic infrastructure.

The government's flagship Big Build Program is meeting the demand of the larger population, while supporting the state's ongoing economic and energy transformation.

The government is investing \$107.3 billion over the 4 years to 2027–28 in new and ongoing health, transport, education, housing and energy transformation projects. The Big Build is improving the sustainability and liveability of Queensland's communities and regions.

The Big Build, which includes \$27.1 billion in 2024–25, is helping to drive the growth of Queensland's traditional and emerging industries and create more jobs across the state. \$18.568 billion or 68.5 per cent of the capital program is being invested outside the Greater

Brisbane region. The capital program is supporting around 72,000 direct jobs in 2024–25, with 50,000, or 69 per cent, of these jobs located outside of the Greater Brisbane region.

Delivery of productivity-enhancing economic and social infrastructure will help lower price pressures over the long term by reducing the cost of doing business and improving connectivity and labour mobility. In addition, the government's *Queensland Energy and Jobs Plan* charts an infrastructure investment pathway to 2035 that will deliver clean, reliable, and affordable energy.

Economic strategy – laying the platform for growth and prosperity

By investing in the key enablers of growth, as outlined in the government's overarching economic strategy, the Budget maintains the government's focus on growing a more sustainable and diversified economy that is resilient, productive, competitive and able to respond to future opportunities and challenges.

The government's investments in these key enablers of growth continue to support the ongoing transformation of the Queensland economy, as well as attracting new private sector investment opportunities across an increasingly diversified and decarbonised industrial base.

Economic outlook

Queensland's economic growth is forecast to strengthen from 2.3 per cent in 2022–23 to 3 per cent in both 2023–24 and 2024–25, driven by a substantial rebound in exports, in part due to an unwinding of capacity constraints, and continued strong growth in public infrastructure spending.

Household budgets continue to be constrained by higher mortgage rates and other cost-of-living pressures, which have resulted in slower consumption growth in 2023–24. However, growth in consumption is expected to recover to around pre-pandemic averages in 2025–26.

Queensland's economy is projected to continue to grow solidly at 2½ per cent in 2025–26, sustained by continuing growth in domestic activity as household consumption strengthens.

Overview Table 1 Queensland economic forecasts/projections¹

	Actuals		Forecasts		Projections	
	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28
Gross state product²	2.3	3	3	2½	2¼	2¼
Employment	3.7	2¾	1½	1	1¼	1½
Unemployment rate ³	3.7	4¼	4½	4¾	4¾	4¾
Inflation ⁴	7.3	4	2	3¼	2½	2½
Wage Price Index	3.6	4¾	3¾	3½	3¼	3
Population	2.4	2½	1½	1½	1¼	1¼
Notes:						
1. Unless otherwise stated, all figures are annual percentage changes.						
2. Chain volume measure (CVM), 2021–22 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>						

Queensland continues to enjoy exceptionally strong labour market conditions. As of April 2024, Queensland had recorded the largest employment growth of any state or territory since March 2020 at 366,900 persons.

The state’s unemployment rate averaged 3.7 per cent in 2022–23, its lowest year-average unemployment rate since ABS monthly data began in 1978. As tightness in the labour market continues to unwind gradually, the unemployment rate is expected to edge slightly higher over the forward estimates period but remain low by historical standards.

Following strong wages growth in 2023–24, Queensland’s Wage Price Index is expected to continue to grow solidly, with ongoing real wage growth expected across the remaining years of the forecast period.

Inflationary pressures eased significantly during 2023. This has largely been due to a marked slowing in goods inflation, whereas services inflation has been more persistent.

Importantly, the Queensland Government’s substantial cost-of-living relief measures, when combined with the Australian Government measures, are estimated to cumulatively reduce Brisbane’s headline Consumer Price Index growth in 2024–25 by around 1¼ percentage points, reducing CPI growth to 2 per cent.

Population growth, after reaching unexpected highs in 2022–23 and 2023–24, is expected to moderate in line with a significant easing in the Australian Government’s overseas migration program. However, there remain backlogs in housing and infrastructure to catch up with this population increase.

Global geopolitical tensions remain a key risk to the economic outlook. This includes the ongoing war in Ukraine as well as the ongoing risk of an escalation in the conflict in the Middle East, which could impact on oil prices as well as threaten global trade routes.

Global supply chain disruptions have generally eased, but labour supply shortages remain a problem, especially in the construction industry, where the rate of company failures remains relatively elevated compared with other industries. Combined with the ongoing shortages of skilled labour, this poses risks in terms of the capacity of the construction industry to meet the expected demand for housing, business and public sector investment.

