DOING WHAT MATTERS FOR QUEENSLAND

QUEENSLAND BUDGET ***2024–25***

QUEENSLAND COST OF LIVING ACTION

BUDGET STRATEGY AND OUTLOOK

BUDGET PAPER NO. 2

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Queensland Government

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1. Budget Speech
2. Budget Strategy and Outlook
3. Capital Statement
4. Budget Measures

Service Delivery Statements
Appropriation Bills
Budget Overview
Regional Action Plans

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First Nations acknowledgement

Queensland Treasury acknowledges Aboriginal peoples and Torres Strait Islander peoples as the Traditional Owners and custodians of the land. We recognise their connection to land, sea and community, and pay our respects to Elders past, present and emerging.

'Rich history, thriving future.'
artwork by David Williams of Gilimbaa.

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Queensland Government

State Budget 2024–25

Budget Strategy and Outlook

Budget Paper No. 2

Contents

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/projections[1]

	Actuals	Forecasts			Projections	
	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28
Gross state product[2]	**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.

Sources: ABS Annual State Accounts, National, State and Territory Population, Labour Force, Wage Price Index, Consumer Price Index and Queensland Treasury.

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 though 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.

Overview Table 2 Key fiscal aggregates[1]

	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.

1 Budget priorities and economic strategy

Features

- Queensland's strong overall economic performance continues to be highlighted by stronger than national economic growth and nation-leading jobs growth.
- However, household budgets have come under significant pressure from escalating costs, especially for essentials such as housing and food. Queenslanders are also looking to the government to further enhance health services and improve community safety.
- A record and stronger than expected post-COVID-19 population increase has ramped up demand for housing and infrastructure, and government services such as health.
- A strong economy, positioned for the future, will provide the capacity to afford the improved services the community requires.
- The 2024–25 Queensland Budget is providing a record $11.218 billion in concessions in 2024–25, an increase of 31.1 per cent compared with 2023–24. The Budget is delivering substantial cost-of-living relief, including a $1,300 electricity bill rebate in 2024–25 for all Queensland households. This is part of the government's commitment to $3.739 billion in new and expanded cost-of-living measures in 2024–25 to support Queenslanders in tackling cost-of-living challenges.
- To address record demand for new housing from unprecedented levels of population growth, the government is implementing its housing plan, *Homes for Queenslanders*, backed by an investment of over $3 billion, which represents a significant uplift on top of the already major investment in social and affordable housing. Total investment by the government for social and affordable housing infrastructure is $1.125 billion in 2024–25.
- The Budget further highlights the government's strong commitment to support healthy, strong and safe communities, including record health funding of $26.710 billion in 2024–25, as well as over $1 billion in initiatives over the next 5 years for the *Queensland Women and Girls' Health Strategy 2032* to improve women's health outcomes and experience of the healthcare system.
- 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.
- The Budget is investing in young Queenslanders and the state's future workforce though significant investments in education and training, and prevention and early support initiatives. This includes total funding of $22.801 billion in 2024–25 for education and training, and the $502 million *Putting Queensland Kids First* early support package to support children from their earliest years of life and direct resources, services and supports to give every Queensland child and family the best possible opportunities for a great life.
- The 2024–25 Budget also maintains the government's focus on investing in the key enablers of economic growth, as identified in its overarching economic strategy, to support

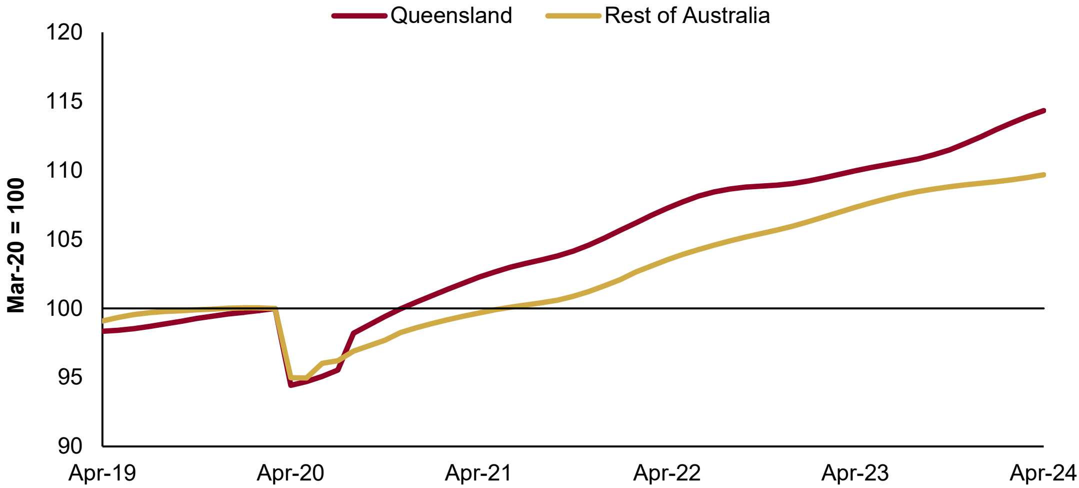
the state's ongoing transformation to a more sustainable, diversified and low carbon economy that is resilient, productive, competitive and able to respond to future opportunities and challenges.

- The ongoing delivery of the government's Big Build capital program, with investment of $107.3 billion over the 4 years to 2027–28, will continue to support Queensland's energy and economic transformation, enhance productivity and competitiveness, and improve the sustainability and liveability of communities across the state.
- In 2024–25, the government will invest $27.1 billion in capital, directly supporting around 72,000 jobs. Of this capital program, $18.568 billion will be invested outside of the Greater Brisbane region, supporting around 50,000 jobs.
- The government also continues to invest in targeted skills and training initiatives to support a flexible and productive workforce both now and in the future. This includes funding of more than $1.5 billion in 2024–25, as well as the ongoing implementation of key actions under the *Good people. Good Jobs: Queensland Workforce Strategy 2022–2032.*

1.1 Our strong economy – laying a platform for growth and prosperity

Against a backdrop of risks in terms of global economic conditions, Queensland's strong economic performance since the COVID-19 pandemic is continuing to drive growth and employment opportunities across the state.

Chart 1.1 – Employment growth, Queensland and Rest of Australia[1]



Note:

1. Trend, monthly, index.

Source: ABS Labour Force.

This is reflected in Queensland's exceptionally strong labour market performance, which has resulted in employment growth in Queensland as of April 2024 of 14.3 per cent (or 366,900 persons) since March 2020, well above the growth in the rest of Australia (9.7 per cent) and the strongest of any state or territory over this period.

Queensland has also experienced historically low unemployment rates across the state, including in many areas of regional Queensland.

The state's overall unemployment rate averaged 3.7 per cent in 2022–23, the lowest year-average unemployment rate since ABS monthly records began in 1978.

Queensland's traditional export industries, including mining, agriculture and tourism, continue to be important contributors to the state's economy and its regions.

The agriculture, forestry and fishing industry has performed strongly in recent years, with real output growing by an average of 17.0 per cent per annum over the past 3 years. In nominal terms, the industry contributed $12.9 billion to Queensland's economy in 2022–23, while in the year ended March quarter 2024, there were 68,000 people employed in the industry, 14.4 per cent higher than the corresponding previous year.

Nominal agriculture exports rose by 7.3 per cent to $14.8 billion in 2023, driven by increased beef and sorghum exports. This follows strong growth in the previous year, where the value of agriculture exports rose by 26.5 per cent, driven by higher prices and favourable weather conditions which aided increased exports of cotton and crops.

The state's tourism sector has also rebounded strongly from the impacts of the COVID-19 pandemic and related border closures. The latest data from Tourism Research Australia show direct tourism gross value added in Queensland was worth $14.2 billion in 2022–23, a 62 per cent increase on 2021–22 and 13 per cent above the pre-COVID-19 level in 2018–19.

The Queensland resources sector is supporting strong labour market outcomes and driving ongoing economic growth, as it remains buoyed by elevated global commodity prices.

The elevated commodity prices seen in recent years, particularly for coal, have provided Queensland's resources industry with a substantial boost in revenues and profitability. ABS data show that across the period from July 2021 to March 2024, Queensland's coal industry benefitted from an additional $88 billion in export revenues compared with the same period just three years earlier (i.e. July 2018 to March 2021).

Queensland's new progressive royalty tiers, announced in the 2022–23 Queensland Budget, are ensuring that Queenslanders are receiving a fair share of this windfall, reflecting an appropriate return on their valuable and non-renewable resources.

Coal prices are expected to continue to decline over the next 18 months. The premium hard coking coal spot price fell sharply in March 2024, from US$314 per tonne at the end of February to US$243 per tonne at the end of April. This reflected a decline in steel demand in China and India and improving supply conditions. Looking forward, as supply conditions continue to normalise, the hard coking coal spot price is expected to continue to moderate towards medium-term fundamentals.

Accordingly, the revenue raised from the new tiers — which only take effect during periods of high prices — will decline over time. However, their continuing operation will ensure Queenslanders share appropriately in the prosperity from any unforeseen spikes in coal prices into the future.

The 2024–25 Queensland Budget continues the government's commitment to reinvest the additional revenue received from the high global prices for the state's resources directly back into Queensland communities.

More specifically, the increased fiscal capacity provided by the new progressive royalty tiers has enabled the government to continue to address the immediate cost-of-living challenges facing Queenslanders and invest in the necessary foundations for long-term economic growth and prosperity, such as the *Queensland Energy and Jobs Plan* (QEJP).

In particular, this year's Budget includes a commitment to $3.739 billion in new and expanded measures in 2024–25 to support Queenslanders in tackling cost-of-living challenges. This includes a $1,300 Cost of Living Rebate on electricity bills for all Queensland households in 2024–25, consisting of a $1,000 Cost of Living Rebate from the Queensland Government and a $300 rebate from the Australian Government.

The 2024–25 Budget cost-of-living measures are responding to the pressures confronting Queensland households arising from a unique set of circumstances. These 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. Further details on the government's cost-of-living measures are included in Box 1.1.

The government has also committed to substantial additional investments to enhance delivery of essential services such as health and education and to build stronger, safer communities across the state. This includes implementation of government policies such as the *Queensland Women and Girls' Health Strategy 2032*, the *Community Safety Plan for Queensland*, the *Putting Queensland Kids First* early support package, and the Free Kindy program.

This substantial support and investment will help ensure all Queenslanders can participate in, and benefit from, Queensland's growing economy and enjoy enhanced quality of life delivered through increased economic and employment opportunities.

Through the ongoing implementation of the government's 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 readily respond to future opportunities and challenges, including the ongoing decarbonisation of the global economy.

As well as underpinning Queensland's recent economic success, the government's investments in key enablers of growth continue to support the broader transformation of the Queensland economy. These investments are positioning the state as a highly dynamic and competitive investment location and attracting new private sector investment opportunities across an increasingly diversified and decarbonised industrial base.

Of note, this includes the ongoing implementation of industry and workforce strategies, including the QEJP, *Queensland Resources Industry Development Plan*, *Queensland Critical Minerals Strategy*, *Queensland Trade and Investment Strategy 2022–2032*, and the *Queensland New-Industry Development Strategy.*

The government also continues to invest in innovation and skills development to support ongoing growth, including through the *Advance Queensland – Innovation for a Future Economy 2022–2032 Roadmap*, *Our Thriving Digital Future: Queensland's Digital Economy Strategy*, and the *Good people. Good jobs: Queensland Workforce Strategy 2022–2032*.

In line with the government's focus on fostering innovation and skills, the Queensland and Australian Governments are investing approximately $465 million each to partner with PsiQuantum and make a major breakthrough in Australia's quantum computing capabilities.

On the back of this investment, PsiQuantum will build the world's first commercial-scale fault tolerant quantum computer, establish its Asia-Pacific headquarters and regional hub in Brisbane, and provide opportunities for advanced manufacturing, advanced technology supply chains and higher education to the Australian quantum ecosystem. With applications across health and pharmaceuticals, chemicals, energy, security, and food production, quantum computing will tackle some of the most urgent challenges faced by society.

The investment of $89.7 million over 5 years to develop and deliver the *Quantum and Advanced Technologies Strategy*, released in October 2023, and the Queensland Quantum Academy, has the potential to leverage billions of dollars in direct investment by the company and will create up to 400 new highly skilled ongoing jobs.

By delivering these ongoing and new initiatives, the government is facilitating the development of emerging industries that are anticipated to play an increasingly important role in the state's economy, while also supporting traditional industries such as mining, agriculture and tourism, which will still continue to drive significant levels of economic activity and growth into the future.

Underpinning the ongoing transformation of the Queensland economy to a clean future are the *Clean Economy Jobs Act 2024* and *Energy (Renewable Transformation and Jobs) Act 2024* which enshrines the changes to Queensland's energy grid into law.

The state's legislated emissions reduction targets of 30 per cent below 2005 levels by 2030, 75 per cent below by 2035 and net zero by 2050 work in tandem with legislated renewable energy targets, 50 per cent renewable energy by 2030, 70 per cent by 2032 and 80 per cent by 2035. Together they drive direct action on climate change, support job creation and give local and international investors the confidence to invest in Queensland.

Queensland's economy is more emissions-intensive than the rest of Australia due to its economic structure. Despite this, Queensland is successfully managing the decarbonisation of its key sectors and reducing emissions.

The latest 2022 Australian Government emission data show Queensland's annual emissions have fallen by 67.8 million tonnes of carbon dioxide equivalent since 2005, more than any other state or territory. This translates to a 35 per cent reduction on 2005 levels and means that Queensland has not just met its 2030 emissions reduction target of 30 per cent 8 years early but has also overachieved by an additional 5 percentage points.

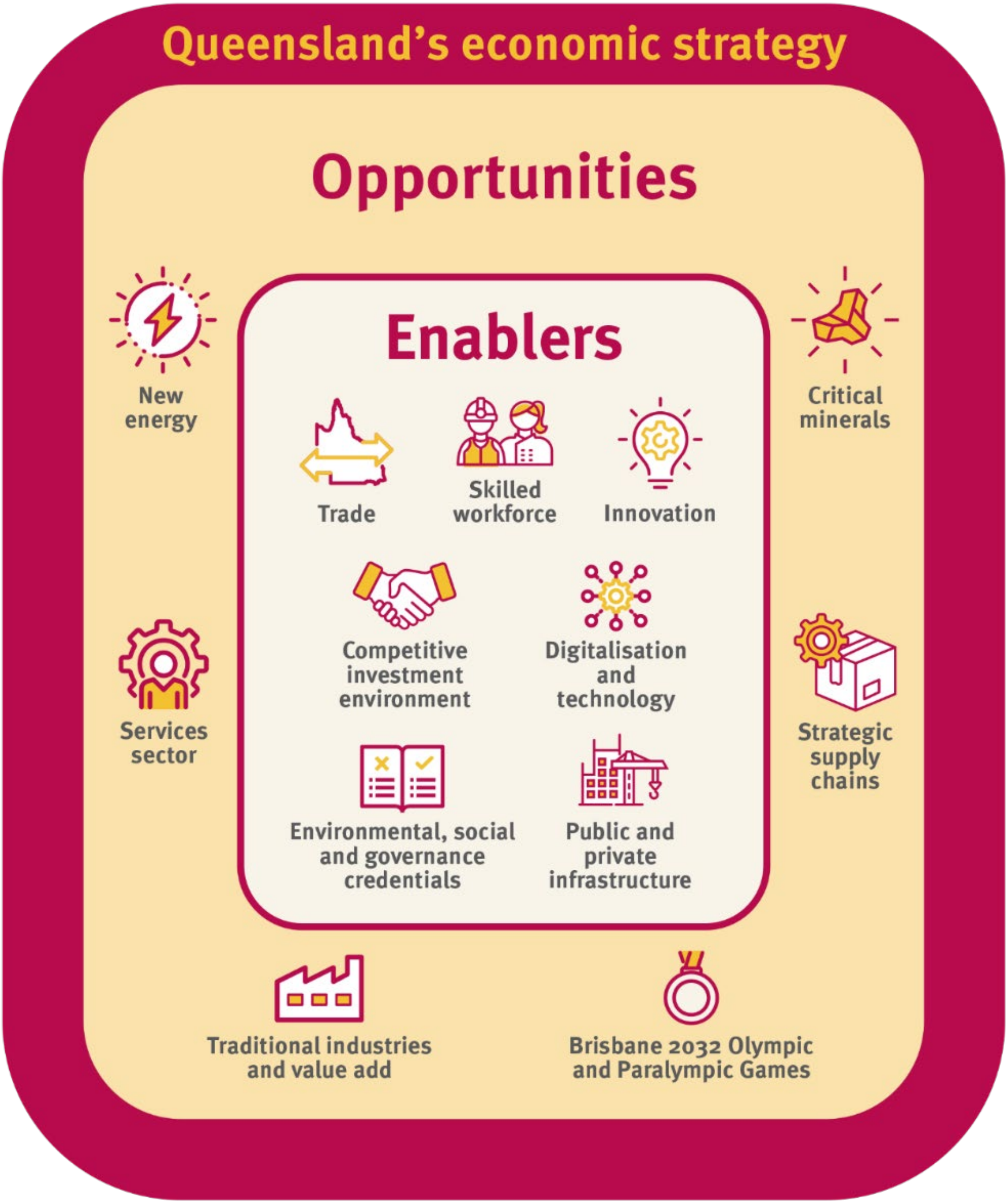
Between 2005 and 2022, while delivering the biggest reduction in emissions of any jurisdiction, Queensland's economy grew by 63 per cent and employment grew by almost 42 per cent.

Consistent with the government's economic strategy, the *Clean Economy Jobs Act 2024* sets out a pathway to decarbonisation that will support jobs in the state's traditional industries, while simultaneously unlocking investment in new industries including renewables manufacturing, critical minerals, hydrogen and sustainable aviation fuel.

The *Energy (Renewable Transformation and Jobs) Act 2024* targets that underpin the QEJP are already driving investment in green industries across the state and will enhance Queensland's competitiveness by delivering clean, reliable and affordable power. This significant transformation will support new investment, jobs and growth for generations.

Overall, the 2024–25 Queensland Budget is balancing both immediate and longer-term priorities. It is providing significant levels of additional but targeted temporary support to help ease the cost of living and address unprecedented growth in the population, while continuing to implement the necessary policies to drive the state's transition towards a more competitive and diversified low-carbon economy.

Consistent with the government's overarching objectives for the community, the 2024–25 Budget priorities and longer-term economic strategy are: directly supporting good, secure jobs across traditional and emerging industries; delivering even better services right across Queensland; and protecting and enhancing Queensland's great lifestyle as it grows.


Queensland's economic strategy
Opportunities
New energy
Critical minerals
Services sector
Strategic supply chains
Traditional industries and value add
Brisbane 2032 Olympic and Paralympic Games
Enablers
Trade
Skilled workforce
Innovation
Competitive investment environment
Digitalisation and technology
Environmental, social and governance credentials
Public and private infrastructure

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

Despite the strength of the Queensland economy and labour market, the state's households and businesses are continuing to deal with challenges associated with ongoing national and global cost-of-living pressures, and a record and unexpected increase in the population.

Between March 2021 and March 2024, consumer prices in Brisbane rose by 17.8 per cent. Housing, transport and food accounted for 10.5 percentage points of this increase while also comprising almost half of the consumption basket of an average Brisbane household.

Cost-of-living pressures are being felt across a wide range of Queensland households, including low-income households, renters and working households with a mortgage.

Higher interest rates continue to impact mortgagees, while tight rental market conditions are affecting affordability for households who rent.

The government remains committed to addressing these challenges by providing a record level of concessions to Queensland households and small businesses in 2024–25, including significant new and expanded cost-of-living relief for all Queensland households.

Box 1.1 Record cost-of-living relief for Queenslanders

The Queensland Government recognises the challenges that global and national cost-of-living pressures are causing for Queenslanders.

While the rate of inflation has started to moderate, elevated price levels for a range of goods and services are still putting pressure on household budgets across the country.

In 2024–25, the government is providing **a record $11.218 billion in concessions** to Queensland families and businesses, **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.

This comprises electricity bill rebates, lower public transport fares and motor vehicle registration costs, additional support for first home buyers, an increase in the value of and access to FairPlay vouchers, school and community food relief program, and food, emergency, and financial relief measures for vulnerable cohorts.

Electricity rebates

The 2024–25 Budget delivers **$2.965 billion for additional electricity bill support to households and small businesses**.

This is the most significant electricity bill support package announced by any state or territory.

As part of this package, all Queensland households will automatically receive $1,300 off their electricity bills in 2024–25. This consists 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.

Vulnerable households will continue to receive the $372 Queensland Electricity Rebate, bringing total support for this cohort to $1,672 in 2024–25.

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

Reducing transport costs through 50 cent public transport fares and a 20 per cent reduction in motor vehicle registration costs

Transport costs are a key component of household budgets, making up around 12 per cent of an average household's consumption expenditure.

To help address these costs, in the 2023–24 Budget Update the Queensland Government announced a freeze in the registration fee and traffic improvement fee (TIF) components of motor vehicle registration costs in 2024–25 and froze public transport fare increases in 2024.

In the 2024–25 Budget, the government is providing further substantial relief to Queenslanders through cost-of-living measures that reduce transport costs.

- $150 million in 2024–25 from **lowering public transport fares to a flat fare of 50 cents per trip** across the state from 5 August 2024 for 6 months. In addition to this initiative, the government is also providing half-price tickets on Airtrain services.
- $435 million from a **20 per cent reduction in motor vehicle registration costs** for all light vehicles for a 12-month period, which is scheduled to start appearing on renewal notices sent to customers from 5 August 2024. It is estimated that $399 million of benefit from this measure will be realised in the 2024–25 financial year, and the remaining $36 million in 2025–26.

The Queensland Government understands that keeping a vehicle on the road is a major household cost. The reduction will apply to the registration fee and the TIF for all light vehicles, regardless of purpose of use and will include motorcycles and trailers.

The reduction will benefit owners of around 5.7 million vehicles across the state.

Case studies

20% OFF YOUR REGO

12 month registration for a private use 4-cylinder vehicle **will be reduced by almost $85**, bringing registration fees down to $338.75 (excluding CTP).

For vehicles registered on a pensioner concession, the **reduction will be nearly $50**, bringing registration fees down to $194.50 (excluding CTP). This reduction is in addition to the existing 50 per cent concession that pensioners receive on the registration fee component of their fees.

50c FARES Discounted public transport

A person catching a train from Goodna to their office in Brisbane CBD usually pays $4.34 per trip. Based on 10 trips per week, **they will now save $817.44 over 6 months**.

A Cairns-based student who catches a bus to James Cook University 4 times a week usually pays $1.80 per trip (student concession card holder). **They will now save $249.60 over 6 months.**

A Seniors Concession card holder living at Currimundi on the Sunshine Coast who catches the bus to Sunshine Plaza at Maroochydore 3 times a week usually pays $1.74 per trip and **they will now save $178.56 over 6 months**.

A person catching a train from Robina to Bowen Hills 4 days per week usually pays $11.46 per trip. **They will now save $2,104.32 over 6 months**.

Note: Savings based on 24 weeks of travel and compared against current fare and discount schedule.

Expanded FairPlay vouchers for Queensland families and children

Under *Activate! Queensland 2019–2029*, the Queensland Government delivers direct financial support via FairPlay vouchers to help Queensland children and young people aged 5 to 17 years to participate in sport and active recreation activities.

The FairPlay voucher provides relief to vulnerable households facing cost-of-living pressures and helps young Queenslanders to pursue a healthy lifestyle. This will deliver tangible economic and social dividends over many years to come.

Building on the success of these vouchers, the government has committed a further $33.5 million in 2024–25, bringing the total funding to $40 million in 2024–25. This will **increase the maximum value of the FairPlay voucher from $150 to $200** and **increase the number of vouchers available from 50,000 to up to 200,000.**

Importantly, 50,000 vouchers will be guaranteed to the current target eligible cohort, with an additional 150,000 vouchers to be made available to all households.

Other cost-of-living support

The Budget also includes a range of other measures that will reduce costs and help provide essential support, including the supply of food, emergency relief and financial resilience services, for disadvantaged Queenslanders facing cost-of-living pressures.

- $15 million in 2024–25 for the **School and Community Food Relief Program**. This initiative will assist children to access food relief from appropriate sources, ranging from subsidised lunches, breakfasts or tuckshop items. School food programs provide essential support to families as cost-of-living increases impact their ability to provide for their children.
- An additional $3.3 million over two years from 2024–25 for **food relief services** delivered by OzHarvest and SecondBite. This significant additional investment recognises the vital role these organisations play in the food relief sector across Queensland.
- $2.9 million over 4 years for **Foodbank Queensland** will allow increased warehousing space in Brisbane, as well as supporting increased food storage and supply through the establishment of a distribution point in North Queensland.
- An additional $1.7 million in 2024–25 for **Emergency Relief** funding to allow for the continuation of increased provision of Emergency Relief in communities across Queensland, including through an additional 92 Neighbourhood Centres and into discrete First Nations communities.
- A **doubling of the funding to Queensland Meals on Wheels (QMoW)**, the peak body for Meals on Wheels services in Queensland, with the Queensland Government committing $1.2 million over 4 years to extend and increase QMoW’s funding to $300,000 per annum. This funding will also now be ongoing to enable greater support, guidance and coordination to be provided to the network of Meals on Wheels services across Queensland.
- An additional $1.1 million in 2024–25 for the **Queensland Financial Resilience Program**, which will see this critical program continue through until 30 June 2025, delivering vital support to people experiencing financial hardship to improve their capacity to manage their personal finances.

Additional support for first home buyers

The government will be providing substantial additional support to a wider range of Queenslanders purchasing their first home by increasing eligibility thresholds for 2 key transfer duty concessions:

- **First home concession** — eligibility will be extended to homes with a dutiable value up to $800,000, up from $550,000 currently
- **First home vacant land concession** — eligibility will be extended to vacant land with a dutiable value up to $500,000, up from $400,000 currently.

These changes will increase the maximum value of the first home concession by $8,600 (to a total of $17,350) and the maximum value of the first home vacant land concession by $3,500 (to a total of $10,675).

It is estimated these measures will deliver additional tax relief to Queensland first home buyers of $90 million in 2024–25 and $360 million over the 4 years to 2027–28, with around 10,000 first home buyers across the state benefitting from the increased concessions each year.

An increase in the rate of additional foreign acquirer duty and land tax surcharge for foreign companies, trustees of foreign trusts, and absentees, will offset the cost of extending the first home buyer concessions.

Details of the funding being provided in the 2024–25 Queensland Budget for the new and expanded cost-of-living measures are outlined below in Table 1.1.

Table 1.1 – Additional cost-of-living relief provided to Queenslanders in 2024–25

Measure	Description	($ million)
Electricity bill support[1]	Cost of Living rebates for Queensland households and small businesses	2,965
Lower vehicle registration costs[2]	A 20 per cent reduction in registration costs for all light vehicles	399
	Rego freeze announced in 2023–24 Budget Update	66.7
Discounted public transport[3]	Reduction in all public transport fares to a flat fare of 50 cents per trip for a 6-month period	150
	Freeze in public transport fares announced in 2023–24 Budget Update	14.6
Additional support for first home buyers	Increase in eligibility thresholds for first home concession and first home vacant land concession	90
FairPlay vouchers	Additional funding to increase the value of FairPlay vouchers and the number of vouchers available (excluding SwimStart) for a 12-month period	33.5
School and Community Food Relief Program	Supporting food programs in schools and the community in 2024–25	15
Emergency relief providers	Continuation of funding arrangements for emergency relief providers to 30 June 2025	1.7
Queensland Financial Resilience Program	To ensure continuation of this important program to 30 June 2025	1.1
OzHarvest and SecondBite	Helping with the continuation of critical food recovery and distribution services across Queensland	1.1
Foodbank Queensland	To assist with warehousing and other operating costs	0.8

Queensland Meals on Wheels	Enabling greater support, guidance and coordination to be provided to the network of Meals on Wheels services across Queensland	0.3
Total*		**$3,739**

**Total is subjected to rounding.*

Notes:

1. The $2.965 billion benefit to households and small business in 2024–25 includes: $2.267 billion contribution from the Queensland Government for the $1,000 Cost of Living Rebate to all households ($2.2 billion) and $325 rebate for small businesses ($67 million); and $698.1 million from the Australian Government for an additional $300 electricity rebate to all households and $325 rebate for small business. Vulnerable households will continue to receive the existing $372 Queensland Electricity Rebate, which is estimated to cost an additional $248.5 million in 2024–25.
2. The motor vehicle registration fee reduction applies to most types of motor vehicles, excluding nationally-regulated heavy vehicles, plate fees, miscellaneous fees, and other vehicle types (for example boats). The estimated benefits to these vehicle owners in 2024–25 includes: $399 million from a 20 per cent reduction in registration fees (with another $36 million in 2025–26); and $281.8 million over 4 years (including $66.7 million in 2024–25) due to a freeze in the registration fee and TIF components of motor vehicle registration costs announced in the 2023–24 Budget Update to be effective in 2024–25.
3. Benefits to public transport users in 2024–25 include: $150 million in revenue foregone due to a flat 50 cent fare for 6 months commencing from 5 August 2024; and $14.6 million in revenue foregone due to a freeze in public transport fares in 2024 announced in the 2023–24 Budget Update.

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 *Concessions Statement* for further details on the Queensland Government's record $11.218 billion in concessions being provided in 2024–25.

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

These 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. Accordingly, these elevated levels of assistance are helping households meet these immediate pressures and are not ongoing.

The government is also prioritising housing supply and affordability across the state, including through the range of initiatives outlined in *Homes for Queenslanders*, aimed at ensuring that every Queenslander has a safe, secure and affordable place to call home.

As well as improving standards of living for individuals and families, access to affordable housing can support enhanced employment outcomes including greater labour mobility, while also helping to attract a skilled workforce and new investment opportunities.

Box 1.2 A fair and sustainable housing system for current and future generations of Queenslanders

Queensland's housing system, like many others in Australia and around the world, continues to face significant pressure.

Record low interest rates, substantial government stimulus and a decrease in the average household size during the pandemic, followed by a strong rebound in population growth — particularly migration from interstate and overseas — has driven a surge in demand for housing in Queensland in recent years.

Supply of housing has not kept pace with increasing demand, with ongoing constraints on construction activity stemming from pandemic-related material and labour shortages, poor weather and flooding, and construction company insolvencies. This ongoing shortage of housing supply relative to demand has driven strong dwelling and rent price growth, and low vacancy rates across the state.

These market issues reflect fundamental supply constraints, particularly in skilled labour and construction capacity, rather than a shortage of investor appetite or land.

In response to these challenges, the Queensland Government is implementing the *Homes for Queenslanders* (HFQ) plan. Backed by an investment of over $3 billion, it sets out a target of delivering one million new homes by 2046, including 53,500 new social homes.

HFQ is a whole-of-system housing plan designed to help enhance housing supply, address homelessness and improve planning and development outcomes. This includes a substantial uplift in funding for social housing capital delivery, homelessness responses and the release of a Disability Housing Action Plan to support the most vulnerable people in Queensland.

The government has also announced a temporary doubling of the Queensland First Home Owner Grant from $15,000 to $30,000, effective until 30 June 2025, to support Queenslanders who wish to purchase their own new home.

The government has strengthened renters' rights through the introduction of the *Residential Tenancies and Rooming Accommodation and Other Legislation Amendment Act 2024*, which includes applying the annual rent increase frequency limit to a rental property rather than tenancy, to give a fairer go to Queenslanders who rent.

All of these policies represent a significant uplift on top of the already major investment into social and affordable housing that the government has previously announced. The 2024–25 Queensland Budget provides funding of $1.125 billion for social and affordable housing infrastructure across Queensland.

In the 2024–25 Budget, the government is providing further substantial support to address housing affordability challenges, in particular for first home buyers.

To help a wider range of Queenslanders purchase their first home, the government is increasing eligibility thresholds for two key transfer duty concessions — the first home concession and the first home vacant land concession.

- **First home concession** — Eligibility will be extended to properties valued up to $800,000 up from $550,000 currently. The changes mean that a first home buyer will pay no duty on homes valued up to $700,000 (up from $500,000 currently) and will receive a partial concession for properties valued between $700,000 and $800,000.
- **First home vacant land concession** — Eligibility will be extended to land valued up to $500,000, up from $400,000 currently. The changes mean that a first home buyer will pay no duty on land on which they build their home valued up to $350,000 (up from $250,000 currently) and will receive a partial concession for land valued between $350,000 and $500,000.

These changes represent a substantial increase in the support available to Queensland's first home buyers and could save a first home buyer as much as $17,350 if purchasing a home or $10,675 if purchasing vacant land on which to build their home. In total, the changes are estimated to help around 10,000 Queenslanders per year get into their first home sooner. Further information on this important measure is provided in Box 4.2 in Chapter 4.

The transfer duty revenue foregone due to these revenue reforms will be offset by increases in surcharges applying to foreign buyers and owners of property in Queensland.

Further to this, substantial investment is being made to unlock land supply. The government has already invested more than $359 million since 2015 in infrastructure to support Queensland's growing areas through the Catalyst Infrastructure Fund, and the Building Acceleration and Growth Acceleration Funds. This has unlocked more than 25,000 new lots across South East Queensland.

Additionally, the government is progressing a range of key changes to planning regulation to help facilitate increased housing supply, including updating targets in regional plans, while also using priority development areas to deliver additional and affordable housing.

The *Housing Availability and Affordability (Planning and other Amendment) Act 2024* further aims to reduce barriers to supply, enabling the Planning Minister to acquire land for essential infrastructure required to increase affordable housing supply. The Bill also introduces a new state facilitated and streamlined application process for affordable housing development that is an identified priority for the state, subject to meeting statutory criteria.

Queensland is also working with the Australian Government to support housing supply, including through the Social Housing Accelerator Payment, the Housing Australia Future Fund and being the first state to introduce referral legislation to Parliament to support the Australian Government's *Help to Buy* shared equity program.

On 31 May 2024, Queensland signed a new 5-year National Agreement on Social Housing and Homelessness commencing 1 July 2024. The agreement will provide funding to contribute to the effective operation of Australia's social housing and homelessness services and help those people who are at risk or are experiencing homelessness.

1.3 Delivering better services and supporting stronger, safer communities

The Queensland Government's significant ongoing investment in the delivery of essential services aims to address unprecedented demand from unexpected levels of population growth, while underpinning improved social and economic outcomes across the state over both the short and long term.

The 2024–25 Budget supports the government's commitment to meet growing demand, including through substantial investments and additional funding in key areas such as health, education and community safety.

The range of commitments outlined in the Budget to enhance delivery of these critical services will directly support improved living standards, facilitate greater participation in the economy, strengthen the resilience and liveability of communities across the state, and ultimately enhance the prosperity and wellbeing of all Queenslanders both now and into the future.

1.3.1 Investing in essential health services

The state's world-class health system is continuing to support a healthy, active and productive Queensland, despite significant challenges to its capacity from unprecedented levels of population growth and an ageing and increasingly diverse population base.

Improving health outcomes through the provision of reliable and accessible quality health services delivers significant social and economic benefits for individuals and the community. It facilitates enhanced economic outcomes through improvements in workforce participation and productivity.

As Queensland's strong economic recovery from the COVID-19 pandemic demonstrated, the state's economic performance is directly linked with the health and wellbeing of Queenslanders.

The Budget includes a record Queensland Health total operating budget of $26.710 billion in 2024–25, including a $4.393 billion uplift to health funding across the forward estimates to meet demand and cost pressures in the health and hospital sector.

Reflecting the importance of health to economic, social and cultural participation, the government is also providing an additional $247.9 million over 5 years to address gender-based health inequity, rectifying disinvestment and underinvestment in women and girls' health.

With this new funding, and combined with funding for existing services, the Queensland Government will spend more than $1 billion over the next 5 years to target and provide activities and services that focus on women's health and wellbeing through the *Queensland Women and Girls' Health Strategy 2032* and Investment Plan.

The Strategy seeks to improve women's access to and experience of the healthcare system. Initiatives aim to address existing health inequities, provide enhanced gender and trauma informed care, and empower women to overcome obstacles hindering their health potential.

1.3.2 Keeping communities safe

The government is focused on keeping Queensland communities safe and is prioritising targeted actions to prevent crime, support victims and reduce the economic and social costs associated with crime. This includes strengthening laws, deploying extra frontline workers, and taking a harder stance to prevent crime and hold offenders to account.

To address community safety concerns, the government has announced the *Community Safety Plan for Queensland*, which includes 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.

The government will deliver on these pillars though the introduction of new legislative reforms and major investment in programs and systems that will help build safer communities.

Placing an increased focus on domestic, family and sexual violence, and safety for women and young offenders, the plan takes a whole-of-government approach that brings together education, health, sport, housing, community services, domestic violence and child protection services.

The plan directly builds on the government's existing investment of $446.4 million over 5 years, announced in last year's Budget, to reduce youth crime and break the cycle of offending by young people.

In addition to the *Community Safety Plan for Queensland*, the government is investing in initiatives to meet the demand pressures facing the state's correctional facilities, with $726 million over 5 years from 2023–24 ($78.726 million ongoing) for increased prisoner population costs, critical infrastructure upgrades and short-term to medium-term prison capacity relief.

Further, the government is investing $73.1 million over 5 years from 2023–24 ($20.1 million ongoing) to meet demand pressures, including additional decision maker resources and critical mediation services in minor civil disputes for the Queensland Civil and Administration Tribunal.

The government is continuing to increase funding and alleviate pressure on state funded domestic, family and sexual violence service providers, with an additional $118.4 million over 4 years from 2024–25 ($38.4 million ongoing) to meet increased demand on these services, taking total funding for the 20 per cent uplift to $154.4 million over 4 years.

1.4 Foundations for future success

The Queensland Government is committed to strengthening the critical foundations that support the wellbeing and positive life outcomes of young Queenslanders.

The government is achieving this through the delivery of high-quality universal services across a range of areas including health, education, and family services, as well as through additional support for vulnerable Queenslanders.

Investments in early childhood development and education significantly drive improved economic and social outcomes for individuals, families and society by providing the necessary tools for individuals to succeed.

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.

1.4.1 Providing a strong start through quality education

Education is a cornerstone of economic growth and integral to ensuring every Queenslander can fulfill their potential. A quality education improves opportunities for future learning, employment and higher wages and supports a more productive workforce.

The government is continuing to invest in inclusive and high-quality education and training to support the learning and development of young Queenslanders and equip them with the skills and knowledge to successfully participate in the economy of the future. In 2024–25, this includes total funding of $22.801 billion for education and training.

Commencing in January 2024, the government's $645.4 million investment in Free Kindy for 4-year-olds is providing Queensland children with a strong start to their education. As well as strengthening the foundations for children's learning, development and wellbeing, this initiative is alleviating cost-of-living pressures for Queensland families and supporting labour market participation.

As part of this year's Budget, other key initiatives to drive enhanced education outcomes for Queenslanders include $500 million for critical capacity growth projects to meet enrolment needs, including upgrades to ensure the availability of safe and accessible school facilities for all students and teachers.

The 2024–25 Budget is also investing over $1 billion in additional funding over 5 years from 2023–24 to support delivery of a high-performing state education system.

This funding will deliver more teachers and teacher aides to support delivery of the government's education strategy for state schools – *Equity and Excellence: realising the potential of every student*. Funding will also help to improve outcomes for priority cohorts, including delivering reasonable adjustments for students with a disability.

1.4.2 Investing in prevention and early support

Investing in children and young people can transform life trajectories with lifelong and multigenerational health, social and economic benefits.

Targeted and effective investments in prevention and early supports can mitigate detrimental impacts of adversity and vulnerability experienced by children and young people.

Enhancing health and wellbeing outcomes and improving educational attainment and employment outcomes reduces the risks of contact with the child protection and criminal justice systems.

The 2024–25 Queensland Budget is building on existing investments in prevention and early support services to better address the complex challenges facing some Queenslanders and achieve better outcomes for vulnerable children, young people and families.

In particular, the government's $502 million *Putting Queensland Kids First* early support package will support children from their earliest years of life and directs resources, services and supports to give every Queensland child and family the best possible opportunities for a great life.

These investments complement existing Queensland Government initiatives, including the $288.2 million package to support educational engagement for a range of students, including by expanding the successful Queensland Pathways State College and FlexiSpaces in schools for students unable to be in the classroom.

1.5 Delivering Queensland's Big Build program

Unprecedented levels of population growth require significant investments in critical social and economic infrastructure across the state.

Through its flagship Big Build Program, the government is delivering on its commitment to provide the necessary infrastructure for a growing Queensland. Building on the announcement made in last year's Budget, this $107.3 billion investment being delivered over the 4 years to 2027–28 is directly supporting the state's ongoing economic and energy transformation, while also simultaneously improving the overall sustainability and liveability of Queensland communities and regions.

The Big Build, which includes $27.1 billion in 2024–25 — the state's largest single year infrastructure investment on record — is supporting the growth of Queensland's traditional and emerging industries and creating more jobs. The capital program is supporting around 72,000 direct jobs in 2024–25, with 50,000 of these jobs located outside of the Greater Brisbane region.

Importantly, many more additional employment opportunities will be supported by supply chain activity and broader connectivity generated through these infrastructure investments, particularly throughout the state's regional economies, which are at the forefront of Queensland's ongoing economic transformation and diversification.

Infrastructure initiatives being delivered through the QEJP will ensure that clean, reliable and affordable power can be accessed by future generations of Queenslanders, while simultaneously driving the economy's overall level of resilience and competitiveness over the longer term.

The 2024–25 Budget includes a landmark capital investment of around $26 billion over the 4 years to 2027–28 to deliver on the QEJP. The government's publicly-owned energy businesses are leading Queensland's energy transformation by investing in new wind, solar, storage and transmission.

Government entities are progressing an investment pipeline of renewables, batteries, gas, pumped hydro energy storage and the transmission SuperGrid, including CopperString 2032 connecting the North West Minerals Province to the electricity grid.

To effectively facilitate the continued provision of world-class health facilities and services for all Queenslanders, the government has committed to a health capital program of $2.167 billion in 2024–25.

Additional funding for key capital projects in the 2024–25 Budget includes $200 million over 7 years from 2024–25 for the construction of the Cooktown Multipurpose Health Service facility and $60 million over 2 years from 2024–25 to commence delivery of the Cairns Health and Innovation Centre Stage 1.

Further, the government will invest over $1.274 billion in 2024–25 to ensure that facilities in Queensland's state schools are world class and continue to meet demand and support contemporary learning requirements. Investment in new schools is being facilitated through the Building Future Schools Program.

As part of keeping Queenslanders connected through strong transport networks that support communities and industries across the state, the government is investing $9.494 billion in 2024–25 to deliver transport infrastructure that is integrated, efficient and safe.

This includes $786 million towards the Queensland Train Manufacturing Program, $650 million towards construction on Coomera Connector (Stage 1), $513.6 million to continue construction work on Cross River Rail, $500 million towards the Logan and Gold Coast Faster Rail project and $308.2 million to continue Gold Coast Light Rail (Stage 3). There is also substantial ongoing investment to fund major upgrades to the Bruce Highway and the M1 Pacific Motorway.

The government is also looking ahead to identify solutions to address road congestion in Brisbane's north driven by population growth, investing an additional $318 million on pre-construction works for a new Gympie Road Bypass Tunnel between Kedron and Carseldine, and $17 million on a detailed business case to improve active and public transport outcomes along this corridor.

Through state-owned water businesses, the government is delivering increased water security, fortifying the flood resilience of water infrastructure and ensuring the ongoing safety and reliability of dams. Major investments in 2024–25 include $311.1 million for the Fitzroy to Gladstone Pipeline, $26.1 million for the Mount Crosby Flood Resilience Program, $56 million to deliver the Toowoomba to Warwick Pipeline, and $303.4 million towards the dam improvement programs of Sunwater, Seqwater and the Gladstone Area Water Board.

Box 1.3 Delivering a low carbon economy

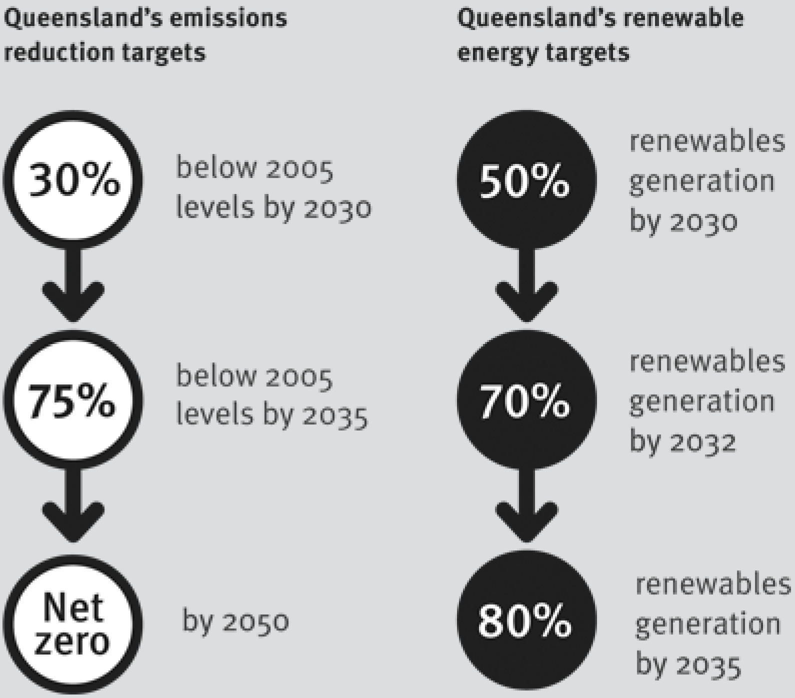
The Queensland Government is powering ahead with reducing emissions across the economy and supporting new investment, jobs, and growth.

Building on the momentum of the last Budget, the 2024–25 Budget includes a landmark capital investment of around $26 billion over the 4 years to 2027–28 to support the *Queensland Energy and Jobs Plan*. This includes new publicly-owned investments across wind, solar, storage and transmission.

In addition, the Queensland Government has established a suite of investment programs to partner with industry on significant projects. The $520 million Low Emissions Investment Partnerships program will fast-track emissions reductions from the state's highest emitting facilities, with an initial focus on the metallurgical coal sector.

The government is also stimulating investment across the renewable energy supply chain through a range of measures including the $170 million Critical Minerals and Battery Technology Fund and $570 million Battery Industry Strategy. Leveraging our natural and competitive advantages, this funding will drive innovation, build supply chains, and attract new investment to Queensland.

Underpinning our state's ongoing transition to a low carbon economy are the *Clean Economy Jobs Act 2024* and *Energy (Renewable Transformation and Jobs) Act 2024*. The targets contained in this legislation work in tandem to ensure direct action on climate change, encourage renewable energy investment, maintain public ownership of energy assets, and provide further certainty for industry, investors and the community. These targets are outlined below.



Queensland is achieving strong progress towards these targets while fostering new investment, creating jobs and delivering clean, reliable and affordable power.

27.7% of electricity from renewable energy in 2024
with Queensland 2 years ahead of the 50 per cent renewable energy target by 2030

55 large-scale renewable energy projects since 2015
$12 billion of investment, 9,000 construction jobs, and 6.6 GW of clean energy

22 GW of new renewables by 2035
with energy businesses supporting around 7 GW by 2027–28

Achieved 2030 emissions reduction target of 30 per cent
leading the nation with a 35 per cent reduction in 2022 below 2005 levels

1,500 construction jobs and $7 billion capital investment
leveraged from the $4.5 billion Queensland Renewable Energy and Hydrogen Jobs Fund

1.3 GW of large-scale and network batteries
to be owned and operated by energy government owned corporations by 2027–28

New industries calling Central Queensland home
including Alpha HPA and Fortescue

1.6 Investing in skills and training

A resilient, dynamic and skilled workforce is critical to ensure Queensland can respond to unprecedented levels of population growth, as well as the economic opportunities of the future.

The current labour market in Queensland remains very strong, characterised by strong jobs growth, low unemployment, an elevated job vacancy rate and skill shortages.

The job vacancy rate, a key indicator of labour demand, is the number of vacancies as a proportion of the total labour force. The job vacancy rate in Queensland remained elevated in March quarter 2024, at 2.3 per cent, down from its record high of 3.0 per cent in September quarter 2022 but well above the pre-COVID-19 rate of 1.4 per cent.

Queensland's labour market is forecast to remain strong in the coming years, with the unemployment rate expected to remain low by historical standards.

The Queensland Government, through the *Good people. Good Jobs: Queensland Workforce Strategy 2022–2032*, recognises that investments in skills and training initiatives can help directly alleviate the current capacity and supply constraints within the state's labour market, while also supporting longer-term growth in labour productivity and incomes.

Actions under this Strategy will drive enhanced labour market outcomes well into the future. For example, Queensland's *Clean Energy Workforce Roadmap*, released in October 2023, sets out a $30 million roadmap to create a skilled, job-ready workforce to deliver Queensland's clean energy transformation.

Further, the government's recently released *Good Jobs, Great Training: Queensland Skills Strategy 2024–2028* will ensure the state's training system is skilling workers across the state to meet the requirements of industry now and into the future.

Across 5 focus areas and 5 years, the Strategy sets out to maximise productivity and participation, unlocking billions in annual skills investment. The Strategy is backed by a $370 million investment in training and skills.

The Strategy also extends the government's Free TAFE program, which has seen more than 88,000 commencements in Queensland in around 200 courses. The Australian and Queensland governments have provided a further 30,000 Free TAFE places in 2024 through to 2026. This will offer cost-of-living support while giving more Queenslanders the opportunity to skill-up for future jobs in areas where the economy needs them most. This partnership builds on the government's workforce strategy that aims to position it as a world-class economy out to 2032.

Further, the government's Trade to Teach program offers paid teaching internships and a guaranteed permanent teaching position to support qualified and experienced tradies to transition to a teaching career. The program attracts experienced tradespeople to classrooms to share their industry experience and inspire students to take up a trade.

The government's significant ongoing investments in skills and training initiatives — including more than $1.5 billion in 2024–25 — is helping to future-proof the state's workforce.

Together, this will help accelerate the Queensland economy's trajectory towards being more resilient, competitive and diversified, thereby supporting ongoing improvements in the standard of living for all Queenslanders.

2 Economic performance and outlook

Features

- Following growth of 2.3 per cent in 2022–23, Queensland's overall economic growth is forecast to strengthen to 3 per cent in both 2023–24 and 2024–25, supported by recent and ongoing population growth.
- The international economy has been resilient in the face of higher interest rates, elevated inflation and increased geo-political conflicts. However, it remains subject to ongoing uncertainty and potential risks.
- The International Monetary Fund (IMF) has upgraded its global growth outlook for 2024 to 3.2 per cent, driven by an upward revision to the growth outlook in the United States.
- National economic growth has slowed since the post-COVID-19 rebound in 2021, primarily reflecting weaker national household consumption growth. Australia's economic growth is expected to continue to slow in the near term, with the Reserve Bank of Australia (RBA) forecasting growth of 1.3 per cent in 2024, slowing from the 2.0 per cent recorded in 2023.
- In Queensland, household budgets continue to be constrained by recent substantial increases in mortgage rates and other cost-of-living pressures, which have resulted in slower consumption growth in 2023–24. However, growth in household consumption is expected to recover to around pre-COVID-19 averages in 2025–26.
- In the dwelling sector, higher construction costs and ongoing capacity constraints have limited overall residential construction activity, particularly renovation activity. However, the large amount of work in the pipeline is supporting new and used dwelling investment, which is continuing to add to the housing stock.
- Growth in business investment is expected to be modest over the next 2 years as interest rates, elevated construction costs and softening commodity prices impact investment intentions.
- Reflecting the subdued household spending and dwelling investment, Queensland's state final demand growth is expected to ease to 2½ per cent in 2023–24, before strengthening to 3¼ per cent in 2024–25 and then grow by a further 2¾ per cent in 2025–26 in line with the recovery in household consumption.
- Queensland's overseas trade sector is forecast to be a substantial contributor to overall GSP growth in 2023–24, after detracting from real economic growth for 4 consecutive years. This improved trade performance is due to increased export volumes of coal, LNG, metals, and beef, as well as the continued recovery of services exports.
- Queensland continues to enjoy exceptionally strong labour market conditions, building on employment of 5.1 per cent in 2021–22, the strongest in 17 years, and the further strong jobs growth of 3.7 per cent recorded in 2022–23.
- With ongoing solid demand for labour, employment growth is expected to be 2¾ per cent in 2023–24 before moderating to 1½ per cent in 2024–25 and 1 per cent in 2025–26.

- 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.
- The unemployment rate is expected to increase slightly to average 4¼ per cent in 2023–24 and then gradually move towards a rate more consistent with stable inflation, reaching 4½ per cent in 2024–25 and then 4¾ per cent in 2025–26 and 2026–27.
- Inflationary pressures eased significantly during 2023, with the annual rate of inflation in Brisbane moderating from a 30-year high of 7.9 per cent in September quarter 2022 to 3.4 per cent in March quarter 2024. This has largely been due to a marked slowing in goods inflation, whereas services inflation has been more persistent.
- In year-average terms, inflation in Brisbane is forecast to ease from 7.3 per cent in 2022–23 to 4 per cent in 2023–24. Services inflation is expected to moderate going forward, while the Queensland Government's cost-of-living measures, supported by the Australian Government's additional electricity and rent support, is expected to detract around 1¼ percentage points from CPI growth next year. This results in forecast annual CPI growth falling to 2 per cent in 2024–25.
- Queensland's population growth is expected to strengthen to 2½ per cent in 2023–24, reflecting the elevated levels of net overseas migration, before easing to 1½ per cent in both 2024–25 and 2025–26.

2.1 International conditions

The international economy has proven resilient in the face of higher interest rates, elevated inflation and increased geo-political conflicts. However, it remains subject to ongoing uncertainty and potential risks.

The International Monetary Fund's (IMF) April 2024 forecasts expect global GDP growth in 2024 to be 3.2 per cent, an upward revision of 0.3 percentage point from their October 2023 forecasts.

The revision was primarily driven by a 1.2 percentage points upgrade to the growth outlook in the United States (US), reflecting the continued resilience of the US labour market and consumer spending in the face of higher interest rates.

Global growth is then expected to remain at 3.2 per cent in both 2025 and 2026. This is below the 20-year pre-COVID-19 average growth of 3.8 per cent.

The slightly more positive outlook for the global economy has also extended to the growth outlook amongst Queensland's major trading partners (MTP), with the IMF upgrading its growth forecast for Queensland's MTPs in 2024 by 0.2 percentage point to 3.5 per cent.

Table 2.1: Economic growth forecasts, April 2024 IMF World Economic Outlook Update

	IMF					Consensus[6]	
	Annual % change			%-pt revision[5]		Annual % change	
	2023	2024	2025	2024	2025	2024	2025
Queensland MTP	**3.7**	**3.5**	**3.4**	**0.2**	**0.0**	**3.5**	**3.5**
China[1]	5.2	4.6	4.1	0.4	0.0	4.9	4.4
Japan	1.9	0.9	1.0	-0.1	0.3	0.5	1.2
India[2]	7.8	6.8	6.5	0.5	0.2	6.8	6.6
South Korea	1.4	2.3	2.3	0.1	0.0	2.5	2.2
Other Asia[3]	3.2	4.0	4.2	0.0	-0.1	4.1	4.3
Europe[4]	0.5	0.7	1.4	-0.4	-0.3	0.8	1.4
United Kingdom	0.1	0.5	1.5	-0.1	-0.5	0.5	1.1
United States	2.5	2.7	1.9	1.2	0.1	2.4	1.7
Euro area	0.4	0.8	1.5	-0.4	-0.3	0.6	1.4
Global	**3.2**	**3.2**	**3.2**	**0.3**	**0.0**	**n.a**	**n.a**

Note:

1. Following a staff visit to the country, the International Monetary Fund (IMF) has subsequently upgraded its outlook for China's GDP growth. The IMF now expects China's economy to grow 5.0 per cent in 2024 and 4.5 per cent in 2025, both upwardly revised by 0.4 percentage point compared with its April World Economic Outlook forecasts.
2. Forecasts for India are based on India's fiscal year (starting April 1).
3. Weighted by Queensland's MTP weights. Includes New Zealand.
4. Weighted by Queensland's MTP weights.
5. Revision from October 2023 WEO, rounded to one decimal place.
6. May 2024 Consensus Economics release.

Sources: International Monetary Fund, Consensus Economics and Queensland Treasury.

Global inflation fell faster than expected over 2023, primarily driven by falling goods inflation as global supply chain constraints that emerged during the COVID-19 pandemic gradually unwound.

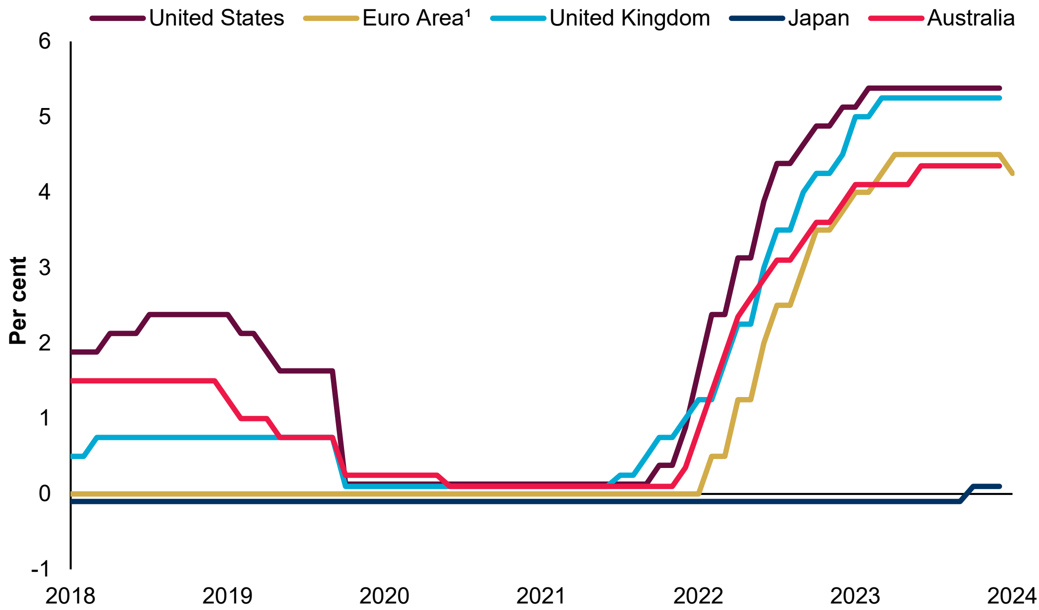
With inflation across most major economies approaching central bank targets, official interest rates appear to have generally peaked, and discussion has shifted to a focus on when (and by how much) rates will need to be eased to successfully navigate a soft economic landing.

However, upside inflation risks have emerged in recent months, which threaten to delay the timing of interest rate cuts in some economies. In particular, services inflation and various measures of core inflation have generally remained sticky, indicating there are still some challenges to overcome to return inflation to central bank targets.

The challenge faced by central banks in guiding inflation back to target is most apparent in the US, where the interest rate outlook has changed significantly in recent months. At the start of 2024, the Federal Reserve was expected to begin cutting interest rates as early as March, with financial markets pricing in as many as 6 to 7 interest rate cuts over the course of 2024.

However, a series of recent US data confirming sticky services inflation and the continued resilience of the country's labour market and consumer spending has seen these expectations pared back considerably. Financial market expectations are now for 2 interest rate cuts in the US in 2024, with the first cut expected to be pushed back to the September meeting of the Federal Reserve.

Chart 2.1 Key central bank interest rates



Note:

1. Main refinancing operations.

Sources: US Federal Reserve (US Fed), European Central Bank (ECB), Bank of England (BOE), Bank of Japan (BOJ) and Reserve Bank of Australia (RBA).

Various other uncertainties and downside risks remain for the global economy. There have been growing fears of renewed supply shocks, primarily driven by the Houthi militant group's attacks on cargo ships travelling through the Red Sea — which accounts for 30 per cent of global container trade flows — and recent drought conditions at the Panama Canal causing reductions in transit through the canal from November 2023 to March 2024 of around 30-40 per cent from average daily levels in 2022. These events have caused ships to be diverted, resulting in delays and rising costs.

Similarly, the ongoing conflicts in Ukraine and Gaza also have the potential to generate new adverse supply shocks to the global recovery, including spikes in food, energy, and transportation costs.

Any resulting increases in shipping costs and commodity prices have the potential to lead to a renewed surge in goods inflation, which, in conjunction with sticky services inflation, could prolong the monetary tightening cycle.

One of the main risks to growth is the potential for China's ongoing property sector challenges — which include high developer debt levels and overbuilding creating many vacant units — to worsen, with flow-on effects on its trading partners, including Australia.

In contrast to most other major economies, China has been battling deflation throughout much of 2023 and early 2024. The Chinese Government has reacted to falling consumer prices and moderating economic growth by implementing a range of fiscal and monetary policy measures to support the property and household sectors.

The IMF currently forecasts China's economic growth to slow from 5.2 per cent in 2023 to 5.0 per cent in 2024 and 4.5 per cent in 2025. The IMF upwardly revised its 2024 and 2025 China GDP growth forecasts in May following a staff visit to the country. The IMF cited strong March quarter 2024 GDP data and recent policy measures as drivers of its upward revision but maintained that economic risks were tilted to the downside.

If concerns around the outlook for China's housing construction sector were to materialise, this could decrease global demand for inputs to construction and, consequently, negatively impact Queensland's exports, particularly given metallurgical coal — a key input to steel production — was Queensland's largest commodity export in 2023 (valued at $50.7 billion).

Further weakness in China's economy also risks impacting other key Queensland goods exports (including LNG, metals and agriculture) and services exports to China, which have been recovering following the re-opening of international borders.

In terms of services exports, China's student commencements in Queensland rose to 11,005 in 2023, up from 8,977 in 2022. This is still 35 per cent below the pre-COVID-19 level of 16,964 commencements in 2019. Meanwhile, total tourism visitor nights to Queensland from China also rebounded to one million in 2023, up from just 125,000 in 2022. However, visitor nights from China are 80 per cent lower than the pre-COVID-19 level of 4.9 million in 2019.

2.2 National conditions

Growth of the Australian economy has slowed since the post-COVID-19 rebound in 2021, largely because of weaker household consumption growth. The slowdown in growth has progressed as expected, with activity supported by significant accumulated household savings and a large number of fixed rate mortgages, which has likely partially mitigated the immediate impact of interest rate increases on these households' disposable incomes.

Australian economic growth slowed from 5.5 per cent in 2021 to 3.9 per cent in 2022 and then to 2.0 per cent in 2023. Quarterly real GDP has continued to rise modestly, but through the year growth fell to just 1.1 per cent in March quarter 2024, the weakest outside the pandemic since the early 1990s recession.

Headline GDP growth has also been well supported by strong population growth since the Australian border was re-opened, rising 2.6 per cent since mid-2022. However, in per-capita terms, real output nationally has declined 1.6 per cent over this period.

Household budgets have come under increasing pressure from rising borrowing costs and high consumer price inflation. Real disposable incomes have trended lower, reflecting high inflation, an increased income tax burden and higher interest costs.

However, household wealth has risen strongly since late 2022, supported by increasing house prices, strong share market gains and rising superannuation contributions. In aggregate, households overall had built up significant savings buffers during the COVID-19 pandemic and, while some of these savings are likely being drawn down, it will take some time before liquid asset buffers are depleted. Further, data and analysis from the Australian Prudential Regulation Authority and the RBA show the expiry of very low fixed rate mortgages has progressed smoothly, and loan arrears remain well contained and below pre-COVID-19 levels.

National economic growth is expected to continue to slow in the near term, with the RBA forecasting growth of 1.3 per cent in 2024. Aside from ongoing weakness in consumption, dwelling construction remains impacted by labour constraints and high construction costs.

While business investment and public demand have grown robustly amid a large pipeline of work, high construction and finance costs are impacting new private sector investment and its contribution to growth is expected to ease.

In this environment, the current very strong labour market conditions are expected to ease somewhat and provide a more normal balance between labour supply and demand, with moderating employment growth likely to see the national unemployment rate edge up from its current low rate.

This should help relieve pressure on labour prices, with the Wage Price Index (WPI) expected to have possibly peaked at 4.2 per cent over the year to December quarter 2023. Elevated growth in nominal unit labour costs remains a contributor to domestically sourced inflation, with employee compensation per hour rising solidly and labour productivity weak. Consistent with this, services inflation remains stubbornly high and continues to be the major source of price pressures, mirroring the experience of economies overseas.

Combined with higher fuel prices, the RBA expects these factors to contribute to ongoing inflationary pressures in the near term. However, headline CPI growth has swiftly moderated to 3.6 per cent in March quarter 2024 and looks set to fall back within the RBA’s 2-3 per cent target range over the next year or so.

The RBA forecasts GDP growth to pick up to 2.1 per cent in 2025. Consumer spending should be better supported later in 2024 by rising real disposable incomes as income tax cuts, easing inflation and potentially lower interest rates provide relief. Further, rising demand for new dwelling investment is expected to be underpinned by recent strong population growth while the solid contribution from public demand is expected to be ongoing.

Having paused its increasing interest rate cycle in late 2023, the RBA's next move is widely expected to be an easing of the cash rate, although markets have pared back the timing and scale of expected cuts.

Despite previous concerns about the pace of monetary tightening, so far, the reduction in inflation has coincided with ongoing, albeit soft, economic growth and strong labour market outcomes.

In the RBA's assessment, risks to the domestic outlook are broadly balanced. The lagged impact of tighter monetary conditions remains a key uncertainty, particularly on consumption, while demand could also be interrupted if global risks materialise.

Meanwhile, the risk that inflation stays high for longer has risen, with the future path of inflation nationally vulnerable to weak productivity growth and additional supply-side shocks.

2.3 Key assumptions

Key assumptions underpinning the 2024–25 economic forecasts for Queensland include:

- the Australian Government's reforms to immigration will help return population growth to normal levels
- the cash rate is expected to have peaked at 4.35 per cent, with cuts likely to commence in late 2024 and continuing to gradually ease over the medium term
- the A$ exchange rate to move toward its assumed medium-term anchor of around US$0.75
- Brent oil production is expected to outpace global consumption, with prices to gradually ease towards a medium-term level of US$75/bbl
- despite high interest rates, residential property prices in Brisbane are expected to remain strong in the near term before seeing growth moderate over 2025
- according to the Bureau of Meteorology (BOM), the recent El Niño weather event, which resulted in much higher levels of summer rainfall than expected across Australia, has now ended. Forecasts have been produced on the assumption of median levels of rainfall for remainder of 2024 and 2024–25, consistent with BOM predictions.

2.4 Queensland conditions and outlook

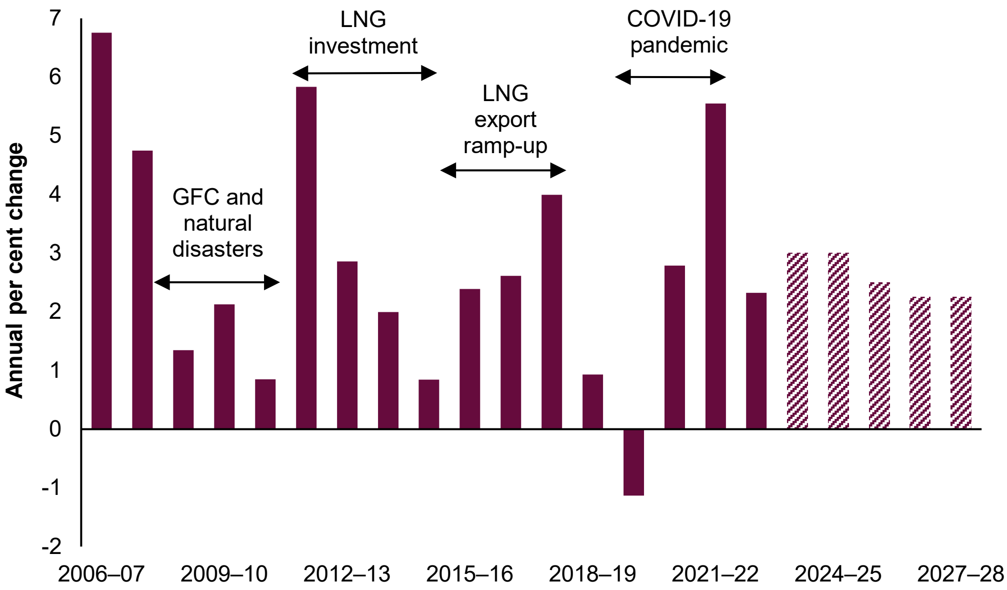
Following growth of 2.3 per cent in Gross State Product (GSP) in 2022–23, Queensland's overall economic growth is forecast to strengthen to 3 per cent in both 2023–24 and 2024–25 (Chart 2.2).

The forecast strengthening of GSP growth in 2023–24 is attributable to a substantial rebound in net exports and continued growth in public final demand.

As consumption strengthens in 2024–25, private final demand becomes a more significant driver of overall growth in the economy, along with public final demand and exports.

Growth is projected to be 2½ per cent in 2025–26, sustained by continuing growth in domestic activity but tempered by a moderation in population growth.

Chart 2.2 Economic growth, Queensland[1]



Note:

1. Gross State Product, Chain volume measure (CVM), 2021–22 reference year.

Sources: ABS Annual State Accounts and Queensland Treasury.

Household budgets continue to be constrained by the recent substantial increases in mortgage rates and other cost-of-living pressures, which have slowed consumption growth in 2023–24. However, growth in household consumption is expected to recover to around pre-COVID-19 averages in 2025–26 as a range of factors support real disposable incomes, including an easing in inflationary pressures and lending rates, along with the legislated national income tax cuts.

With higher construction and borrowing costs moderating demand, and ongoing capacity constraints limiting residential construction activity, total dwelling investment is expected to fall in 2023–24, but then return to growth at a modest rate in 2024–25 and 2025–26 as supply constraints ease and allow the large pipeline of residential work to progress steadily.

Importantly, new and used dwelling investment is expected to continue to grow throughout the forecast period, adding to the housing stock. In contrast, renovation activity is expected to continue to decline from its COVID-19-era record highs.

Business conditions and capacity utilisation rates have eased somewhat over the past year. Growth in business investment is expected to be modest over the next 2 years as elevated construction costs and softening commodity prices impact investment intentions.

Growth in public final demand has averaged 4.9 per cent per annum over the past 8 years and is expected to continue to be a key driver of overall economic growth in Queensland. This outlook is supported by the Queensland Government's ongoing substantial capital program, committing

$107.3 billion over 4 years from 2024–25 to essential economic and social infrastructure investment across the state.

After detracting from overall real economic growth for 4 consecutive years, the overseas trade sector is forecast to be a substantial contributor to overall GSP growth in 2023–24.

This is due to increased export volumes of coal, LNG, metals and beef and the continued recovery of services exports from the COVID-19-driven low. As metallurgical coal exports rebound from supply constraints, and growth in services exports continues to recover, the trade sector is forecast to make a further contribution to GSP growth in 2024–25.

Queensland continues to enjoy exceptionally strong labour market conditions, building on employment growth of 5.1 per cent in 2021–22, the strongest growth in 17 years, and further strong jobs growth of 3.7 per cent in 2022–23.

With ongoing solid demand for labour, employment growth is expected to average 2¾ per cent in 2023–24 before moderating to 1½ per cent in 2024–25 and 1 per cent in 2025–26.

As of April 2024, Queensland (up 366,900 persons) had recorded the largest employment growth of any state or territory since March 2020.

In percentage terms, Queensland's employment growth (up 14.3 per cent) over the period was stronger than in the rest of Australia (9.7 per cent).

The state's unemployment rate averaged 3.7 per cent in 2022–23, Queensland's 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.

Inflationary pressures eased significantly during 2023, with the annual rate of inflation in Brisbane moderating from a 30-year high of 7.9 per cent September quarter 2022 to 3.4 per cent in March quarter 2024. This has largely been due to a marked slowing in goods inflation, whereas services inflation has been more persistent.

In year-average terms, inflation in Brisbane is forecast to ease from 7.3 per cent in 2022–23 to 4 per cent in 2023–24. In 2024–25, the gradual loosening of the Queensland labour market is expected to see services inflation moderate. Combined with an estimated 1¼ percentage points detraction from CPI growth due to the Queensland Government's cost-of-living measures, when combined with the Australian Government's measures, this is forecast to see annual CPI growth fall to 2 per cent next year.

While inflation is forecast to ease materially in 2023–24, growth in the WPI is forecast to strengthen from 3.6 per cent in 2022–23 to 4¾ per cent in 2023–24, delivering a return to real wages growth.

As capacity constraints in the labour market begin to ease and inflation slows further, wages growth is forecast to moderate to 3¾ per cent in 2024–25 and 3½ per cent in 2025–26. Nevertheless, ongoing real wages growth is expected across the forward estimates period.

Queensland's population growth is expected to strengthen to 2½ per cent in 2023–24, reflecting elevated net overseas migration as the recovery in departures continues to lag the significant rebound in arrivals.

With interstate migration forecast to stabilise at around pre-COVID-19 levels and net overseas migration to normalise, Queensland's population growth is forecast to then average around 1¼ to 1½ per cent over the remainder of the forward estimates.

Table 2.2 Queensland economic forecasts/projections[1]

	Actuals	Forecasts			Projections	
	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28
Gross state product[2]	**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. CVM, 2021–22 reference year. The comparable nominal GSP growth rates are 10.9 per cent in 2022–23, 3¼ per cent in 2023–24, 4¼ per cent in 2024–25 and 3¾ per cent in 2025–26.
3. Per cent, year-average.
4. Brisbane, per cent, year-average.

Sources: ABS Annual State Accounts, National, State and Territory Population, Labour Force, Wage Price Index, Consumer Price Index and Queensland Treasury.

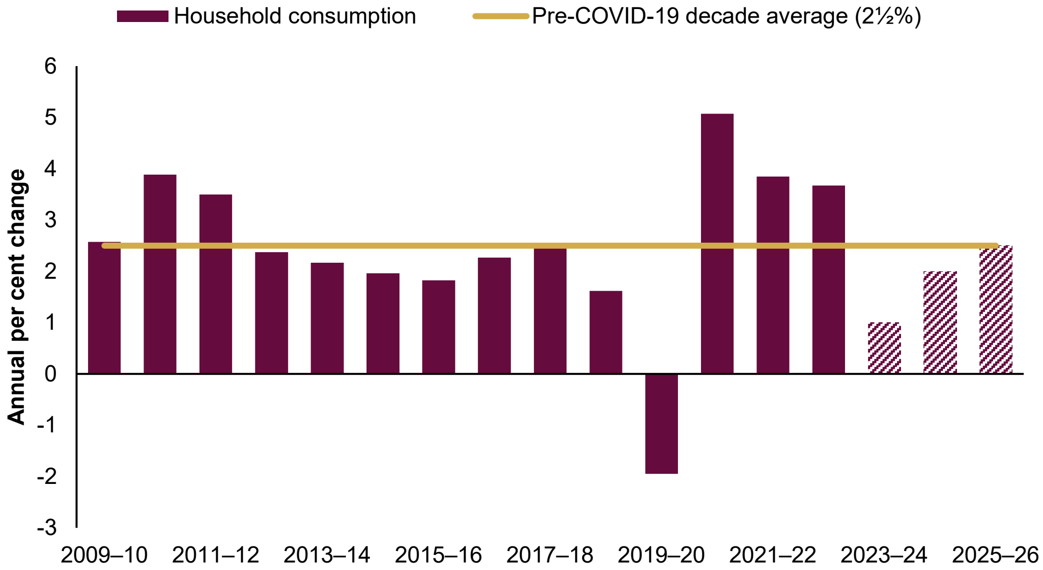
2.4.1 Household consumption

Growth in real household spending in Queensland averaged 4.2 per cent per annum between 2019–20 and 2022–23, well above the 2½ per cent per annum average growth in the decade prior to COVID-19.

Tight labour market conditions and a pick-up in wages growth has underpinned ongoing strong growth in nominal labour income. Household savings accumulated during the COVID-19 pandemic have also been substantial. However, as consumers have curtailed discretionary spending in response to higher borrowing costs and elevated inflation, growth in real household consumption has slowed to 1.0 per cent in the first three quarters of 2023–24.

Subsiding inflationary pressures, lower lending rates and the impact of national income tax cuts are all expected to support a return to growth in real household disposable incomes beyond 2023–24. Consequently, as households' financial position improves, consumption growth is expected to strengthen to 2 per cent in 2024–25 and 2½ per cent in 2025–26 (Chart 2.3).

Chart 2.3 Real household consumption growth, Queensland[1]



Note:

1. Chain volume measure, year-average.

Sources: ABS National Accounts and Queensland Treasury.

Box 2.1 Consumer spending trends in Queensland

The economic recovery from COVID-19 in 2020–21 and 2021–22 saw strong gains in the volume of discretionary spending by Queensland households, due to household disposable incomes during that period being boosted by COVID-19 support payments, historically low interest rates, and strong increases in labour income and asset prices.

Over the two years to 2021–22, several discretionary components reported in the ABS *National Accounts* recorded double digit growth, with *clothing and footwear*, *furnishings and household equipment*, *hotels, cafes and restaurants* and *recreation* increasing by a combined 18.3 per cent in real terms.

However, more recently, as households continue to adapt to tighter financial conditions, there has been a noticeable slowing across these components.

Real spending on *furnishings and household equipment* (down 2.3 per cent), *recreation* (down 1.4 per cent) and *clothing and footwear* (down 0.1 per cent) have fallen in the first three quarters of 2023–24 compared with the same period in 2022–23, while at 3.7 per cent growth, spending at *hotels, cafes and restaurants* has slowed from previous highs (Chart 2.4).

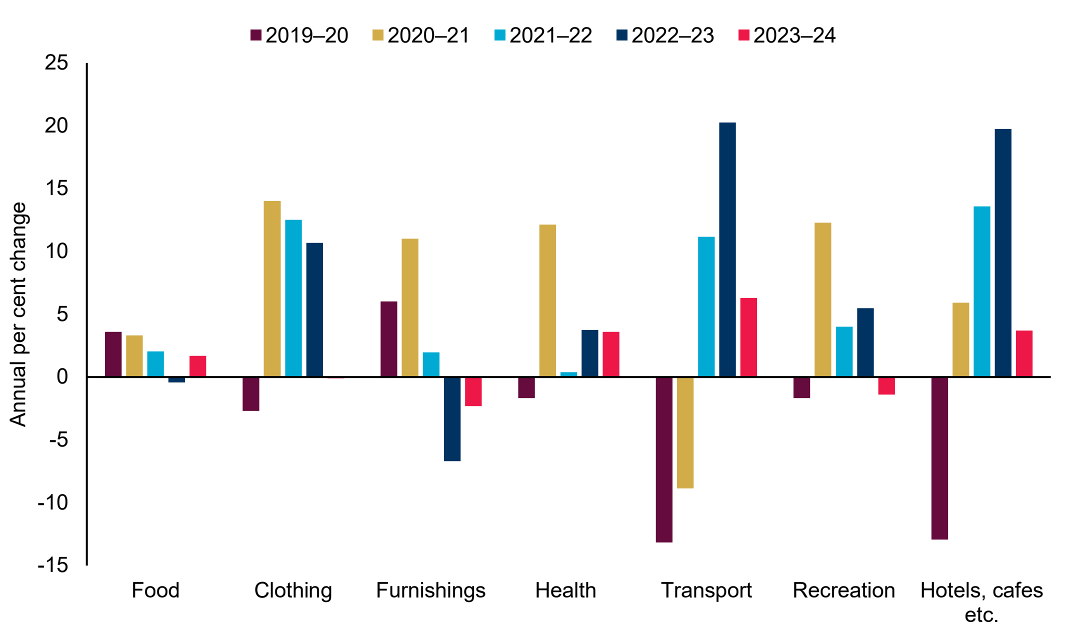
Spending on *furnishings and household equipment* has been the only major component to fall consecutively over the past 2 years in Queensland. Due to its discretionary nature and the generally higher priced nature of the items sold within this component, it has been one of the first components of expenditure to be reduced in volume terms as mortgage costs and wider price pressures increased.

Amidst elevated prices of consumer goods, households appear to have also cut back on some essential spending, with *food* consumption falling by 0.4 per cent in 2022–23 before edging higher in 2023–24.

Meanwhile, in real terms, growth in household spending on *health* has generally slowed from the higher rate seen in 2020–21. Spending on *transport* strengthened substantially across 2021–22 and 2022–23 (Chart 2.4). This was partly supported by higher spending on *purchases of vehicles* as supply bottlenecks have continued to ease.

A catch up in air travel from a very low base, after the COVID-19 related overseas border restrictions were unwound in early-2022, also contributed to the overall strengthening in the *transport* component during this period.

Chart 2.4 Real household spending by selected major components, Queensland[1,2]



Notes:

1. Chain volume measure, year-average.
2. The 2023–24 year-average growth rate refers to the first 3 quarters of 2023–24 compared with the same period a year earlier in seasonally adjusted terms.

Source: ABS National Accounts.

2.4.2 Dwelling investment

Record low interest rates, substantial government stimulus and a decrease in the average household size during the COVID-19 pandemic, followed by a strong rebound in population growth drove a surge in demand for housing in Queensland in recent years.

However, construction activity has struggled to keep up with demand, significantly constrained by COVID-19-related material and labour shortages, poor weather and flooding, and construction company insolvencies. As a result, construction costs surged and residential work in the pipeline peaked at a nominal value of $13.8 billion in March quarter 2023 (Chart 2.5).

Growth in construction output costs for houses peaked at 28.4 per cent in the year to June quarter 2022. Growth in construction costs has slowed considerably to 2.3 per cent in the year to March quarter 2024. However, remaining supply constraints and strong competition for labour and materials from the non-residential and engineering construction sectors are likely to see construction costs continue to grow. These higher construction costs, in combination with the sharp increase in interest rates since May 2022, have impacted dwelling investment decisions and seen the number of dwelling commencements trend downwards in recent quarters.

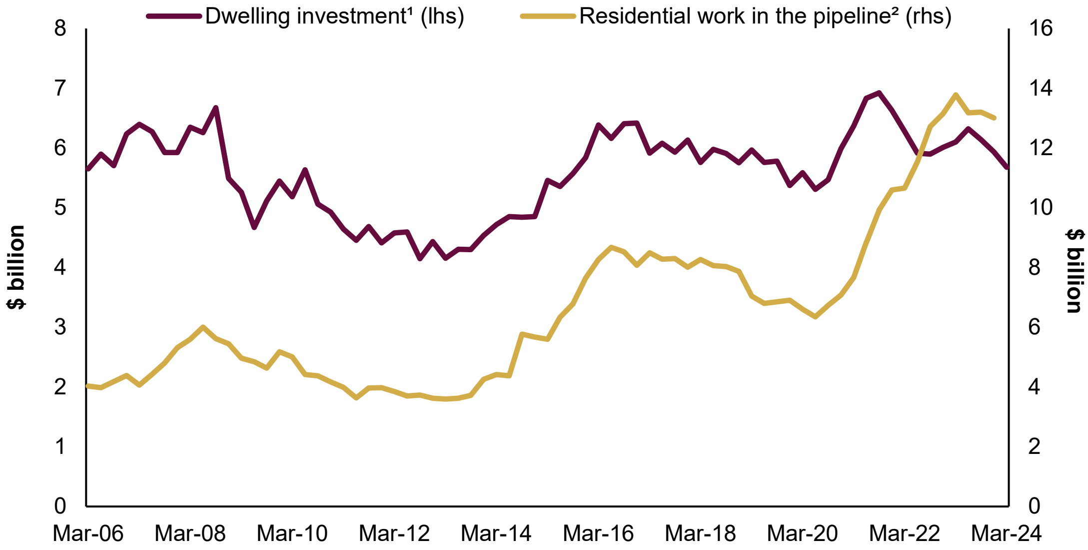
However, dwelling investment in the near term is being supported by the sizeable pipeline of existing projects. The number of dwellings completed totalled 9,913 in December quarter 2023, a rise of 13 per cent over the year and the highest quarterly total since 2019. While completions have started to increase following the surge of commencements in 2021, they are still below the level needed to fully accommodate the surge in demand for housing in Queensland.

Following a decline of 5.5 per cent in 2022–23, dwelling investment is forecast to fall by 2½ per cent in 2023–24. This decline primarily reflects a decline in alterations and additions and detached dwelling investment. Strong growth in attached dwellings (i.e. units and apartments etc.) will continue to add to overall dwelling supply.

Dwelling investment is then forecast to rebound to 2¼ per cent growth in 2024–25 and grow by a further ¼ per cent in 2025–26, supported by lower interest rates and the easing of supply constraints.

Importantly, new and used investment is expected to continue to grow throughout the forecast period with the growth rate reaching 7¼ per cent in 2024–25. This will continue to add to the housing stock, in contrast to renovation activity which is expected to continue to decline from its COVID-19-era record highs.

Chart 2.5 Queensland dwelling investment and work in the pipeline



Notes:

1. Quarterly, chain volume measure, seasonally adjusted
2. Quarterly, nominal, original

Sources: ABS National Accounts and Building Activity.

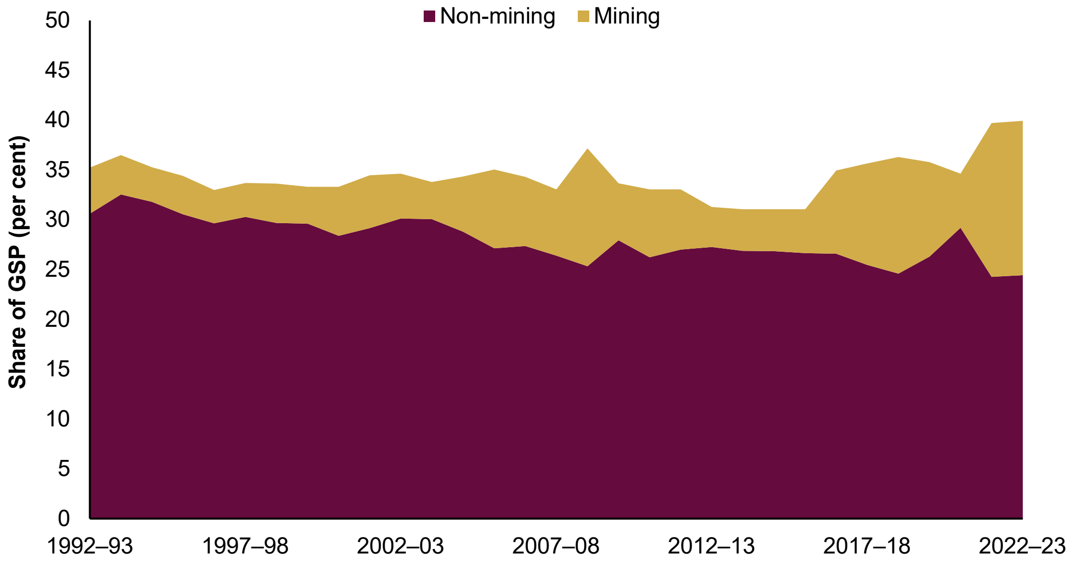
2.4.3 Business investment

Business investment rebounded in the years following the initial downturn during the COVID-19 pandemic, supported by strong profitability and low interest rates, with total business investment growing by 8.5 per cent and 4.7 per cent in the years to December quarter 2021 and December quarter 2022 respectively.

However, following growth of 6.7 per cent in 2022–23, business investment growth has been subdued due to a combination of rising interest rates and construction costs, with building construction costs, as published in the ABS *Producer Price Index*, having risen by 31.2 per cent in the 3-year period ended March quarter 2024.

While the current level of overall business profitability in Queensland remains strong, this has disproportionately reflected the impact of high commodity prices on mining sector profits (Chart 2.6). These elevated levels of business profits are likely to moderate as commodity prices, particularly coal, normalise and indicators of business confidence and business conditions ease from exceptionally high levels.

Chart 2.6 Queensland Gross Operating Surplus and Mixed Income share of GSP[1]



Note:

1. Non-mining Gross Operating Surplus and Mixed Income excludes ownership of dwellings industry.

Source: ABS State Accounts.

The combination of higher interest rates and softer business conditions points to moderating growth in business plant and equipment investment growth over the forecast horizon.

The outlook for non-residential construction is more volatile. Recent materials and labour shortages, together with some weather-related disruptions have seen a growing backlog of work in the pipeline. This should support activity in the very near term. However leading indicators such as building approvals and commencements have recently eased, suggesting that higher construction costs will ultimately impact on activity in this component of business investment.

As a result, overall business investment is expected to grow by 3 per cent in 2023–24 and then continue to grow only moderately across the forecast years.

2.4.4 Public final demand

Public final demand has continued to record strong growth in recent years, rising 4.8 per cent in 2022–23. The outlook is expected to remain strong, with public final demand growing 5½ per cent in 2023–24 and 2024–25, supported by a range of initiatives including cost-of-living relief, spending in response to natural disasters and substantial ongoing investment in public infrastructure.

Over the medium term, growth in public final demand is expected to be underpinned by the Queensland Government's ongoing Big Build program, which commits $107.3 billion over 4 years from 2024–25 in infrastructure investment across key sectors of the economy, including health, education, transportation, and energy. Additionally, the upcoming Brisbane 2032 Olympic and Paralympic Games will support public investment across communities and local businesses, as well as the tourism, sports, and recreational sectors.

2.4.5 Overseas exports and imports

The nominal value of Queensland's exports is expected to fall from the record high of $145 billion in 2022–23 to $134 billion in 2023–24, due to a moderation in prices for Queensland's key commodity prices.

However, in real terms, overseas exports are estimated to grow by 10½ per cent in 2023–24, driven by increased export volumes of thermal coal, LNG, metals, and beef, in addition to the continued recovery of services exports from the impacts of the COVID-19 pandemic international border closures.

Overseas exports are expected to grow a further 2¾ per cent in 2024–25, driven by a rebound in metallurgical coal exports — as supply constraints ease — and ongoing recovery in services exports.

Further growth in overseas exports beyond 2024–25 is supported by solid growth in services exports and metallurgical coal exports, largely offset by lower metals and agriculture exports.

Growth in Queensland's imports is expected to moderate from 15.8 per cent in 2022–23 to 7½ per cent in 2023–24, reflecting subdued growth in household consumption but continued growth in services imports, before moderating further to 1¾ per cent in 2024–25.

Coal

Queensland's coal exports are expected to grow by 2½ per cent in 2023–24, reflecting increased production, partially offset by wet weather impacts restricting production.

Coal exports are then forecast to grow by 8¼ per cent in 2024–25, reflecting growth in hard coking coal exports due to the unwinding of supply constraints which have impacted production in recent years, and then grow by a further 4¼ per cent in 2025–26 as supply conditions normalise. Coal export growth is then expected to slow across 2026–27 and 2027–28.

Demand for Queensland's hard coking coal is expected to be supported by growing steel production in India, and emerging markets such as Vietnam. However, ongoing concerns about China's real estate industry and economy more broadly present downside risks for global steel demand.

In the short term, Queensland's thermal coal exports have been supported by the easing of trade restrictions with China and continued coal-fired power generation in the fast-growing Asian region.

China removed its unofficial ban on Australian coal imports in January 2023, resulting in Queensland exporting 25.3 million tonnes (Mt) of coal to China in the year ended April 2024, primarily thermal coal (20.4Mt). This compares with no coal exports to China in 2022 but remains well below the 56.6Mt of exports in 2019, the last full year of trade prior to the implementation of the ban in October 2020.

In the longer term, demand for thermal coal is expected to be impacted by ongoing global decarbonisation efforts leading to less coal-fired electricity generation, although most of this impact is expected outside of the forward estimates period.

In recent years, Queensland's coal exporters have benefitted from extraordinarily high prices. Across 2021–22 and 2022–23, export prices averaged A$367 per tonne, compared with an average of A$171 per tonne over the previous 5 years. So far in 2023–24, coal prices while moderating, remain elevated.

The premium hard coking coal spot price fell sharply in March 2024, from US$313.50 per tonne at the end of February to US$243 per tonne at the end of April. This reflected a decline in steel demand in China and India and improving supply conditions. Looking forward, as supply conditions continue to normalise, the hard coking coal spot price is expected to continue to moderate towards medium-term fundamentals.

LNG

The volume of Queensland's LNG exports is estimated to grow by 6¾ per cent in 2023–24 due to strong global demand for natural gas, rebounding from the lower volumes seen in 2022–23 due to maintenance issues at one of the LNG plants on Curtis Island amid tight domestic supply.

From 2024–25 onwards, it is assumed that production by the LNG projects will average around their contracted amounts. China represents a significant market for Queensland's LNG exports, accounting for just under 60 per cent of Queensland's total LNG exports over the last 3 years.

However, ongoing concerns about weakness in China's economy and subsequent demand for LNG are unlikely to significantly impact Queensland's LNG exports, with the majority of LNG production under contract and a number of Chinese firms being part-owners in the LNG projects themselves.

This was evidenced when China unofficially banned imports of numerous Australian commodities (including beef and coal) in 2020, but Queensland LNG was largely unaffected. While LNG exports to China did fall slightly in 2021–22, they were more than offset by increased exports to other markets in Asia, resulting in record total LNG export volumes for Queensland in 2021–22.

Most of Queensland's LNG exports are sold under long-term contracts linked to global oil prices, with several months' lag. Oil prices have declined from elevated levels in recent years, which will see the nominal value of LNG exports fall to $22 billion in 2023–24, down from their record high $24 billion in 2022–23.