Fiscal outlook

Fiscal capacity is being deployed to support Queenslanders with additional spending measures responding to immediate, but temporary challenges. Investment is focussed on delivering cost-of-living relief, along with services and infrastructure to clear demand backlogs in the short term, with longer term investment in long-lived transformational recurrent and capital spending programs.

Since the 2023–24 Budget the net operating position for 2023–24 has improved from a \$2.182 billion deficit to a surplus of \$564 million. This is being delivered through careful management of revenue improvements, some of which has been prioritised to fund \$2.267 billion of electricity bill support as part of a record \$3.739 billion cost-of-living package for Queenslanders.

This surplus represents the third consecutive operating surplus and follows a record surplus of \$13.9 billion in 2022–23.

In 2024–25, a deficit of \$2.631 billion is forecast, compared to a surplus of \$135 million in the 2023–24 Budget. This change reflects a very significant response from government to prioritise the provision of elevated cost-of-living support when the community most needs it, as well as boosting health, housing and community safety measures in response to unprecedented and stronger than expected population growth.

Revenue growth is forecast to remain relatively flat in 2025–26 as coal prices continue to unwind, before returning to solid growth in 2026–27 and 2027–28, driven by growth in taxation revenue and GST.

From 2025–26 as temporary relief measures are wound back, Queensland's net operating position is expected to improve. Compared to 2024–25 the deficit improves to a forecast \$515 million in 2025–26. Surpluses of \$0.9 billion and \$2 billion are then forecast for 2026–27 and 2027–28 as revenue growth returns and expenses are managed within available resources.

The recovery in the net operating balance profile is also underpinned by a commitment to savings of \$3 billion over 4 years to 2027–28, which represents a renewal of the government's successful 2020 Savings and Debt Plan.

The capital program continues to respond to population growth and priority areas and strategically position Queensland to maintain a strong and diverse economy into the future and meet the needs of a growing population. This includes a large component of transformative infrastructure investment such as boosting health system capacity, decarbonisation of the state's energy system, preparing for the Brisbane 2032 Olympic and Paralympic Games, *Homes for Queenslanders*, and major transport infrastructure investment such as Direct Sunshine Coast Rail.

The total capital program is now projected to be \$107.3 billion over the four years to 2027–28 compared to the projected \$96.2 billion over the four years to 2026–27 at the 2023–24 Budget Update. However, the annual capital program is expected to peak in 2025–26 at \$29.4 billion before moderating to \$23.7 billion by 2027–28, representing a 19 per cent reduction over that period.

The moderation reflects several factors including the clearing of an infrastructure backlog that arose from unprecedented population growth. There is also a greater degree of flexibility with medium term capital scheduling given the spending profile of significant programs such as the hospital capital expansion program, the completion of large projects such as Cross River Rail and the decline in capital works being funded under the disaster recovery arrangements as projects are completed.

The total expenditure on Olympics venues over the forward estimates makes up just 3 per cent of the Big Build.

The increase in the four-year capital program means the government's debt profile has shifted up since the 2023–24 Budget Update. General Government borrowings are now expected to reach around \$103.2 billion in 2026–27, which is \$6.5 billion higher than in the 2023–24 Budget Update. However, as the peak in capital spending in 2025–26 passes there is a clear moderation in the general government debt burden trajectory. This leaves Queensland well positioned relative to its peers.

Budget Strategy and Outlook 2024–25

Overview Table 2 Key fiscal aggregates¹

	2022–23 Outcome \$ million	2023–24 Budget \$ million	2023–24 Est. Act. \$ million	2024–25 Budget \$ million	2025–26 Projection \$ million	2026–27 Projection \$ million	2027–28 Projection \$ million
Revenue	89,810	82,079	89,059	88,107	88,717	90,670	95,332
Expenses	75,880	84,261	88,495	90,738	89,232	89,783	93,305
Net operating balance	13,930	(2,182)	564	(2,631)	(515)	887	2,027
PNFA ²	9,899	9,347	11,061	12,831	14,485	14,577	12,763
Fiscal balance	8,092	(6,716)	(5,717)	(10,790)	(9,547)	(7,341)	(4,054)
Borrowings ³	53,726	65,479	61,958	77,118	91,507	103,221	111,383
Net debt	2,615	16,190	12,223	27,407	40,552	52,076	59,831
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 line items in the Balance Sheet.							