However, OPEC+ production cuts and geopolitical tensions in Russia and the Middle East continue to support global oil prices in 2024, in turn resulting in somewhat elevated prices for Queensland's LNG exports.

Looking further ahead, global production of oil, particularly from the US, is expected to grow by more than global demand, which will put further downward pressure on oil prices, and therefore LNG prices, over the forecast period.

Metals

Queensland metals exports have been subdued in recent years. Metals production was hampered in 2021–22 by COVID-19 pandemic related workforce disruptions, weather interruptions and outages at major refineries and smelters, resulting in a 12 per cent fall in export volumes.

While production rebounded in late 2022, flooding and widespread shutdowns in early 2023 resulted in metals exports growing by only 0.9 per cent in 2022–23.

Most operations returned to normal by the second half of 2023 but export volumes were once again constrained by poor weather in early 2024, the cyclone-related rail closure through February and a shutdown at Capricorn Copper, as well as gas shortages curtailing production at Queensland alumina refineries.

Despite these temporary supply constraints, metals exports are estimated to rebound a further 5½ per cent in 2023–24, with aluminium boosted by strong bauxite production and increased unwrought aluminium exports, with a few other processors also increasing output.

The planned ramp-up of the Sun Metals zinc refinery expansion, along with ongoing growth in aluminium production, is expected to support metals output in coming years.

However, exports have trended lower over the past decade, and this is largely expected to continue as several significant base metal mines are scheduled to close. These include Glencore's Lady Loretta zinc and Mount Isa copper mining operations, while the New Century tailings operation will also reach its end-of-life.

Queensland's base metal exploration expenditure has been elevated in recent years, particularly for copper, and several new or expanded operations which are yet to reach a final investment decision are likely to offset some of the anticipated decline. These may include potentially significant additions, such as a restart to Glencore's Black Star zinc mine, extensions of Eloise and Ernest Henry operations and the Eva copper mine among others.

Meanwhile, exploration and plans for critical minerals in Queensland continue to progress and may provide new opportunities beyond Queensland's traditional industrial metals base. However, the extent to which some of these projects proceed, and whether the output is exported rather than used in domestic manufacturing, remains uncertain. As final investment decisions are made for projects, these will be incorporated into estimates.

Agriculture

The volume of agricultural exports rose by 12.8 per cent in 2022–23, driven by large increases in cotton, beef and crop exports. Cotton exports increased sharply in 2022–23 due to strong production in 2021–22 and 2022–23 aided by favourable weather conditions.

Agriculture exports are expected to strengthen by a further 7¾ per cent in 2023–24 to an all-time high, driven by surging beef, cotton, and sugar exports. In mid to late 2023, BOM predicted warmer and drier conditions for much of Australia and declared an El Niño was underway, prompting farmers to increase cattle processing rates heading into summer.

However, much of Australia and Queensland has experienced wet weather conditions instead, allowing farmers to continue increasing herd size despite the higher processing rates for cattle. Beef exports are expected continue to strengthen in 2024–25, before moderating in following years, as farmers look to re-build their herds.

International sugar prices have risen significantly since early 2023 following dry weather and supply issues in key sugar producing countries such as India and Thailand and port congestion in Brazil. As a result, nominal sugar exports are projected to significantly increase in 2023–24 on the back of these high prices. As global supply recovers, sugar prices are expected to moderate over the coming years.

From 2024–25, Queensland total agriculture exports are projected to moderate from record levels. This is in line with the Australian Bureau of Agricultural and Resource Economics and Sciences' (ABARES) expectation that a return to more "neutral" weather conditions, as forecast by the BOM, will impact cotton production, while beef processing rates are expected to slow from 2025–26 onwards.

Services exports

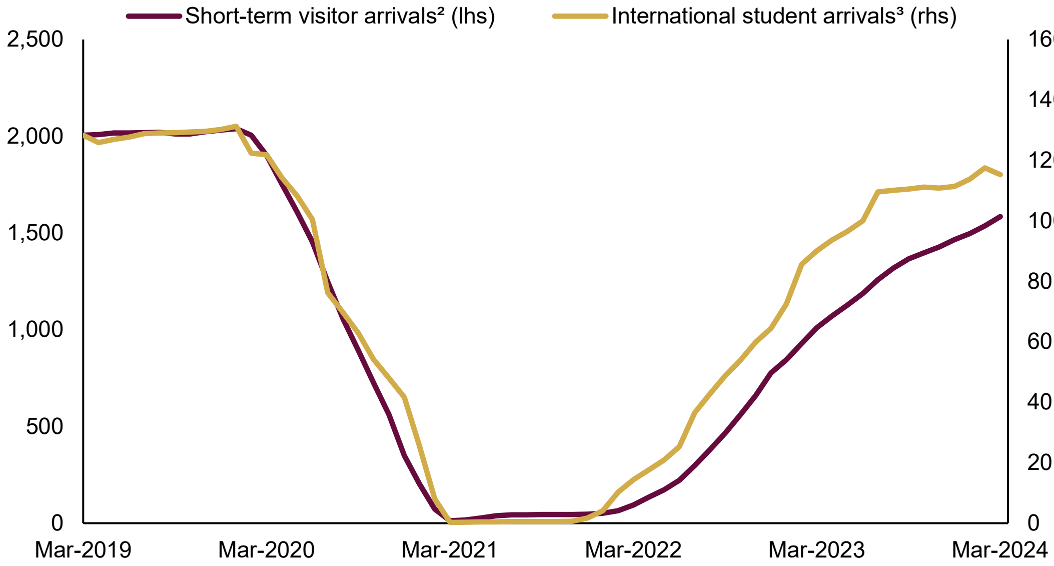
International visitors and student arrivals have recovered strongly following the reopening of Australia's borders at the start of 2022 (Chart 2.7).

Student arrivals are now at around 90 per cent of their pre-COVID-19 levels (March 2019) while the recovery in short-term visitors has been somewhat slower, now at around 79 per cent of pre-COVID-19 levels.

The recovery in short-term visitor arrivals have been hampered by international airline capacity limitations and high travel costs.

However, on average, visitors are staying longer so that the recovery in visitor nights spent in Queensland has been stronger than the recovery in visitor numbers.

Chart 2.7 Number of overseas arrivals, Queensland[1]



Note:

1. 12-month rolling sum, '000s.
2. Overseas visitors who intend to stay in Australia for less than 12 months.
3. Overseas arrivals on temporary student visas who undertake full-time study in a recognised educational institution.

Source: ABS Overseas Arrivals and Departures, Australia.

More recently, the pace of the recovery in student arrivals appears to have eased somewhat. While this may reflect a range of factors, it is noted that in late 2023, the Australian Government announced a series of measures that could impact on international student arrivals, including tighter English language scores, more scrutiny of student visa applications from high-risk providers, restrictions on onshore visa-hopping and an increase in the level of savings that international students need to be eligible for a visa.

With the number of international student and visitor arrivals approaching pre-COVID-19 levels, and given the recent changes made as part of the Australian Government's migration strategy, it is likely that the pace of growth in services exports will slow from the exceptionally high rates over the past few years and move towards a more sustainable rate.

Imports

Imports have grown strongly in recent years, supported by solid domestic activity, improvement in global supply chains and the substantial recovery in services imports as international borders were reopened following the COVID-19 pandemic.

However, growth in Queensland's imports is expected to moderate to 7½ per cent in 2023–24. While services imports, primarily overseas tourism undertaken by Queenslanders, are forecast to continue to grow strongly, goods imports growth is expected to slow, reflecting the weak household consumption growth constrained by high inflation and interest rates.

In 2024–25, imports are expected to grow by 1¾ per cent, driven by services imports, while goods imports are expected to fall. Beyond 2024–25, imports are forecast to grow strongly, reflecting a return to more solid household consumption growth and continued strength in services imports.

Box 2.2 Economic impacts of Tropical Cyclone Jasper and South East Queensland storms

Over the 2023–24 summer, parts of the state were impacted by severe weather events, which inflicted major flooding and storm damage to homes, businesses and infrastructure.

In addition to the financial costs to households, businesses, government and insurers of rebuilding and repairing the physical damage caused by these events, the severe weather events also resulted in losses in economic output as measured by Gross State Product (GSP).

Given the nature and location of these events, the economic impacts primarily fell into 3 categories:

- impacts on agricultural production through crop and stock losses
- impacts on tourism activity
- general business disruption due to physical damage to property and loss of business due to closures, and transportation and power disruptions.

Tropical Cyclone Jasper

Cyclone Jasper had significant, albeit largely temporary, impact on businesses in key areas of North Queensland.

Key crops in the impacted region include over 90 per cent of Queensland's production of bananas, as well as a range of tropical fruits and sugarcane, while the region's agricultural activities also include cattle and fisheries.

Advice from the Department of Agriculture and Fisheries indicated that losses to agricultural production in the region are likely to be in the order of up to $60 million.

Tourism Research Australia data indicate the number of visitor nights in Cairns in December quarter 2023 was 331,000 (9.4 per cent) lower than in the previous December quarter, while Cyclone Jasper may also have had some additional impact on activity in the subsequent March quarter 2024. However, a range of other factors may also influence changes in visitor arrivals and nights across years, so the decline is not necessarily all directly attributable to Cyclone Jasper.

It is also noted that from a whole-of-state economy perspective, these losses in the affected regions may have been partly offset by travellers altering their plans to travel at a later date or travel to an alternative destination within Queensland.

General business impacts of Cyclone Jasper include reduced output due to power outages, transport disruptions and damage to plant, equipment, and property. According to the Insurance Council of Australia, there were 892 commercial insurance claims lodged following Cyclone Jasper, noting not all losses would be covered by insurance.

While devastating for impacted local residents and business owners, the impact on the overall Queensland economy is mitigated by the relatively small size of the impacted area, which accounts for around 5 per cent of total Queensland employment and population. Therefore, the economic losses are not expected to be material in the context of overall growth in the Queensland economy, with GSP in excess of $500 billion per annum.

SEQ Christmas and New Year floods and storms

The Christmas/New Year floods and storms severely impacted areas of South East Queensland, with the key economic impacts of this event being on tourism activity and due to general business disruption.

Tourism Research Australia data indicates that the total number of visitor nights at the Gold Coast in December quarter 2023 was down 1,168,000 (18.9 per cent) compared with the previous December quarter. There may also have been some impact on tourism in the subsequent March quarter, given the event occurred relatively late in the December quarter.

As is the case with Cyclone Jasper, while there was significant damage and losses incurred by households and businesses in the impacted region, most of the disruption to economic activity was temporary.

In combination, the impact of natural disasters in Queensland in 2023–24 is not anticipated to have a material impact on overall GSP (i.e. less than ¼ of a percentage point of GSP).

2.4.6 Labour market

Queensland's labour market remains exceptionally strong by historical standards.

The trend unemployment rate remains low, at 4.1 per cent in April 2024, and employment growth is strong, up 4.0 per cent over the year to April 2024.

The number of people employed in Queensland in April 2024 had grown by 366,900 (14.3 per cent) since March 2020, the strongest growth in both absolute and percentage terms of any state or territory.

However, as higher interest rates impact the domestic economy, the tightness in the labour market has shown some signs of easing, with the unemployment rate having edged slightly higher from a very low 3.4 per cent in December quarter 2022.

Annual employment growth has moderated from a high of 5 per cent over the year to September quarter 2022. The job vacancy rate, which measures the number of job vacancies as a proportion of the labour force, has eased from an historic high of 3 per cent in September quarter 2022 to a still elevated 2.3 per cent in March quarter 2024.

Strong jobs growth so far in 2023–24 is expected to see employment grow by 2¾ per cent in the year. Employment growth is then expected to slow to 1½ per cent in 2024–25 and 1 per cent in

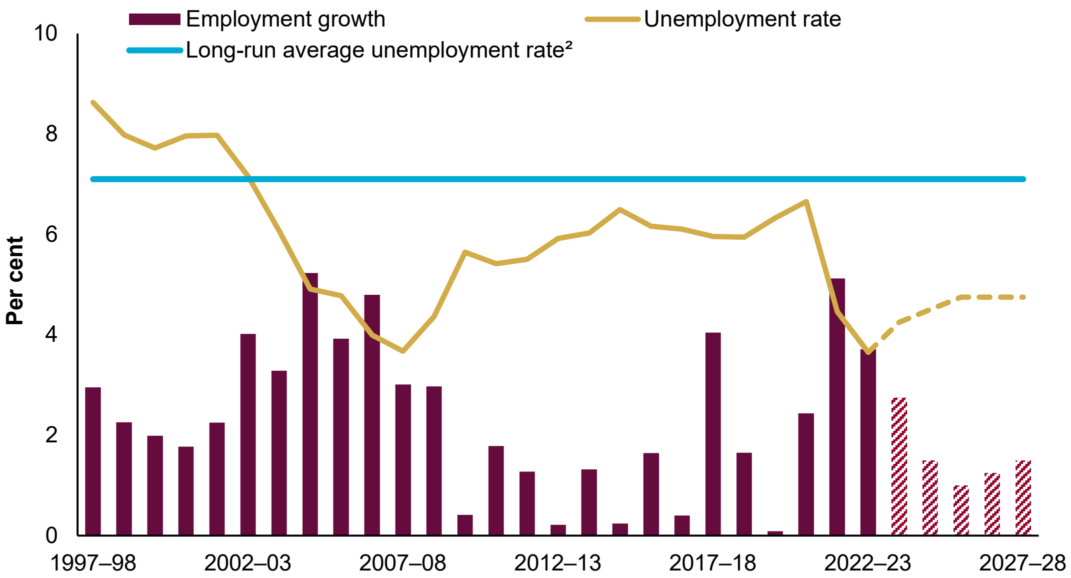
2025–26, as the labour market continues to normalise. Employment growth is then expected to grow broadly in line with underlying population growth.

As employment growth slows, the state's participation rate is expected to ease gradually from 66½ per cent in 2023–24 to 66 per cent across the forward estimates.

The unemployment rate is expected to gradually increase from the 3.7 per cent recorded in 2022–23, Queensland's lowest year-average unemployment rate since monthly records began in 1978.

The unemployment rate is expected to average 4¼ per cent in 2023–24 and then, going forward, continue to increase towards a rate more consistent with stable inflation, reaching 4½ per cent in 2024–25, and 4¾ per cent in 2025–26, 2026–27 and 2027–28.

Chart 2.8 Employment growth and unemployment rate, Queensland[1]



Note:

1. Original, year-average. 2023–24 and beyond are forecasts/projections.
2. Long-run average unemployment rate since the inception of the ABS monthly series in 1978.

Sources: ABS Labour Force and Queensland Treasury.

Regional labour markets

Employment outcomes and labour markets more broadly across the state have remained remarkably resilient despite the global macroeconomic headwinds.

Many regional areas of Queensland have recorded ongoing strong labour market outcomes, with key regional industries supported by elevated commodity prices, solid domestic tourism, improved rainfall and strong dwelling demand.

Employment in regional Queensland grew 0.9 per cent in the year ended April 2024 with Wide Bay (up 9,200 or 7.1 per cent) recording the strongest employment growth, followed by Darling Downs – Maranoa (up 1,400 or 2.2 per cent) and Queensland – Outback (up 500 or 1.2 per cent).

The average unemployment rate across regional Queensland rose slightly, by 0.4 percentage point, but remained very low at 4.0 per cent in the year to April 2024.

Darling Downs – Maranoa (2.1 per cent), Cairns (3.4 per cent) and Townsville (3.8 per cent) recorded the lowest unemployment rates in regional Queensland as of April 2024, while Wide Bay recorded its lowest ever unemployment rate at 4.8 per cent.

Employment in South East Queensland rose 3.6 per cent in the 12 months to April 2024, led by Sunshine Coast (up 19,500 or 9.5 per cent), Logan – Beaudesert (up 14,700 or 7.9 per cent) and Ipswich (up 13,100 or 7.1 per cent).

Box 2.3 Queensland's ongoing strong labour market performance

Queensland's labour market has been exceptionally strong in the post-COVID-19 period.

As of April 2024, employment in Queensland was 366,900 persons (or 14.3 per cent) above the pre-COVID-19 level of March 2020, the strongest growth in absolute and percentage terms of all states and territories.

Queensland's unemployment rate has been below 4½ per cent for 29 consecutive months, the longest period in history apart from the 2006–2008 mining boom. In comparison, the unemployment rate has averaged 7 per cent since monthly estimates began in 1978.

Similarly, the youth (15-24 years) unemployment rate (year-average) has been below 10 per cent for 25 consecutive months, again the longest stretch in history apart from the mining boom.

The proportion of Queenslanders in employment is also near historic highs, at 64.3 per cent in April 2024, well above the pre-COVID-19 rate of 61.8 per cent and a rate only eclipsed during the mining boom. In comparison, the employment to population ratio has averaged 59.8 per cent since monthly estimates began in 1978.

Chart 2.9 Unemployment rate and employment to population ratio, Queensland[1]

Note:

1. Trend, monthly. Employment to population ratio is total employment as a proportion of the civilian population aged 15 years and older.

Source: ABS Labour Force.

Labour demand in Queensland remains strong. The job vacancy rate (the number of job vacancies as a proportion of the labour force) was 2.3 per cent in March quarter 2024, well above the pre-COVID-19 rate of 1.4 per cent and above the pre-COVID-19 historic high of 1.9 per cent.

Wages growth has picked up to 4.6 per cent over the year to March quarter 2024, down slightly from 4.8 per cent over the year to December quarter 2023, the highest annual wages growth on record since the inception of the ABS data series.

The strength in Queensland's labour market is reflected across all of Queensland's regions.

All regions outside of South East Queensland had unemployment rates below 5 per cent in April 2024, which has only occurred on two other occasions (February 2023 and March 2024).

Darling Downs – Maranoa (2.1 per cent), Cairns (3.4 per cent), and Townsville (3.8 per cent) all had unemployment rates below 4 per cent, while Wide Bay recorded its lowest ever unemployment rate at 4.8 per cent.

Note: The ABS have released new modelled estimates of regional labour market data which are intended to replace the survey-based estimates over time. However, given the limited time series and demographic information (no age or sex estimates) currently available for the new modelled estimates, Queensland Treasury will continue to refer to the survey-based measures for regional labour market outcomes until the full suite of modelled estimates are available.

2.4.7 Prices and wages

In year-average terms, growth in Brisbane's consumer price index (CPI) was 7.3 per cent in 2022–23, the highest year-average increase since 1989–90.

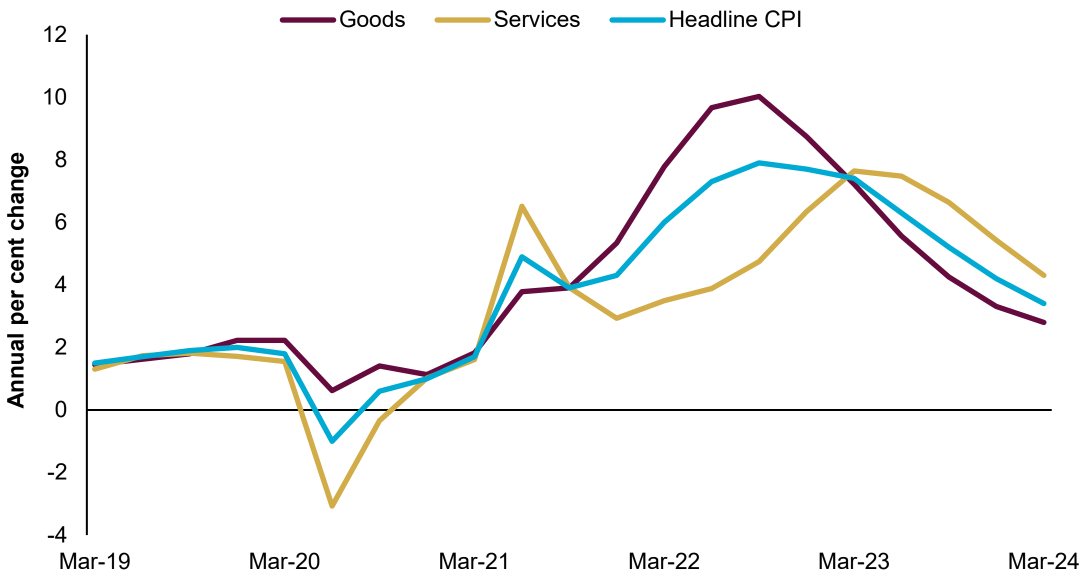
However, recent data show inflationary pressures subsiding over 2023, with annual growth in Brisbane's CPI falling from the recent peak of 7.9 per cent in September quarter 2022 to 3.4 per cent in March quarter 2024.

The slowing in inflation evident in Brisbane over 2023 was primarily driven by goods prices, which saw annual growth fall from 10 per cent in September quarter 2022 to 2.8 per cent in March quarter 2024 (Chart 2.10).

While the easing of goods inflation has predominantly been driven by slower growth in the cost of new dwelling purchases by owner-occupiers and automotive fuel, the unwinding of global supply chain constraints has also seen price declines across some components, including furniture, household textiles and appliances, and computing equipment.

In contrast, while slowing in recent quarters, services inflation remains elevated and showing signs of persistence, consistent with inflation trends internationally. Annual growth in Brisbane services prices was 4.3 per cent in March quarter 2024, down from a peak of 7.6 per cent in March quarter 2023.

Chart 2.10 Brisbane's consumer price index, by component[1]



Note:

1. Quarterly.

Source: ABS Consumer Price Index.

Brisbane's overall CPI growth is expected to fall substantially to 4 per cent in 2023–24. In 2024–25, the gradual loosening of the Queensland labour market is expected to see services inflation moderate.

When combined with an estimated 1¼ percentage points detraction from CPI growth due to the Queensland Government's cost-of-living measures and the additional electricity and rent support from the Australian Government, this is forecast to see annual CPI growth fall to 2 per cent next year.

As previously stated, Queensland's strong and tight labour market is providing upward pressure on wages growth. Annual growth in Queensland's WPI was 4.6 per cent in March quarter 2024, down slightly from 4.8 per cent in December quarter 2023 which was the strongest growth since the inception of the ABS series.

In year-average terms, annual growth accelerated to 3.6 per cent in 2022–23, up from 2.5 per cent in 2021–22. Consistent with the expected easing in the labour market, Queensland's WPI growth is expected to moderate from 4¾ per cent in 2023–24 to 3¾ per cent in 2024–25 and 3½ per cent in 2025–26.

As such, the recent strengthening in wage growth at a time of falling inflation is expected to see the second consecutive year of real wages growth in Queensland in 2024–25. Ongoing real wage growth is expected across the remaining years of the forecast period.

Box 2.4 Impacts of the Queensland Government's cost-of-living relief

Understanding the Consumer Price Index

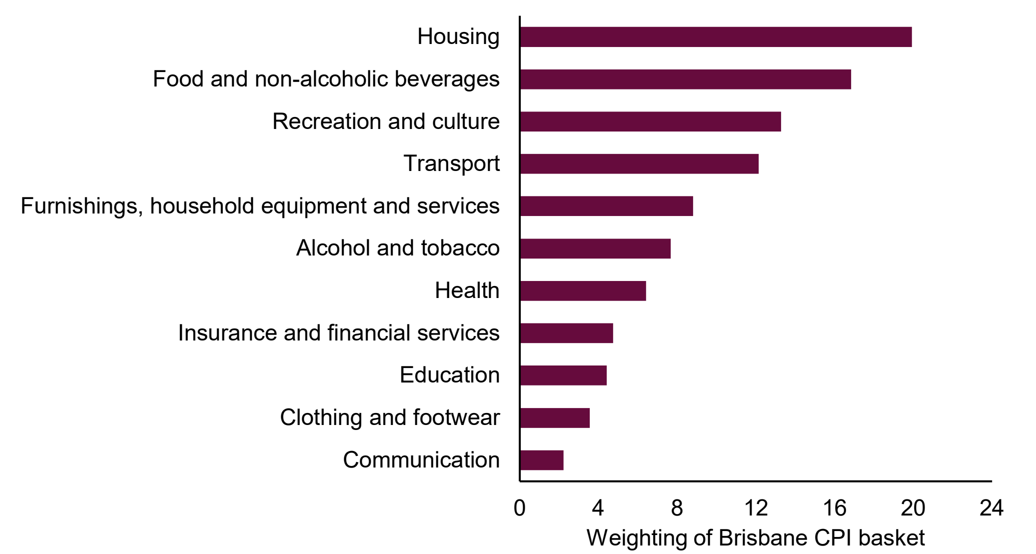
Inflation is an increase in the level of prices of the goods and services that households typically buy, with the most well-known indicator of inflation being the Consumer Price Index (CPI).

The CPI has been produced by the Australian Bureau of Statistics (ABS) since 1960 and is used by the RBA, government, and economists as the key indicator and tool in monitoring and evaluating inflation in the Australian economy.

The CPI provides a general measure of changes in prices of consumer goods and services purchased by Australian households. It measures prices in the eight state and territory capital cities, with the national index represented by a weighted average of these eight cities.

The CPI consists of 11 major expenditure groups. These main groups, and their relative weights within the Brisbane CPI basket, are shown in Chart 2.11.

Chart 2.11 Brisbane CPI basket weights by group[1]



Note:

1. Percentage contribution to the All groups CPI. Components may not add to 100 due to rounding.

Source: ABS Consumer Price Index.

Impact of cost-of-living relief measures on the CPI

Importantly, given the Housing (which includes energy costs) and Transport groups both account for significant portions of Brisbane household budgets (combined, around 32 per cent of the Brisbane CPI basket of goods and services), the Queensland government's cost-of-living relief measures will impact significantly on these two key components of the CPI.

The Queensland Government is delivering significant new and expanded measures in 2024–25 to support Queenslanders in tackling cost-of-living challenges. Some of the key elements of this initiative that directly impact measured inflation include:

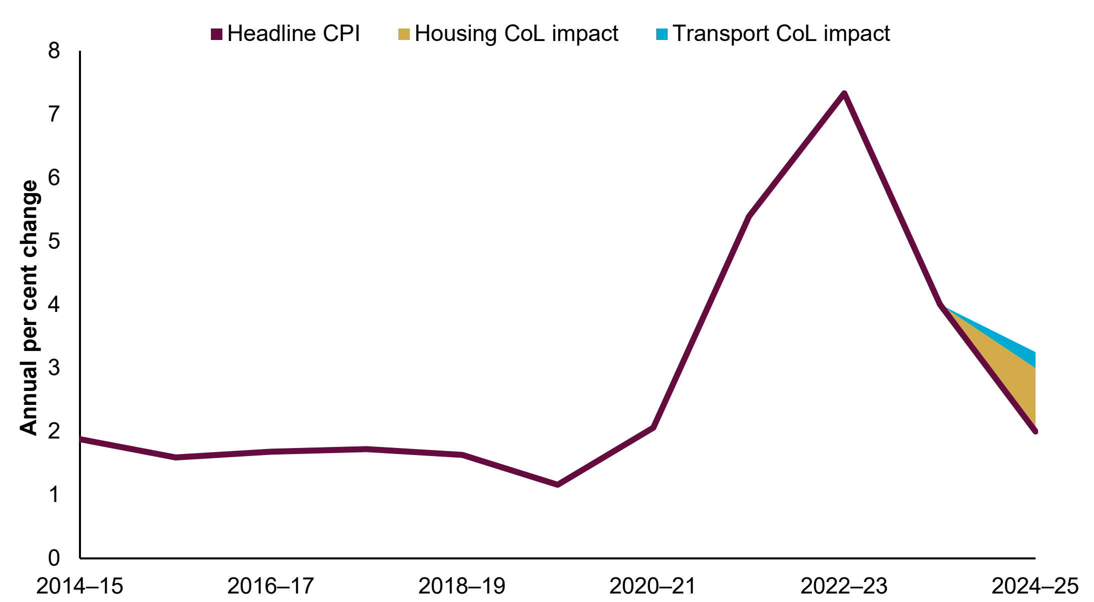
- $1,300 electricity bill rebates for all Queensland households in 2024–25, consisting of an upfront $1,000 Cost of Living Rebate from the Queensland Government and a $300 rebate paid in quarterly instalments from the Australian Government
- a 20 per cent reduction in registration fees for all light vehicles for a 12-month period, which is scheduled to start appearing on renewal notices sent to customers from 5 August 2024
- all public transport fares reduced to 50 cents from 5 August 2024 for six months as well as half-price tickets on Airtrain services.

In addition, the Australian Government announced an increase in the maximum rate of Commonwealth Rent Assistance by 10 per cent.

Based on Queensland Treasury analysis, it is estimated the Queensland Government's cost-of-living relief measures, when combined with the Australian Government measures, will reduce Brisbane's headline CPI growth in 2024–25 by around 1¼ percentage-points, reducing CPI growth to 2 per cent in that year (Chart 2.12).

This comprises an estimated one percentage point reduction in annual CPI growth due to the electricity bill rebates substantially reducing housing-related costs and a further ¼ percentage point reduction due to the combined impact of the Queensland Government's transport-related cost-of-living relief measures.

Chart 2.12 Brisbane Headline Consumer Price Index Growth[1]



Note:

1. Year-average.

Sources: ABS Consumer Price Index and Queensland Treasury.

Comparison of Brisbane and national CPI outcomes

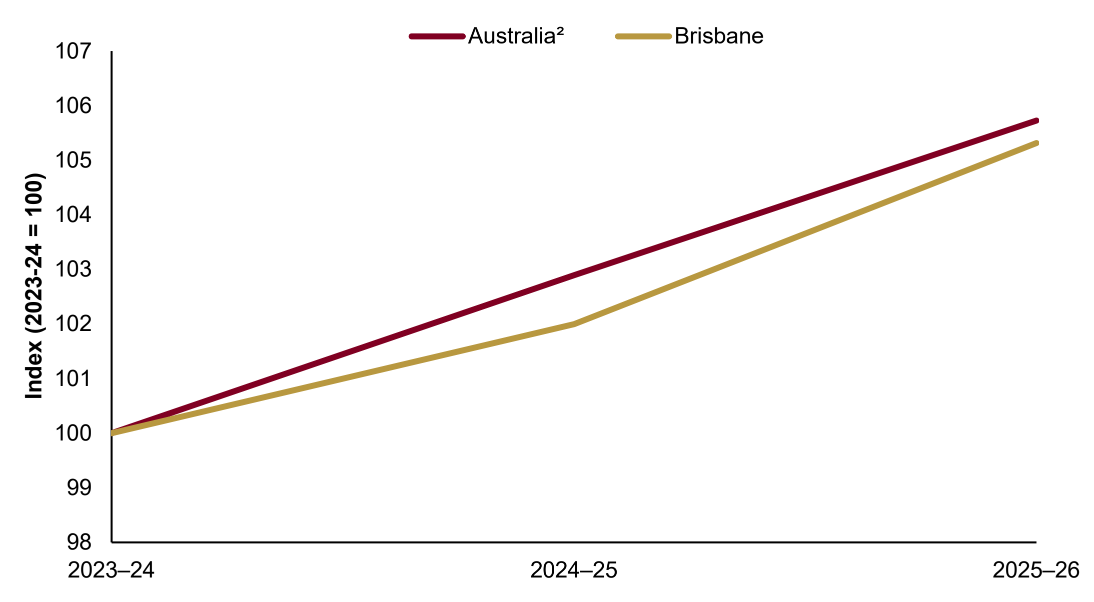
The Queensland Government's substantial cost-of-living relief measures are expected to have a significant impact on CPI growth across 2024–25 and 2025–26.

Queensland Treasury forecast year-average CPI growth in Brisbane of 2 per cent in 2024–25 and 3¼ per cent in 2025–26.

In comparison, the 2024–25 Federal Budget forecasts national CPI growth of 2¾ per cent both through-the-year to June quarter 2025 and through-the-year to June quarter 2026.

However, across the 2-year period, these forecasts imply that CPI growth in Brisbane is expected to be cumulatively lower than national CPI growth, highlighting the benefits of the Queensland Government's additional cost-of-living relief (Chart 2.13).

Chart 2.13 National and Brisbane CPI growth comparison, 2024–25 and 2025–26[1]



Note:

1. Year-average. Index, 2023–24 = 100.
2. Australia year-average CPI growth has been interpolated using the Australian Government's through-the-year to June quarter growth rates published in the 2024–25 Federal Budget.

Sources: Queensland Treasury and Australian Government.

2.4.8 Population

A significant rebound in net overseas migration (Chart 2.14) led to Queensland's overall year-average population growth accelerating to 2.4 per cent in 2022–23, the strongest rate of growth since 2008–09. In absolute terms, this represented 127,900 additional Queenslanders in 2022–23, the largest year-average increase in the number of people on record.

This followed a period in which COVID-19-related international border restrictions slowed population growth to only 1.0 per cent in 2020–21 before a surge in net interstate migration supported growth of 1.6 per cent in 2021–22.

Latest data show overseas arrivals have surged to be well-above pre-COVID-19 levels after the border restrictions were unwound in early 2022, but the level of departures is still lagging as there are fewer recently arrived temporary migrants who are due to leave.

Consequently, in contrast to the net outflow generally experienced during the pandemic, net overseas migration to Queensland has risen to 88,000 persons in the year to September quarter 2023, the largest annual increase on record.

The combination of rebounding arrivals and lagging departures is expected to provide near-term support for net overseas migration. In addition, the prevailing tight labour market conditions are encouraging local firms to seek skilled overseas workers to meet labour demand that cannot be met locally.

However, beyond the short term, flows of net overseas migration to Queensland are forecast to normalise, reflecting the likely impacts of the recent changes as part of the Australian Government's migration strategy.

At 134,700 persons, Queensland's net interstate migration since the onset of COVID-19 (i.e. June quarter 2020) has been the highest in Australia.

While this reflected Queensland's relatively better COVID-19 health outcomes, along with strong labour market conditions and relative housing affordability, this is also consistent with the long-term trend of Queensland being a substantial net recipient of interstate migrants, particularly from New South Wales and Victoria.

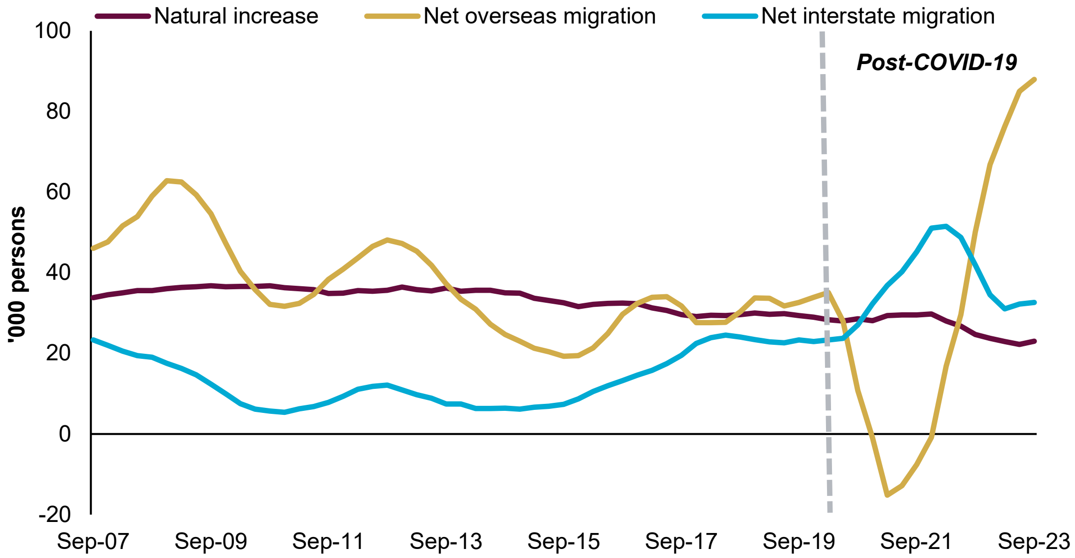
Net interstate migration to Queensland has continued to normalise during the past few quarters and is expected to stabilise around pre-COVID-19 levels going forward.

Queensland's birth rate picked up particularly during the second year of the pandemic. However, with tighter financial conditions having impacted household budgets, the increase in births seen during the COVID-19-period is generally expected to return to the longer-term downward trend seen prior to the pandemic.

Overall, the population increase attributed to natural increase is forecast to broadly return to pre-COVID-19 trends.

Reflecting the combination of these trends, Queensland's resident population is forecast to grow by 2½ per cent in 2023–24, supported by elevated net overseas migration, before moderating to average around 1½ per cent growth per annum in the following 2 years.

Chart 2.14 Queensland's population growth, by component[1]



Note:

1. Four-quarter rolling sum. The dotted vertical line represents March quarter 2020.

Source: ABS National, State and Territory population.

Box 2.5 Population growth trends

The Queensland Government Statisticians Office (QGSO) provides long-term population projections for the Queensland Government, based on underlying long-term demographic trends, with a major update typically occurring following a Census. These longer-term projections complement and are informed by annual Budget population forecasts which are more frequently refined with available data and incorporate short-term cyclical fluctuations and shocks. These forecasts published in the State Budget are the key considerations in determining Government investment in services within the budget cycle.

However, the COVID-19 pandemic drove divergent trends in key components of population growth, both nationally and in Queensland, across the period during and following the pandemic, which has significantly impacted the accuracy of budget population forecasts.

In particular, the recent stronger than expected increase in national net overseas migration, has resulted in volatility in the key components of population growth and stronger than expected overall population growth in 2022–23 and 2023–24.

To understand the factors driving recent trends and the outlook for population growth in Queensland, it is necessary to examine each of the 3 components of population growth (net interstate migration, net overseas migration, and natural increase), including in the context of the Australian Government's population forecasts and migration policy settings.

Net interstate migration

Around the same period that COVID-19 pandemic related international border closures significantly reduced the flow of overseas migrants, Queensland experienced one of the strongest surges in net interstate migration on record.

Between June quarter 2020 and the latest data up to September quarter 2023, net interstate migration to Queensland totalled 134,700 persons, which is more than 3 times higher than the next highest recorded over that period, by Western Australia at 38,500.

This was also the largest absolute increase in net interstate migration over a similar (14 quarter) period since 1996.

In comparison, over the same period, New South Wales and Victoria recorded net outflows of migrants to other states of 118,700 and 55,900 respectively.

A range of factors supported a strong increase in the flow of migrants from interstate during the initial stages of the pandemic. Queensland's COVID-19-health outcomes were favourable compared with the major southern states, while the state also enjoyed relatively more affordable housing and stronger jobs growth.

More recently, net interstate migration to Queensland has largely returned to pre-COVID-19 trends. Going forward, the flow of migrants from interstate is expected to stabilise at around pre-COVID-19 levels but, consistent with longer-term trends, Queensland is still forecast to be a major net recipient of people moving from other states.

According to Australian Government forecasts published in the 2024–25 Federal Budget, in net terms, 110,900 people are expected to move from interstate to Queensland over the 5 years to 2027–28.

Net overseas migration

The unwinding of overseas border restrictions in early-2022 has led to net overseas migration again becoming the main driver of overall population growth in Queensland.

However, compared with historical outcomes and previous expectations, the extent to which overseas migration has impacted overall population growth has been exacerbated by the strong growth in national overseas migration.

While overseas arrivals to Queensland have rebounded to be well-above pre-COVID-19 levels, the level of departures (i.e. people leaving Queensland to move overseas) is still lagging (Chart 2.15). This reflects in part there being fewer recently arrived temporary overseas migrants, such as students, who are due to leave.

Between March quarter 2022, when the international border re-opened, and September quarter 2023 (latest data available), overseas arrivals to Queensland totalled 207,800, while overseas departures remained low at only 71,300 persons.

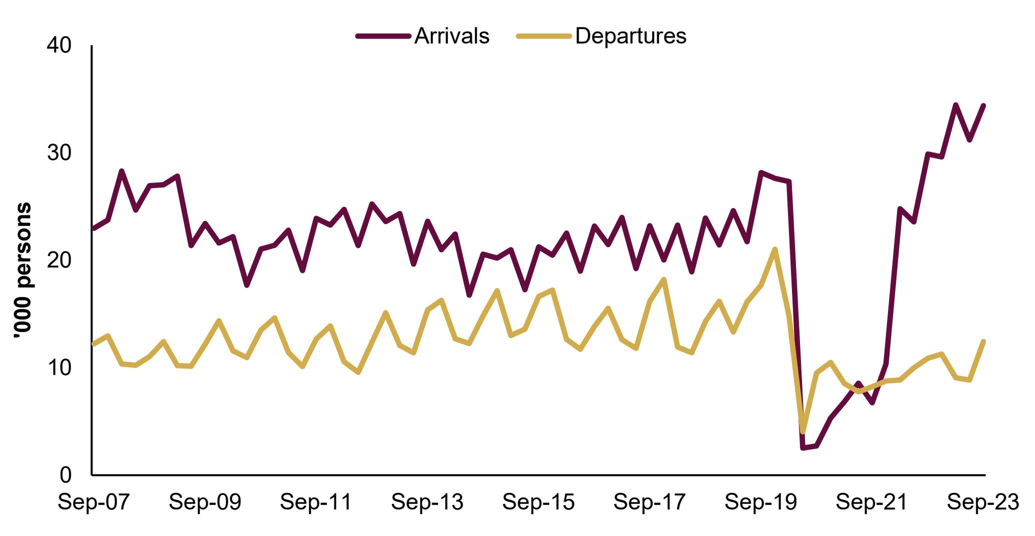
Consequently, in contrast to the net outflow of overseas migrants recorded during the pandemic, net overseas migration has contributed 136,500 persons to the state's population over the 7 quarters to September quarter 2023.

This was the largest absolute increase in net overseas migration over a similar (7 quarter) period since the current data series commenced in June quarter 1981.

This imbalance between arrivals and departures is expected to persist in the near term and continue to support overall population growth. However, beyond the short term, flows of net overseas migration to Queensland are forecast to normalise, partially reflecting the likely impacts of recent changes made as part of the Australian Government's migration strategy as outlined in the 2024–25 Federal Budget.

According to Australian Government forecasts published in the 2024–25 Federal Budget, net overseas migration to Queensland is forecast to moderate throughout the forward estimates period, from an elevated 61,500 persons in 2023–24 to 31,800 in 2025–26 and 28,600 in 2027–28.

Chart 2.15 Net overseas migration components, Queensland[1]



Note:

1. Original, quarterly.

Source: ABS National, State and Territory population.

Natural increase

The second year of the COVID-19 pandemic (i.e. 2021) saw a spike in Queensland's birth rate, broadly consistent with trends observed across other major states. However, these trends have been normalising recently, and the number of births in Queensland is generally expected to return to the longer-term downward trend seen prior to the pandemic.

Overall, the population increase attributed to natural increase is forecast to broadly return to pre-COVID-19 trends.

National drivers of recent population growth and comparison to previous forecasts

With the recovery in overseas departures continuing to lag the significant increase in overseas arrivals, the stronger than expected growth in net overseas migration has resulted in Queensland's overall population growth in 2022–23 and 2023–24 being revised upward materially since release of the 2023–24 Queensland Budget in June 2023.

In year-average terms, Queensland's total resident population is now expected to grow by 2½ per cent in 2023–24, upwardly revised from the 2 per cent growth forecast in the 2023–24 Budget Update, which already reflected an upward revision to the 1¾ per cent growth forecast in the 2023–24 Queensland Budget.

This strength in net overseas migration and overall population growth reflects national trends, with the 2024–25 Federal Budget indicating that recent levels of national net overseas immigration to Australia had been stronger than expected.

National net overseas migration was revised up by 207,800 across the two years ending June 2024, compared with the Australian Government forecasts 12 months earlier in the 2023–24 Federal Budget.

This higher than expected increase in national net overseas migration has contributed significantly to the post-COVID-19 phenomenon of stronger than forecast overall population growth.

Following the COVID-19 pandemic, there has been a clear surge in population across 2021–22 and 2022–23, with this trend expected to continue in 2023–24, with much of the more recent strength reflecting the unprecedented increase in national net overseas migration over the last 2 years, largely due to departures significantly lagging overseas arrivals.

The recent nature of this population growth is highlighted in Chart 2.16 below, which compares population growth outcomes over the past decade with the relevant Queensland Budget forecast published in each previous year.

Based on these comparisons, this indicates that cumulatively, across the three years to 2023–24, Queensland's population growth is estimated to have exceeded forecasts by a total of 135,500 persons.

The Australian Government also made significant upward revisions in the 2024–25 Federal Budget to forecasts for Queensland's annual population growth over the year to 30 June 2024.

However, importantly, partially reflecting changes to migration policy settings, the latest Federal Budget forecasts imply a reduction to national net overseas migration over 160,000 persons across the 5 years to 2027–28.

Beyond 2023–24, population growth in Queensland is forecast to ease to around 1¼ to 1½ per cent per annum across the remainder of the forward estimates period. In comparison, Queensland's population grew by an average of 1.7 per cent per annum in the decade prior to the COVID-19 pandemic.

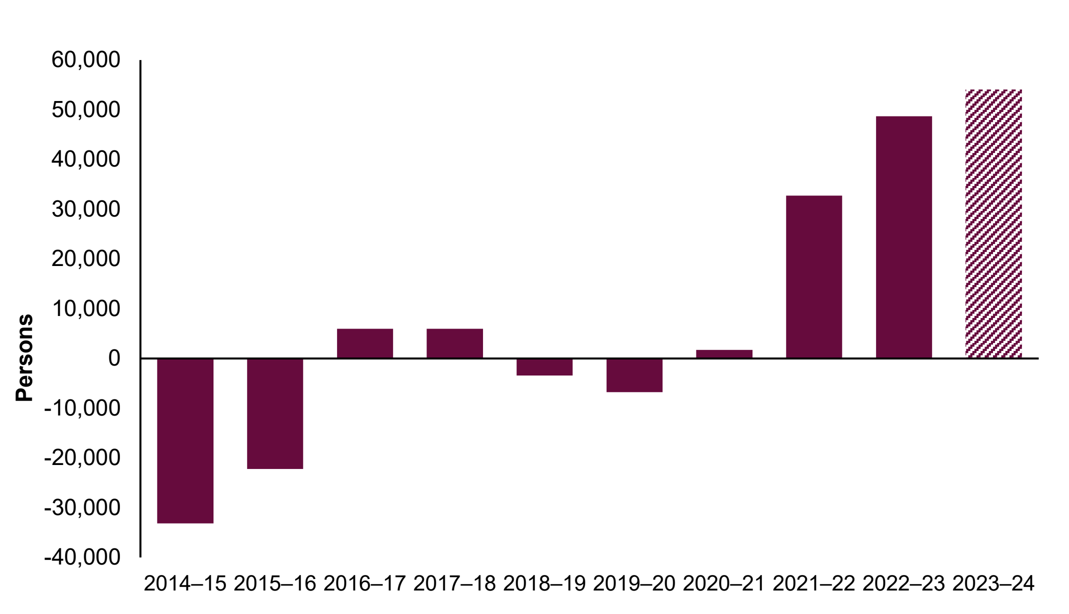
Year-average growth is then expected to fall to 1¼ per cent in both 2026–27 and 2027–28. The lower growth expected in later years of the forecast period largely reflects the likely impacts on net overseas migration from the recent changes to the Australian Government's migration strategy.

The easing profile in overall population growth across the forward estimates also reflect a stabilisation in net interstate migration around pre-COVID-19 levels and the return of the natural increase component towards the trend seen prior to the pandemic.

This outlook is consistent with the forecast growth profile for national population growth, which is forecast to fall from a peak of 2.4 per cent over the year to June quarter 2023 to 1.3 per cent by June quarter 2028.

This softening in Queensland's population growth beyond 2023–24 is also in line with the outlook for Queensland published in the 2024–25 Federal Budget, where population growth was expected to moderate from 2¼ over the year to June 2024 to 1½ per cent by June 2026 and then ease further to 1¼ per cent by June 2028.

Chart 2.16 Queensland population, Actual less Budget forecasts by iteration[1,2]



Note:

1. Year-average. Persons.
2. There is only one quarter (September quarter 2023) of actual data currently published by the ABS for 2023–24. Therefore, 2023–24 in this chart represents Treasury's current updated forecast less the level implied from the growth published in the 2023–24 Budget.

Sources: ABS *National, State and Territory population* and various Queensland Budgets.

2.5 Risks to the outlook

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.

With expectations that most central banks are close to the peak in the interest rate cycle, and that an easing of monetary policy may occur over the next year, concerns over a hard landing for the international economy have eased. The key exception is in China where concerns remain about the potential for property market disruptions to impact China's economy more widely.

Domestically, the risks of a hard landing have also lessened as interest rates are expected to have peaked.

However, both domestically and locally, there is a risk that inflation may be more persistent than expected, which would delay any monetary policy easing, potentially reducing economic growth.

Global supply chain disruptions have generally eased, but skilled labour supply shortages remain a problem, especially in the construction industry.

While the Australian Government's immigration reforms are expected to help return population growth to historic norms, higher than expected population growth, outside of that required to address skill shortages, could increase demand for housing, government services and infrastructure.

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.

Table 2.3 Queensland economic forecasts[1]

	Actuals	Forecasts		
	2022–23	**2023–24**	**2024–25**	**2025–26**
Economic output[2]				
Household consumption	3.7	1	2	2½
Dwelling investment	-5.5	-2½	2¼	¼
New and used	1.1	2¾	7¼	¾
Alterations and additions	-12.3	-9	-4	- ½
Business investment	6.7	3	1¾	2½
Non-dwelling construction	5.6	3¼	-1½	1½
Machinery and equipment	5.9	2	3½	1¾
Private final demand	2.7	1	2	2¼
Public final demand	4.8	5½	5½	4
State Final Demand	3.3	2½	3¼	2¾
Overseas exports[3]	-1.0	10½	2¾	1½
Overseas imports[3]	15.8	7½	1¾	5½
Gross state product	**2.3**	**3**	**3**	**2½**
Employment	3.7	2¾	1½	1
Unemployment rate[4]	3.7	4¼	4½	4¾
Inflation[5]	7.3	4	2	3¼
Wage Price Index	3.6	4¾	3¾	3½
Population	2.4	2½	1½	1½

Notes:

1. Unless otherwise stated, all figures are annual percentage changes.
2. CVM, 2021–22 reference year. The comparable nominal GSP growth rates are 10.9 per cent in 2022–23, 3¼ per cent in 2023–24, 4¼ per cent in 2024–25 and 3¾ per cent in 2025–26.
3. Includes goods and services.
4. Per cent, year-average.
5. Brisbane, per cent, year-average.

Sources: ABS Annual State Accounts, Australian National Accounts, Balance of Payments and International Investment Position, National, State and Territory Population, Labour Force, Wage Price Index, Consumer Price Index and Queensland Treasury.

3 Fiscal strategy and outlook

Features

- The Queensland Government is deploying its fiscal capacity to support Queenslanders with additional spending measures that strike the right balance between providing strong responses to immediate, but temporary challenges and delivering on long-lived transformational recurrent and capital spending programs.
- In 2024–25, the Queensland Government will provide record cost-of-living support and continue to progress delivery of the Big Build investment in economic and social infrastructure to strategically position the state to maintain a strong and diverse economy into the future and meet the needs of a growing population.
- The Queensland Government is also increasing infrastructure and service investment to respond to record demand arising from stronger than expected population growth.
- An operating surplus of $564 million is expected in 2023–24, compared to the $2.182 billion deficit forecast in the 2023–24 Budget. This is being delivered through careful management of revenue improvements, some of which has been prioritised to fund the government's cost-of-living relief measures.
- The 2023–24 estimated actual represents the third consecutive operating surplus of this term of Government and follows a record surplus of $13.9 billion in 2022–23.
- The net operating balance profile across the period from 2023–24 to 2025–26 reflects the interaction of a number of years where annual revenue growth is fairly flat combined with a temporary elevation in cost-of-living support, and additional support for priority services.
- In 2024–25, a deficit of $2.631 billion is forecast, compared to a surplus of $135 million in the 2023–24 Budget. The 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 strong demand arising from stronger than expected population growth.
- 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 $2.0 billion are then forecast for 2026–27 and 2027–28 as revenue growth returns and expenses are managed within available revenues.
- The recovery of the net operating position is also underpinned by a targeted $3 billion savings plan over 4 years to 2027–28.
- The 2024–25 Budget increases investment in the capital program to support transformative infrastructure investments boosting the health system capacity, decarbonising the state's energy system, preparing for the 2032 Olympic and Paralympic Games, building homes for Queenslanders, and delivering major transport infrastructure investment such as Direct Sunshine Coast Rail.

- The total capital program is now projected to be $107.3 billion over the 4 years to 2027–28 compared to the projected $96.2 billion over the 4 years to 2026–27 as at the 2023–24 Budget Update.
- The capital program is expected to peak in 2025–26 at $29.4 billion before moderating to $23.7 billion by 2027–28, a 19 per cent reduction over that period. The moderation reflects several factors, but as population growth returns to normal, there is a greater degree of flexibility with medium term capital program scheduling given the spending profile of significant programs such as the Hospital Capacity 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. The capital spend in 2025–26 also reflects the delivery schedule of early phase energy projects as part of the longer-term plan for decarbonisation of the energy system.
- The increase in the 4-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 2023–24 Budget Update. However, as the peak in capital spending in 2025–26 passes the General Government's debt burden trajectory moderates.
- Queensland continues to be well positioned to meet its recurrent and capital spending objectives. The projected net debt to revenue metric for 2023–24 has fallen materially over recent budgets. Queensland's 2024–25 estimated net debt to revenue ratio of 31 per cent compares favourably to its peers at 88 per cent for New South Wales and 163 per cent for Victoria.

3.1 Fiscal outlook

The government's fiscal strategy continues to balance responding to immediate challenges, such as assisting households to manage cost-of-living pressures and responding to demand arising from stronger than expected population growth with delivering long-term transformational recurrent and capital spending programs within fiscally sustainable parameters.

A major factor in framing the 2024–25 Budget, which has also been apparent in the previous two budgets, has been managing significant revenue volatility. Exceptional revenue growth in recent years was primarily driven by increased royalties, due to the very high global prices being received by Queensland's coal producers over the period from late 2021 to late 2023, combined with the impact of the new progressive coal royalty tiers introduced in the 2022–23 Budget. As expected, these temporarily high commodity prices have since fallen substantially, and will likely continue to decline to align more with historical levels across 2024–25 and 2025–26.

The expected decline in royalties is expected to outweigh strong near-term growth in taxation revenue. Total key revenues (taxation, GST and royalties) decline materially in 2023–24 and again in 2024–25 before remaining flat in 2025–26. This is the inevitable adjustment from the unprecedented upside in coal royalties enjoyed in 2021–22 and 2022–23 that delivered record surpluses. While a return to solid revenue growth is expected from 2026–27, total key revenues are not forecast to exceed 2022–23 levels until 2027–28.

Near-term challenges with the revenue outlook occur at a time when the government is committed to additional and critical limited-life recurrent spending programs focussed on helping households manage temporary cost-of-living impacts, easing current housing pressures, and responding to ongoing service demands arising from stronger than expected population growth.

In 2023–24, the net operating position has improved from a deficit of $138 million forecast in the 2023–24 Budget Update to a surplus of $564 million. This estimated outcome is the result of careful management of revenue improvements, including royalties and taxes, such that a surplus is expected to be delivered at the same time as providing an additional $2.267 billion in electricity bill support for Queenslanders. The 2023–24 estimated actual represents the third consecutive operating surplus and follows a record surplus of $13.9 billion in 2022–23.

The Queensland Government is providing an additional $3.739 billion in cost-of-living support in 2024–25 to help Queenslanders tackle cost-of-living challenges. Relief is headlined by additional electricity bill rebates, slashing public transport fares to a flat fare of 50 cents per trip for six months as well as a 20 per cent reduction in vehicle registration costs for all light vehicles for a 12-month period. The cost of new spending measures as well as a boost for health growth funding has exceeded upwards revisions to royalties and tax in 2024–25, resulting in a $2.631 billion operating deficit in 2024–25.

From 2025–26, as temporary relief measures are wound back, Queensland's net operating position is expected to improve rapidly. An improved deficit of $515 million is forecast in 2025–26 compared to 2024–25 as temporary relief measures end. Substantial surpluses of $887 million and $2.027 billion are forecast for 2026–27 and 2027–28 as demand backlogs are cleared, population pressures ease and expenses are managed within available revenue.

A targeted savings plan will be applied to ensure the state's limited resources are being managed responsibly and to ensure the state meets its Charter of Fiscal Responsibility. Savings of $3 billion over 4 years to 2027–28 will be delivered.

The 2024–25 Budget also sees further increases in the cost of the capital program compared to recent budget updates. The critical objectives are unchanged — responding to priority areas and strategically positioning Queensland to maintain a strong and diverse economy into the future and meet the needs of a growing population.

The capital program continues to include key transformative infrastructure investment such as boosting health system capacity, decarbonisation of the state's energy system and preparing for the Brisbane 2032 Olympic and Paralympic Games. The total capital program is now projected to be $107.3 billion over the 4 years to 2027–28. The current 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 tapering of the expected annual levels of capital spending across the forward estimates reflects multiple factors including population growth and the spending profile of significant programs such as the Hospital Capacity 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 finished. The capital spend in 2025–26 also reflects the delivery schedule of early phase energy projects as part of the longer-term plan for decarbonisation of the energy system.

The further increase in the 4 year capital program means the government's debt profile has shifted up since the 2023–24 Budget Update. General government borrowing is now expected to reach around $103.2 billion in 2026–27, which is $6.5 billion higher than in 2023–24 Budget Update. However, with the peak of capital spending occurring in 2025–26 and tapering down by 2027–28, there is a very clear moderation in the General Government Sector debt burden trajectory.

3.1.1 Fiscal principles

The government's medium-term fiscal strategy is guided by the Charter of Fiscal Responsibility (the Charter) with fiscal principles and objective measures to support the restoration of fiscal buffers. An update of progress towards achievement of medium-term goals is outlined below.

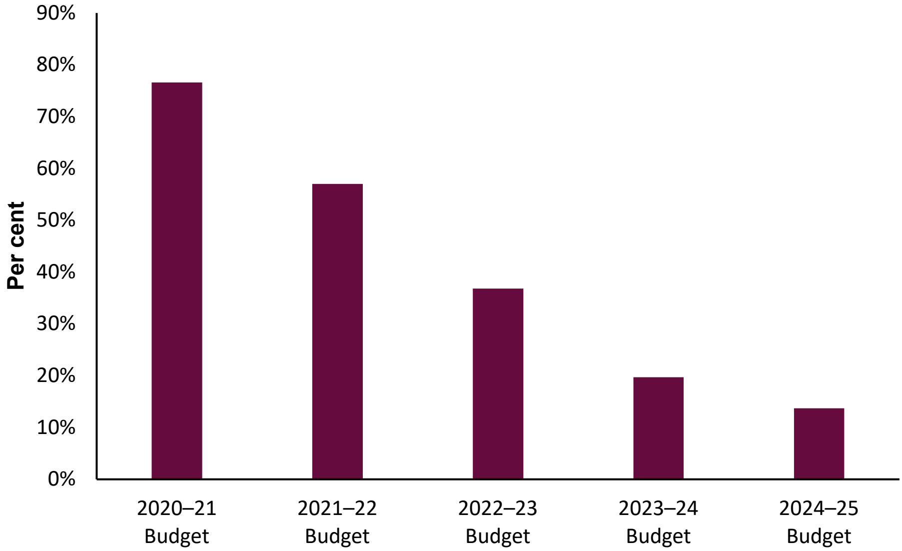
Fiscal Principle 1 — Stabilise the General Government Sector net debt to revenue ratio at sustainable levels in the medium term, and target reductions in the net debt to revenue ratio in the long term.

Stabilising debt at a sustainable level is an essential pre-condition to maintaining capacity to invest in public infrastructure and to respond effectively to future external shocks.

Since the introduction of the Charter in the 2021–22 Budget, Queensland's net debt to revenue outcome has continually outperformed the budget forecasts. The 2022–23 net debt to revenue ratio outcome of 3 per cent was a significant reduction from the 51 and 27 per cent estimates in the 2021–22 and 2022–23 Budgets respectively.

In comparative terms, the projected net debt to revenue metric for the 2023–24 financial year has fallen materially over recent budgets. As reflected in Chart 3.1, the projected metric for the 2023–24 financial year has fallen from 77 per cent in the 2020–21 Budget to an estimated actual of 14 per cent in the 2024–25 Budget. This reflects prudent management of an extraordinary revenue uplift, particularly in 2021–22 and 2022–23, which was driven by higher royalties. These revenues have been used to substantially lower borrowing requirements in the near term, providing the capacity to then fund an expanded infrastructure program over time.

Chart 3.1 Time series of the 2023–24 projected net debt to revenue ratio



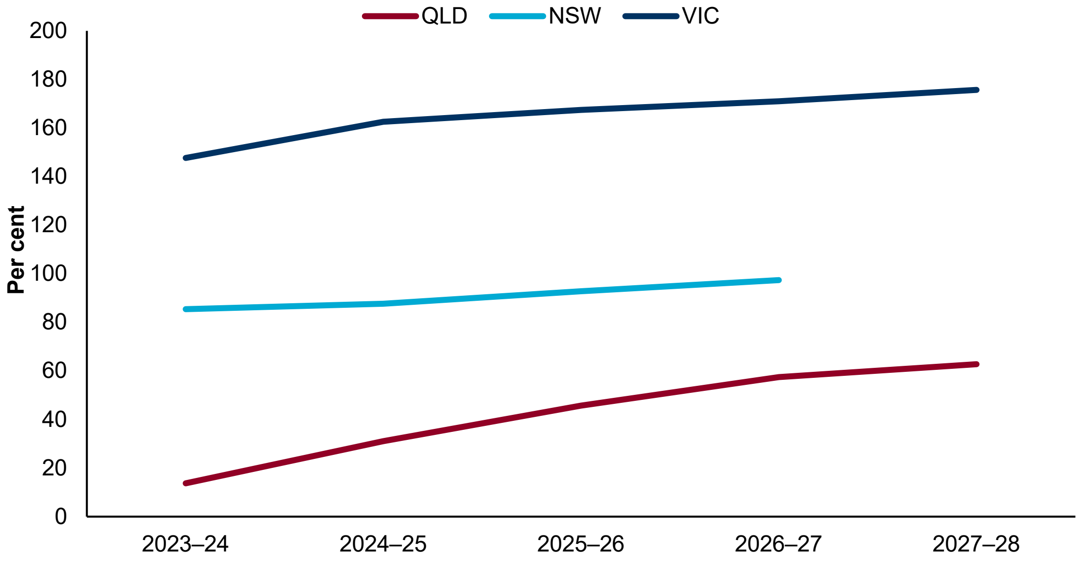
The net debt to revenue ratio is expected to remain broadly consistent with 2023–24 Budget Update forecasts across the forward estimates. In 2024–25, the ratio of 31 per cent is slightly improved from previous forecasts in the 2023–24 Budget and Budget Update.

The slight increases in the net debt to revenue ratio in 2025–26 and 2026–27 compared to the 2023–24 Budget are impacted by the temporary operating deficits in 2024–25 and 2025–26 as well as stepping up the capital program to invest in economic and social infrastructure to meet the needs of Queensland's growing population and accelerate regional economic development.

Growth in the ratio is expected to slow appreciably as the capital program moderates from the peak expected in 2025–26, with the ratio reaching 63 per cent in 2027–28. The rate of increase in net debt slows in 2026–27 and more so in 2027–28. This is an important precursor to stabilising and then reducing this ratio.

Queensland's 2024–25 estimated net debt to revenue ratio of 31 per cent compares favourably to its peers at 88 per cent for New South Wales (2023–24 Half-yearly Review) and 163 per cent for Victoria (2024–25 Budget). Relative to revenue, Queensland's net debt forecast of 57 per cent in 2026–27 compares favourably to 97 per cent for New South Wales and 171 per cent for Victoria.

Chart 3.2 State comparison of General Government Sector net debt to revenue



Fiscal Principle 2 — Ensure that average annual growth in General Government Sector expenditure in the medium term is below the average annual growth in General Government Sector revenue to deliver fiscally sustainable operating surpluses.

Maintaining a lower rate of expenses growth than revenue growth will in general support the achievement of an operating surplus and assist debt stabilisation. Revenue and expenses growth in the 2024–25 Budget is affected by near-term challenges such as stronger than expected population growth and cost-of-living relief on the expenses side, and royalty volatility on the revenue side. Over the 4 years to 2027–28, average annual revenue growth of 1.7 per cent is stronger than average expenses growth of 1.3 per cent.

Revenue growth over the forward estimates continues to reflect volatility underpinned by some temporary factors such as high commodity prices, which have fallen substantially since late 2023. As extraordinary and short-term high coal prices normalise, royalty revenue is expected to decline in 2024–25 to less than half of the 2022–23 level and remain at more moderate levels across the later years of the forecast period.

An adjusted measure removing royalties is included to better reflect underlying growth. Excluding royalties, average revenue growth is expected to be 4.0 per cent over the 4 years to 2027–28. Over the 5 years to 2027–28, average revenue growth excluding royalties of 4.5 per cent compares to average expenses growth of 4.2 per cent. This is a useful underlying comparison as it abstracts from both the volatility of royalty revenue and the very large cost-of-living energy rebates that are expensed in 2023–24.

Fiscal Principle 3 — Target continual improvements in net operating surpluses to ensure that, in the medium term, net cash flows from investments in non-financial assets (capital)

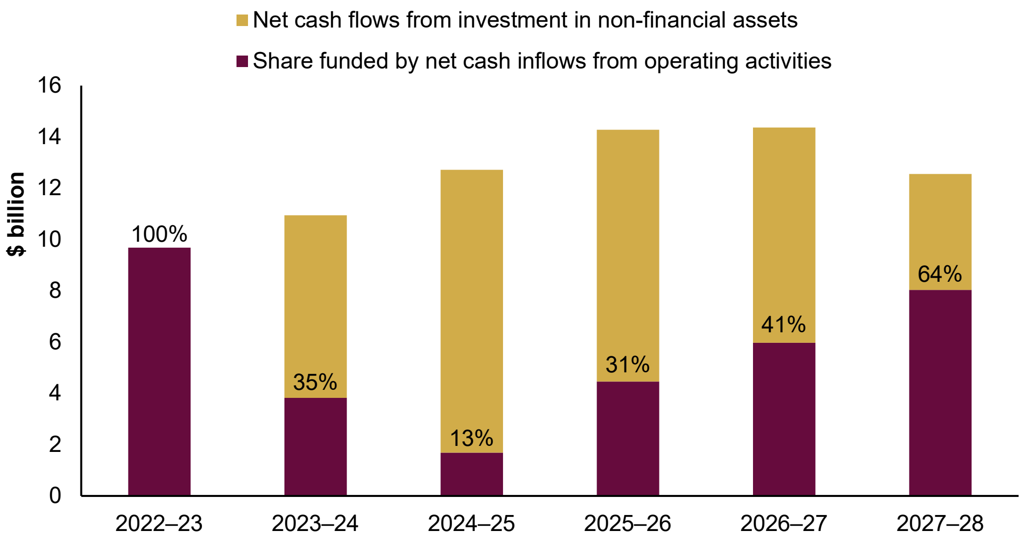
will be funded primarily from net cash inflows from operating activities. The capital program will focus on supporting a productive economy, jobs, and ensuring a pipeline of infrastructure that responds to population growth.

Capital investment is essential to support jobs, to maintain a strong and diverse economy into the future and to meet the needs of a growing population. The 2024–25 Budget's capital program of $107.262 billion over the 4 years to 2027–28 includes a large component of unavoidable infrastructure that is required to respond to population growth as well as decarbonisation of the state's energy system through the *Queensland Energy and Jobs Plan*.

Funding a large capital program primarily through operating cash surpluses rather than additional borrowings is key to stabilising net debt. However, volatility in revenue growth combined with the profile of capital expenditure, which is uneven by nature, provides a degree of volatility in the outcomes for Fiscal Principle 3 on an individual year basis.

Queensland's 2022–23 record surplus enabled investments in non-financial assets to be more than fully funded by net cash inflows from operating activities. However, with the temporary surge in coal prices unwinding at the same time as cost-of-living support is provided and capital investment increases, the ratio is expected to fall to 35 per cent in 2023–24 and 13 per cent in 2024–25. The metric will trend up to 64 per cent by 2027–28 as revenue growth outpaces growth in expenses and the government's capital program moderates.

Chart 3.3 Share of General Government Sector investments in non-financial assets funded from operating cash surpluses



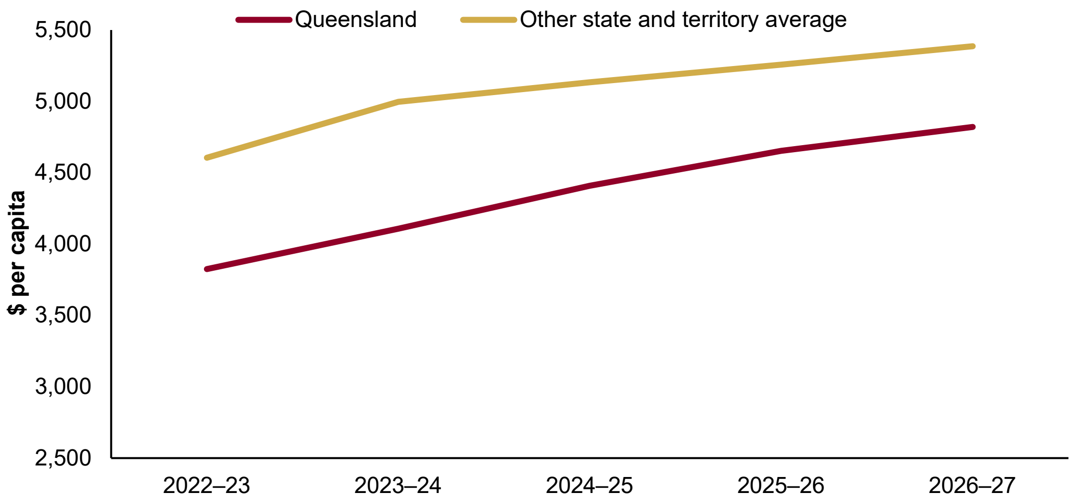
Fiscal Principle 4 — Maintain competitive taxation by ensuring that, on a per capita basis, Queensland has lower taxation than the average of other states.

Measurement of Queensland's taxation against other jurisdictions provides a meaningful comparative indication of the state's tax regime and policies.

Based on the latest available outcomes, Queensland's taxation per capita continues to show the state's competitive tax environment. Queenslanders paid $780 less tax than the average of other jurisdictions in 2022–23. On average, Queensland's taxation per capita was $1,052 less than New South Wales's and $1,061 less than Victoria's.

This trend is expected to continue using the latest forecasts. The state's taxation per capita of $4,410 in 2024–25 compares favourably to the average of other jurisdictions of $5,134 per capita. Chart 3.4 projects Queensland to maintain a highly competitive tax environment over the forward estimates.

Chart 3.4 Taxation per capita, Queensland and other states and territories



Fiscal Principle 5 — Target the full funding of long-term liabilities such as superannuation and workers' compensation in accordance with actuarial advice.

The full funding of superannuation and other long-term liabilities is a long-standing Queensland Government priority and a key element of Queensland's financial management.

The triennial actuarial investigation of the Defined Benefit Fund as at 30 June 2021 found it to be in a large surplus, which is expected to remain the case after allowing for suspending investment of defined benefit employer contributions from 2026–27. In accordance with established processes the next full actuarial investigation of the Defined Benefit Fund will be available in December 2024.

As at 30 June 2023, WorkCover Queensland was fully funded.

3.2 Key fiscal aggregates

The key aggregates for the 2024–25 Queensland Budget are outlined in Table 3.1.

Table 3.1 Key fiscal aggregates[1]

	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.

3.2.1 Net operating balance

Table 3.2 compares the General Government Sector net operating balance forecasts for the previous budget with the 2024–25 Budget forecasts.

Table 3.2 General Government Sector — net operating balance forecasts

	2023–24 $ million	2024–25 $ million	2025–26 $ million	2026–27 $ million	2027–28 $ million
2023–24 Budget	(2,182)	135	206	377	..
2023–24 Budget Update	(138)	122	91	621	..
2024–25 Budget	**564**	**(2,631)**	**(515)**	**887**	**2,027**

Since the 2023–24 Budget, the General Government Sector net operating balance has improved from a deficit of $2.182 billion to a surplus of $564 million. Stronger revenue, primarily driven by higher commodity prices, improved the 2023–24 outlook in the 2023–24 Budget Update to a deficit of $138 million.

Since then, improvements in royalties and taxation revenue have been directed towards providing $2.267 billion in electricity bill rebates for households and small businesses to assist with the cost of living, and improving the operating position.

In 2024–25, the net operating position temporarily moves to a deficit of $2.631 billion, compared to a surplus of $135 million in the 2023–24 Budget. This change is driven largely by additional measures, including further cost-of-living support, with reductions in motor vehicle registrations and public transport fares.

Health services receive a significant boost in 2024–25 to continue to meet the needs of Queensland’s growing population, and additional resourcing is being provided to support the delivery of a high performing state education system, ease housing pressures and respond to community safety priorities.

Revisions due to expense measures as well as downward revisions to net flows from government owned entities and Australian Government funding are only partially offset by upwards revisions to forecasts of royalties and land rents and taxation revenue.

The deficit is expected to reduce to $515 million in 2025–26 as temporary relief measures end and forecast savings from the *Smarter Spending, Better Jobs Plan* increase.

Substantial surpluses are forecast in 2026–27 and 2027–28 as revenue strengthens and expenses are managed within available revenue.

Table 3.3 Reconciliation of net operating balance, 2023–24 Budget Update to 2024–25 Budget[1]

	2023–24 $ million	2024–25 $ million	2025–26 $ million	2026–27 $ million
2023–24 Budget Update net operating balance	**(138)**	**122**	**91**	**621**
Taxation revisions[2]	460	1,379	1,321	1,339
Royalty and land rent revisions	1,381	2,128	563	382
GST revisions	185	287	40	(57)
Revenue measures[3]	(1)	(384)	212	276
Expense measures[3]	(3,640)	(4,233)	(2,803)	(2,118)
Savings	..	300	750	1,000
Natural disaster revisions (DRFA)[4]	224	..	(376)	(158)
Net flows from PNFC and PFC entities[5]	65	(666)	(314)	(428)
Australian Government funding revisions[6]	241	(774)	329	198
Other parameter adjustments[7]	1,787	(790)	(328)	(168)
2024–25 Budget net operating balance	**564**	**(2,631)**	**(515)**	**887**

Notes:

1. Numbers may not add due to rounding. Numbers indicate the impact on the operating balance. A number in brackets indicates a negative impact on the operating balance.
2. Taxation revisions exclude impact of revenue measures contained in Budget Paper 4 (BP4).
3. Reflects the operating balance impact of government revenue and expense measures since the 2023–24 Budget Update (refer to BP4 Chapter 2 Budget Measures for details) except for Natural disasters and Transport Service Contract measures which are included elsewhere in the reconciliation, as per footnotes 4 and 5.
4. Net impact of Disaster Recovery Funding Arrangements.
5. Represents revisions to dividends and tax equivalent payments from, and community service obligations (CSOs) and Transport Service Contract (TSC) payments to, Public Non-financial Corporations and Public Financial Corporations, net of TSC expense measures.
6. Represents the net impact of funding provided by the Australian Government primarily for Specific Purpose Payments and National Partnership payments and excludes funding for disaster recovery expenses.
7. Refers to adjustments largely of a non-policy nature, primarily changes in interest paid on borrowings, depreciation, swaps, lapses and deferrals.

Impact of disaster recovery on the net operating balance

Over the 2023–24 summer, parts of the state were impacted by severe weather events, which inflicted major flooding and storm damage on homes, businesses and infrastructure. This followed significant flood events in the 2021–22 and 2022–23 disaster seasons.

Table 3.4 details the impact of disaster expenses and Australian Government payments for Disaster Recovery Funding Arrangements (DRFA) on the net operating balance. Abstracting from disasters, the net operating balance is stronger in each year, and significantly on this basis, close to balance in 2025–26.

While disaster expenses are estimated to reach $5 billion over the 5 years to 2027–28, the majority is offset by $3.8 billion in disaster-related revenue. Including disaster capital expenditure, the combined cost of disasters over the period 2023–24 to 2027–28 is $6.7 billion compared to $4.1 billion in the 2023–24 Budget.

Table 3.4 Impact of disaster funding in the net operating balance[1]

	2023–24 $ million	2024–25 $ million	2025–26 $ million	2026–27 $ million	2027–28 $ million
Net Operating Balance	**564**	**(2,631)**	**(515)**	**887**	**2,027**
less Disaster revenue	1,399	1,347	874	176	..
add Disaster expenses	1,620	1,551	1,301	411	158
Underlying Net Operating Balance	**785**	**(2,427)**	**(88)**	**1,122**	**2,185**
Disaster capital expenditure	426	649	438	145	..

Notes:
1. Numbers may not add due to rounding.

3.2.2 Revenue

General Government Sector revenue is estimated to total $89.059 billion in 2023–24, $751 million lower than 2022–23, but $6.98 billion higher than estimated in the 2023–24 Budget. Most of this difference is because of higher 2023–24 coal royalty estimates compared to the 2023–24 Budget. Although commodity prices have fallen significantly and royalty revenue in 2023–24 will be 30 per cent lower than the peak in 2022–23, the adjustment has not been as rapid as expected in the 2023–24 Budget.

Primarily as a result of high coal and oil prices declining more slowly than expected, ongoing strength in property prices and activity and the exceptional performance of the state's labour market, general government revenue is forecast to be $23.924 billion, or 7.2 per cent, higher than forecast in the 2023–24 Budget over the 4 years to 2026–27.

On an annual basis across the forward estimates, revenue is expected to decline slightly in 2024–25 before modest growth in 2025–26 that gathers momentum in later years. These movements are largely explained by the outlook for the key state revenue sources of taxation, GST and royalties.

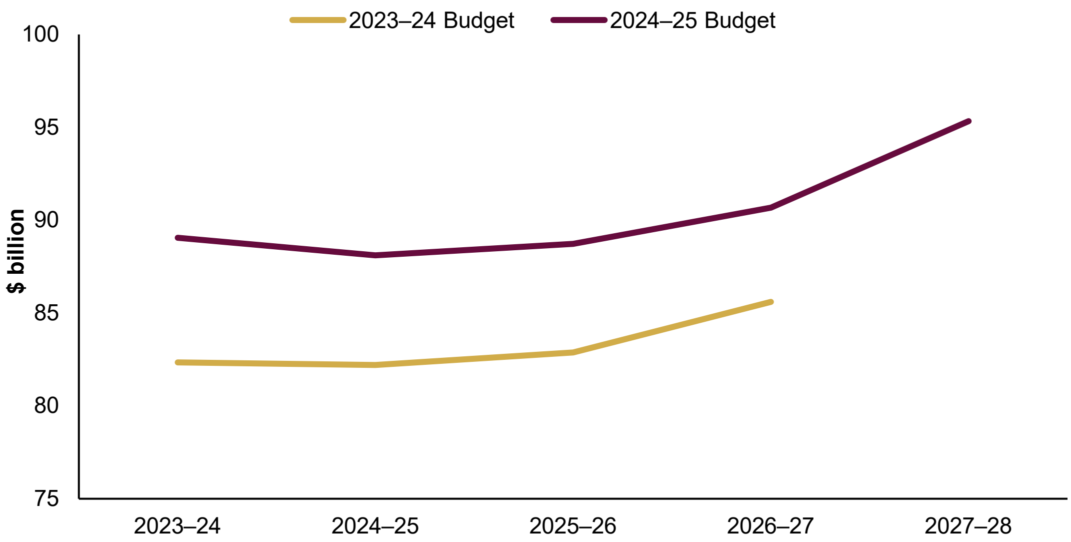
Exceptional strength in royalty revenue in 2022–23 was temporary, with coal prices expected to continue adjusting to more sustainable levels. The decline in royalties in 2023–24 compared with 2022–23 more than offsets strength in taxation and GST revenue in 2023–24.

A further large decline in royalties of $4.366 billion is expected in 2024–25 as coal and oil prices continue to moderate, accompanied by a $934 million decline in GST revenue resulting from the Commonwealth Grants Commission's recommendation that Queensland receive a smaller share of the GST pool in 2024–25. These declines in royalty and GST revenue are expected to be partially offset by increases in taxation revenue ($2.129 billion) and other Australian Government grants ($1.556 billion).

Revenue growth is forecast to remain relatively flat in 2025–26, as coal prices continue to moderate, and return to solid growth in 2026–27 and 2027–28, driven by growth in taxation revenue and GST, supported by the impacts of recent and ongoing population growth.

The 2024–25 Budget also includes revenue measures to provide cost-of-living relief for households and first home buyers. These are discussed in Chapter 4 which also provides more detail on revenue estimates.

Chart 3.5 Comparison of revenue forecasts



3.2.3 Expenses

Expenses in the 2024–25 Budget provide for additional limited-life recurrent programs focussed on alleviating cost-of-living impacts, easing current housing pressures, and responding to strong demand for government services arising from stronger than expected population growth.

General government expenses are 7.2 per cent higher than forecast in the 2023–24 Budget over the 4 years to 2026–27, primarily because of new spending measures to address community demand.

General Government Sector expenses are estimated to be $88.495 billion in 2023–24, which is $12.615 billion or about 16.6 per cent higher than 2022–23. The 2023–24 expenses are also $4.234 billion higher than estimated in the 2023–24 Budget.

A key driver of this increased spending is the delivery of significant cost-of-living relief for Queensland households and small businesses, which includes meeting the cost of both the 2023–24 and 2024–25 energy rebates in 2023–24.

As limited-life spending programs conclude, disaster-related expenses wind down and agency savings increase, expense growth moderates significantly.

It should be noted that as major funding agreements with the Australian Government relating to health and education are renegotiated in the next 12 months, it is expected that expense growth will become stronger, supported by additional funding from the Australian Government.

Average expense growth of 4.2 per cent over the 5 years to 2027–28 compares to average revenue growth of 4.5 per cent excluding the extraordinary impact of volatile royalty revenue.

As well as cost-of-living relief, other key new initiatives in the Budget include:

- an uplift to Queensland Health's operating funding envelope of $4.393 billion to address emerging population growth and cost pressures, improve the flow of patients through hospitals and provide more timely access to care as well as boosting First Nations' health and women's health care
- significant investments in education and training, and prevention and early support initiatives. This includes the $502 million *Putting Queensland Kids First* early support package to deliver stronger outcomes to support positive lift trajectories for Queensland children and families
- committing an extra $1.28 billion over 5 years for the *Community Safety Plan for Queensland*.
- $3.1 billion, including expenses and capital funding, towards *Homes for Queenslanders*, which responds to key housing pressures and represents a significant uplift on top of the already major investment into social and affordable housing.

Further information on expense initiatives is provided in Budget Paper 4.

Salaries and wages are a large proportion of General Government Sector expenses. Increases in salaries and wages are negotiated through certified agreements. Outcomes reflect maintaining an effective public service through attraction and retention strategies offering competitive remuneration and employment conditions balanced with prudent management of growth in operating expenses.

The current bargaining cycle established certified agreements based on a public sector wages policy of 4 per cent headline wage increases in the first 2 years and 3 per cent in year 3 plus a Cost of Living Adjustment payment where inflation exceeds headline wage increases established in those certified agreements, capped at 3 per cent of base wages.

Smarter Spending, Better Jobs Plan

To enable delivery of new measures to address cost-of-living pressures and enhance service delivery, the Queensland Government is implementing the *Smarter Spending, Better Jobs Plan* to deliver savings of $3 billion across the next 4 years. These savings will ensure that the budget returns to surplus as economic pressures ease.

Savings have been incorporated into the budget aggregates. Queensland Treasury will chair a new Smarter Spending taskforce to guide agencies in implementation through the budget cycle.

While savings need to be broad based in application, agencies will be required to ensure savings are delivered in line with the below guidelines to ensure service delivery is not impacted.

Protect public sector jobs

Queensland Treasury will continue to ensure wage outcomes are fully funded for public servants across the sector in line with government wages policy, including for approved growth in employees. Agencies should seek savings in non-wage expenses, which typically represent over half of total government expenditure.

Reduce travel and advertising expenditure

Departments and agencies should reduce and phase down travel for meetings, which should be conducted by video or teleconference wherever possible.

No new advertising to be commenced from 1 August 2024, other than public safety and recruitment campaigns.

Reduce accommodation expenditure.

Departments and agencies should ensure any approved growth in staffing is managed within the existing accommodation footprint. Departments should explore greater use of flexible work arrangements to manage growth and reduce the need for office accommodation and explore opportunities for greater regionalisation.

Reduce the use of external consultants, contractors and labour hire

Agencies should reduce reliance of contractors and external consultants, in line with Coaldrake Review report recommendations. Queensland Treasury Corporation (QTC) will be given a revised mandate to work with agencies to build public sector capability, and reduce external consultant use, including through the direct provision of independent reviews and evaluations, commercial and strategic advisory, financial and risk analysis, and modelling.

Maximise the state's financial and liquidity position

The state will continue to fully fund its defined benefit liability. Given the defined benefit fund is expected to remain in a strong funding surplus, the state will suspend contributions from 2026–27 to maximise liquidity and support the credit rating. The position will be reviewed annually to meet the states legislated requirement to fully fund the states defined benefit liability.

Since 1 July 2022, the state has also increased funding superannuation based on ordinary times earnings. That is an increase of over $980 million to 2025–26 to provide for shift allowances, weekend penalties and all forms of leave.

Funding decisions in budget process

Funding submissions will only be accepted by Government as part of annual budget processes, unless approved by the Chair of CBRC.

3.2.4 Investment

Queensland's record level of investment in economic and social infrastructure aims to respond to unprecedented population growth, and strategically position Queensland to maintain a strong and diverse economy into the future.

The capital program underpins the development of the state, creation of new industries, delivery of more jobs, and building better and stronger communities and regions.

The capital program includes major components related to addressing record demand for health services, decarbonising the state's energy system and preparing for the Brisbane 2032 Olympic and Paralympic Games.

Queensland's total capital program has increased from an estimated $88.729 billion over the 4 years to 2026–27 in the 2023–24 Budget, to $107.262 billion over the 4 years to 2027–28.

Key areas of focus in the forward estimates period and over the medium term include:

- the *Queensland Health Capacity Expansion Program* to deliver around 2,200 additional overnight beds at 15 facilities across Queensland
- Stage 1 of the Direct Sunshine Coast Rail Line
- M1 Pacific Motorway upgrades, Coomera Connector and major upgrades to the Bruce Highway
- new school infrastructure through the *Building Future Schools Program* providing new and upgraded learning environments
- Q*ueensland Energy and Jobs Plan* including renewable energy projects, new pumped hydro infrastructure and CopperString 2032
- major water infrastructure projects for dam improvements and future water security
- infrastructure investment for successful hosting of the Brisbane 2032 Olympic and Paralympic Games

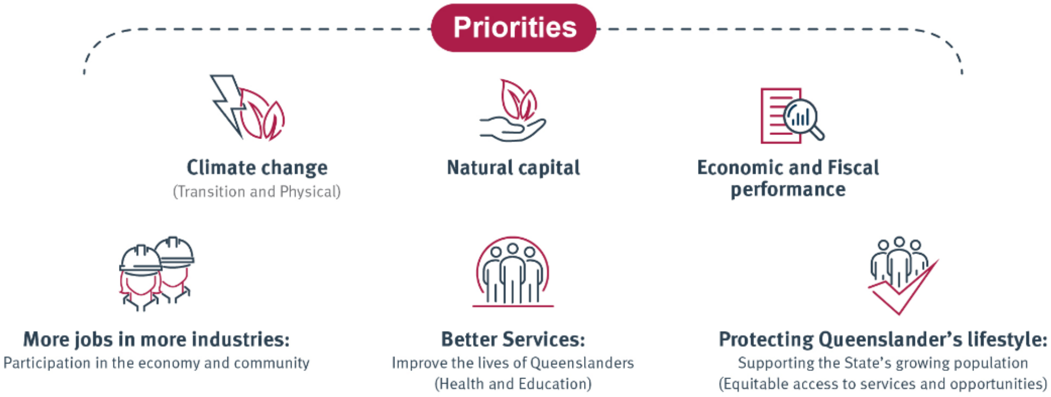
Further information about the government's capital program is provided in the Capital Statement (Budget Paper 3).

3.2.5 Environmental, Social and Governance

Establishing and maintaining strong ESG credentials is central to driving the future competitiveness of Queensland business and industry.

The Queensland Government has embedded sustainability considerations into policy settings to promote sustainable economic growth and development for better communities now and into the future. At the centre of this are Queensland's sustainability priorities (Figure 3.1).

Figure 3.1 Queensland's Sustainability Priorities



Sound financial and risk management requires the government to recognise and manage all issues that can materially impact the Queensland economy and the government's fiscal position. Queensland is taking positive action by implementing policy measures to manage material sustainability risks.

ESG Risk Factor	Policy initiatives taken to —
Climate Change	Move to a low carbon future, by lowering Greenhouse Gas emissions. Address the physical impacts arising from climate change by embedding adaption and resilience
Natural Capital	Manage the balance of resources used between industry, the community and safeguarding the natural environment. This includes surface and underground water management, biosecurity, aquaculture, forestry management and environmental protection.
Social	Support an educated, healthy, and skilled community, through education, health services, social welfare, public order, diversity and opportunity, cyber security and safety.
Governance (Economic and Fiscal)	Provide robust frameworks that support Ministers and accountable officers to provide oversight and discharge their obligations. Strong economic and fiscal management is fundamental to achieving government's objectives and good governance.

Strong economic outcomes provide government with the fiscal capacity to take positive action on its sustainability priorities and continue targeted investment in climate change adaptation, social services (including health and education) and reforms that strengthen communities and support vulnerable Queenslanders.

Positive action includes:

- Queensland's Economic Strategy to drive economic growth into the future
- maximising opportunities and upside for Queensland's economy and industries — based on Queensland's competitive and comparative advantages

- supporting innovation and new technology through *Low Emissions Investment Partnerships*
- support for climate exposed industries via provision of assistance programs and options for funding assistance or support programs for impacted industries, for our workers and communities
- The creation of a skilled, job ready workforce to deliver Queensland's clean energy transformation via the implementation of *Queensland's Clean Energy Workforce Roadmap*
- The roll out of the *Queensland Energy and Jobs Plan* (QEJP) which outlines the pathway to transform the State's energy system to deliver a clean, reliable and affordable power for generation.

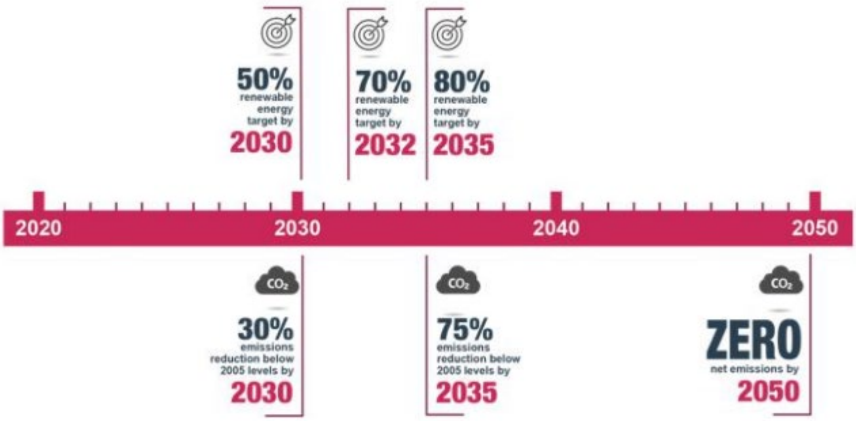
Queensland's economy is more emissions intensive than the rest of Australia due to its economic structure. Despite this, Queensland is successfully reducing emissions while still growing the economy.

The latest emissions data from the Australian Government released in April 2024, shows Queensland's emissions in 2022 were 35 per cent lower than the 2005 level. This means Queensland has not just met its 2030 emissions reduction target of 30 per cent 8 years earlier but has also overachieved by an additional 5 percentage points.

Queensland has been the largest contributor to Australia's emissions reduction. Between 2005 and 2022, Queensland was able to reduce its emissions by 68 million tonnes, with the second largest decline coming from New South Wales (42 million tonnes), followed by Victoria (39 million tonnes) and South Australia (21 million tonnes).

Figure 3.2 sets out Queensland's planned pathway to zero net emissions by 2050.

Figure 3.2 Queensland's emissions pathway



The Queensland Government has set emissions reduction and renewable energy targets with the objectives of achieving net zero emissions and decarbonising the energy sector.

On 18 April 2024 the Queensland Parliament passed the *Clean Economy Jobs Act 2024* and the *Energy (Renewable Transformation and Jobs) Act 2024* to secure Queensland's spot at the centre of a global energy transformation.

The *Energy (Renewable Transformation and Jobs) Act 2024* supports the delivery of the QEJP by entrenching key commitments of the plan in law. The QEJP establishes frameworks to build the necessary infrastructure to transform Queensland to a clean economy future. It also creates the governance and advisory functions for a smooth, coordinated transformation, lays out a vision for Queensland's energy future, and provides a clear pathway to clean, reliable and affordable power.

The *Clean Economy Jobs Act 2024* sets out a pathway to decarbonisation that will support jobs in the state's key traditional industries, including agriculture, resources and manufacturing, and unlocking investment in new industries including renewables, manufacturing, critical minerals, hydrogen and sustainable aviation fuel. The Act provides a critical foundation for the government to protect Queensland communities and mitigate the impacts of climate change by:

- enshrining in law emissions reduction targets of 30 per cent below 2005 levels by 2030, 75 per cent below by 2035 and net zero by 2050
- establishing a requirement to set emissions reduction targets for 2040 and 2045 at least 10 years in advance
- requiring annual reporting to the Queensland Parliament on progress towards achieving Queensland's emissions reduction targets
- providing for the development of emissions reduction plans for sectors
- establishing an expert panel to provide advice on emissions reduction progress, and efficient and cost-effective ways to reduce emissions that best support jobs and growth, without exacerbating cost-of-living pressures.

The legislated emissions reduction targets will work in tandem with the government's renewable energy targets to drive action and give local and international investors the confidence to invest in Queensland.

A strong economy provides the capacity to progress social priorities, consistent with the government's overarching objectives for the community. By investing in the key enablers of economic growth, as identified in economic strategy, the government can support healthy, strong and safe communities and provide opportunities for employment and community participation.

Sustainability risk management is a strategic imperative for the state, with transparency in reporting sitting at its core. The Queensland Government publishes an annual Queensland Sustainability Report which outlines the Queensland Government's approach to managing sustainability risks and opportunities, including the governance structures supporting policy, oversight, and implementation.

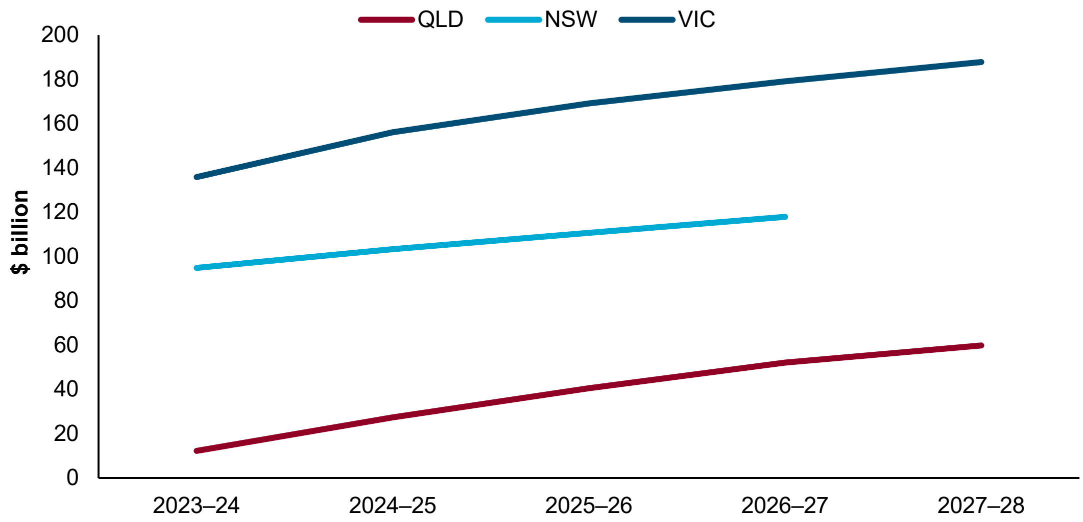
3.2.6 Borrowings and net debt

Elevated levels of public infrastructure investment by governments across Australia responding to the service needs of a growing population, energy transformation and improving transport infrastructure is translating into higher debt levels. However, strong revenue growth in recent years, combined with the government's robust fiscal management have limited increases in Queensland's debt level. Net debt is forecast to be $12.2 billion as at 30 June 2024, $4.0 billion lower than forecast in the 2023–24 Budget.

From this position of strength, Queensland's borrowings and net debt position are expected to trend upward as operating cash surpluses for a time fund a smaller percentage of a growing capital program.

The rate of increase in net debt is expected to slow as the capital program moderates from its peak in 2025–26 and operating cash surpluses strengthen. Net debt is expected to reach $59.8 billion by 2027–28, with the net debt to revenue ratio reaching 63 per cent. Queensland's strong starting position means that Queensland is well positioned to meet these challenges, with debt levels continuing to compare favourably to peers. Forecast net debt of $52.1 billion in 2026–27 compares to $117.9 billion for New South Wales (2023–24 Half-Yearly Review) and $179.2 billion for Victoria (2024–25 Budget).

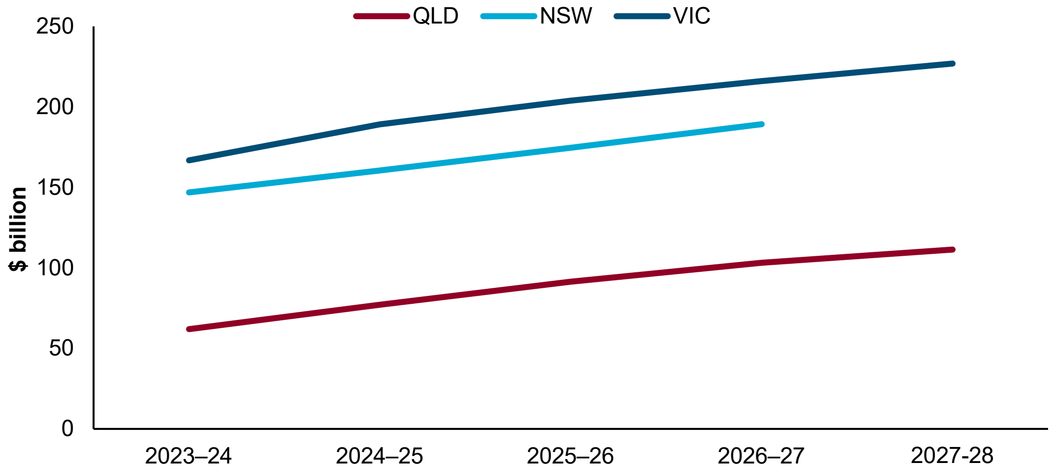
Chart 3.6 State comparison of General Government Sector net debt



Total General Government Sector borrowings as at 30 June 2024 is forecast to be $62.0 billion, $3.5 billion lower than forecast in the 2023–24 Budget. Borrowing is then projected to be $1.1 billion higher by 30 June 2025 compared to the 2023–24 Budget and $8.4 billion higher by 2026–27 on the same basis.

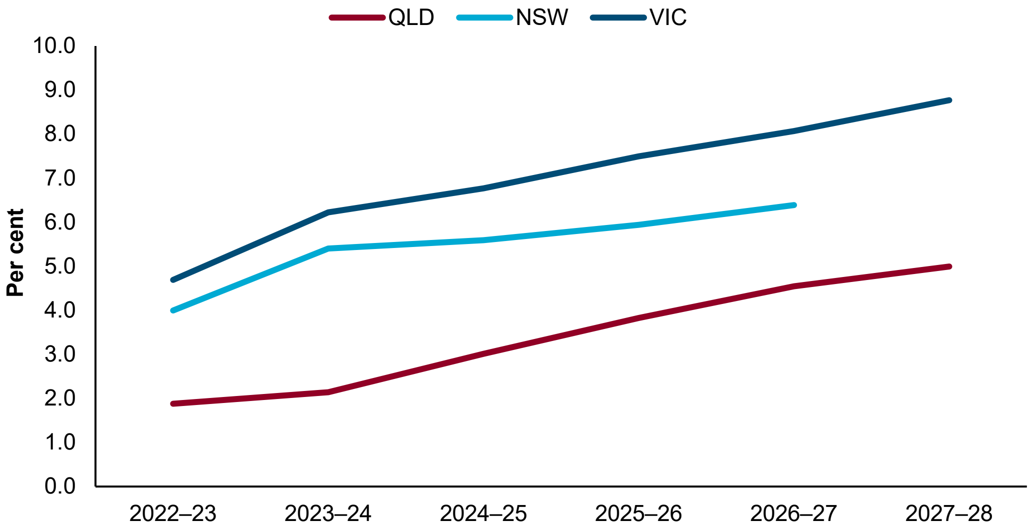
General Government Sector borrowings compare well to interstate peers. Queensland's forecast borrowings of $103.2 billion in 2026–27 is far lower than those of New South Wales ($189.2 billion) and for Victoria ($216 billion) in both absolute terms and as a percentage of revenue.

Chart 3.7 Interstate comparison of General Government Sector borrowing



Managing debt to ensure debt-servicing costs remain sustainable is crucial to the Queensland Government, considering interest rate risk. The General Government Sector's interest expense is estimated to increase to 5.0 percent in 2027–28 as total borrowings increase. The increase is from a relatively low base and moderates by 2027–28 as operating surpluses are forecast and the capital program also moderates. Similar to levels of debt, Queensland's ratio of borrowing costs to revenue is well below that of New South Wales and Victoria.

Chart 3.8 General Government Sector ratio of borrowing costs to revenue



Queensland's credit ratings

Credit rating agencies assess an issuer's creditworthiness using proprietary methodologies comprising issuer-specific and broader operating environment considerations. A range of quantitative and qualitative assessments covers credit risk factors such as the economy, institutional frameworks, budgetary flexibility and performance, the debt profile, liquidity and financial management and governance.

Particular strengths feature consistently across Queensland's credit ratings such as its strong and diversified economic base, robust liquidity, and effective and experienced financial management. Also, the Queensland Future Fund – Debt Retirement Fund continues to demonstrate a commitment to active debt management and supports Queensland's credit rating.

Queensland's credit ratings are all stable with S&P Global (AA+), Moody's (Aa1) and Fitch (AA+).

In May 2024, Moody's affirmed Queensland's rating at Aa1 (stable), having noted in August 2023 Queensland's credit strengths such as a mature and stable institutional framework underpinning fiscal strength and flexibility and a large and diverse economic base.

The stable outlook reflects an expectation that Queensland's economy will continue to underpin its capacity to service its debt burden.

S&P Global last affirmed Queensland's AA+ (stable) rating in January 2024, reflecting the expectation that projected debt levels will remain consistent with AA+ rated peers.

S&P Global notes Queensland's wealthy and diversified economy and that experienced financial management and Australia's institutional settings support its creditworthiness.

Fitch affirmed Queensland's rating at AA+ (stable) in August 2023. The affirmation reflects Fitch's view that debt should remain manageable given Queensland has a well-structured economy, proactive and disciplined fiscal management, and a conservatism in fiscal projections.

3.2.7 Emerging fiscal pressures

Beyond ongoing uncertainties related to budget parameter assumptions, key emerging fiscal issues include:

- Higher than anticipated population growth — Queensland has experienced a population surge in 2022–23 and 2023–24, which is continuing to drive demand for housing and government services
- Native Title Compensation Settlement — the government has a potential liability with respect to compensation arising from acts that have extinguished or impaired native title since 1975.
- Challenges arising from delivering significant capital investment in the medium term, including the transformation of the energy system away from a reliance on coal-fired generation, meeting future water demand and providing drought contingency, and preparing to host the Brisbane 2032 Olympic and Paralympic Games.

- Expiring agreements — Queensland's fiscal position is exposed to decisions made by the Australian Government, with a number of very significant National Partnership payments currently being negotiated. Further information on these agreements is provided in Chapter 7.
- Adverse weather events are likely to occur in the future with resulting damage expected to impact on the delivery of state initiatives, noting disaster-related expenses are shared with the Australian Government under the DRFA.

4 Revenue

Features

- Total key state revenues (taxes, GST and royalties) peaked in 2022–23, reaching $57.120 billion, contributing to a record total General Government Sector revenue of $89.810 billion. This outcome reflected significant growth in key revenues of 31.6 and 26.9 per cent respectively in 2021–22 and 2022–23, which were the highest 2 rates of annual growth in key revenues recorded since the GST was introduced in 2000–01.
- This revenue growth was primarily driven by increased royalties, due to the higher global prices being received by coal producers from late 2021 to mid-2023, combined with the impact of the new progressive coal royalty tiers introduced in the 2022–23 Budget.
- However, as previously expected, these temporarily high commodity prices have since fallen substantially, and are expected to continue to decline across 2024–25 and 2025–26.
- As a result, the associated decline in royalties is expected to outweigh the strong growth in taxation revenue in the near term, with total key revenues declining materially in 2024–25 and remaining flat in 2025–26.
- Although a return to solid growth is expected in 2026–27, total key revenues are not forecast to exceed 2022–23 levels again until 2027–28.
- However, despite annual declines or softness in key revenues until 2026–27, revenue compared to the earlier estimates in the 2023–24 Budget Update have been revised up. The key reasons for this upward revision include a slower than expected decline in oil prices and coal prices since late 2023 (notwithstanding sharp coal price falls in March 2024), ongoing strength in property prices and activity and the exceptional performance of the state's labour market.
- Total General Government Sector revenue is estimated to total $89.059 billion in 2023–24, down $750.6 million (0.8 per cent) compared with 2022–23 but up $3.271 billion (3.8 per cent) compared with Queensland Budget Update forecasts for 2023–24.
- In 2024–25, General Government Sector revenue is estimated to total $88.107 billion, a further decrease of $952.4 million (1.1 per cent) compared with 2023–24. This decline reflects the expected decrease in royalties and the Commonwealth Grants Commission's assessment that Queensland requires a lower share of GST in 2024–25 compared to 2023–24, partly offset by ongoing growth in taxation revenue and an increase in non-GST Australian Government payments.
- This year's Budget provides significant support to Queensland's first home buyers through reforms to existing transfer duty concessions — eligibility for the first home concession and the first home vacant land concession will be extended to homes valued up to $800,000 (up from $550,000), and vacant land up to $500,000 (up from $400,000), respectively.
- Queensland continues to maintain its competitive tax status, with per capita state tax estimated to be $780 lower than the average of other states and territories in 2022–23.

4.1 2023–24 Estimated actual

Growth in key state revenues over the 2 years to 2022–23 was significant, reaching a peak of $57.120 billion in 2022–23.

Key state revenues grew by 31.6 per cent in 2021–22, followed by a further 26.9 per cent growth in 2022–23, representing historically high annual growth rates.

However, as previously expected, the exceptionally high coal prices and resulting strength in royalty revenues that drove this growth have been primarily due to a range of temporary factors.

The premium hard coking coal spot price fell sharply in March 2024, from US$313.50 per tonne at the end of February to US$243 per tonne at the end of April. This reflected a decline in steel demand in China and India and improving supply conditions. Looking forward, as supply conditions continue to normalise, the hard coking coal spot price is expected to continue to moderate towards medium-term fundamentals.

The decline in royalties in 2023–24, compared with 2022–23, is only partially offset by:

- a 10 per cent increase in taxation revenue, driven predominantly by ongoing strength in Queensland's labour and housing markets
- a 6.3 per cent increase in GST revenue, driven by a larger national GST pool, reflecting growth in taxable transactions.

However, reflecting the substantial reduction in royalties and resulting overall key revenues, General Government Sector revenue is expected to fall in 2023–24 to $89.059 billion, down 0.8 per cent compared with 2022–23.

Despite the decline compared with 2022–23 levels, General Government Sector revenue is estimated to be $3.271 billion (3.8 per cent) higher in 2023–24 than forecast at the time of the 2023–24 Queensland Budget Update. This upward revision is primarily driven by coal prices being received by the state's producers across 2023 and early 2024 not falling as quickly as expected.

4.2 2024–25 Budget and outyears

General Government Sector revenue is forecast to decline by $952.4 million (1.1 per cent) in 2024–25, to be $88.107 billion, as outlined in Table 4.1. This decline in revenue is driven by:

- a further $4.366 billion fall in royalties, reflecting the expectation that elevated prices for coal and oil will continue to moderate towards levels more consistent with medium-term expectations
- a $934 million decline in GST revenue due to the Commonwealth Grants Commission (CGC) recommending Queensland receive a smaller share of the GST pool in 2024–25 compared with 2023–24.

These declines in royalty and GST revenue are expected to be partially offset by:

- a $2.129 billion increase in taxation revenue in 2024–25, reflecting underlying strength in payroll tax, transfer duty and a range of other key taxes and duties supported by the strength of activity in the labour market, property market and broader economy
- a $1.556 billion increase in non-GST Australian Government payments, due to the Australian Government bringing forward financial assistance to local governments from 2023–24 to 2022–23, as well as increased Australian Government funding for health and schools.

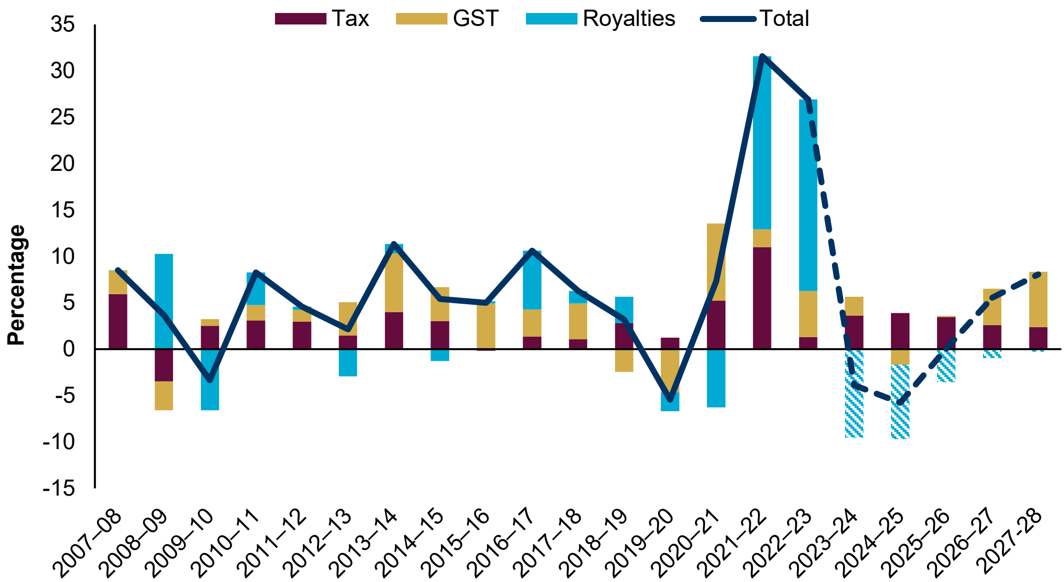
Total key revenues are forecast to decline by 5.8 per cent in 2024–25 and remain flat in 2025–26 as coal prices continue to unwind.

Following the decline in 2024–25 and softness in 2025–26, total key revenues are expected to return to solid growth in 2026–27 and 2027–28, driven by continued growth in both taxation revenues and GST. However, total key revenues will not exceed 2022–23 levels until 2027–28.

Chart 4.2 outlines the growth in revenue across the 3 key revenue streams and the share of growth attributable to each item across the period to 2027–28.

As can be seen, the majority of growth in 2021–22 and 2022–23, and the majority of the fall in 2023–24 and 2024–25 is due to changes in royalty revenue. Taxation is expected to continue growing steadily from 2024–25 onwards, while GST revenue returns to strong growth from 2026–27.

Chart 4.1 Outlook for growth in key revenues[1]



Note:

1. Annual contribution to growth in key revenues. Total is the annual growth of the sum of the 3 categories.

Table 4.1 details Queensland's total General Government Sector revenue by component across the forward estimates period.

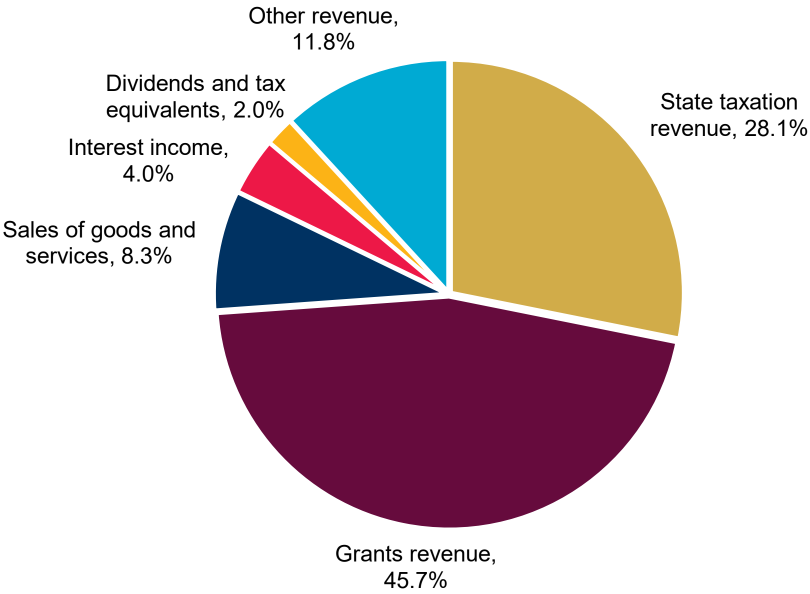
Table 4.1 General Government Sector revenue[1]

	2022–23 Actual $ million	2023–24 Est. Act $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Taxation revenue	20,601	22,670	24,799	26,573	27,910	29,202
Sales of goods and services	6,483	6,946	7,333	7,663	7,325	7,314
Interest income	3,226	3,532	3,501	3,370	3,422	3,498
Grants revenue						
GST revenue	18,306	19,459	18,525	18,610	20,647	23,906
Australian Government and other grants and contributions	15,895	16,478	18,118	17,722	18,125	18,734
Australian Government capital grants, other grants and contributions	4,133	3,612	3,635	4,354	3,691	3,461
Dividend and income tax equivalent income						
Dividends	606	1,142	1,209	1,190	1,135	1,013
Income tax equivalent income	401	578	561	516	494	416
Other revenue						
Royalties and land rents	18,395	12,955	8,599	6,774	6,278	6,136
Other	1,765	1,685	1,826	1,945	1,645	1,652
Total revenue	**89,810**	**89,059**	**88,107**	**88,717**	**90,670**	**95,332**

Note:
1. Numbers may not add due to rounding.

The major sources of total General Government Sector revenue expected in 2024–25 are grants revenue, which includes GST and Australian Government Grants (45.7 per cent) and taxation revenue (28.1 per cent).

Chart 4.2 Revenue by operating statement category, 2024–25[1,2]



Notes:

1. Numbers may not add up to 100 per cent due to rounding.
2. Chart prepared in line with Operating Statement categories. 'Other revenue' includes royalties and land rents, which comprise 9.8 per cent of total revenues.

4.3 Revenue initiatives

Supporting first home buyers through increased transfer duty concession thresholds

The 2024–25 Queensland Budget provides substantial increased support for first home buyers through changes to eligibility thresholds for 2 key transfer duty concessions.

- First home concession — eligibility will be extended to homes with a dutiable value up to $800,000 (up from $550,000 currently). The changes mean that a first home buyer will pay no duty on homes valued up to $700,000 (up from $500,000 currently) and will receive a partial concession for homes valued between $700,000 and $800,000. This reform will see first home buyers now eligible for a maximum first home concession of up to $17,350, compared with the previous maximum first home concession of $8,750.
- First home vacant land concession — eligibility will be extended to vacant land with a dutiable value up to $500,000 (up from $400,000 currently). The changes mean that a first home buyer will pay no duty on vacant land on which they build their first home, if they occupy the home constructed on the vacant land within 2 years, valued up to $350,000 (up from $250,000 currently), and will receive a partial concession for vacant land valued between $350,000 and $500,000. This reform will see first home buyers now eligible for a maximum first home vacant land concession of up to $10,675, compared with the previous maximum concession of $7,175.

It is estimated the changes to the first home buyer concessions will result in total additional tax relief of $360 million over the 4 years ending 2027–28, and benefit around 10,000 first home buyers per year.

The increased eligibility thresholds will apply for contracts dated from the date of announcement inclusive, with effect from the date legislative amendments receive royal assent. More detailed information on this measure can be found in Box 4.2.

Land tax surcharge for foreign companies and trustees of foreign trusts, and absentees

The surcharge rate of land tax imposed in addition to general land tax rates for foreign companies and trustees of foreign trusts, and absentees, will be increased from 2 per cent to 3 per cent from 30 June 2024. This increase will mean that Queensland's rate of surcharge land tax is still below that of New South Wales and Victoria, which both have a surcharge rate of 4 per cent.

Ex gratia relief from the land tax foreign surcharge will continue to be offered for Australian-based foreign entities whose commercial activities make a significant contribution to the Queensland economy and community, subject to eligibility criteria.

It is estimated this measure will result in additional taxation revenue of approximately $330 million over the 4 years ending 2027–28. When combined with additional taxation revenue from the increased additional foreign acquirer duty (AFAD) rate, these measures will offset the cost of extending the first home buyer concessions.

Additional foreign acquirer duty increase

Additional foreign acquirer duty, which is levied on direct and indirect purchases of residential property in Queensland by foreign owners, is being increased from 7 per cent to

8 per cent from 1 July 2024. This increase will align Queensland's rate of additional duty on foreign purchases of residential land with that of New South Wales and Victoria.

Ex gratia relief from AFAD will continue to be offered to Australian-based foreign entities whose commercial activities involve significant development by adding to the supply of housing stock in Queensland, subject to eligibility criteria.

It is estimated this measure will result in additional taxation revenue of approximately $90 million over the 4 years ending 2027–28.

Extension of 50 per cent apprentice and trainee payroll tax rebate

The 50 per cent payroll tax rebate for wages paid to apprentices and trainees will be extended for 12 months until 30 June 2025. In addition to apprentice and trainee wages generally being exempt from payroll tax, this rebate provides additional support for businesses supporting youth employment and businesses who employ trainees and apprentices.

It is estimated this initiative will result in tax relief of $54.9 million for Queensland businesses employing trainees and apprentices in 2024–25.

Changes to payroll tax regional discount eligibility

In the 2019–20 Budget, the government introduced a one per cent discount on the payroll tax rate for regional employers that had an ABN registered business address in regional Queensland and at least 85 per cent of their taxable wages paid to employees located outside South East Queensland. In the 2023–24 Budget, the government extended this measure until 30 June 2030 (previous expiry date of 30 June 2023), to provide long term support for jobs and growth across regional Queensland.

From 2024–25, the regional discount eligibility criteria will exclude extremely large businesses who typically have substantially greater financial capacity to contribute to state revenues compared to smaller regional employers. As such, from 2024–25, businesses that pay Queensland taxable wages of more than $350 million on an annual basis will not be eligible for the discount.

It is estimated this measure will result in additional taxation revenue of approximately $5 million per annum across the forward estimates.

Motor vehicle registration fee reduction

The government has frozen the indexation of the registration fee and traffic improvement fee components of vehicle registration from 1 July 2024 at an estimated cost of $281.8 million over 4 years.

The government is also reducing the registration fee and traffic improvement fee components of motor vehicle registration for all light vehicles for 12 months by 20 per cent at an estimated cost of $435 million over 2 years.

Public transport fare freeze

The government has frozen the public transport fare increase in 2024 at an estimated cost of $62.3 million over 5 years.

The government is also implementing a temporary fare reduction across the state for 6 months from 5 August 2024 with a flat fare of 50 cents per trip at an estimated cost of $150 million in 2024–25. In addition to this initiative, the government is also providing half-price tickets on Airtrain services.

Queensland Revenue Office revenue and penalty debt administration and resourcing

The government is ensuring the Queensland Revenue Office's capacity to deliver effective and sustainable revenue and penalty debt administration.

Box 4.1 Revenue reforms providing ongoing benefits for Queenslanders and businesses

In addition to the new progressive coal royalty tiers introduced from 1 July 2022 and the substantial support provided to first home buyers in this Budget, a range of other key revenue reforms have been announced and implemented by the Queensland Government over recent years to help provide substantial additional support, services and infrastructure for the benefit of Queenslanders and Queensland businesses across the state.

This includes a range of targeted reforms to support and encourage business growth and employment, and to help ensure sustainable funding for mental health services and the racing industry.

Promoting business growth and employment

In 2019–20, the government introduced the Regional Payroll Tax Discount to support regional businesses and incentivise the hiring of local workers. To date this initiative has benefitted almost 6,000 businesses across regional Queensland, saving them a total of over $450 million.

In the 2023–24 Budget, the discount was extended over the long term to 30 June 2030 to provide ongoing certainty and support to Queensland's regional businesses.

Importantly, the vast majority of businesses benefiting from the discount (around 75 per cent of eligible businesses) are businesses with annual wages of less than $6.5 million.

Since the introduction of the regional discount in 2019, the unemployment rate has reduced substantially across regional Queensland, with the average unemployment rate across Queensland's regions outside South East Queensland being at a remarkably low 4 per cent over the 12 months to April 2024. In fact, many regional areas of the state have recently recorded their lowest unemployment rates on record since current detailed ABS regional Labour Force data commenced in 1998.

Apprenticeships and traineeships provide a great employment pathway, particularly for younger Queenslanders. This is why, since 2016–17, a 50 per cent payroll tax rebate has been offered on the wages paid to apprentices and trainees, on top of the normal payroll tax exemption for apprentice and trainee wages.

Over that time (to May 2024), the 50 per cent rebate has helped over 9,000 businesses take on more apprentices and trainees and grow their business, providing a total benefit to Queensland businesses of almost $250 million.

In recognition of the importance of small and medium businesses to the state's economy, key changes to the payroll tax threshold and deductions have been introduced that have helped Queensland businesses grow and employ.

The payroll exemption threshold was increased from $1.1 million to $1.3 million in 2019–20. Further, from 1 January 2023, changes to the payroll tax deduction framework increased the benefit to eligible businesses and expanded the number of businesses benefitting by extending the ceiling for deduction eligibility to $10.4 million in annual Australian taxable wages (up from $6.5 million). In the second half of 2022–23 alone, this change is estimated to have benefitted almost 15,000 Queensland businesses.

Support for essential services, including mental health

Other important new revenue measures have been implemented in recent years that are providing critical funding for essential services, including mental health services across the state.

In the 2022–23 Budget, the government committed to provide ongoing sustainable funding for mental health and other drug and suicide prevention services through the imposition of a mental health levy.

The mental health levy is enabling and supporting the investment of $1.645 billion over 5 years for improved mental health services, including hospital and health centre facilities, crisis support spaces, health services for young people and First Nations peoples, tenancy sustainment and employment opportunities.

Ongoing sustainable funding of the racing industry

On 6 June 2022, the government also announced a new funding model to ensure ongoing sustainable funding for Queensland's racing industry, to support 125 racing clubs across Queensland, particularly country racing clubs which play an important role in regional communities.

The new funding model and associated revenue reforms recognises the significant changes that have occurred in wagering markets through the growth in online betting and ensures all wagering operators are making an appropriate contribution to the future of the state's racing industry.

From December 2022, an additional 5 per cent racing levy was applied in addition to the 15 per cent betting tax rate, along with other changes to include the taxing of bonus or free bets for betting tax.

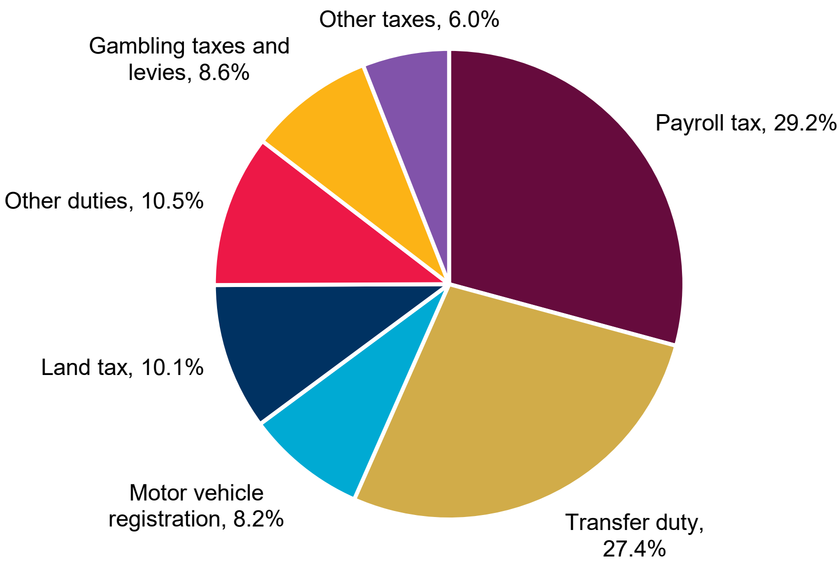
To leverage the benefits of the additional revenue raised through these measures, the new funding model includes 80 per cent of annual betting tax revenue being hypothecated to Racing Queensland to provide sustainable funding to Queensland's racing industry and the thousands of jobs it directly supports across the state, including in many regional areas.

4.4 Revenue by operating statement category

4.4.1 Taxation revenue

Chart 4.4 outlines the composition of estimated state taxation revenue for 2024–25, with the largest sources being payroll tax and transfer duty, together representing 56.6 per cent of the state's total taxation revenue.

Chart 4.3 State taxation by tax category, 2024–25[1]



Note:

1. Percentages may not add to 100 per cent due to rounding. 'Other duties' includes vehicle registration duty, insurance duty and other minor duties. 'Other taxes' includes the emergency management levy, waste disposal levy, guarantee fees and other minor taxes. 'Payroll tax' includes the mental health levy.

Table 4.2 shows the main components of taxation revenue and the forecast revenues for each component across the forward estimates.

Table 4.2 State taxation revenue[1]

	2022–23 Actual $ million	2023–24 Est. Act $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Payroll tax						
Payroll tax	5,669	6,221	6,713	7,113	7,485	7,824
Mental health levy	182	495	533	564	594	620
Total payroll tax	**5,850**	**6,715**	**7,245**	**7,678**	**8,079**	**8,444**
Duties						
Transfer	5,240	5,605	6,793	7,081	7,326	7,672
Vehicle registration	791	896	905	932	960	989
Insurance[2]	1,371	1,531	1,650	1,755	1,843	1,935
Other duties[3]	70	50	41	42	42	43
Total duties	**7,472**	**8,083**	**9,389**	**9,810**	**10,172**	**10,639**
Gambling taxes and levies						
Gaming machine tax	997	1,041	1,072	1,104	1,138	1,172
Health services levy	157	165	176	186	196	206
Lotteries taxes	375	415	436	457	480	504
Wagering taxes	229	286	293	301	309	318
Casino taxes and levies	127	114	136	142	147	153
Keno tax	27	28	28	29	30	31
Total gambling taxes and levies	**1,911**	**2,048**	**2,141**	**2,220**	**2,301**	**2,384**
Other taxes						
Land tax	1,732	2,032	2,499	2,832	3,120	3,300
Motor vehicle registration	2,226	2,352	2,046	2,470	2,593	2,687
Emergency management levy	625	656	666	694	722	751
Waste disposal levy	394	423	452	474	493	508
Guarantee fees	350	327	327	363	397	454
Other taxes[4]	40	34	33	33	34	34
Total taxation revenue	**20,601**	**22,670**	**24,799**	**26,573**	**27,910**	**29,202**

Notes:
1. Numbers may not add due to rounding.
2. Includes duty on accident insurance premiums.
3. Includes duty on life insurance premiums.
4. Includes the statutory insurance scheme levy and nominal defendant levy.

Payroll tax and mental health levy

Queensland's labour market remains exceptionally strong and tight by historical standards. Strong jobs growth so far in 2023–24 is expected to see employment grow by 2¾ per cent across the year, before growth slows in the outyears as labour market conditions normalise.

This strength in Queensland's labour market, with the unemployment rate remaining at very low levels, has also supported a strengthening in wages.

Annual growth in Queensland's Wage Price Index (WPI) accelerated to 4.8 per cent in December quarter 2023, the strongest growth on record. WPI growth is expected to slow across the forward estimates period but, given the easing of inflationary pressures, real wages growth is now expected in each year from 2024–25 to 2027–28.

Reflecting the strength of these key labour market outcomes across the state, payroll tax revenue is estimated to total $6.221 billion in 2023–24, $551.7 million (9.7 per cent) higher than in 2022–23.

In line with the outlook for ongoing strong labour market conditions, payroll tax is expected to grow by a further 7.9 per cent in 2024–25, with average annual growth of around 5.2 per cent forecast over the 3 years ending 2027–28.

Mental health levy

In the 2022–23 Queensland Budget, the Queensland Government announced the introduction of the mental health levy in order to provide a sustainable funding source to enhance the provision of mental health services and investment.

The levy only applies to large businesses with national payrolls of more than $10 million, with those businesses paying a 0.25 per cent levy on taxable wages above $10 million. Very large businesses with national payrolls of more than $100 million pay an extra 0.5 per cent levy on wages above $100 million.

The levy commenced from 1 January 2023 and, as such, 2023–24 revenue represents the first complete year of collections following its implementation. Mental health levy revenue in 2023–24 is estimated at $494.8 million, higher than expected at the 2023–24 Budget Update given the stronger than expected labour market performance.

Over the forward estimates, mental health levy revenue is expected to grow largely in line with broader payroll tax growth.

Duties

Transfer duty

Transfer duty is charged on 'dutiable transactions', including transfers of land and other dutiable property in Queensland.

Transfer duty revenue is estimated to be 7 per cent higher in 2023–24 than 2022–23, reflecting ongoing strength in the residential housing market, following a short period of falling prices in late

2022. Strong growth is forecast in 2024–25 as housing market activity continues to remain strong, and as interest rates and inflation stabilise, supporting broader market confidence.

In particular, residential dwelling prices are expected to be a key driver of growth in transfer duty over the forward estimates. After a period of heightened residential dwelling activity in early to mid-2022, followed by a decline in prices from mid-2022 to early 2023, residential prices have since rebounded.

In the 12-month period up to December 2023, the median dwelling price in Brisbane increased by 11 per cent. Residential dwelling prices are expected to grow more slowly from these elevated levels over the coming years, to be more in line with long-term historical trends.

Following a peak in 2021–22, property transaction volumes have remained relatively stable since late 2022. Volumes are expected to remain at a relatively steady level from 2023–24 onwards, but remain higher than pre-2020–21 levels, reflecting ongoing population growth.

The combination of these factors, along with ongoing recovery in the non-residential sector, is supporting an expected average annual growth of 4.1 per cent in transfer duty over the 3 years ending 2027–28.

Changes to the first home concession and first home vacant land concession commencing in 2024–25 will lower transfer duty revenue collections over the forward estimates, but this will be partially offset by the increase in AFAD rate.

Box 4.2 Substantial support for first home buyers

Housing affordability has become a challenge for many Queenslanders in recent years, particularly for first-time buyers aiming to enter the housing market.

Residential dwelling prices in Brisbane have grown by more than 60 per cent compared to pre-COVID-19 March 2020 levels, driven by a combination of factors including supply constraints and strong demand.

Queensland continues to have favourable transfer duty settings that result in homebuyers paying substantially less duty than if they had purchased in other states (see Box 4.3). Queensland homebuyers are supported by the transfer duty home concession, which provides tax relief of up to $7,175, and is available on all home purchases, which the buyer will occupy as their home, with no value cap. Importantly, Queensland remains one of the few jurisdictions across Australia to offer a concession for home buyers.

Given recent increases in prices, the Queensland Government will be providing substantial additional support to a wider range of Queenslanders purchasing their first home by increasing eligibility thresholds for 2 key transfer duty concessions – the first home concession and the first home vacant land concession.

- **First home concession** — eligibility will be extended to homes with a dutiable value up to $800,000, up from $550,000 currently. The changes mean that a first home buyer will pay no duty on homes valued up to $700,000 (up from $500,000 currently) and will receive a partial concession for homes valued between $700,000 and $800,000.
- **First home vacant land concession** — eligibility will be extended to vacant land with a dutiable value up to $500,000, up from $400,000 currently. The changes mean that a first home buyer will pay no duty on vacant land on which they will build their first home, if they occupy the home constructed on the vacant land within 2 years, valued up to $350,000 (up from $250,000 currently) and will receive a partial concession for vacant land valued between $350,000 and $500,000.

These changes will increase the maximum value of the first home concession by $8,600 (to a total of $17,350) and the maximum value of the first home vacant land concession by $3,500 (to a total of $10,675).

The changes to the first home concession will also extend the phasing out of the concession over a wider price range, delivering more relief for more first home buyers in Queensland.

It is estimated that increasing the first home buyer concession eligibility thresholds will deliver additional tax relief to Queensland first home buyers of $360 million over the 4 years ended 2027–28. This will benefit around 10,000 first home buyers across the state each year.

The transfer duty revenue foregone due to these revenue reforms will be offset by increases in surcharges applying to foreign buyers and owners of property in Queensland.

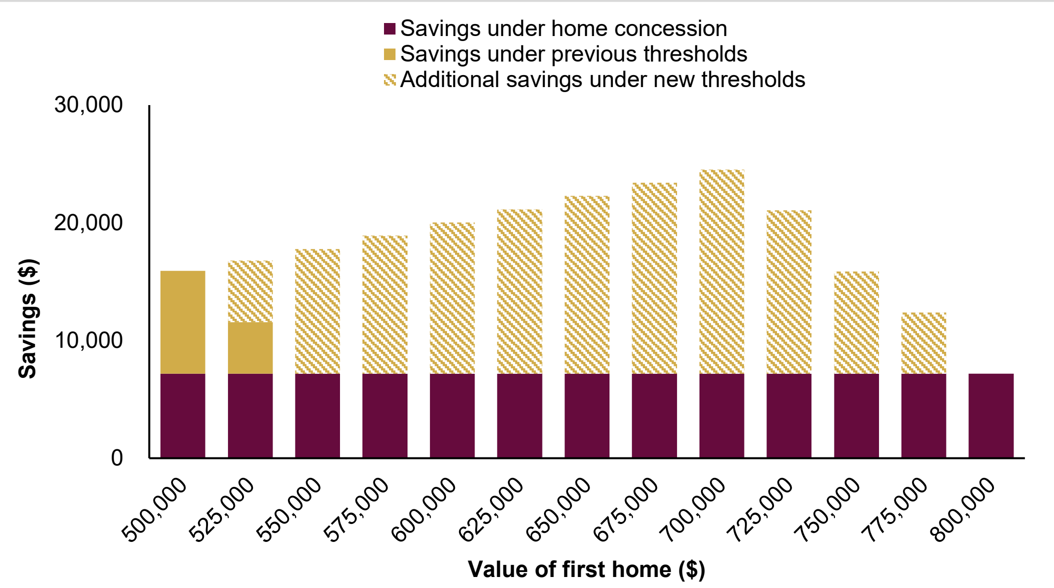
The measure also ensures Queensland's first home concession is generous compared with first home concessions in other states. For example, the new higher threshold in Queensland to receive a full relief from transfer duty of $700,000 is significantly above Brisbane's median unit price of around $600,000.

In comparison, the equivalent thresholds in New South Wales and Victoria are below their respective median capital city unit prices, meaning a first home buyer purchasing a median priced unit would still need to pay some transfer duty in those states.

As noted above, Queensland's home concession provides tax relief of up to $7,175 on all home transactions, uncapped by the value of a home. This means that even for home purchases above the new first home concession threshold, Queensland's generous home concession means that Queenslanders will pay much less in duty on their first home, relative to other states.

In combination with the home concession, an eligible first home purchase valued at $700,000 will now receive total savings in transfer duty of $24,525, which includes the maximum saving of $17,350 under the first home concession and the $7,175 saving from the home concession. Previously, the maximum saving for a first home purchase was $15,925 at a value of $500,000.

Chart 4.4 Transfer duty savings for a first home buyer



Sources: State revenue office websites (various), CoreLogic (May 2024).

This year's Budget also outlines significant funding for the previously announced doubling of the Queensland First Home Owner Grant (FHOG) to $30,000.

The FHOG provides support to eligible first home buyers purchasing or building a new home which they will live in. Queensland's $30,000 FHOG is now the equal highest in Australia (alongside Tasmania) and 3 times the grant available in New South Wales and Victoria. Further, Queensland's $750,000 threshold compares favourably to median house prices when compared to thresholds in other major states.

Importantly, targeting the FHOG towards new homes ensures it assists in adding to housing supply, which will in turn help improve overall housing affordability in the medium to long term.

The boosted grant will be available for eligible transactions entered into between 20 November 2023 and 30 June 2025. However, payments of the boosted grant will continue to flow to eligible first home buyers over the forward estimates period, given the time taken for the construction of many eligible new homes to the point when the grant becomes payable.

In total, the boosted FHOG is expected to support around 12,000 Queenslanders purchase their first new home sooner.

Vehicle registration duty

Vehicle registration duty applies to applications to register or transfer a vehicle. Duty is imposed on the dutiable value, with the applicable rate dependent on the type of vehicle. An additional amount of registration duty is imposed on applications to register or transfer vehicles (other than special vehicles or heavy vehicles) with a dutiable value of more than $100,000.

Revenue from vehicle registration duty in 2023–24 is expected to be 13.2 per cent higher than in 2022–23, driven by the continued strength in vehicle sales in line with the high levels of broader consumption expenditure experienced as part of the recovery from COVID-19.

Vehicle registration duty is expected to remain relatively flat in 2024–25, due to a recalibration of activity towards more sustainable long-term levels and on the back of the robust growth seen in 2023–24. Revenues are then forecast to grow by around 3 per cent per annum over the 3 years ending 2027–28.

Land tax

Land tax is imposed on the taxable value of a landowner’s aggregated holdings of freehold land owned in Queensland as at 30 June each year. Importantly, the landowner’s home and some other specified types of landholdings are exempt. Different rates apply to individuals, and companies, trusts, and absentees.

Reflecting the impact of strong land value growth across the state in recent years, land tax revenue is expected to grow by 23 per cent in 2024–25. However, the impact of recent value growth has also been tempered by the 3-year averaging of land values applied in determining land tax liabilities.

Therefore, recent land value growth will continue to flow through to support ongoing solid growth in land tax revenue in future years, but the rate of growth in land tax is expected to moderate across the forecast period as property prices stabilise.

Average annual growth of 9.7 per cent is forecast for land tax over the 3 years ending 2027–28, with the rate of growth slowing over the forward estimates.

Gambling taxes and levies

A range of gambling activities are subject to state taxes and levies, including gambling in casinos, racing and sports betting, and electronic gaming machines in clubs and hotels.

After growing strongly in 2022–23, total gambling tax and levy collections are expected to grow by a further 7.2 per cent in 2023–24. This growth reflects ongoing solid growth in various forms of gambling activity, including in the state's hotels and clubs, as well as partly reflecting the impact of the racing levy and changes to betting tax announced in the 2022–23 Budget.

Total gambling tax and levy collections are expected to grow by a further 4.5 per cent in 2024–25, with average annual growth of 3.6 per cent forecast over the 3 years ending 2027–28, with this period also incorporating increased revenue over time from the opening of the Queen's Wharf Brisbane casino.

Waste disposal levy

The waste disposal levy commenced on 1 July 2019 and applies to 39 local government areas, covering more than 90 per cent of the state's waste generation and population. The levy is paid by landfill operators on waste disposed to landfill. Exemptions from the levy exist for particular waste, such as waste from declared disasters, waste donations to charitable recyclers and lawfully managed and transported asbestos.

Queensland's levy zone is divided into 2 areas – metropolitan and regional – with differential annual increases of levy rates. In 2023–24, the metropolitan levy rate increased by $10 to $105 per tonne and the regional levy rate increased by a government-approved indexation of 4.3 per cent to $91.

Revenue from the waste disposal levy is estimated to be $423 million in 2023–24, 7.2 per cent higher than in 2022–23, reflecting the annual increase in waste levy rates.

Revenue from the waste disposal levy is then forecast to grow by an average of 4.7 per cent per annum over the 4 years ending 2027–28. This is driven by continued planned increases in levy rates, which will be a combination of an annual fixed rate increase for the metro zone and the annually-indexed increase for the regional zone.

The government has committed to using 70 per cent of proceeds from the waste levy for resource recovery and other programs that reduce the impact of waste and protect the environment and local communities.

Queensland's competitive tax status

Queensland continues to provide a highly competitive tax system compared with other jurisdictions.

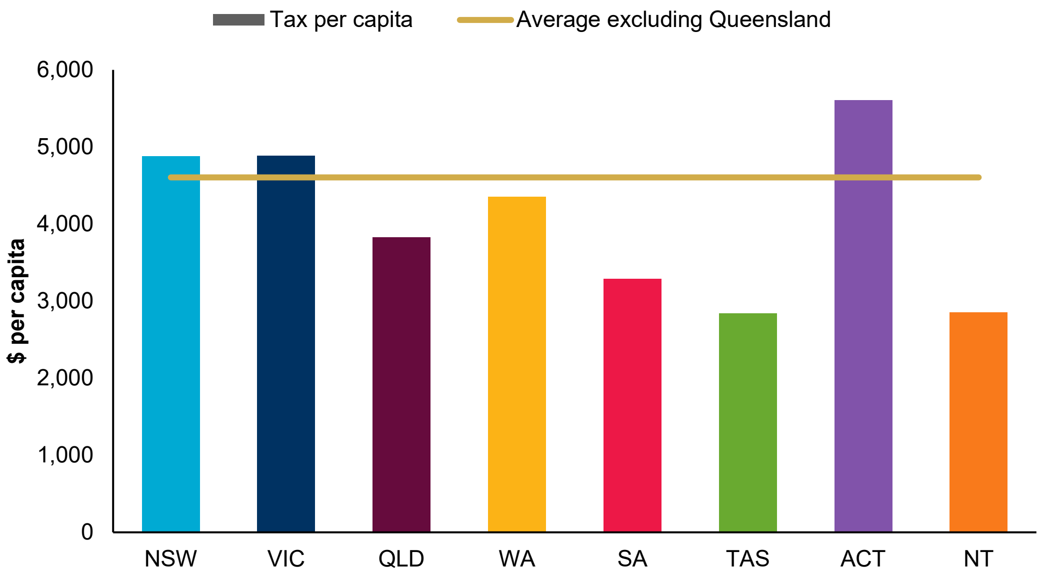
Maintaining the competitiveness of Queensland's tax system is critical to provide a competitive investment environment for business and to moderate the tax burden on citizens. As such, it is an important element of the Queensland Government's economic strategy and its commitment to creating more jobs in more industries.

Importantly, as Chart 4.5 shows, taxation per capita in Queensland was significantly lower in 2022–23 than the average taxation per capita in the other states and territories, highlighting the ongoing competitiveness of Queensland's taxation regime.

Based on the latest available actuals data for states and territories published by the Australian Bureau of Statistics, Queensland's taxation per capita in 2022–23 was $780 lower than the average of other jurisdictions.

On average, Queenslanders paid $1,052 less tax than New South Wales residents and $1,061 less than Victorian residents.

Chart 4.5 Taxation per capita, 2022–23[1]



Note:

1. ACT figures include municipal rates and other local government-level taxes

Sources: ABS Government Finance Statistics and ABS National, State and Territory Population.

Queensland's tax competitiveness is also highlighted through other key measures of tax competitiveness, including estimates by the Commonwealth Grants Commission (CGC) of Queensland's tax effort compared with other jurisdictions, and taxation revenue as a proportion of the respective size of each jurisdiction's economy.

The CGC's revenue raising effort ratios are an indicator of the extent to which governments burden their revenue bases, with a lower ratio indicating a relatively lower taxation burden imposed by state taxes.

The CGC's 2024 Update Report assessed that Queensland's tax effort in 2022–23 (latest available CGC estimate, using total taxation revenue effort for CGC-assessed taxes) was 4.9 per cent below the national average.

An alternative measure of tax competitiveness (that is, taxation as a share of gross state product) also confirms that Queensland's taxes are highly competitive, being below the average of the other states and territories, and significantly lower than the major southern states.

Table 4.3 summarises the estimates of these 3 measures compared with other states and territories, highlighting that the Queensland tax system is very competitive.

Table 4.3 Tax competitiveness, 2022–23

	NSW	VIC	QLD	WA	SA	TAS	ACT[4]	NT	Avg[5]
Taxation per capita[1] ($)	4,877	4,886	3,825	4,350	3,286	2,841	5,610	2,851	4,605
Taxation effort[2] (%)	97.1	108.0	95.1	98.6	96.0	84.2	135.3	82.0	100.0
Taxation % of GSP[3] (%)	5.2	5.8	4.1	2.8	4.2	4.0	5.1	2.2	4.7

Notes:

1. 2022–23 data (latest available actuals). Sources: *ABS Government Finance Statistics* and *ABS National, State and Territory Population*.
2. 2022–23 data (latest available). Source: CGC 2024 Update — total taxation revenue effort for assessed taxes (payroll, transfer duty, land tax, insurance duty and motor vehicle taxes). Revenue raising effort ratios are an indicator of the extent to which governments burden their revenue bases.
3. 2022–23 data (latest available). Sources: *ABS Annual State Accounts* and *ABS Government Finance Statistics*
4. Figures include municipal rates.
5. Weighted average of states and territories, excluding Queensland (aside from taxation effort, which is the average of all states).

Box 4.3 Queensland's competitive tax system

The Queensland Government is committed to maintaining a competitive tax system that ensures Queensland remains an attractive destination for investment, maintains an economic environment conducive to growth and creating employment opportunities, while supporting prudent financial management.

Taxation is an important revenue source for the state and is critical to enable the provision of essential government services across the state, as well as to sustain the maintenance and delivery of public infrastructure. The funds collected through state taxes are integral to investing in critical areas such as health, education, law and order, transport and community services.

However, through an appropriately balanced approach, Queensland's competitive tax settings promote the state's competitiveness, while underpinning the government's ability to deliver critical infrastructure and high-quality services to all Queenslanders.

Importantly, only a very small number of Queenslanders are liable to pay most state taxes.

In particular, transfer duty is limited to a small number of Queenslanders (aged 18 plus), generally around 5 per cent, who transfer property each year, while only around one per cent of Queenslanders pay land tax annually.

Payroll tax is only paid by businesses and the tax-free threshold of $1.3 million means most Queensland small businesses are not liable for payroll tax, while the standard rate of 4.75 per cent is one of the lowest rates of all jurisdictions. Royalties are only paid by entities involved in the extraction of Queensland's limited natural resources.

Transfer duty

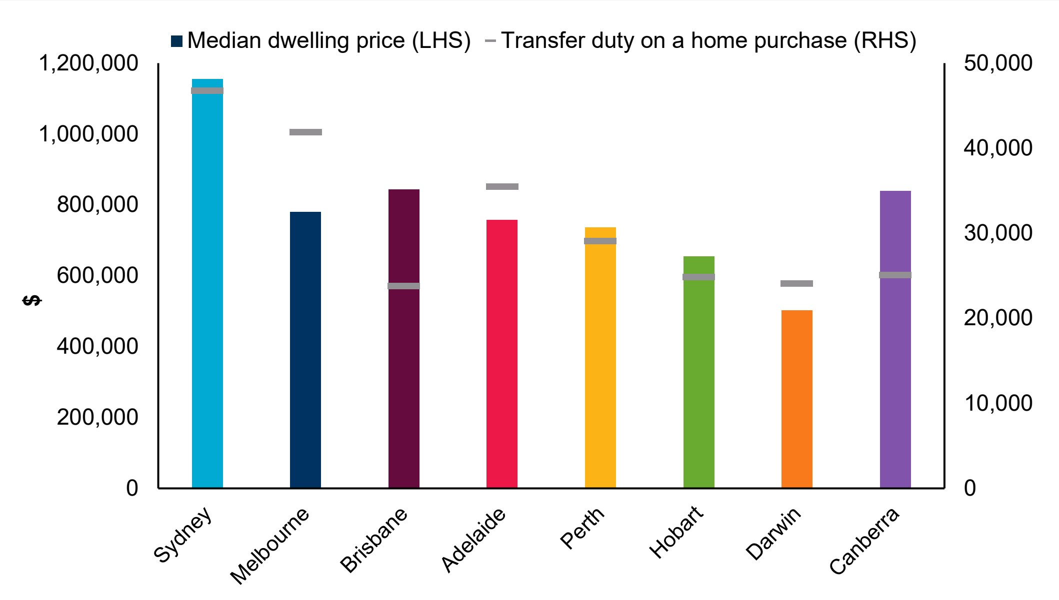
Queensland has favourable transfer duty settings compared to other jurisdictions, with home and first home buyers having access to concessions that reduce costs of buying a home.

In particular, Queensland is one of the only jurisdictions that has a home concession for transfer duty, and this concession is available for dwellings of any value. The home concession means eligible home buyers pay a one per cent concessional rate on the first $350,000 of dutiable value, rather than the normal scheduled rates of between 1.5 per cent and 3.5 per cent. This saves homebuyers up to $7,175 for any eligible principal place of residence.

The relative extent of the benefit provided to home buyers in Queensland is apparent when comparing transfer duty on a typical dwelling across state and territory capitals. For a home buyer purchasing a principal place of residence reflecting median capital city dwelling prices as of May 2024, they would pay around $23,000 less transfer duty in Queensland than if they purchased in New South Wales, and around $18,000 less transfer duty than if they purchased in Victoria.

For the purchase of a median priced home across all state and territory capitals, Queensland's transfer duty structure results in the lowest transfer duty amount being payable, as demonstrated in Chart 4.6, even allowing for the median dwelling price being lower in several other capitals.

Chart 4.6 Comparison of median dwelling prices and equivalent transfer duty on homes



Sources: State revenue office websites (various), CoreLogic (May 2024)

Further to Queensland's favourable transfer duty settings for home buyers generally, Queensland also offers generous concessions for the state's first home buyers.

As discussed in detail in Box 4.2, the substantially increased eligibility value thresholds for first home concessions announced in this Budget means that eligible first home buyers in Queensland will pay no duty on home purchases up to $700,000. For purchases between $700,000 and $800,000, they will pay only a concessional amount relative to other home buyers.

Queensland's new first home buyer concession thresholds are generous compared to other jurisdictions, particularly when compared with median dwelling prices in other major states. With the changes in this Budget, the home value threshold where full relief from transfer duty is provided for first home buyers (of $700,000) will be 83 per cent of the median capital city dwelling in Queensland. In comparison, in New South Wales the equivalent figure is 69 per cent, while in Victoria it is 77 per cent.

Payroll tax

Queensland's payroll tax exemption threshold of $1.3 million is one of the highest of all jurisdictions, meaning most Queensland small businesses are not liable for payroll tax, while the standard rate of 4.75 per cent is one of the lowest rates of all jurisdictions.

For comparison, New South Wales and Victoria both currently have lower exemption thresholds and higher standard rates. New South Wales has an exemption threshold of $1.2 million and a standard rate of 5.45 per cent, while Victoria has an exemption threshold of $900,000 (from 1 July 2024) and a standard rate of 4.85 per cent.

Further, Queensland offers a one percentage point discount for eligible regional employers, which in the 2023–24 Queensland Budget was extended over the long term to 30 June 2030.

The competitiveness of Queensland's payroll tax regime is enhanced by the deduction available for employers between the exemption threshold of $1.3 million and the current deduction threshold of $10.4 million in annual Australian taxable wages, that significantly reduces the amount of tax payable between this wage range.

The deduction was extended materially, from the previous $6.5 million ceiling to the new $10.4 million ceiling, in the 2022–23 Queensland Budget, benefitting almost 15,000 Queensland businesses.

Land tax

The home that Queenslanders live in is exempt from land tax, meaning the vast majority of Queensland homeowners are not liable for any land tax.

Further, the land tax thresholds and exemptions that apply in Queensland ensure that, despite recent increases in property values nationally, most Queensland landowners will not have a land tax liability, and those with small investment property holdings generally have only a minimal land tax liability.

For landholders that do own taxable land, the thresholds at which land tax becomes payable in Queensland are among the most generous in Australia. For individuals, the land tax-free threshold of $600,000 is one of the highest in the country.

In comparison, from 1 January 2024 Victoria's general land tax threshold is just $50,000. Therefore, Queensland's individual threshold is now 12 times higher than Victoria's, despite many areas of Queensland generally having lower average land values.

In addition, land tax in Queensland is subject to a system of 3-year averaging of the land value, which helps further reduce the impacts of increasing land values on the tax payable by landholders.

Further, in applying the threshold, the value of each parcel of land is split between each individual owner by their proportional share. This means that joint owners (e.g. a couple who own a property together) each have to exceed the relevant threshold before being liable for land tax.

Tax expenditures

Tax expenditures are reductions in taxation revenue that result from the use of the tax system as a policy tool to deliver government policy objectives. Tax expenditures are provided through a range of mechanisms, including tax exemptions, reduced tax rates, tax rebates, tax deductions and provisions which defer payment of a tax liability to a future period.

Appendix B provides details of tax expenditure arrangements provided by the Queensland Government.

4.4.2 Grants revenue

Grants revenue is comprised of Australian Government grants (including GST), grants from the community and industry, and other miscellaneous grants.

A 1.8 per cent increase in total grants revenue is forecast for 2024–25, primarily driven by an expected 7.9 per cent growth in Australian Government grants and partially offset by an expected 4.8 per cent decrease in GST revenue.

Table 4.4 Grants revenue[1,2]

	2022–23 Actual $ million	2023–24 Est. Act $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Current grants						
GST revenue grants[3]	18,306	19,459	18,525	18,610	20,647	23,906
Australian Government grants[4]	15,455	16,145	17,750	17,410	17,821	18,390
Other grants and contributions	440	333	367	312	303	343
Total current grants	**34,201**	**35,937**	**36,643**	**36,332**	**38,771**	**42,640**
Capital grants						
Australian Government capital grants	4,089	3,585	3,535	4,313	3,686	3,461
Other grants and contributions	44	28	100	42	5	0
Total capital grants	**4,133**	**3,612**	**3,635**	**4,354**	**3,691**	**3,461**
Total Australian Government payments	37,851	39,189	39,811	40,332	42,154	45,758
Total grants revenue	**38,335**	**39,550**	**40,278**	**40,686**	**42,462**	**46,101**

Notes:

1. Numbers may not add due to rounding.
2. Amounts in this table may differ to those outlined in Chapter 9 due to different classification treatments.
3. Includes entitlements to payments associated with the 'no worse off' guarantee as part of the Australian Government changes to the GST distribution.
4. Queensland Treasury estimates. Differs from Chapter 7 due to the inclusion of direct Australian Government payments to Queensland agencies for Australian Government own purpose expenditure.

GST revenue

Queensland's GST revenue in 2023–24 is expected to be $1.153 billion (6.3 per cent) higher than in 2022–23, reflecting a larger national GST pool due to growth in taxable transactions.

Consistent with expectations at the 2023–24 Budget Update, Queensland's GST revenue is expected to decline by $934 million (4.8 per cent) in 2024–25, reflecting the CGC's recommendation that Queensland receives a smaller share of the GST pool in 2024–25 compared with 2023–24.

GST revenue is expected to be flat in 2025–26. Following this, GST revenue is forecast to grow by 10.9 per cent in 2026–27 and then 15.8 per cent in 2027–28. These increases are driven by forecast growth in the GST pool and the expectation that the impacts of the higher coal royalties on Queensland's share of GST will subside.

Queensland's expected share of GST, and the key factors impacting on it over the remainder of the forecast period, are discussed in further detail below.

Revisions to the GST pool

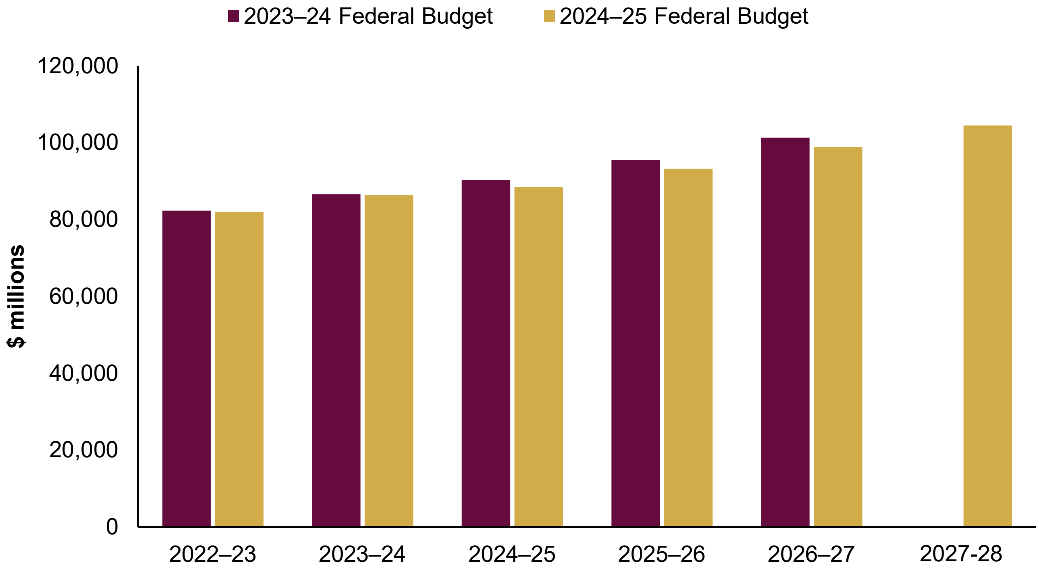
The Australian Government's national GST pool forecasts were downgraded substantially in the 2024–25 Federal Budget, to be $6.637 billion lower across the 4 years to 2026–27 compared with the 2023–24 Federal Budget estimates.

For 2023–24, the GST pool is expected to be around $0.3 billion (or 0.3 per cent) lower than forecast in the 2023–24 Federal Budget.

The 2024–25 Federal Budget stated that, from 2024–25, material downgrades in GST receipts are driven by the lower outlook for nominal consumption subject to GST, partially offset by higher nominal dwelling investment.

The Australian Government expects the GST pool to reach $104.5 billion by 2027–28.

Chart 4.7 Australian Government forecasts of national GST revenue pool[1]



Note:
1. The 2023–24 Federal Budget estimates are limited to the 2026–27 financial year.

Source: 2022–23 Final Budget Outcome, 2023–24 Federal Budget, and 2024–25 Federal Budget.

Box 4.4 2025 GST Methodology Review

GST is a critical revenue source for all states and territories. In 2023–24, GST is estimated to represent approximately 22 per cent of Queensland's total state revenue — providing critical funds for essential state government services such as health, education, law and order, transport and other services that are utilised by all Queenslanders.

GST is distributed between states and territories under a methodology administered by the Commonwealth Grants Commission (CGC). This methodology involves considering and balancing the fiscal capacities of states so that a similar standard of services and infrastructure can be delivered by each state to their population, no matter where they live. This is known as horizontal fiscal equalisation.

The GST methodology is multifaceted to account for the range of differing needs and costs of providing services across jurisdictions and their different revenue raising capacities. The GST methodology is reviewed in detail every 5 years. Since the introduction of the GST in 2000–01, the methodology has been reviewed 4 times, with the most recent finalised in 2020.

The latest review of the GST methodology is due to be finalised in the first half of 2025, with the outcomes to apply to the GST distribution methods to apply from 2025–26 onwards.

The review includes consideration of potential methodology changes to the CGC's assessment of key service delivery expenses, such as transport and health, as well as each state's revenue raising capacity, including in relation to coal and gas royalties and key state taxes.

In particular, this includes consideration of a differential assessment of coal royalties based on prices. This would have a significant impact on Queensland's share of future GST if implemented due to Queensland's production of high-quality metallurgical coal and the implementation of progressive coal royalty tiers.

Terms of reference for the 2025 Review were issued by the Australian Treasurer to the CGC on 9 February 2023 and are available on the CGC's website.

2 formal rounds of consultation were undertaken with states and territories across 2023, facilitated through the issuance of detailed issues papers by the CGC on each of the assessments undertaken as part of the GST methodology.

Queensland Treasury also hosted a visit by the CGC in early 2024 as an important part of this consultation process, to highlight first hand to the CGC the substantial geographic, socio-demographic and climatic challenges faced in delivering essential services and infrastructure across a large, diverse state such as Queensland.

To ensure Queensland's position is clearly communicated and advocated for, this consultation has involved significant input from a range of key departments, to ensure the data used and assumptions relied upon by the CGC appropriately reflect the needs of the people of Queensland. This includes taking into account the state's growing population, socio-demographic composition and service delivery challenges in a large, decentralised state.

This significant body of work will continue to be a focus for Queensland Treasury over the next year to make sure Queensland receives its fair share of GST revenue.

GST – Queensland's assessed fiscal capacity

In early 2024, the Australian Government accepted the CGC's recommendation that Queensland requires a lower share of GST revenue in 2024–25 compared with 2023–24, with the CGC estimating Queensland's share of the GST pool decreasing from 21.2 per cent in 2023–24 to 19.5 per cent in in 2024–25.

This was primarily driven by 2 factors:

- mining production — in the context of the increased value of coal production and higher coal prices, Queensland was determined to have a higher relative revenue raising capacity from mining-related activity, thereby reducing its assessed GST needs
- capital improvements — strong growth in national urban transport investment reduced the relative needs of other states assessed as having below-average needs for urban transport, including Queensland. Weak growth in national investment in rural roads, for which Queensland has above-average needs, also reduced its assessed GST needs.

The impact of these assessments on Queensland's assessed GST need was partially offset by the following factors:

- taxable land value — below-average growth in taxable land values in Queensland decreased Queensland's relative revenue raising capacity
- population — an above average increase in Queensland's population between 2019–20 and 2022–23 increased Queensland's share of investment needs relative to other states
- Census outcomes — new 2021 Census socio-demographic composition data showed Queensland's population to be relatively more dispersed and its non-Indigenous population relatively more disadvantaged than in the 2016 Census. These changes increased Queensland's assessed GST needs for a range of services and infrastructure, particularly in regard to health services and social housing.

Importantly, states and territories' shares of GST revenue fluctuate materially over time based on the CGC's assessment of their fiscal capacity and expenditure needs.

As such, given the complex nature of the methodology, some key drivers of changes to Queensland's and other states' shares of GST are factors that are not Queensland specific. This includes such things as changes in iron ore royalty revenue in Western Australia and changes in transfer duty collections in New South Wales, both of which can materially impact other states' (including Queensland's) GST revenues in any given year.

Australian Government payments

Australian Government payments to Queensland in 2024–25 are expected to total $39.811 billion, representing an increase of $622.3 million (1.6 per cent) compared to payments in 2023–24. This increase is attributable to a 7.9 per cent increase in Australian Government grants, partially offset by a 4.8 per cent decrease in GST revenue.

Chapter 7 provides a detailed overview of federal financial arrangements, including Australian Government payments to Queensland.

Other grants and contributions

Other grants and contributions are funds received from other state and local government agencies, other bodies and individuals.

The main sources of contributions are those received from private enterprise and community groups to fund research projects and community services and contributed assets and goods and services received for a nominal amount. Contributions exclude Australian Government grants and user charges.

Other grants and contributions comprise only a small share of total grant revenue (forecast to be 1.2 per cent in 2024–25).

4.4.3 Royalty revenue

Royalties ensure that an appropriate share of the proceeds from the extraction of the state's valuable and non-renewable resources are returned to the community.

The state earns royalties from the extraction of coal, base and precious metals, bauxite, petroleum and gas, mineral sands and other minerals. Land rents are also earned from pastoral holdings and mining and petroleum leases.

Royalty revenues are sensitive to movements in commodity prices traded on global markets, around which there is a high degree of uncertainty. Changes in commodity export volumes also have the potential to impact Queensland's royalty estimates, while changes to export volumes, in particular if driven by supply side constraints, may in turn also impact global prices.

Appendix C outlines key parameter assumptions, and the sensitivity of coal royalty estimates to individual changes in price, volume and exchange rate parameters.

Significantly elevated coal and oil prices across 2021–22 and 2022–23 provided a substantial but short-term boost to Queensland's royalty revenues. Global coal and oil prices have since moderated significantly with hard coking coal (HCC) spot prices falling from a peak of over US$670/t in early 2022 to around US$240/t in early 2024. This reflected a range of factors including a decline in steel demand in China and India and improving supply conditions.

Although trending down, the recent resilience in global coking coal prices has been largely driven by a range of short-term supply-side factors and disruptions. As such, prices are expected to unwind further and return to more sustainable levels across 2025–26, but the timing and extent of the decline remains uncertain.

Forecast royalties and land rents are detailed in Table 4.5.

Table 4.5 Royalties and land rents[1]

	2022–23 Actual $ million	2023–24 Est. Act $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Coal	15,360	10,541	6,233	4,810	4,595	4,512
Petroleum[2]	2,350	1,705	1,594	1,269	1,039	990
Other royalties[3]	504	526	579	499	442	427
Land rents	181	184	193	197	201	206
Total royalties and land rents	**18,395**	**12,955**	**8,599**	**6,774**	**6,278**	**6,136**

Notes:

1. Numbers may not add due to rounding.
2. Includes liquefied natural gas (LNG).
3. Includes base and precious metal, other minerals, and other royalties.

Coal royalties

As outlined above in Table 4.5, a large proportion of Queensland's royalties comes from coal mining, particularly in recent years due to the period of high global coal prices that have delivered extraordinary and, in many cases, record returns and profits to the state's coal producers.

In 2023, HCC used primarily in global steel production, accounted for around 47 per cent of Queensland's total coal export tonnages, semi soft/ PCI coal accounted for around 20 per cent, and thermal coal accounted for around 33 per cent.

In terms of value of production, HCC accounted for around 59 per cent of the total in 2023, while semi-soft/ PCI coal accounted for around 21 per cent and thermal coal around 20 per cent.

Coal royalties are expected to total $10.541 billion in 2023–24, $4.819 billion (or 31.4 per cent) lower than collected in 2022–23 but $1.353 billion (14.7 per cent) higher than forecast at the 2023–24 Budget Update.

This uplift in royalties in 2023–24 compared with previous expectations at the time of the Budget Update in late 2023 has been primarily driven by coal prices being received by Queensland coal producers in late 2023 and early 2024 not falling as quickly as anticipated. However, it should be noted that the premium HCC spot price fell sharply in March 2024 due to a decline in steel demand in China and India and improving supply conditions.

Box 4.5 Progressive coal royalties continue to ensure a fair share for Queenslanders

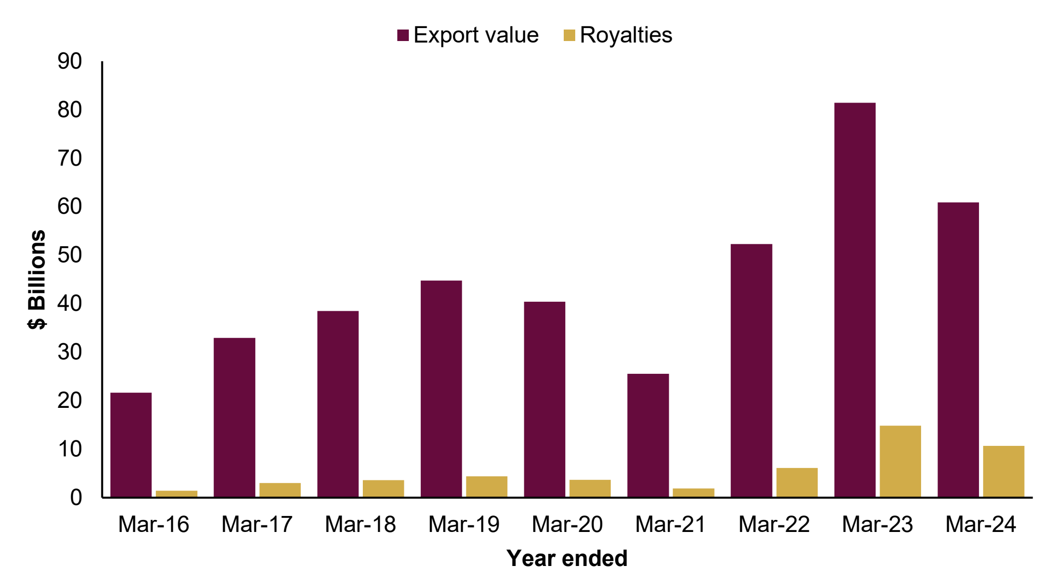
The new progressive coal royalty tiers announced in the 2022–23 Queensland Budget are ensuring that all Queenslanders are receiving a fair return on their valuable and non-renewable resources during the recent period of high global coal prices.

The high prices being received by producers since late 2021 have delivered significantly increased revenues to the state's coal companies.

ABS data show that over the period from July 2021 to March 2024, the value of Queensland coal exports totalled $188 billion. In comparison, over the previous corresponding period (i.e. July 2018 to March 2021) Queensland coal exports totalled $100 billion.

This means that the coal industry has earned an additional $88 billion over the recent period of elevated global prices, compared to what they earned just a few years ago. The significant growth in coal industry revenue over recent years, as well as how this compares with the royalties to Queenslanders, is demonstrated in Chart 4.8.

Chart 4.8 Value of Queensland coal exports and coal royalties – year ended March[1,2]



Notes:

1. Recent coal export data are subject to revision.
2. Royalty data relates to royalties payable on coal sold, disposed of, or used in the relevant period. Payments are made at a later date.

Source: Unpublished ABS trade data and Queensland Treasury

As outlined in the 2023–24 Budget Update, the new progressive royalty tiers delivered an additional $5.8 billion to Queenslanders in 2022–23. The new tiers are expected to deliver a further $3.6 billion in revenue in 2023–24, reflecting the ongoing strength in global prices across the second half of 2023 and early 2024.

Given the new tiers only take effect when prices are high, their impact is expected to decrease significantly over the forward estimates as coal prices normalise to around $1.3 billion in 2024–25, and an average of around $485 million per year over the 3 years ending 2027–28.

However, importantly, the new tiers will mean Queenslanders will also receive a fair share of the coal companies' extraordinary revenues during any future periods of unexpectedly high coal prices over the longer term.

The additional fiscal capacity provided by Queensland's progressive coal royalty tiers has previously enabled the government to invest more than $16 billion in infrastructure and essential services, as outlined in the 2023–24 Budget. These investments are benefitting all regions of Queensland, including key coal producing regions.

Building on this investment, the 2023–24 Budget Update also outlined a range of investments across regional Queensland that were supported by coal royalties, including:

- $210 million to temporarily double the First Home Owner Grant to $30,000 for eligible first home purchases until 30 June 2025
- $100 million to boost the 2024–27 Works for Queensland round for a total round of $300 million so regional councils can deliver more local infrastructure
- an additional $79.1 million for a new mental health facility in Rockhampton
- $70 million to increase the Queensland Critical Mineral and Battery Technology Fund to support the development of the critical mineral and battery technology industries
- an additional $30 million for the Backing Bush Communities Fund for workforce training and invasive species management and community projects
- up to $30 million to accelerate development of resource projects in the North West Minerals Province in the next 5 years
- up to $20 million for an economic structural adjustment package for Mount Isa and North West Queensland.

In this year's Budget, the ongoing strength in coal prices and resulting royalties, including from the new progressive royalty tiers, has enabled the government to deliver significant new and expanded measures in 2024–25 to support Queenslanders in tackling cost-of-living challenges. Some of the key measures include:

- Funding towards the $2.965 billion in additional electricity rebates to Queensland households and small businesses. All Queensland households will automatically receive $1,300 off their electricity bills 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 small businesses will also receive $650 off electricity bills in 2024–25, co-funded by the Queensland and Australian Governments

- $435 million for a 20 per cent reduction in motor vehicle registration costs for all light vehicles for a 12-month period
- $150 million in 2024–25 from lowering public transport fares to a flat fare of 50 cents per trip across the state from 5 August 2024 for 6 months
- $33.5 million in new funding in 2024–25, bringing the total funding to $40 million in 2024–25, to increase the maximum value of the FairPlay voucher from $150 to $200, and to increase the number of vouchers available from 50,000 to up to 200,000
- $15 million in 2024–25 for the *School and Community Food Relief Program*. This initiative will assist children to access food relief from appropriate sources, ranging from subsidised lunches, breakfasts or tuckshop items
- $10.1 million over 4 years from 2024–25 for food, emergency and financial relief measures for vulnerable cohorts.

Queensland's progressive coal royalties are a critical part of the Queensland Government's general revenue base, and therefore, also help fund health, education, law and order, transport and other essential services for all Queenslanders.

Supported by funding from coal royalties since the 2022–23 Budget, publicly-owned entities continue to deliver productivity-enhancing infrastructure projects across the energy, water, and ports sectors. This includes CopperString 2032 to connect Queensland's North West Minerals Province to the National Electricity Market, and large-scale pumped hydro energy storage projects critical to the decarbonisation of the state's energy system.

As such, Queensland's progressive coal royalties are enabling the Queensland Government to undertake significant investments across regional Queensland, including in resource producing regions, to improve living standards and create new employment opportunities.

Coal prices

Coking coal prices

Global coal prices have fallen significantly from the unprecedented surge experienced in mid-2021 and early 2022. HCC spot prices reached over US$670 per tonne (/t) in early 2022 but they have since fallen substantially and are now expected to average around US$286/t in 2023–24.

The decline in prices in late 2023 was slower than previously anticipated, reflecting a range of short term supply constraints, including:

- cyclone Jasper causing the temporary closure of some Queensland coal ports
- lower production at BMA mines due to a significant a significant increase in planned maintenance
- a stoppage at Peak Downs and operational and geo-technical factors that affected operations at Broadmeadow
- rainfall in the Bowen Basin, temporarily impacting production at some mines.

However, the HCC spot price fell sharply in March 2024, from US$313.50/t at the end of February to US$243/t at the end of April, leading to an average US$308/t across the March quarter. This decline was driven by reduced supply constraints and weakening global steel demand, reflecting production controls in China.

HCC prices averaged around US$240/t in May 2024, with further falls in coal prices expected over the coming quarters.

As discussed in previous Budgets and Budget Updates, HCC prices are still expected to continue to moderate towards more sustainable levels over time. This expectation is consistent with the views of other key market analysts, for example:

- The Australian Government Department of Industry Science and Resources' Office of the Chief Economist (OCE) stated that:
  - *Prices are expected to broadly trend downwards in 2024, averaging US$277 a tonne for the year. Metallurgical coal prices are falling slowly as supply disruptions gradually diminish. Prices are expected to ease from US$277 a tonne in 2024 to US$185 a tonne (in real terms) by 2029*[1]*.*
- Wood Mackenzie[2] indicated that:
  - *The market balance will start to loosen, with improving supply from Australia and slowing Chinese demand. This will push prices down to US$265/t in 2024, down by US$30/tonne [year-on-year].*
  - *Prices will decline gradually to a low of US$185/t by 2032 as marginal costs ease, supply availability recovers, and demand growth flattens.*
- The 2024–25 Federal Budget[3] stated that:
  - *Iron ore and metallurgical coal prices have been elevated over the past 2 years due to strong demand from China and disruptions to supply both in Australia and globally. However, recent indications suggest that steel demand in China has likely peaked and a recovery in the supply of iron ore and metallurgical coal has put downward pressure on prices.*

In the medium term, prices are expected to return towards the marginal cost of production. However, the outlook for mining costs has increased over recent years. For example, according to the March 2024 ABS Producer Price Indexes, input costs to coal mines have risen by an average of 7.2 per cent per annum over the past 3 years.

In addition to this, the Australian Government's Safeguard Mechanism policy, which requires Australia's highest greenhouse gas emitting facilities to reduce their emissions in line with Australia's emission reduction targets of 43% below 2005 levels by 2030 and net zero by 2050, is expected to lead to additional costs for coal operations.

Further, strip ratios — the ratio of saleable coal to waste material — of Australian coal mines are also increasing over time and this trend is expected to continue.

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[1] Department of Industry, Science and Resources, Commonwealth of Australia (2024*), Resources and Energy Quarterly March 2024*. https://www.industry.gov.au/publications/resources-and-energy-quarterly-march-2024 accessed 3 May 2024.

[2] Wood Mackenzie (2024). Global Metallurgical Coal Strategic Planning Outlook H1 2024.

[3] The Commonwealth of Australia (2024). *2024–25 Budget – Budget Strategy and Outlook* https://budget.gov.au/content/bp1/download/bp1_2024-25.pdf accessed 15 May 2024

Reflecting these factors, the HCC spot price is now expected to return to a medium-term price of US$185/t by December 2025. This is higher and later than the expectation at the time of the Budget Update, where it was assumed HCC prices would return to a medium-term level of US$175/t by December 2024.

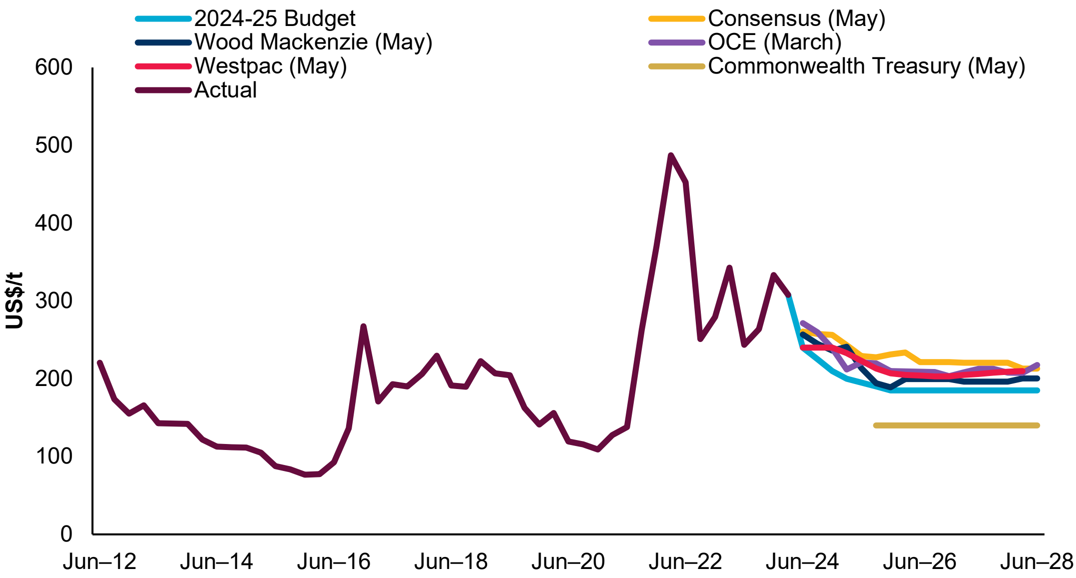
Chart 4.10 shows HCC price forecasts compared to the latest quarterly price forecasts from a range of other forecasters, including Consensus Economics, Wood Mackenzie, Westpac, OCE, and the Commonwealth Treasury.

This comparison shows that the expected sharp decline in coal prices from current levels is broadly consistent with the expectations of other major forecasters, with a clear consensus view that global coal prices will be substantially lower over coming quarters and years.

As illustrated in Chart 4.10, the latest forecasts from other major forecasters show a range of expectations in terms of where the medium-term price will settle, from US$140/t by the end of the March quarter of 2025 from Commonwealth Treasury ranging up to US$213/t across 2028 from Consensus Economics.

Queensland Treasury's medium-term price expectation of reaching US$185/t for HCC is largely similar to most other forecasters, although the pace of adjustment to reach medium-term prices varies across forecasters.

Chart 4.9 Coking coal price forecasts[1]



Notes:
1. Spot prices used where possible. Where spot prices are unavailable, contract prices have been used.

Sources: Consensus Economics, Wood Mackenzie, OCE, Westpac, Commonwealth Treasury, and Queensland Treasury.

Thermal coal prices

Premium thermal coal prices have tracked broadly in line with 2023–24 Budget Update forecasts, while spot prices for lower quality thermal coal have been somewhat stronger than anticipated.

In the lead up to the 2023–24 Budget Update, premium quality thermal coal was trading at a very high level, with global demand for premium-quality thermal coal being primarily driven by demand from Europe following Russia's invasion of Ukraine and fears about electricity shortages.

Global trade flows have partially normalised, resulting in a softening in premium thermal prices. Reflecting this, the gap between premium thermal coal and lower quality thermal coal has narrowed, to be more in line with the historical average.

However, at the same time, thermal coal production costs have increased, driven by both input cost escalation and lower mine productivity, a trend which is expected to continue.

Reflecting these market dynamics and expectations of the ongoing return of thermal prices to more 'normal' levels, the medium-term assumption for spot prices of premium thermal coal remains unchanged at US$120/t by mid-2024, while the price outlook for lower quality thermal coal been upgraded marginally.

Coal export volumes

Chart 4.11 outlines the outlook for coal export tonnages[1], highlighting that total coal export tonnages over the 4 years ending 2026–27 have been revised downwards, compared with the 2023–24 Budget Update forecasts, by around one per cent.

Metallurgical coal volumes have been downgraded in the near term, reflecting ongoing supply constraints which are expected to take longer to resolve than previously anticipated. Over the medium term, these constraints are expected to ease, resulting in a solid recovery in export volumes.

The downgrade to metallurgical coal volumes have been partly offset by an expected increase in thermal coal volumes across the forecast period, reflecting the recent stronger than expected thermal coal exports to China, and the faster than anticipated ramp-up of production at the Carmichael coal mine.

However, consistent with global trends, over the longer term beyond 2027–28, thermal coal exports are expected to begin to decline, reflecting falling global demand and mine depletions. This is driving an expected fall in coal export volumes of around 2 per cent in 2027–28.

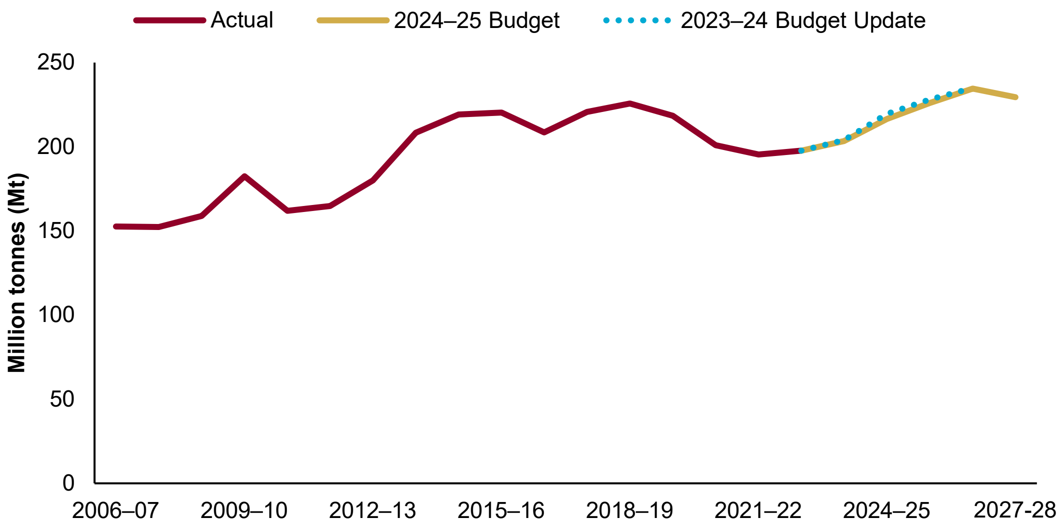
As highlighted previously, commitments in place by key trading partners to reduce emissions will continue to dampen long term demand for thermal coal. This includes commitments to achieve net zero emissions by 2050 in Japan and South Korea, and by 2060 in China. These commitments continue to be a downside risk in terms of Queensland's thermal coal exports.

As outlined in Appendix C, a one per cent variation in export coking and thermal coal volumes in 2024–25 would lead to a change in royalty revenue of approximately $61 million.

[1] All references to coal export volumes in this section relate to total export volumes and include coal exports where royalties are not paid to the government, i.e. private royalties. This will not align with tonnages presented in Appendix C which exclude private royalties.

However, given the majority of Queensland's coal exports are metallurgical coal, it is still expected that international demand for steelmaking coal should continue to support Queensland's coal exports over coming decades.

Chart 4.10 Export coal tonnages[1]



Note:

1. Includes coal exports where royalties are not paid to the government, i.e. private royalties. This will not align with tonnages presented in Appendix C which exclude private royalties.

Source: Unpublished ABS trade data and Queensland Treasury

Petroleum royalties

Compared to coal, petroleum royalties make up a smaller share of total royalties, even though petroleum royalties have grown strongly over recent years as the export industry has matured.

Global oil prices factor strongly into petroleum royalty forecasts, given most of the LNG produced in Queensland is sold under long-term contracts linked to oil prices. Meanwhile, in terms of volumes, the production level of the 3 major LNG plants is expected to be relatively stable across the forward estimates.

Revenue from petroleum royalties is estimated to total $1.705 billion in 2023–24, 27.5 per cent lower than 2022–23 but 3.3 per cent higher than forecast at the 2023–24 Budget Update.

The expected decline compared with 2022–23 revenues is in line with 2023–24 Budget Update expectations that oil prices, and therefore LNG prices, would unwind from recent highs. The upward revision compared with expectations in late 2023 is due to higher-than-expected LNG production, combined with a weaker than expected Australian dollar, leading to higher LNG prices in A$ terms.

OPEC+ production cuts and geopolitical tensions in Russia and the Middle East have seen global oil prices rebound so far in 2024. However, consistent with forecasts at the time of the 2023–24 Budget Update, oil prices are expected to unwind over the forward estimates due to increased global supply and reach US$75/barrel by September 2026.

Petroleum royalties are therefore expected to decline on average by around 12.7 per cent per annum over the 4 years ending 2027–28.

Other royalties

Other royalties include revenue from base and precious metals mined in Queensland such as gold, silver, copper, lead, and zinc, other minerals such as bauxite, and other royalties.

Revenue from other royalties is estimated to total $526 million in 2023–24, 4.2 per cent higher than in 2022–23. Other royalties are expected to grow by around 10.1 per cent in 2024–25, primarily driven by an expected increase in prices across metals.

Other royalties are then expected to decline by around 9.6 per cent per annum on average across the 3 years to 2027–28. The forecast decline is driven by an expected ongoing reduction in copper, lead, and zinc volumes due to depletion of ore reserves and scheduled mine closures over coming years. As final investment decisions for new mines or extensions are made this will flow through into the forecasts.

Land rents

Revenue from land rents, primarily related to mining and petroleum leases and pastoral holdings, is estimated to total $184 million in 2023–24. This is 1.7 per cent higher than in 2022–23 but 1.1 per cent lower than expected at the 2023–24 Budget Update.

The lower than previously expected revenue reflects an initiative implemented as part of the Queensland Critical Minerals Strategy, released in June 2023, which reduced rent to $0 for 5 years from 1 September 2023 for new and existing exploration permits for minerals other than coal.

Revenue from land rents is forecast to grow by 5 per cent in 2024–25 driven by higher rental valuations. Revenue from land rents is then expected to grow by 2.2 per cent per annum over the 3 years ending 2027–28.

4.4.4 Sale of goods and services

Sales of goods and services revenue comprises the cost recovery from the Queensland Government's provision of a range of goods or services. Revenue from sales of goods and services are expected to be flat over the 3 years ending 2027–28. Table 4.6 provides a breakdown of the categories of goods and services captured in terms of these revenues.

Table 4.6 Sales of goods and services[1]

	2022–23 Actual $ million	2023–24 Est. Act $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Fee for service activities	2,959	3,349	3,662	3,752	3,242	3,121
Public transport: South East Queensland	295	324	194	357	376	389
Rent revenue	593	599	609	672	750	775
Sale of land inventory	30	75	99	122	93	66
Hospital fees	932	904	912	927	941	954
Transport and traffic fees	561	564	529	591	619	643
Other sales of goods and services	1,113	1,132	1,328	1,242	1,304	1,366
Total	**6,483**	**6,946**	**7,333**	**7,663**	**7,325**	**7,314**

Note:

1. Numbers may not add due to rounding.

The government provides substantial concessions in the form of discounts, rebates and subsidies to improve access to and the affordability of a range of services for individuals or families, based on eligibility criteria relating to factors such as age, income and special needs or disadvantage.

Appendix A provides details of the concession arrangements provided by the Queensland Government, which highlights that in 2024–25, the government will be providing more than $11.218 billion in concessions, including substantial additional direct cost-of-living relief, to Queensland households and small businesses.

Fee for service activities

Examples of major items of fee for service activities across the General Government Sector include:

- recoverable works carried out by the Department of Transport and Main Roads and the commercialised arm of the department
- fees charged by TAFE colleges
- fees charged by CITEC to commercial clients for information brokerage services.

Other sales of goods and services

As shown in Table 4.6, revenue is also raised from a variety of other types of sales of goods and services. These include revenue from public transport ticketing arrangements, rent or lease of government property, hospital fees, transport and traffic fees, title registration fees and other licences and permits.

4.4.5 Interest income

Interest income primarily comprises interest earned on investments, including those held to support debt, superannuation and insurance liabilities.

Interest income is estimated to total $3.532 billion in 2023–24, 10.2 per cent higher than expected at the 2023–24 Budget, and 9.5 per cent higher than received in 2022–23. The increase in interest income in 2023–24 largely driven by the establishment of significant investments in 2023–24 from royalty windfalls to support the funding requirements of future infrastructure projects in regional Queensland.

Interest income is expected to reduce across the forward estimates reflecting the allocation of investment funds to infrastructure projects and associated reduction in investment returns.

4.4.6 Dividend and income tax equivalent income

Revenue from dividend and income tax equivalent income is estimated to total $1.720 billion in 2023–24, which is $714 million (70.9 per cent) higher than in 2022–23, and $199 million (13.1 per cent) higher than expected at the time of the 2023–24 Queensland Budget.

Higher dividends and income tax equivalent income in 2023–24 compared to 2022–23 reflects earnings growth in the Public Non-financial Corporations sector, including the electricity generation sector.

Over the forward estimates, dividends and income tax equivalents are expected to moderate to $1.429 billion in 2027–28. This aligns with a reduction in expected earnings from the energy generation government-owned corporations due to higher costs associated with accelerating capital investment in new renewable energy and storage assets combined with reduced output from coal generation assets. Ports and water sector dividends and income tax equivalents are expected to rise steadily to 2027–28.

Trends in dividends and income tax equivalent income are discussed in more detail in Chapter 8.

4.4.7 Other revenue

Other revenue, including royalty revenue, accounts for 11.8 per cent of total General Government Sector revenue in 2024–25 (see Table 4.7).

Table 4.7 Other revenue[1]

	2022–23 Actual $ million	2023–24 Est. Act $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Royalties and land rents	18,395	12,955	8,599	6,774	6,278	6,136
Fines and forfeitures	815	741	794	912	913	913
Revenue not elsewhere classified	950	945	1,032	1,033	732	739
Total other revenue	**20,160**	**14,640**	**10,425**	**8,719**	**7,923**	**7,788**

Note:

1. Numbers may not add due to rounding.

Royalties and land rents account for 9.8 per cent of total revenue in 2024–25 and are discussed in more detail above in section 4.4.3.

The major fines included in the fines and forfeitures category include speeding, red light, mobile phone and seatbelt camera detected offences and tolling offences.

Revenue from fines and forfeitures is expected to total $741 million in 2023–24, $74 million (9.1 per cent) lower than in 2022–23 and $73 million (8.9 per cent) lower than expected at the time of the 2023–24 Queensland Budget.

The forecast decline in 2023–24 compared with the previous year is partly driven by behavioural changes associated with the impact of mobile phone and seatbelt camera infringements. The forecast decline in 2023–24 compared with the forecast in the 2023–24 Budget is partly driven by lower-than-expected revenue from speed camera fines.

Revenue from fines and forfeitures is expected to grow by 7.2 per cent in 2024–25 and by a further 14.9 per cent in 2025–26, driven by the expansion of the Camera Detected Offence Program (CDOP).

This expansion is aligned to keeping Queenslanders safe as the CDOP is a proven road safety initiative that contributes to reducing road trauma for Queensland. The CDOP is an important component of Queensland's approach to manage and deter high risk behaviours on the road with the deployment of a range of cameras that focus on speed, red light, illegal use of mobile phones, the non-wearing of seatbelts and detecting unregistered, uninsured vehicles and vehicles transporting dangerous goods in tunnels.

All money collected for penalties imposed for camera-detected offences in excess of the administrative costs is required under legislation to be reinvested into road safety initiatives.

This focuses on keeping Queenslanders safe through road safety education and awareness programs; enabling practices and behaviours that improve road safety; road accident injury rehabilitation programs for people that have been injured in a crash; and infrastructure and related technologies to improve the safety of State-controlled roads.

Revenue not elsewhere classified includes assets contributed to the state and payments received for works delivered on behalf of GOCs.

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[1]

	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
Total Expenses	**75,880**	**88,495**	**90,738**	**89,232**	**89,783**	**93,305**

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

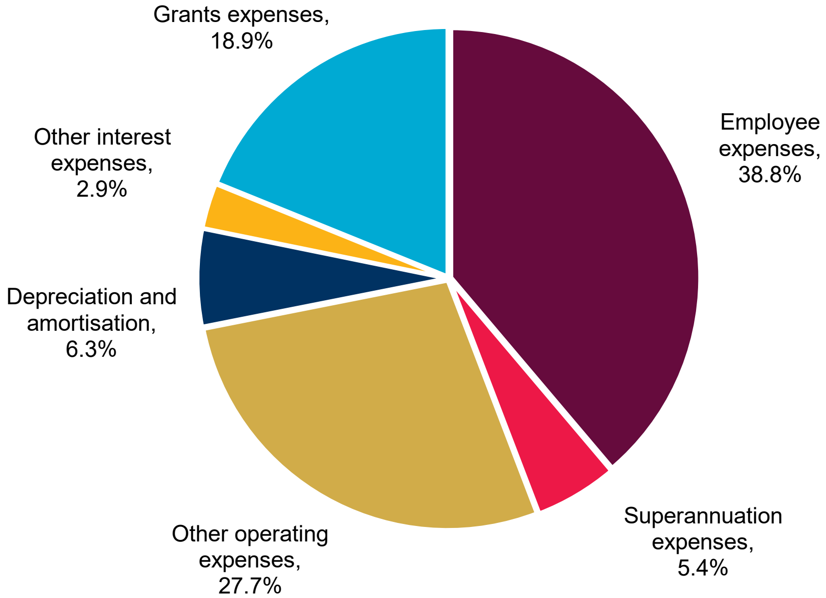
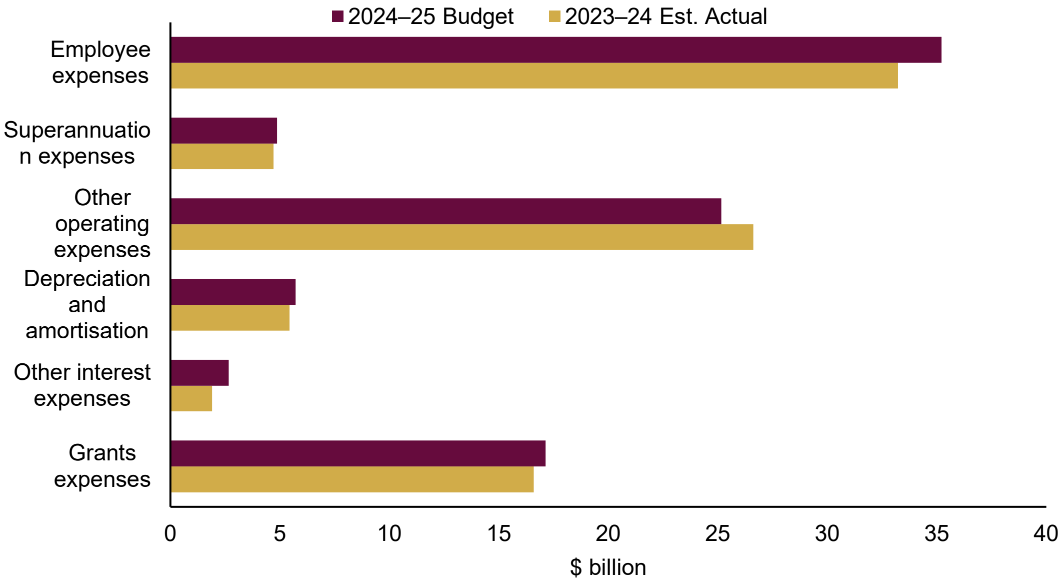


Chart 5.2 Expenses by operating statement category, 2024–25



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[1]

	2023–24 Adjusted Budget[2]	2023–24 Est. Act.	2024–25 Budget
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
Total	**256,020**	**259,004**	**266,999**

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[1]

	2022–23 Outcome $ million	2023–24 Est. Act. $ million	2024–25 Budget $ million
Current			
Grants to local government[2]	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
Total current grants	**11,643**	**12,390**	**12,941**
Capital			
Grants to local government[3]	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
Total capital grants	**2,429**	**4,204**	**4,189**
Total current and capital grants	**14,072**	**16,595**	**17,131**

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.

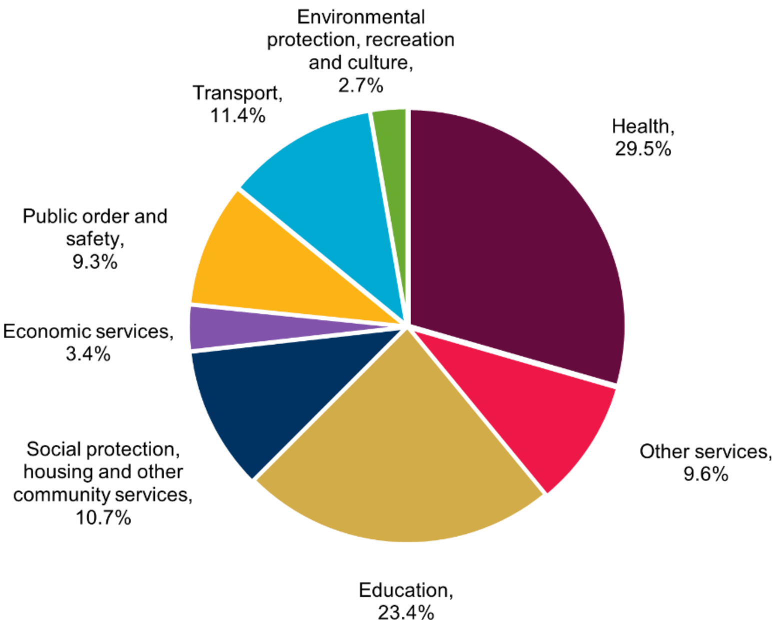
In 2024–25, the increase in grants is partly offset by one-off grants in 2023–24 to PNFC entities for the transfer of Rookwood Weir water infrastructure and grant funding to support completion of the Fitzroy to Gladstone water pipeline.

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



6 Balance sheet and cash flows

Features

- The increase in revenue is providing the capacity to support the delivery of expanded cost-of-living relief measures to Queensland households and businesses in 2024–25.
- For 2023–24, General Government Sector (GGS) net debt is forecast to be $12.223 billion, which is $3.967 billion lower than expected at the time of the 2023–24 Budget.
- From 2025–26 GGS net debt increases across the remainder of the forward estimates in support of the capital program, however the growth in net debt is expected to slow as the capital program moderates from the peak expected in 2025–26.
- The projected net debt to revenue ratio for 2023–24 has fallen materially over recent budgets. The projected ratio for the 2023–24 financial year has fallen from 77 per cent in the 2020–21 Budget to an estimated actual of 14 per cent in the 2024–25 Budget. This reflects prudent management of an extraordinary revenue uplift, particularly in 2021–22 and 2022–23, which was driven by higher royalties. These revenue windfalls have been used to substantially lower borrowing requirements in the near term, providing the capacity to then fund an expanded infrastructure program over time.
- Queensland's 2024–25 estimated net debt to revenue ratio of 31 per cent is slightly improved from previous forecasts and compares very favourably to its peers at 88 per cent for New South Wales (2023–24 Half-yearly Review) and 163 per cent for Victoria (2024–25 Budget).
- The Non-financial Public Sector (NFPS) capital program over the 4 years to 2027–28 totals $107.262 billion. The profile of the capital program over the forward estimates includes public infrastructure investment in projects associated with the *Queensland Energy and Jobs Plan* (QEJP), *Homes For Queenslanders*, new investment in the Direct Sunshine Coast Rail Line, delivering the health capacity expansion, providing critical water infrastructure and preparing for the Brisbane 2032 Olympic and Paralympic Games.
- The NFPS capital program for the period 2024–25 to 2027–28 comprises $94.900 billion of purchases of non-financial assets (PNFA), $11.037 billion of capital grant expenses and acquisitions of non-financial assets under finance leases and similar arrangements of $1.325 billion.
- The net worth of the state has increased in 2023–24 by over $44 billion compared to the 2023–24 Budget estimates. The increase is due to the increase in the value of non-financial assets and investments, including in other public sector entities.

6.1 Overview

The balance sheet shows the projected assets, liabilities and net worth of the General Government Sector as at 30 June each year. A resilient balance sheet provides the government with the capacity to respond to immediate financial and economic events, such as those brought about by cost-of-living pressures, natural disasters, and previously the COVID-19 pandemic.

A strong balance sheet provides the government with capacity to:

- prioritise elevated cost-of-living support when the community most needs it
- boosting health, housing and community safety measures in response to strong demand
- support delivery of a transformational capital program.

The cash flow statement shows the expected cash flows of the General Government Sector during each financial year of the forward estimates. While the operating statement is reported in accrual terms — that is, when revenues and expenses are recognised — the cash flow statement is reported in cash terms — that is, when revenues are received, and payments are made.

6.2 Balance sheet

Table 6.1 summarises the key balance sheet aggregates for the General Government Sector.

Table 6.1 General Government Sector – summary of budgeted balance sheet[1]

	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
Financial assets	84,347	88,677	91,386	95,551	98,902	103,158
Non-financial assets	304,312	343,262	355,190	367,897	380,195	390,113
Total assets	**388,659**	**431,939**	**446,575**	**463,447**	**479,097**	**493,271**
Borrowings	65,479	61,958	77,118	91,507	103,221	111,383
Advances	1,734	2,752	1,662	1,251	1,419	1,812
Superannuation liability	20,827	19,646	19,478	18,447	17,301	16,064
Other provisions and liabilities	29,845	32,699	32,744	33,070	32,868	33,420
Total liabilities	**117,886**	**117,054**	**131,002**	**144,275**	**154,808**	**162,679**
Net worth	**270,774**	**314,884**	**315,573**	**319,172**	**324,289**	**330,591**
Net financial worth	**(33,538)**	**(28,377)**	**(39,617)**	**(48,724)**	**(55,906)**	**(59,522)**
Net financial liabilities	**61,953**	**59,211**	**74,164**	**86,504**	**96,702**	**103,798**
Net debt	**16,190**	**12,223**	**27,407**	**40,552**	**52,076**	**59,831**

Note:

1. Numbers may not add due to rounding.

6.2.1 Financial assets

The major categories of financial assets are investments, loans and placements and investments in other public sector entities. Investments, loans and placements incorporate investments held to meet future liabilities, including superannuation and insurance, as well as investments relating to the Queensland Future Fund (QFF) — Debt Retirement Fund (DRF), which have a positive impact on the state's ratings metrics.

The General Government Sector holds the equity in the state's public enterprises, principally the shareholding in government-owned corporations (GOCs) but also Public Financial Corporations like Queensland Treasury Corporation (QTC), in much the same manner as the parent or holding company in a group of companies.

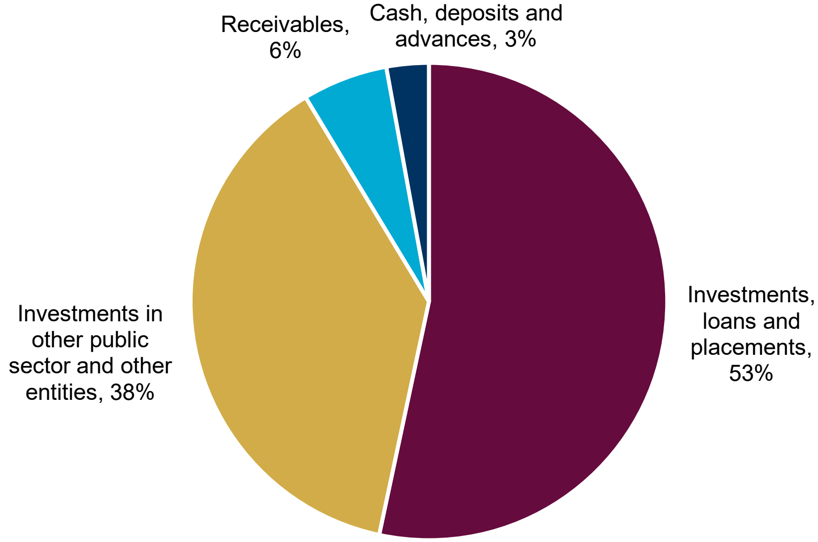
Total financial assets of $88.677 billion are estimated for 2023–24, $4.33 billion higher than published in the 2023–24 Budget. Investments, loans and placements have increased by $1.489 billion since the 2023–24 Budget, predominantly due to strong returns of the State's long term assets.

As the value of GOCs increases due to capital investment and revaluations, total financial assets are expected to increase by $2.708 billion to $91.386 billion by 30 June 2025.

Further increases in the value of public enterprises mean financial assets will continue to grow over the forward estimates and are projected to reach $103.158 billion by 30 June 2028.

Chart 6.1 shows forecast General Government Sector financial assets by category at 30 June 2025.

Chart 6.1 Forecast General Government Sector financial assets by category, at 30 June 2025



6.2.2 Non-financial assets

General Government Sector non-financial assets are estimated to be $343.262 billion at 30 June 2024, $38.949 billion higher than expected in the 2023–24 Budget.

Non-financial assets in 2024–25 are expected to increase by a further $11.928 billion to be $355.19 billion at 30 June 2025.

Total non-financial assets at 30 June 2025 consist primarily of land and other fixed assets of $344.437 billion, the majority of which are roads, schools, hospitals and other infrastructure. Other non-financial assets of $10.752 billion held by the state include prepayments and deferred income tax assets relating to GOCs.

General Government Sector capital expenditure for 2024–25 is forecast to be $17.021 billion, which comprises $12.831 billion of PNFA and $4.189 billion of capital grant expenses. In addition, acquisitions of non-financial assets under finance leases and similar arrangements are forecast to be $692 million, bringing the General Government Sector capital program for 2024–25 to $17.713 billion.

Over the 4 years to 2027–28, General Government Sector capital expenditure is forecast to be $65.790 billion, which comprises $54.656 billion of PNFA and $11.133 billion of capital grants expenses. Acquisitions of non-financial assets under finance leases and similar arrangements are forecast to be $976 million, bringing the total General Government Sector capital program over the period to $66.766 billion.

Over the forward estimates, the government will invest in:

- transformative transport infrastructure, including Direct Sunshine Coast Rail Line, the Coomera Connector, additional train rollingstock, Gold Coast Light Rail, M1 highway upgrades and Cross River Rail
- delivery of new social housing including projects under *Homes for Queenslanders*
- construction of new schools, including a new public school at Gracemere
- critical infrastructure upgrades and construction, including the Woodford and Cairns Youth Detention Centres and hospitals
- venue infrastructure for the Brisbane 2032 Olympic and Paralympic Games.

The finance leases and similar arrangements are mainly in relation to Public Private Partnerships (PPPs). PPPs total $976 million over the period 2024–25 to 2027–28 and includes the Tunnel, Stations and Development components of Cross River Rail and construction of Gold Coast Light Rail Stage 3.

Over the 4 years to 2027–28, the capital program for the Public Non-financial Corporations sector is forecast to be $40.624 billion. This is $6.897 billion more than the 2023–24 Budget capital program for this sector, mainly due to further renewable energy infrastructure with the roll-out of the *Queensland Energy and Jobs Plan*, which will transform Queensland's energy system over the next 10 to 15 years to deliver clean, reliable and affordable power.

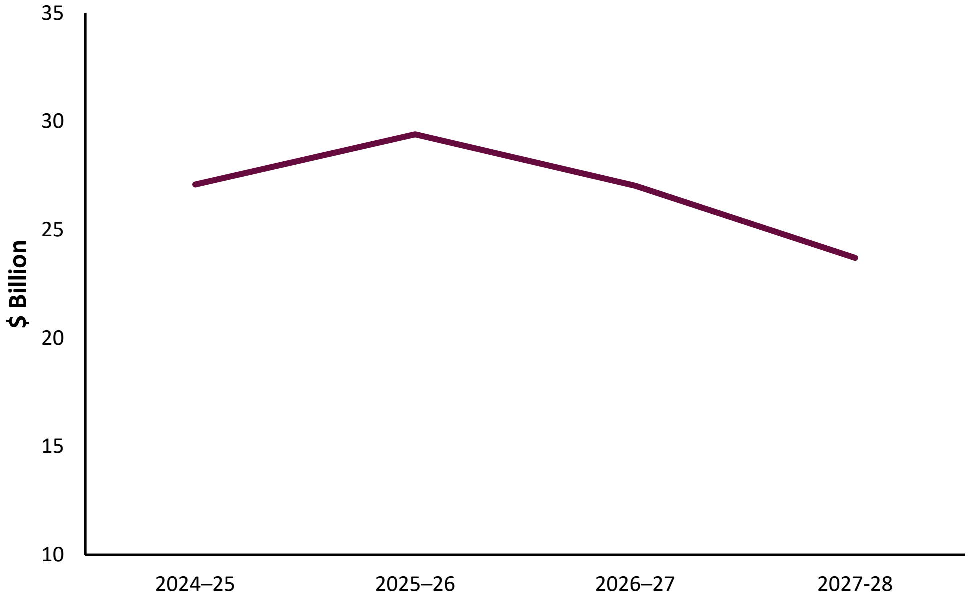
Queensland's publicly owned energy businesses are investing in new wind, solar, storage and transmission infrastructure. This includes large-scale, long duration pumped hydro, investment in CopperString 2032 connecting the North West Minerals Province to the national electricity grid, and a strong pipeline of renewable energy and storage projects.

The current estimate of the state's total capital program over the 4 years to 2027–28 is $107.262 billion. The PNFA by the NFPS over this period are forecast to be $94.900 billion. With capital grant expenses of $11.037 billion, this brings total capital expenditure to $105.937 billion. In addition to this, acquisitions of non-financial assets under finance leases and similar arrangements of $1.325 billion bring the total capital program over the period to $107.262 billion.

Chart 6.2 shows the capital program is expected to peak in 2025–26 before moderating across the remaining outyears.

This moderation reflects several factors, but essentially, there is a greater degree of flexibility with medium term capital scheduling given the spending profile of significant programs such as the QEJP, the Hospital Capacity Expansion Program and the completion of large projects such as the Cross River Rail.

Chart 6.2 Non-financial Public Sector Annual Capital Program



6.2.3 Liabilities

General Government Sector

Total General Government Sector liabilities are estimated to be $117.054 billion at 30 June 2024 of which the largest component is borrowings at $61.958 billion. Borrowing at 30 June 2024 is $3.521 billion lower than the 2023–24 Budget estimate and $1.415 billion lower than estimated at the 2023–24 Budget Update.

By 2024–25 borrowing is marginally higher at $277 million than the estimate at 2023–24 Budget Update even after incorporating elevated, but temporary, cost-of-living support. The increase in the 4-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 $103.2 billion in 2026–27, which is $6.5 billion higher than the 2023–24 Budget Update. However, as the peak in capital spending in 2025–26 passes, the debt burden trajectory reduces.

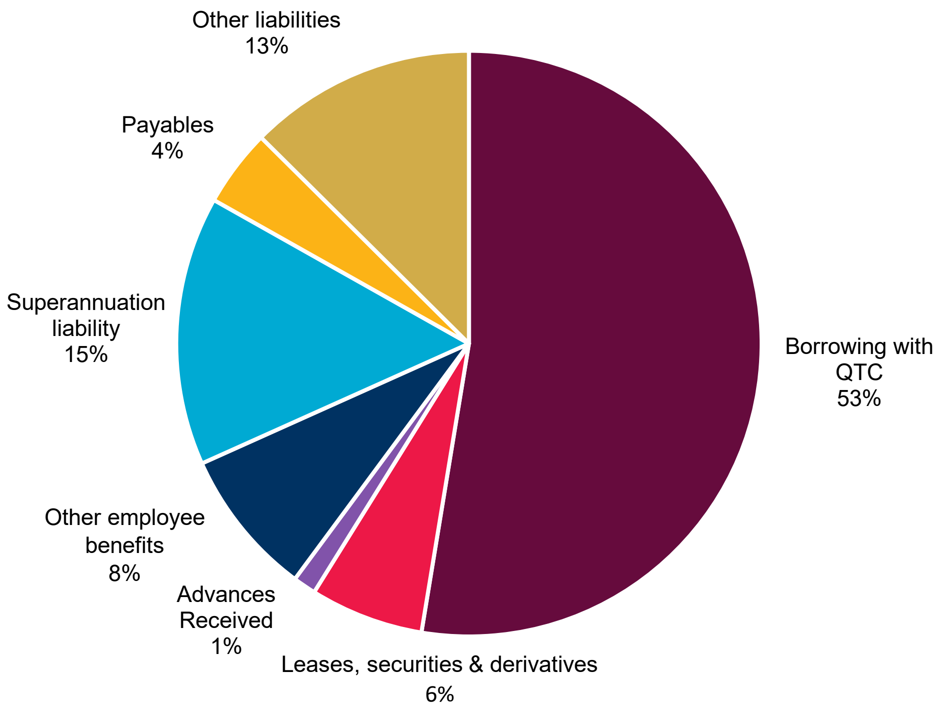
Over the forward estimates the annual call on new borrowing to fund the state's capital program declines as operating cash flows improve. By 2027–28 operating cash flows are expected to fund 64 per cent of net purchase of non-financial assets in spite of provisioning an additional $2 billion in operating expenses and $150 million in 2026–27.

By 30 June 2028 borrowing is expected to be $111.383 billion.

The defined benefit superannuation liability is projected to be $19.646 billion at 30 June 2024, $1.181 billion lower than expected in the 2023–24 Budget. This is predominantly due to a change in actuarial assumptions. By 30 June 2025 the superannuation liability is projected to be $19.478 billion and is expected to continue to decline over the forward estimates as bond rates continue to recover, and members of the defined benefit fund retire. The fund has been closed to new entrants since 2008.

The composition of the General Government Sector's forecast liabilities at 30 June 2025 is illustrated in Chart 6.3.

Chart 6.3 Forecast General Government Sector liabilities by category, as at 30 June 2025



Non-financial Public Sector borrowing

The NFPS is a consolidation of the General Government and PNFC sectors, with transactions between these sectors eliminated.

PNFC debt is primarily held by GOCs and is supported by income-generating assets including key pieces of economic infrastructure.

NFPS borrowing is expected to be $108.569 billion by 30 June 2024, $2.069 billion lower than the 2023–24 Budget.

By 30 June 2028 NFPS borrowing is expected to be $171.987 billion.

6.2.4 Net debt

Net debt is the sum of borrowing and advances received, less the sum of cash and deposits, advances paid, and investments, loans and placements.

Net debt excludes certain assets and liabilities, such as superannuation and insurance liabilities. However, it still indicates the soundness of the government's fiscal position, as high levels of net debt will require servicing through interest payments and limit flexibility to adjust expenditure.

Net debt for the General Government Sector in 2023–24 is estimated to be $12.223 billion, $3.967 billion lower than expected in the 2023–24 Budget. The lower net debt is predominantly due to lower borrowing requirements from improved net cash flows from operating activities and better than expected returns on the State's long term assets.

The net debt to revenue ratio for the GGS in 2024–25 is forecast to be 31.1 per cent, an improvement compared to the ratio of 34.2 per cent in the 2023–24 Budget.

Queensland's 2024–25 estimated net debt to revenue ratio of 31 per cent compares favourably to its peers at 88 per cent for New South Wales (2023–24 Half-yearly Review) and 163 per cent for Victoria (2024–25 Budget).

6.2.5 Net financial liabilities

Net financial liabilities are total liabilities, less financial assets other than equity instruments in other public sector entities. This measure is broader than net debt as it includes other significant liabilities rather than just borrowings (e.g. accrued employee liabilities such as superannuation and long service leave entitlements).

The net financial liabilities of the General Government Sector for 2023–24 are estimated to be $59.211 billion and are estimated to increase by $14.953 billion by 30 June 2025. This increase is commensurate with the expected increase in borrowings to invest in infrastructure to deliver economic growth and better services for Queenslanders.

6.2.6 Net worth

The net worth, or equity, of the state is the amount by which the state's assets exceed its liabilities. This is the value of the investment held on behalf of the people of Queensland by public sector entities.

Changes in the state's net worth occur for several reasons including:

- operating surpluses (deficits) that increase (decrease) the government's equity
- revaluation of assets and liabilities as required by accounting standards
- movements in the net worth of the state's investments in the PNFC and Public Financial Corporations sectors
- gains or losses on disposal of assets – where the selling price of an asset is greater (less) than its value in an agency's accounts, the resultant profit (loss) affects net worth.

General Government Sector net worth was $303.973 billion at 30 June 2023. It is expected to increase to $314.884 billion in 2023–24.

Net worth has increased in 2023–24 with the increases in the value of non-financial assets and investments, including in other public sector entities.

The net worth of the NFPS is projected to steadily grow over the forward estimates to be $330.591 billion by 2027–28.

6.3 Cash flows

The cash flow statement provides the cash surplus (deficit) measure, which comprises the net cash flows from operating activities plus the net cash flows from investments in non-financial assets (or physical capital).

The General Government Sector cash deficit for 2023–24 is estimated to be $7.153 billion, which is $143 million higher than the deficit forecast at the time of the 2023–24 Budget. This followed a surplus of $10.167 billion in 2022–23.

A cash deficit of $11.076 billion is forecast for 2024–25, reducing to an estimated deficit of $4.565 billion in 2027–28.

Net cash flows from investments in financial assets for policy purposes include net cash flows from disposal or return of equity, net equity injections into GOCs and concessional loans and advances. Cash flows from the injection of equity into the PNFC and Public Financial Corporations sector are the primary driver of net outflows of $10.767 billion over the period from 2024–25 to 2027–28. These equity injections will largely support the QEJP and GOC infrastructure projects.

Net cash flows from investments in financial assets for liquidity purposes represent net investment in financial assets to, for example, cover liabilities such as superannuation and insurance, as well as deposits and withdrawals to or from the redraw facility with QTC and other specific investments.

Total General Government Sector PNFA of $12.831 billion are budgeted for 2024–25. Over the period from 2024–25 to 2027–28, General Government Sector PNFA are expected to total $54.656 billion as Queensland invests substantially in economic growth, health, housing, education, roads and rail infrastructure to provide better services and prepare for the Brisbane 2032 Olympic and Paralympic Games.

7 Intergovernmental financial relations

Features

- The federal financial relations framework recognises that coordinated action and clear lines of responsibility for funding and service delivery are crucial for maximising economic and social outcomes and to strategically position the nation for the future.
- One of the Australian Government's functions under this framework is to provide funding to states to deliver essential services and infrastructure, representing approximately 45 per cent of all Queensland's General Government revenue in 2024–25.
- It is estimated the Australian Government will provide the Queensland Government with $39.811 billion in 2024–25 ($622 million more than in 2023–24), comprising:
  - $19.923 billion[1] in payments for specific purposes ($699 million more than 2023–24)
  - $1.364 billion in other Australian Government grants, including payments direct to Queensland Government agencies for Australian Government own-purpose expenditure ($857 million more than 2023–24)
  - $18.525 billion in payments for general purposes ($934 million less than 2023–24). Further detail is provided in Chapter 4.
- Payments for specific purposes to Queensland in 2024–25 include:
  - $7.070 billion for National Health Reform funding
  - $6.980 billion for Quality Schools funding[2]
  - $5.067 billion for National Partnership payments (including the Infrastructure Investment Program, Disaster Recovery Funding Arrangements (DRFA), National Energy Bill Relief, the South East Queensland City Deal and the Brisbane 2032 Olympic and Paralympic Games)
  - $450 million for National Skills Agreement funding
  - $355 million for National Agreement on Social Housing and Homelessness funding.
- The Queensland Government provides considerable assistance to local governments, recognising the important services they provide to the community, and will provide a total of $3.550 billion to local governments in 2024–25.

7.1 Federal financial arrangements

The Australian Government has greater capacity to raise revenue than is required to meet its service delivery responsibilities. Conversely, states and territories' (states) ability to raise revenue is less than required to meet their service delivery and infrastructure responsibilities. This vertical

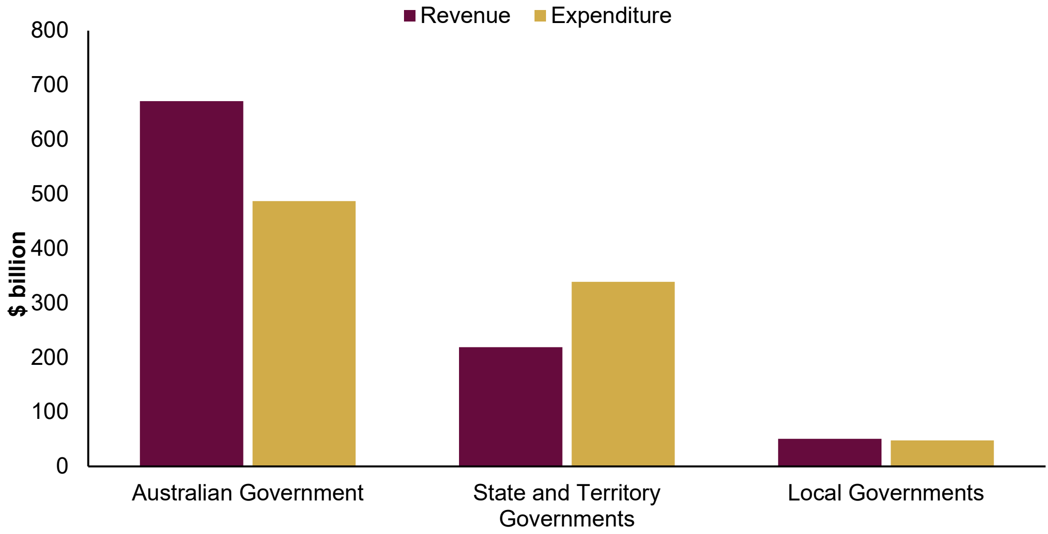
[1] Total payments for specific purposes may not add due to rounding.

[2] Quality Schools funding includes payments for government schools (exclusive of GST) and non-government schools (inclusive of GST).

fiscal imbalance (VFI) is addressed through a system of intergovernmental payments from the Australian Government to the states.

In 2022–23 the Australian Government collected 71.3 per cent of government revenue nationally, while states collected 23.3 per cent, with local governments responsible for the balance (5.4 per cent). Chart 7.1 illustrates the revenue and expense disparity between the different levels of government.

Chart 7.1 Own-source revenue and expenses by levels of government, 2022–23[1,2]



Notes:

1. Revenue calculated as total revenue minus grant revenue.
2. Expenses calculated as total expenses minus grant expenses.

Source: ABS Government Finance Statistics.

To address VFI, the Australian Government makes 2 types of payments:

- general revenue assistance payments (largely GST revenue) which can be used by states for any purpose ('untied' funding)
- payments for specific purposes ('tied' funding) such as:
  - payments for National Health Reform, the National Skills Agreement, the National Agreement on Social Housing and Homelessness and Quality Schools funding, which are a contribution toward states' service delivery priorities
  - National Partnership (NP) payments, which represent funding to support the delivery of specific priorities, outputs, or projects and to facilitate or incentivise reforms.

Given the Australian Government's significant revenue raising capability, states are heavily reliant on these intergovernmental transfers to provide essential services and infrastructure.

As part of the national governance arrangements, the Council on Federal Financial Relations — CFFR; chaired by the Australian Treasurer and comprising all state Treasurers — oversees national agreements and transfers between the Australian Government and states.

States have also formed the Board of Treasurers (the Board) to collaborate on common issues, advance national reform priorities from state perspectives, and promote united agenda setting in federal affairs. The Board is chaired by a state Treasurer on a rotational basis for a calendar year — Queensland was the Chair in 2023 and Western Australia is the Chair in 2024.

Key priority areas for CFFR and the Board in 2024 include health, housing, education, disability services, productivity and regulatory reform, and infrastructure. Part of Treasurers' work on these priority areas includes overseeing negotiations of several major funding agreements that expire within the next 12 months (see Box 7.1).

This chapter largely focuses on the Australian Government's payments for specific purposes (sections 7.2 to 7.4). Detail on GST revenue is provided in Chapter 4. Information on State–Local Government Relations is provided in section 7.5.

7.2 Australian Government funding to states and territories

In the *2024–25 Federal Budget Paper No.3: Federal Financial Relations*, the Australian Government estimates it will provide funding of $185.931 billion in 2024–25 across all states, which is $9.859 billion (or 5.6 per cent) more than in 2023–24, comprising:

- $93.7 billion in payments as shares of general revenue assistance (i.e. GST revenue) ($2.369 billion more than in 2023–24)
- $91.519 billion in payments for specific purposes ($7.554 billion more than in 2023–24) including:
  - $30.156 billion in Quality Schools funding
  - $30.149 billion in National Health Reform funding
  - $2.432 billion in National Skills Agreement funding
  - $1.778 billion in National Agreement on Social Housing and Homelessness funding
  - $3 billion in National Energy Bill Relief funding
  - $24.004 billion in National Partnership payments.
- $711.4 million in other payments to states, including:
  - $666.1 million for certain royalty payments to Western Australia
  - $45.4 million for municipal services to the Australian Capital Territory.

Australian Government payments for specific purposes may not fully fund all underlying programs. Most require states to provide matching financial or in-kind contributions. This reduces budget flexibility for states, particularly in cases where programs are not Queensland Government priorities or where the Australian Government dictates specific conditions related to the funding.

Box 7.1 Major funding agreements expiring in the next 12 months

The Queensland Government is committed to collaborating with the Australian Government to secure sustainable and long-term funding arrangements for major service delivery and infrastructure funding agreements expiring within the next 12 months.

These agreements include the National Health Reform Agreement, National School Reform Agreement, National Housing and Homelessness Agreement and Land Transport Infrastructure Projects Agreement.

Combined, these 4 agreements account for $16.691 billion (83.8 per cent) of the $19.923 billion Queensland will receive in 2024–25 in specific purpose funding from the Australian Government.

Housing

The National Housing and Homelessness Agreement (NHHA) – an agreement between the Australian and state and territory governments to improve access to secure and affordable housing and homelessness services – will expire on 30 June 2024.

On 31 May 2024, Queensland signed a new 5-year National Agreement on Social Housing and Homelessness (NASHH), commencing 1 July 2024. Under the agreement, the Australian Government will contribute funding to the effective operation of Australia's social housing and homelessness services and help those people who are at risk or are experiencing homelessness.

Health

The 2020–25 Addendum to the National Health Reform Agreement (NHRA) – an agreement between the Australian and state and territory governments to improve health outcomes for all Australians and ensure a sustainable health system – will expire on 30 June 2025.

Through this agreement the Australian Government contributes funds to states and territories for public hospital services, including services delivered through emergency departments, hospitals, and community health settings.

On 6 December 2023, National Cabinet endorsed reforms to strengthen the health system including increasing the Australian Government's NHRA contribution to 45 per cent over a 10-year glide path from 1 July 2025 to 30 June 2035, with an achievement of 42.5 per cent before 2030, as well as a more generous approach to the funding cap.

The Queensland Government is working with the Australian Government to embed these long-term and system-wide structural health reforms in the new NHRA to achieve a sustainable and efficient health system that will give Australians better access to health services they need, when they need it.

Education

The National School Reform Agreement (NSRA) – an agreement between the Australian and state and territory governments to lift student outcomes across Australian schools – will expire at the end of 2024.

As the majority funder and operator of government schools, the Queensland Government is working with the Australian Government to ensure a well-resourced school system that enables better learning and wellbeing outcomes for all Queensland school students.

Land transport infrastructure

The National Partnership Agreement on Land Transport Infrastructure Projects – an agreement between the Australian and state and territory governments to deliver nationally significant infrastructure projects – will expire on 30 June 2024.

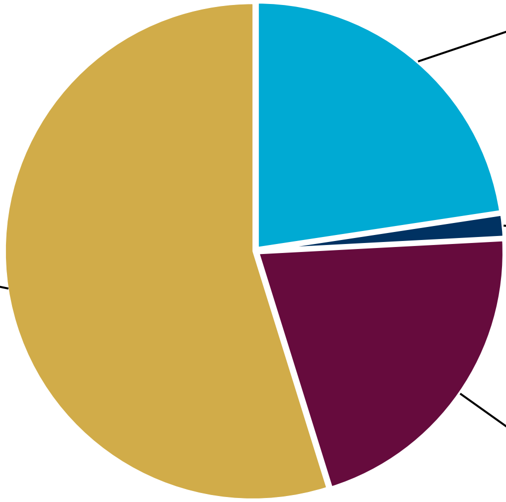
The Queensland Government will continue to advocate for the state's fair share of national infrastructure funding to ensure Queensland will not be worse off and that the Australian Government maintains its current level of funding for transport corridors that connect the state's dispersed population centres.

7.3 Australian Government funding to Queensland

It is estimated the Australian Government will provide the Queensland Government with $39.811 billion in 2024–25 ($622 million more than in 2023–24).

Australian Government funding is estimated to account for 45 per cent of Queensland's total General Government Sector revenue sources in 2024–25 (shown in Chart 7.2).

Chart 7.2 General Government Sector revenue sources, Queensland 2024–25[1,2]



Notes:

1. Queensland own-source and other revenue figure includes taxation revenue, sales of goods and services, royalties and land rents.
2. Queensland Treasury estimates. Other Australian Government grants include payments direct to Queensland Government agencies for Australian Government own-purpose expenditure.

Sources: 2024–25 Federal Budget Paper No. 3 and Queensland Treasury estimates.

Box 7.2 Foundational supports for people with disability

On 6 December 2023, National Cabinet agreed an initial response to the National Disability Insurance Scheme Review to secure the future of the NDIS and jointly develop and fund additional foundational supports for people with a disability. These were agreed alongside reforms to the National Health Reform Agreement (NHRA).

National Cabinet agreed funding for foundational supports would be split 50/50 by the Australian Government and states with costs to states capped and states and territories to be better off under the combined health and disability reforms.

National Cabinet tasked the Council on Federal Financial Relations (CFFR) to oversee the funding and costings for foundational supports and settle final funding details.

Queensland's contribution is contingent on ongoing negotiation with the Australian Government on foundational supports and the finalisation of a new NHRA.

The Queensland Government is committed to working with the Australian Government to negotiate a deal that honours the National Cabinet agreement guaranteeing Queensland would be fiscally better off across both disability and health agreements and ensures Queenslanders with disability can access the right mix of support they need at the right time in a connected and inclusive way.

7.4 Payments to Queensland for specific purposes

In 2024–25, Queensland expects to receive $19.923 billion[1] in payments for specific purposes, $699 million (3.6 per cent) more than in 2023–24.

Payments for specific purposes comprise funding for National Health Reform, Quality Schools, National Skills Agreement, National Agreement on Social Housing and Homelessness, and NP payments.

[1] Queensland Treasury estimates.

Table 7.1 Estimated payments of Australian Government grants[1]

	2022–23 Actual $ million	2023–24 Est. Act. $ million	2024–25 Budget $ million
Payments for specific purposes			
National Health Reform funding[2]	6,226	6,699	7,070
Quality Schools funding[3]	6,255	6,769	6,980
National Skills Agreement funding[4]	331	391	450
National Agreement on Social Housing and Homelessness funding[5]	344	355	355
National Partnership payments (incl. DRFA)	4,927	5,009	5,067
Total payments for specific purposes	**18,083**	**19,223**	**19,923**
Other Australian Government grants[6]	1,461	506	1,364
Total payments for specific purposes and other Australian Government grants	**19,545**	**19,730**	**21,286**

Notes:

1. Numbers may not add due to rounding.
2. Includes funding for the COVID-19 public health response of $188.707 million in 2022–23. The National Partnership on COVID-19 Response expired on 31 December 2022.
3. Quality Schools funding includes payments for government schools (exclusive of GST) and non-government schools (inclusive of GST).
4. The National Skills Agreement commenced on 1 January 2024, replacing the National Agreement on Skills and Workforce Development.
5. The National Agreement on Social Housing and Homelessness will replace the National Housing and Homelessness Agreement from 1 July 2024.
6. Includes direct Australian Government payments to Queensland agencies for Australian Government own-purpose expenditure (e.g. financial assistance to local governments and funding to Hospital and Health Services).

Sources: 2024–25 Federal Budget Paper No. 3 and Queensland Treasury estimates.

In 2024–25, National Health Reform funding, which accounts for 35.5 per cent of the total payments for specific purposes, is estimated to increase by $371 million (5.5 per cent) from 2023–24.

Queensland Government projections of National Health Reform funding differ from the projections contained in the 2024–25 Federal Budget as Australian Government projections represent cash payments made in the financial year (rather than the entitlement amount for the financial year) and include adjustments for services delivered in prior years. Actual National Health Reform payments vary from estimates provided in budget papers as they are based on actual public hospital activity delivered each year.

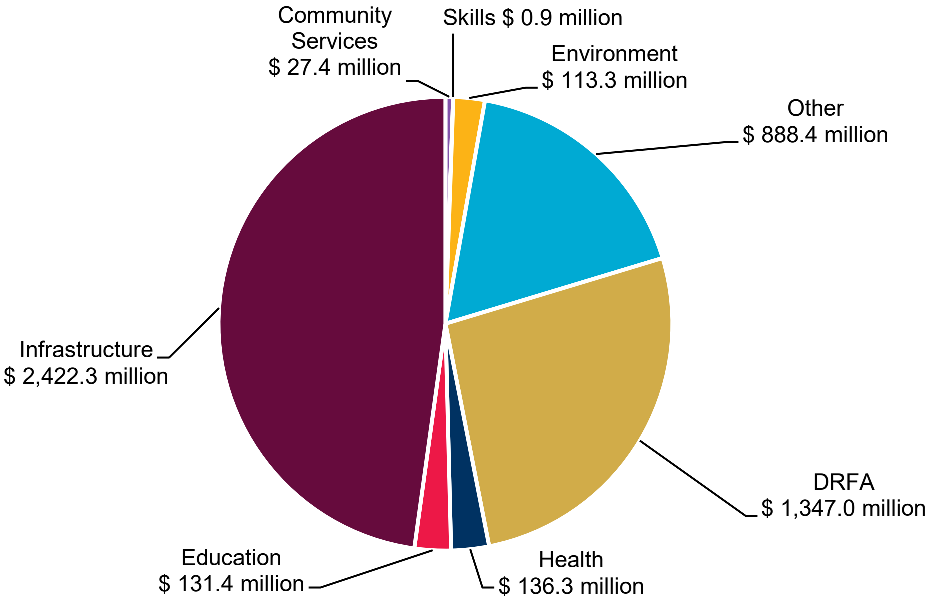
Quality Schools funding, which accounts for around 35 per cent of total payments for specific purposes, is estimated to increase by $212 million (3.1 per cent) to $6.980 billion in 2024–25.

The National Skills Agreement (NSA) commenced on 1 January 2024, replacing the National Agreement on Skills and Workforce Development (NASWD). Funding in 2023–24 reflects combined estimates for NASWD (1 July 2023 to 31 December 2023) and the NSA (1 January 2024 to 30 June 2024). NSA funding is estimated to increase by $59 million (15 per cent) to $450 million in 2024–25.

The National Agreement on Social Housing and Homelessness (NASHH) will replace the National Housing and Homelessness Agreement (NHHA) from 1 July 2024. NASHH funding in 2024–25 is $355 million, which is unchanged from 2023–24.

NP payments (including DRFA) account for 25.4 per cent of the total payments for specific purposes in 2024–25. It is estimated to increase by $58 million (1.2 per cent) from 2023–24 to 2024–25. A significant proportion of NP payments in 2024–25 is allocated to infrastructure, DRFA and other (refer to Chart 7.3).

Chart 7.3 National Partnership Payments by sector, 2024–25[1]



Note:

1. Excludes Australian Government funding to local government and payments direct to Queensland Government agencies for Australian Government own-purpose expenditure.

Sources: 2024–25 Federal Budget Paper No. 3 and Queensland Treasury estimates.

The increase in NP payments in 2024–25 is mainly due to the Australian Government extending its Energy Bill Relief Fund, to provide $300 to all Queensland households and $325 to small businesses in 2024–25. Increases in NP payments are partly offset by the cessation of Australian Government funding under the DisabilityCare Australia Fund.

Other Australian Government grants include payments direct to Queensland Government agencies for Australian Government own-purpose expenditure.

In 2024–25, Queensland expects to receive $1.364 billion in other Australian Government grants, $857 million (169.2 per cent) more than in 2023–24. The significant increase is mainly due to the Australian Government's bring forward of financial assistance to local governments from 2023–24 to 2022–23.

7.4.1 Projections of payments for specific purposes to Queensland

Across the forward estimates, total payments for specific purposes (including DRFA payments) are expected to increase modestly, with average growth of approximately 1.2 per cent between 2024–25 and 2027–28. If the impact of DRFA payments is removed, the average growth of total payments for specific purposes is expected to be 3.6 per cent between 2024–25 and 2027–28.

National Health Reform funding is expected to grow by an average of 6.5 per cent over the forward estimates. Under the NHRA, the Australian Government will fund 45 per cent of efficient growth in hospital activity subject to a national growth cap of 6.5 per cent per annum. Current estimates are based on this methodology.

Growth in Quality Schools funding for Queensland is expected to average 3.8 per cent between 2024–25 and 2027–28 in line with enrolment changes, increased funding per student and legislated Australian Government funding shares. Queensland is expecting to receive $10.768 billion for state schools and $18.796 billion (including GST) for non-government schools from 2024–25 to 2027–28.

DRFA payments of $3.796 billion are estimated from 2023–24 to 2026–27. These mainly reflect Australian Government funding for eligible expenditure under DRFA for Queensland disaster events in 2021–22, 2022–23 and 2023–24.

7.4.2 Expiring agreements

Under the Intergovernmental Agreement on Federal Financial Relations, the Australian Government provides time-limited funding to states through NP payments to support the delivery of specific projects, facilitate reforms or reward states that deliver on nominated reforms or service delivery improvements.

Over time, some NPs have been extended beyond their intended time-limited purpose. NPs were never intended, and are not considered the optimal way, to fund ongoing services to meet community needs.

Expiring NP agreements that support long standing and effective services or programs leave states with limited opportunities to appropriately manage consequences as final funding decisions are made through the Australian Government's budget process.

Early indication from the Australian Government as to the continuation, lapse, or other treatment of funding for an expiring agreement is necessary to enable states to effectively manage their service delivery responsibilities.

There are 29 agreements[1] expected to expire in 2023–24. At the 2024–25 Federal Budget, the Australian Government allocated funding beyond 2023–24 for 17 expiring agreements, including the following key agreements:

- National Partnership Agreement on Land Transport Infrastructure Projects – a new 5-year agreement is currently under negotiation, with funding allocated over the forward estimates
- Management of Torres Strait / Papua New Guinea cross-border health issues – funding extended to 2027–28
- Mosquito control in the Torres Strait Protected Zone – funding extended to 2027–28
- Addressing blood-borne viruses and sexually transmissible infections in the Torres Strait – funding extended to 2027–28
- Specialist dementia care program – national funding allocated over 3 years from 2024–25 to continue the program, with state allocations yet to be finalised
- Comprehensive palliative care in aged care program – funding extended to 2025–26
- Hummingbird House – funding extended to 2024–25
- Implementing water reform in the Murray-Darling Basin – national funding allocated to continue implementation of the Murray-Darling Basin Plan, with state allocations yet to be finalised
- Great Artesian Basin Water Security Program – funding extended to 2027–28.

The 2024–25 Federal Budget did not allocate funding beyond 2023–24 for 4 expiring funding agreements:

- DisabilityCare Australia Fund
- Primary Care Pilots
- Disaster Risk Reduction
- Ehrlichia Canis Pilot Program.

A funding extension or renewal was not sought for the remaining 8 expiring agreements due to the short-term nature of the program or completion of the project. These include completion of the Cunnamulla Hot Springs and Warrego River Walk and the multi-use conveyor at Port of Bundaberg, one-off funding boost for the Student Wellbeing and BreastScreen Australia programs, and temporary funding for the Raine Island Recovery project.

7.5 State-local government financial relations

The Queensland Government allocates considerable funding in the 2024–25 Queensland Budget to support local governments across the state. This recognises the critical role local governments play in supporting their local communities.

In 2024–25, the Queensland Government will provide a total of $3.550 billion in grants to local governments.

[1] Includes any expiring schedules to Federation Funding Agreements.

This includes recurrent and capital grants to local government authorities and Indigenous councils, as well as Australian Government grants paid through the state to local governments.

Grants to local governments are delivered through numerous Queensland Government departments and agencies for a variety of purposes, including through the programs discussed below.

A summary of Queensland Government grant programs that have been made exclusively available to local governments are listed in Table 7.2.

Table 7.2 Grant programs exclusively available to local governments

Program name	Description	Total funding (from 2015–16 to 2027–28)
Works for Queensland	Supports local governments in regional areas to undertake job creating maintenance and minor infrastructure works.	$1.1 billion
COVID-19 Works for Queensland	Supports all local governments to respond to and recover from the COVID-19 pandemic to deliver job creating new infrastructure, maintenance or minor works projects.	$200 million[1]
South East Queensland Community Stimulus Program	Supports South East Queensland local governments to fast-track investment in new infrastructure and community assets that create jobs and deliver economic stimulus to local communities.	$200 million
Unite and Recover Community Stimulus Package	Supports South East Queensland local governments to recover from the COVID-19 pandemic by fast-tracking investment in new infrastructure and community assets that create jobs and deliver economic stimulus to local communities.	$50 million[2]
Transport Infrastructure Development Scheme	Provides targeted investment in regional local government transport infrastructure.	$939.8 million[3]
Building our Regions	Provides funding for critical infrastructure in regional areas to support economic development, including generating jobs.	$418.3 million
Local Government Grants and Subsidies Program	Provides funding for priority infrastructure projects that will enhance sustainable and liveable communities.	$376.9 million[3]
Coastal Hazard Adaptation Program – QCoast2100	Assists coastal local governments to prepare plans and strategies for addressing the impact of climate change.	$20.2 million
Queensland Water Regional Alliances Program	Assists regional councils to collaborate and improve the efficiency and administration of water infrastructure.	$18 million

Notes:

1. This program is a stimulus measure in response to the COVID-19 pandemic and expenditure will cease in 2024–25.
2. This program has ceased in 2023–24.
3. Funding is ongoing. Figure is based on current projections.

In addition to the above grant programs, the Queensland Reconstruction Authority (QRA) administers funding available under the Disaster Recovery Funding Arrangements, which is a joint funding initiative of the Queensland and Australian Governments to provide disaster relief and recovery payments to help communities recover following the effects of natural disasters.

Under these arrangements, the Queensland Government administers significant funding to local governments (more than $1.214 billion expected in 2024–25), including to provide disaster relief and assist with reconstruction of local government infrastructure damaged during natural disasters. The amount of funding administered is dependent on the final number and value of claims submitted.

QRA also administers several resilience programs of the Queensland and Australian Governments to support disaster mitigation projects and build resilience to natural disasters. These programs include the Queensland Resilience and Risk Reduction Fund, the North Queensland Natural Disasters Mitigation Program, and the National Flood Mitigation Infrastructure Program.

The Queensland Government also understands there are added challenges and disadvantages faced by Indigenous councils to ensure their communities have access to essential services and critical infrastructure, including low populations, remoteness and dispersion. To help address these challenges, the Queensland Government has allocated substantial operating funding to specifically support Indigenous councils and their communities.

The 2024–25 Budget commits $25.8 million in 2024–25 and 2025–26 in addition to existing funding for the Indigenous Council Funding Program. The 2024–25 Budget also commits an additional $10 million over 2 years from 2024–25 to establish an entity to support Indigenous Councils.

A summary of grant programs that have been made available to Indigenous councils and their communities are listed in Table 7.3.

Table 7.3 Grant programs to support Indigenous councils and their communities

Program name	Description	Total funding (from 2015–16 to 2027–28)
Indigenous Council Funding Program	Assists Indigenous councils to address financial sustainability and capacity issues.	$306.7 million
Indigenous Councils Critical Infrastructure Program	Contributes to the cost of water, wastewater and solid waste infrastructure in Indigenous communities.	$120 million
Indigenous Economic Development Grant	Contributes funding towards service positions to support permanent jobs that deliver local government services.	$11.5[1] million
Major Infrastructure Program	Deliver environmental, health and other infrastructure upgrades within the Torres Strait Island Regional Council, Torres Shire Council and Northern Peninsula Area Regional Council areas.	$15 million
Revenue Replacement Program	Provided funding to assist Indigenous councils that have divested or surrendered profitable liquor licenses.	$28.2[1] million
State Government Financial Aid	A financial contribution (in lieu of rates) to meet the costs incurred by Indigenous councils in the provision of local government services.	$265.7[1] million
Indigenous Local Government Sustainability Program (2016–18)	Assisted Indigenous councils to increase their capacity, capability and sustainability.	$7.7 million

Note:
1. These grant programs ceased at the end of the 2022–23 financial year and were replaced by the Indigenous Council Funding Program. The table reports Funding for the Indigenous Council Funding Program from the 2023–24 financial year to avoid double counting of the original ceased programs.

8 Public Non-financial Corporations Sector

Features

- Entities in the Public Non-financial Corporations (PNFC) Sector provide essential services such as electricity supply and distribution, bulk water supply, rail, and port services.
- The Queensland Government is committed to maintaining public ownership of its assets and expects businesses to operate commercially and efficiently, and to work towards continually improving services to Queenslanders.
- The PNFC Sector is estimated to achieve earnings before interest and tax (EBIT) of $3.062 billion in 2024–25 and remain higher over the forward estimates. In 2024–25, PNFC Sector dividends are expected to be $1.048 billion, with cumulative dividends of $3.917 billion over the 4 years to 2027–28.
- The 2024–25 Budget includes a landmark capital investment of around $26 billion over the 4 years to 2027–28 to deliver on the *Queensland Energy and Jobs Plan* (QEJP). The government's publicly-owned energy businesses are leading Queensland's energy transformation investing in new wind, solar, storage and transmission.
- Government entities are progressing an investment pipeline of renewables, batteries, gas, pumped hydro energy storage and the transmission SuperGrid, including CopperString 2032 connecting the North West Minerals Province to the electricity grid.
- Increased borrowings over the forward estimates primarily reflect capital requirements to deliver the QEJP, transform the rail network, and ensure water security across the state.
- Key projects in the water sector in 2024–25 include construction of the Fitzroy to Gladstone and Toowoomba to Warwick pipelines, and dam improvement works across Paradise, Burdekin Falls, Somerset, Wivenhoe, North Pine and Lake Macdonald dams.
- Major transport sector projects in 2024–25 include continued delivery of critical rail infrastructure to support the reconfiguration of the South East Queensland rail network, the expansion of the Cairns Marine Precinct, the Channel Capacity Upgrade at the Port of Townsville and the Northern Land Expansion Project at the Port of Gladstone.
- The 2024–25 Budget delivers a record $2.965 billion in additional electricity support for Queensland households and small businesses facing cost-of-living pressures.
- All Queensland households will automatically receive $1,300 off their electricity bills from July 2024, consisting of a $1,000 Cost of Living Rebate from the Queensland Government and a $300 rebate from the Australian Government. Vulnerable households will continue to receive the $372 Electricity Rebate for a total of $1,672 support in 2024–25.
- Since 2018, all Queensland households will have received $2,425 in electricity bill rebates, including the $1,300 rebate in 2024–25.
- Around 205,000 eligible small businesses will also receive $650 off electricity bills in 2024–25, co-funded by the Queensland and Australian Governments.

8.1 Context

Entities comprising the PNFC Sector provide vital services such as electricity supply and distribution, water supply, rail, and port services.

Queensland government-owned corporations (GOCs), declared by regulation under the *Government Owned Corporations Act 1993* (GOC Act), comprise a large share of the PNFC Sector. The sector also comprises commercialised statutory entities, including Queensland Rail, Queensland Bulk Water Supply Authority (trading as Seqwater), local water boards, and other public corporations (such as Queensland Hydro and Stadiums Queensland).

GOCs are accountable for their financial performance and must operate commercially and efficiently. These requirements are legislated under the GOC Act, with similar provisions made in the enabling legislation of Queensland Rail and Seqwater.

Entities incur costs and bear commercial risks in the delivery of their services or products, and target a commercial rate of return from the sale of these services or products to sustain ongoing investment and performance. Returns from the PNFC Sector contribute to consolidated revenue and are used to pay for various government services, including investment into critical infrastructure delivered by PNFC Sector entities.

The government uses Community Service Obligation (CSO) payments to subsidise particular services, ensuring they can be offered to the community at prices lower than would otherwise be possible if full cost recovery and normal margins were applied.

An example is the CSO paid to Energy Queensland Limited (EQL) to provide electricity in regional Queensland at prices based on the costs of supply in South East Queensland, in accordance with the government's Uniform Tariff Policy. This policy ensures that electricity prices for most customers in regional Queensland are much lower than would otherwise be the case.

The commercial nature of the PNFC Sector entities ensures debt is self-supporting and net worth continues to grow over the forward estimates.

The Queensland Government has a strong ongoing commitment to maintain public ownership of the entities in the PNFC Sector. Public ownership of electricity, port, rail and water infrastructure provides the Queensland Government with opportunities to support strategic investment in a growing economy and achieve better outcomes for all Queenslanders.

Box 8.1 Delivering for the regions

The new progressive coal royalty tiers announced in the 2022–23 Budget ensure that Queenslanders receive a fair return on their limited and valuable natural resource.

In the 2022–23 Budget Update, the government committed to utilise the uplift in royalty revenue to fund $4 billion in productivity enhancing investments across regional Queensland. This is supporting investments across energy, water and ports sectors which will underpin Queensland's future economic prosperity.

In the 2023–24 Budget, the Queensland Government committed to an additional $6 billion in funding for the Borumba Pumped Hydro Energy Storage (PHES), bringing the government's total equity commitment to $10 billion for regional PNFC Sector infrastructure projects directly funded by coal royalties.

These projects are continuing to progress and deliver benefits for the regions.

- $1.06 billion towards CopperString 2032, supporting the construction of a transmission line from Townsville to Mount Isa, connecting Queensland's North West Minerals Province to the National Electricity Market. Construction is on track to begin later in 2024 with project completion in 2029.
- $7 billion towards state-owned, large-scale, long-duration pumped hydro, including $6 billion for the Borumba PHES over the construction period and $1 billion for the Pioneer-Burdekin PHES.
- $550 million supporting construction of the Fitzroy to Gladstone Pipeline, which commenced last year. The government has since committed a further $365 million to complete construction and operationalise the pipeline, improving long-term water security in the region.
- $500 million for CleanCo to develop a 2.3-gigawatt (GW) portfolio of wind and solar projects in Central Queensland. In 2023–24, CleanCo announced the Moah Creek Wind Farm, to be publicly-owned and operated, is already being progressed through its development partnership with Central Queensland Power.
- $440 million towards Sunwater's Burdekin Falls Dam Raising and Improvement Project, improving and raising the dam by 2 metres to further support water security, bringing the total funding commitment on the project to $540 million. Sunwater will continue to progress design and environmental approvals in 2024–25.
- $300 million to CS Energy towards 100 per cent public ownership of the $1.3 billion 285-megawatt (MW) Lotus Creek Wind Farm, with construction commencing mid-2024 and operations from 2027, supporting decarbonisation in Central Queensland.
- $100 million for Gladstone Ports Corporation to progress the $116 million Northern Land Expansion Project. Approvals and design have progressed with construction to commence in late 2024. The project will provide additional land at the Port of Gladstone to assist the development of renewable energy and other industries.
- $50 million for North Queensland Bulk Ports to replace the ageing Bowen Wharf. Investigations and a community-led design process have progressed throughout 2023–24.

Table 8.1 Key financial aggregates[1]

	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	16,270	15,746	16,527	16,963	17,630	18,395	19,693
Expenses	15,222	15,116	15,269	16,347	17,136	18,188	19,519
EBIT[2]	**2,455**	**3,829**	**3,526**	**3,062**	**3,417**	**3,416**	**3,231**
PNFA[3]	4,497	5,849	6,366	9,410	11,269	10,029	9,568
Assets	84,526	82,492	88,870	94,090	102,484	110,330	118,034
Borrowings	49,101	45,166	46,618	47,596	52,141	56,659	60,611

Notes:
1. Numbers may not add due to rounding.
2. EBIT (earnings before interest and tax) reflects the commercial nature of the sector. Net operating balance is reported in Chapter 9.
3. PNFA: Purchases of non-financial assets.

8.1.1 Electricity networks

The government owns 2 electricity network businesses, Powerlink Queensland and EQL, which are responsible for transporting safe, reliable electricity to consumers across the state.

Revenues for the network businesses are largely derived from network services that are regulated by the Australian Energy Regulator (AER). The AER determines these revenues on a 5-yearly basis, based on the businesses' proposals and its view of the reasonable benchmark efficient costs for a network business.

Powerlink

Powerlink owns, develops, operates, and maintains the electricity transmission network in Queensland. Its network spans approximately 1,700km from north of Cairns to the New South Wales border and comprises 15,345km of transmission lines and 147 substations.

Powerlink's role in the electricity supply chain is to transmit high voltage electricity through its transmission grid to distribution networks. Powerlink also transmits electricity to high-usage industrial customers such as rail companies, mines, and mineral processing facilities, and to New South Wales via the Queensland/New South Wales interconnector transmission line.

Under the QEJP, Powerlink is delivering the Queensland SuperGrid, CopperString 2032, and Renewable Energy Zones. Powerlink will drive coordinated and efficient development of network infrastructure to connect new renewable energy generation and storage to the electricity grid.

Box 8.2 CopperString 2032

The Queensland Government is investing $5 billion in CopperString 2032 to connect Queensland's North West Minerals Province to the National Electricity Market.

Powerlink is delivering CopperString 2032, to be Australia's largest transmission project and one of the most significant investments in economic infrastructure ever seen in North Queensland. It will unlock one of Australia's largest renewable energy zones and potentially more than $500 billion in new critical minerals in North Queensland. The project has the potential to support around 800 direct jobs over its construction period (to 2029), and thousands more in critical minerals mining and renewable energy industries.

In October 2023, the government announced a $1.3 billion Delivery Launch Package to progress the project, which is supporting early works and construction later in 2024, and including 100 project jobs, procurement of electrical equipment with long lead times, completion of all site investigations, detailed planning and design, and advancement of site infrastructure works, including camps and access works.

This work package is supported by the $1.06 billion equity allocated to CopperString 2032 in the 2023–24 Budget, made available from revenues from progressive coal royalties.

As part of project delivery, Powerlink is working to maximise local employment and procurement opportunities. Powerlink has developed tailored engagement programs with Traditional Owners and First Nations stakeholders to ensure opportunities for Indigenous-owned businesses in the delivery of CopperString 2032.

Energy Queensland Limited

EQL owns and operates the low-voltage distribution network that transmits electricity from Powerlink's transmission network to households and businesses across Queensland. EQL has several operating subsidiary businesses, including Ergon Energy Network, Ergon Energy Retail, Energex and Yurika. EQL is Australia's largest, wholly government-owned electricity business with more than 8,700 employees across Queensland.

In regional Queensland, Ergon Energy Network and Ergon Energy Retail provide distribution network and customer retail services, respectively, while in South East Queensland, Energex provides distribution network services to customers.

Yurika provides a range of other service delivery functions including demand management services, large-scale connections, microgrid solutions, the provision of contestable metering services and telecommunications infrastructure.

EQL is delivering a significant capital works program to maintain a safe and reliable network and support Queensland's energy transformation. Across Queensland, EQL is also connecting network batteries to store extra energy generated from household solar and increase electricity supply during peak periods and installing electric vehicle charging stations.

8.1.2 Electricity generation

Queensland has 3 electricity generation GOCs — CleanCo, CS Energy and Stanwell. Public ownership of generation assets positions Queensland to transform the state's energy system and deliver the government's decarbonisation objectives — 50 per cent renewables by 2030, 70 per cent by 2032, and 80 per cent by 2035 — and reach net zero emissions by 2050.

CleanCo

CleanCo owns and operates a portfolio of low and no emissions generation assets, and has offtake agreements with wind and solar farms in the Western Downs, Far North Queensland, and Wide Bay – Burnett region.

CleanCo is continuing to grow its renewable energy and storage portfolio, including to build, own and operate the 250 MW Swanbank Battery and working with partners to develop a publicly-owned and operated renewable energy portfolio of up to 2.3 GW in Central Queensland. By delivering clean and reliable energy, CleanCo is supporting the sustainable energy goals of major commercial customers, including BHP, Coles, Wesfarmers, and Frucor Suntory.

CS Energy

CS Energy is a major supplier of electricity across Queensland, with an energy portfolio of around 3,500 MW, including the wholly-owned Callide B and Kogan Creek Power Stations and a 50 per cent interest in the Callide C Power Station. CS Energy is party to the Gladstone Interconnection and Power Pooling Agreement, and trades output of the Gladstone Power Station that exceeds the electricity requirements of the Boyne Island Aluminium Smelter.

CS Energy is investing in new renewable energy, storage, gas and hydrogen. The Greenbank Battery, Brigalow Hydrogen-ready Gas Peaking Plant, Boulder Creek and Lotus Creek Wind Farms in Central Queensland, and Kogan Renewable Hydrogen Project are all being supported through the Queensland Renewable Energy and Hydrogen Jobs Fund.

CS Energy provides retail services to large commercial and industrial customers across Queensland, and has a 50/50 joint venture with Alinta Energy to supply electricity to residential and small business customers in South East Queensland.

Stanwell

Stanwell is a major supplier of electricity across Queensland, with an energy portfolio of around 3,300 MW from its 3 coal-fired power stations in Queensland. Stanwell also sells electricity directly to large commercial and industrial customers in Queensland and interstate.

Stanwell is advancing a pipeline of new energy projects across Queensland, focusing on renewable generation, storage and hydrogen. Stanwell has offtake agreements with several renewable projects, including the Mount Hopeful and Clarke Creek Wind Farms in Central Queensland, and Blue Grass Solar Farm and MacIntyre Wind Farms in Southern Queensland.

Stanwell is continuing progress on Tarong West Wind Farm, Wambo Wind Farm Stages 1 and 2 (in partnership with Cubico Sustainable Investments), and the Front End Engineering Design Study of the Central Queensland Hydrogen Project near Gladstone (alongside its consortium of international partners).

Box 8.3 Queensland Energy and Jobs Plan

The *Queensland Energy and Jobs Plan* (QEJP) charts an infrastructure investment pathway to 2035, including 2 large-scale pumped hydro projects in regional Queensland, 22 GW of new renewable energy generation and major new transmission lines across the state which will form Queensland's SuperGrid.

Queensland's publicly-owned energy GOCs are leading the state's energy transformation by building, owning, and operating new renewable energy and storage, and partnering with the private sector to deliver clean and reliable energy to customers across the state.

Through direct equity or offtake agreements, our energy GOCs are cornerstone investors supporting around 5 GW of new generation and 1.15 GW of large-scale battery storage in Queensland by 2027–28, while they continue to pursue substantial further opportunities across the state. This includes CleanCo's 2.3 GW wind and solar development portfolio in Central Queensland.

Building on the momentum of the last budget, the 2024–25 Budget includes a landmark capital investment of around $26 billion over the 4 years to 2027–28 to support the QEJP, including:

- $16.5 billion for renewable energy and storage projects
- $8.5 billion for transmission infrastructure, including CopperString 2032, SuperGrid and renewable energy zone transmission works
- $500 million for distribution network storage, including EQL's Local Network Battery Plan and Local Renewable Energy Zone Pilot Projects
- $192 million for Powerlink to develop Transmission and Training Hubs in Townsville and Gladstone.

These projects are being funded by a mix of coal royalties set aside in the 2023–24 Budget, the $4.5 billion Queensland Renewable Energy and Hydrogen Jobs Fund, and GOC borrowings.

During the energy transformation, the government is ensuring energy workers at existing publicly-owned coal fired power stations and associated coal mines have access to new jobs and training or financial assistance through the $150 million Job Security Guarantee Fund. This framework will complement the conversion of publicly-owned power station sites into clean energy hubs by 2035.

8.1.3 Rail

Queensland Rail is an integrated, publicly-owned rail operator, responsible for delivery of passenger transport in South East Queensland, long distance passenger services in rural and regional Queensland, and third-party access to networks for freight transport across the state.

Rail services form a critical part of South East Queensland public transport system. The reduction of all public transport fares to 50 cents will support commuters, reduce road congestion and increase rail patronage.

The majority of services are delivered under a Rail Transport Services Contract (TSC) with the government, represented by the Department of Transport and Main Roads. The Rail TSC provides funding for rail infrastructure, Citytrain (South East Queensland passenger services) and Traveltrain (regional passenger services).

In 2024–25, Queensland Rail will continue to work with external partners and support delivery of significant new rail infrastructure to transform the Citytrain network, including the Cross River Rail project, new stations and accessibility upgrades, modern signalling equipment and additional train stabling capacity. These investments will increase rail service delivery for the state's growing population and support local manufacturing supply chains and jobs in regional areas.

8.1.4 Ports

Queensland has a large network of ports along its coastline that are owned and run by GOCs.

These businesses — Gladstone Ports Corporation (GPC), North Queensland Bulk Ports Corporation (NQBP), Port of Townsville Limited (POTL) and Far North Queensland Ports Corporation Limited (trading as Ports North) — own and operate a range of assets from small facilities serving local communities to large, world class multi-user and multi-cargo ports, which have public and privately owned import and export facilities.

Queensland's ports play an essential role in our supply chain networks by planning and delivering strategic projects which facilitate trade activity. Their ongoing efficient and responsible operation is critical to economic growth, job creation and sustainable development across the state.

Major port projects continuing throughout 2024–25 include:

- commissioning of the new wider shipping channel to allow access for larger ships following completion of the $251 million Port of Townsville Channel Upgrade Project
- GPC progressing the $116 million Northern Land Expansion Project involving the construction of a bund wall for a new reclamation area at Gladstone Port's Northern Trade Precinct near Fisherman's Landing, which supports the release of additional land at the port to assist the development of renewable energy and other industries
- expansion of the Cairns Marine Precinct with the development of a Common User Facility. The facility will include a 5,000 tonne shiplift, 3 hardstand areas, 2 blast and paint sheds and wet berth capacity to cater for vessels up to 120 metres in length. The Queensland Government has committed $180 million towards the project with the Australian Government co-contributing a further $180 million.

8.1.5 Water

The 2 largest entities in the Queensland bulk water supply industry are the Queensland Bulk Water Supply Authority (trading as Seqwater) and Sunwater Limited (Sunwater). Other water entities in the PNFC Sector include the Gladstone Area Water Board and Mount Isa Water Board.

Seqwater is primarily responsible for supplying safe, secure and reliable bulk drinking water for over 3 million people across South East Queensland. Its assets and operations are spread across a large geographic area from the New South Wales border to the base of the Toowoomba ranges and as far north as Gympie. In the future, the network will connect further west to Warwick via delivery of the Toowoomba to Warwick Pipeline.

Seqwater also provides essential flood mitigation services, manages 7 water supply schemes which provide irrigation services and provides a range of community recreation facilities.

Sunwater is the government's major bulk water supply business for regions outside of South East Queensland. It supplies untreated bulk water to approximately 5,000 customers across the industrial, mining, urban and irrigation customer segments. Sunwater oversees an extensive regional asset base, owning and managing water infrastructure assets with a replacement value of around $14 billion.

In 2024–25, the Queensland Government is delivering increased water security, fortifying the flood resilience of water infrastructure and ensuring the ongoing safety and reliability of dams through state-owned water businesses. Major projects include:

- construction of the $983 million Fitzroy to Gladstone Pipeline, enabling long term water security and economic opportunity in the Central Queensland region
- delivery of the $273.1 million Toowoomba to Warwick Pipeline, part of a more than $300 million investment for water security in the Toowoomba and Southern Downs regions
- planning and delivery works for improvements to Paradise, Burdekin Falls, Somerset, Wivenhoe, North Pine, Lake Macdonald, Awoonga and other dams, totalling $303.4 million in 2024–25.

8.1.6 Other

Queensland Hydro

Established as a publicly-owned entity in 2022, Queensland Hydro is tasked with the development, delivery, ownership, and operation of the large-scale, long-duration pumped hydro storage assets that will be the cornerstone of Queensland's future energy system. These assets will be critical to Queensland's energy transformation, supporting renewable energy and system security by absorbing excess renewable generation and dispatching it in peak demand periods.

In 2023–24, the government approved proceeding with the $14.2 billion, 2 GW, 24-hour Borumba PHES, subject to final approvals. The project is located south west of Gympie. In 2024–25, Queensland Hydro is investing $935.9 million to progress approvals, continue exploratory works and procure the main works for this project.

In 2023–24, the Queensland Government provisioned $1 billion of equity to support the assessment, feasibility and progress of the Pioneer-Burdekin Pumped Hydro Energy Storage project located west of Mackay. This work will continue in 2024–25 along with $38.5 million for early works. Staged construction is expected to commence in 2026–27 subject to a final investment decision.

8.2 Finances and performance

8.2.1 Earnings before interest and tax

Estimated total PNFC Sector EBIT of $3.526 billion for 2023–24 is $302 million lower than forecast at the 2023–24 Budget, primarily due to lower EBIT in the electricity generation sector. PNFC Sector EBIT is expected to increase from $3.062 billion in 2024–25 and remain higher over the remaining forward estimates.

The electricity network sector EBIT is estimated at $1.280 billion in 2024–25, and increasing to $1.811 billion by 2027–28, consistent with expected regulated revenue movements.

For the electricity generation sector, an estimated EBIT of $1.120 billion in 2023–24 is a material improvement on 2022–23, reflecting the value of hedging contracts as wholesale prices stabilise over time. Over the forward estimates, higher depreciation charges associated with accelerating capital investment in new renewable energy and storage assets dampen EBIT performance; however, before depreciation, earnings remain steady or rise to 2027–28.

Rail sector EBIT is forecast to increase from 2024–25 and remain stable over the forward estimates, consistent with revenue growth from the TSC.

Port sector EBIT in 2023–24 largely aligns with the 2023–24 Budget and is forecast to trend upwards over the forward estimates. This reflects the various long-term revenue contracts with customers and cost recoveries from the completion of revenue generating capital expansions.

Water sector EBIT is $428 million higher than estimated at the 2023–24 Budget mainly due to increased Queensland Government funding of $365 million to the Gladstone Area Water Board via capital grant, to complete construction of the Fitzroy to Gladstone Pipeline. Water sector EBIT is expected to decrease to $69 million in 2027–28 due to dam improvement costs.

Captured under ‘Other’, Queensland Hydro EBIT is forecast to be lower in 2023–24 than estimated at the 2023–24 Budget due to early works expenditure to progress the Pioneer-Burdekin PHES and Borumba PHES. Stadiums Queensland is the other major contributor here, and operates and maintains the state’s portfolio of major sporting stadiums and high performance and community venues. Over the forward estimates, earnings will be offset by expenses as venues continue to be updated and maintained to a contemporary standard to support ongoing events and activities as well as in the lead up to the Brisbane 2032 Olympic and Paralympic Games.

Table 8.2 Earnings before interest and tax[1]

	2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est. Act $ million	2024–25 Projection $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Electricity Networks	1,087	1,185	1,114	1,280	1,424	1,662	1,811
Electricity Generation	468	1,687	1,120	1,107	899	760	753
Rail	272	315	240	452	523	495	432
Ports	241	248	258	289	315	321	334
Water	413	548	977	221	358	346	69
Other[2]	(27)	(154)	(182)	(288)	(102)	(169)	(169)
Total PNFC sector	**2,455**	**3,829**	**3,526**	**3,062**	**3,417**	**3,416**	**3,231**

Notes:
1. Numbers may not add due to rounding.
2. Includes other public corporations.

8.2.2 Borrowings

Entities in the PNFC Sector use debt financing as a source of funds for asset renewal and capital investments and to maintain an optimal capital structure. Borrowings also include derivative liabilities associated with hedging activities undertaken by GOCs.

PNFC Sector entities are required to take a prudent and sound approach to debt management, including the establishment of borrowing arrangements which are appropriate to the business risk of the organisation. These arrangements consider the proposed capital expenditure program, together with the implications of borrowings on key financial and performance related indicators.

PNFC Sector entity asset values are a relevant factor in considering PNFC Sector borrowings, with PNFC Sector entities borrowing around 51 per cent of their asset values in 2024–25 (on average). Over the forward estimates, for the PNFC Sector as a whole, the ratio of borrowings to assets stays relatively constant to 2027–28.

Total PNFC Sector borrowing for 2023–24 is estimated at $46.618 billion, slightly above what was estimated at the 2023–24 Budget due to higher capital programs.

Electricity network and generation sector borrowings increase materially over the forward estimates in line with capital expenditure, particularly for connections and construction of renewable energy projects as part of the QEJP.

Borrowings in the water sector are largely attributable to Seqwater. Its borrowings result from the large investment in water infrastructure in response to the Millennium Drought and the associated price path. Forecast borrowings reduce across the forward estimates in line with debt repayment.

Ports borrowings have contributed to the funding of major capital works in the sector and are forecast to be stable at around $950 million over the forward estimates.

Rail sector borrowings are expected to increase over the forward estimates to support a large program of capital works for network reconfiguration and Cross River Rail.

Within the 'Other' section, Queensland Hydro borrowings for 2023–24 are forecast to be lower than estimated at the 2023–24 Budget, however they increase over the forward estimates to support early works and construction activities for the Borumba PHES.

Table 8.3 Borrowings and total assets[1]

	2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est. Act $ million	2024–25 Projection $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Electricity Networks	24,904	26,498	25,983	26,733	28,763	30,630	33,075
Electricity Generation	8,703	3,225	5,273	4,306	5,407	6,325	5,972
Rail	4,551	4,652	4,936	5,753	6,157	6,316	6,179
Ports	1,084	1,049	1,086	1,043	959	946	936
Water	9,657	9,472	9,145	8,767	8,435	8,208	8,073
Other[2]	203	271	196	993	2,419	4,234	6,377
Total PNFC sector	**49,101**	**45,166**	**46,618**	**47,596**	**52,141**	**56,659**	**60,611**
Total Assets	84,526	82,492	88,870	94,090	102,484	110,330	118,034

Notes:
1. Numbers may not add due to rounding.
2. Includes other public corporations.

8.2.3 Returns to government

PNFC Sector entities provide returns to government through dividends and tax equivalent payments.

Dividends

Dividends generated by the PNFC Sector form part of consolidated revenue used to fund a range of government services, including investment in critical infrastructure delivered by PNFC Sector entities. The GOC Act provides for the payment of dividends, with the dividend policies of GOCs determined by government. Each year, GOC boards make a dividend recommendation for government consideration.

PNFC Sector dividends are estimated at $1.021 billion in 2023–24 (which is $177 million higher than forecast at the 2023–24 Budget), with cumulative dividends of $3.917 billion over the 4 years to 2027–28.

Electricity network sector dividends for 2023–24 are slightly lower than forecast at the 2023–24 Budget. Dividend movements over the forward estimates align with assumed regulated revenue recovery and capital expenditure of network businesses, noting Powerlink's next 5-year regulatory period commences from 2027–28.

In the electricity generation sector, dividends for 2023–24 are expected to be above the 2023–24 Budget, in accordance with approved dividend policies. Over the forward estimates, dividends moderate in line with earnings.

Rail dividends for 2023–24 are expected to broadly align with the 2023–24 Budget, increasing to 2025–26 but decreasing towards the end of the forward estimates, associated with major investments in the rail sector.

The ports sector is expected to provide reliable dividends over the forward estimates, rising from $139 million in 2023–24 to $186 million in 2027–28, with movements in line with earnings. Ports North will retain its 2023–24 dividend, estimated at $5.1 million, to support the Cairns tourism sector including Carins Marlin Marina fee relief during 2024.

In the water sector, dividends for 2023–24 are expected to be above the 2023–24 Budget due to a slightly higher-than-expected dividend from Sunwater. Dividends are expected to increase over the forward estimates in line with forecast profit.

Table 8.4 Dividends[1]

	2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est. Act $ million	2024–25 Projection $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Electricity Networks	132	93	61	39	41	99	237
Electricity Generation	..	463	665	520	441	349	140
Rail	150	146	132	221	254	188	90
Ports	165	138	139	162	177	182	186
Water	51	4	25	106	130	162	192
Total PNFC sector	**498**	**844**	**1,021**	**1,048**	**1,044**	**980**	**845**

Note:
1. Numbers may not add due to rounding.

Tax equivalent payments

Tax equivalent payments (TEPs) are paid by the PNFC Sector entities to recognise the benefits derived because they are not liable to pay Australian Government tax. The primary objective of the payment is to promote competitive neutrality through a uniform application of income tax laws between government-owned businesses and their private sector counterparts.

Total forecast PNFC Sector TEPs for 2023–24 are estimated to be $529 million, slightly higher than projected at the 2023–24 Budget. Over the forward estimates, a decline in TEPs to $355 million by 2027–28 is primarily due to the electricity generation sector experiencing a modest downward trend in earnings, coupled with interest costs on new borrowings to support capital investment in renewable energy projects.

Table 8.5 Tax Equivalent Payments[1]

	2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est. Act $ million	2024–25 Projection $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Electricity Networks	24	64	31	15	18	43	101
Electricity Generation	167	261	285	241	192	170	74
Rail	72	102	46	155	152	118	70
Ports	71	68	80	90	98	99	103
Water	10	2	86	1	3	7	7
Other[2]	1	0	0	0	1	1	1
Total PNFC sector	**345**	**498**	**529**	**503**	**463**	**438**	**355**

Notes:

1. Numbers may not add due to rounding.
2. Includes other public corporations

Competitive neutrality fees

Competitive neutrality policy requires that public sector businesses, including GOCs, should not have a competitive advantage (or disadvantage) over the private sector solely due to their government ownership. An application of this policy is the competitive neutrality fee (CNF).

The CNF is applied to a GOC's cost of debt to neutralise any costs of funds advantage by way of government ownership on the basis of GOCs' ability to borrow funds at a lower rate than private sector competitors, given the government's credit strength.

In general, changes in CNF payments reflect movements in borrowing amounts, interest rate spreads and the entity's stand-alone credit rating. CNF payments by the PNFC Sector are expected to increase over the forward estimates in line with increased borrowing.

Table 8.6 Competitive neutrality fee payments[1]

	2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est. Act $ million	2024–25 Projection $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Electricity Networks	156	148	157	157	174	187	203
Electricity Generation	30	22	25	24	32	38	69
Rail	27	25	29	30	40	51	61
Ports	8	8	8	8	9	9	9
Water	4	6	7	5	6	10	10
Total PNFC sector	**225**	**209**	**225**	**225**	**261**	**295**	**352**

Note:

1. Numbers may not add due to rounding.

8.2.4 Community service obligation and rail transport services contract payments

For public policy reasons, the government can direct GOCs to perform activities that are not in their commercial interests. In these situations, the government can compensate the GOC through the payment of a CSO for the cost of delivering the uncommercial part of the good or service.

In line with the Queensland Government's Uniform Tariff Policy, a CSO payment is provided to EQL to compensate its retail subsidiary, Ergon Energy, for the higher cost of operating in regional Queensland. This subsidy is provided to ensure Queenslanders, regardless of their geographic location, pay a similar price for their electricity.

Seqwater and Sunwater also own and operate water supply schemes, where irrigation prices for some schemes are set below the level necessary to recover the costs of supply. The government provides a CSO to offset the reduced revenue and to ensure irrigation prices gradually transition towards cost recovery.

Prior to 2025–26, a substantial amount of Water CSO payments are due to the government's rural irrigation water price discount for Sunwater and Seqwater customers which has been extended to 2024–25. There is no CSO forecast in 2026–27 or 2027–28 because irrigation prices have not yet been set for 2025–26 and beyond.

Similarly, TSC payments are made to Queensland Rail to deliver rail passenger services at non-commercial (subsidised) prices for commuter and tourism markets.

Total PNFC Sector CSO and TSC payments for 2023–24 are expected to be $2.916 billion, in line with the 2023–24 Budget forecast. Over the forward estimates, CSO and TSC payments are expected to increase to $3.474 billion by 2027–28.

This trend is largely driven by TSC payments, reflecting a range of adjustments for growth, maintenance and safety of the rail network. This includes delivery of significant capital projects, upgrades to existing assets, and operational activities associated with the South East Queensland network and Cross River Rail.

Table 8.7 Community service obligation payments and transport services contracts[1]

	2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est. Act $ million	2024–25 Projection $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Electricity Networks	621	537	599	605	618	644	684
Rail	2,082	2,306	2,291	2,662	2,790	2,790	2,790
Water	23	23	26	28	7	..	..
Total PNFC sector	**2,726**	**2,866**	**2,916**	**3,295**	**3,415**	**3,434**	**3,474**

Note:

1. Numbers may not add due to rounding.

8.2.5 Equity movements

Corporations may apply different target capital structures to optimise value and support business operations. Equity movements account for changes in contributed equity and special dividends. The Queensland Government provides new equity to support Queensland's publicly-owned businesses invest in critical new infrastructure projects across the state.

In 2023–24, total PNFC Sector net equity contributions are expected to be $2.984 billion, compared to $1.960 billion forecast at the 2023–24 Budget, due to timing of equity allocations from the Queensland Renewable Energy and Hydrogen Jobs Fund for new energy projects, as well as to fund construction of the Fitzroy to Gladstone Pipeline (Gladstone Area Water Board) and asset transfers from Cross River Rail to Queensland Rail.

Over the forward estimates, in the electricity networks and generation sectors, equity adjustments reflect new investments in renewable energy, hydrogen and storage assets, as well as to maintain target gearing ratios.

In the rail sector, equity movements primarily relate to new investments in significant capital projects associated with reconfiguration of the rail network and Cross River Rail.

In the ports sector, equity movements reflect new funding for NQBP's Bowen Wharf replacement, Ports North's Cairns Marine Precinct Common User Facility, GPC's Northern Land Expansion Project at the Port of Gladstone, and pass through of funding under existing agreements with the Australian Government, such as the Bundaberg Port conveyor under the Hinkler Regional Deal.

In the water sector, equity movements reflect government commitments to Sunwater's Paradise Dam Improvement Project and Burdekin Falls Dam Raising and Improvement Project, Seqwater's Toowoomba to Warwick Pipeline, and Gladstone Area Water Board's Fitzroy to Gladstone Pipeline.

Captured under 'Other', Queensland Hydro equity contributions are higher than the 2023–24 Budget estimates due to early works expenditure required to support a final investment decision on the Pioneer-Burdekin PHES, the voluntary acquisition of land and the carry-forward to 2023–24 of previously-committed funding for the Borumba and Pioneer-Burdekin projects.

Equity over the forward estimates will allow continued progress of the Borumba project and includes the Queensland Government's equity commitment of $1 billion towards Pioneer-Burdekin, which is subject to a final investment decision.

This category also includes the transfer of state-owned Olympic venues to Stadiums Queensland.

Table 8.8 Equity movements[1]

	2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est. Act $ million	2024–25 Projection $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Electricity Networks	(91)	372	447	795	250	915	509
Electricity Generation	783	682	1,205	1,808	928	..	..
Rail	35	..	202	168	225	25	..
Ports	38	82	121	57	133	142	74
Water	21	570	683	363	207	220	419
Other[2]	1	254	327	429	1,349	1,803	2,895
Total PNFC sector	**787**	**1,960**	**2,984**	**3,618**	**3,092**	**3,105**	**3,896**

Notes:
1. Numbers may not add due to rounding.
2. Includes other public corporations.

9 Uniform Presentation Framework

9.1 Context

This chapter contains detailed financial statements for the Queensland Public Sector prepared under the Uniform Presentation Framework (UPF) first agreed to at the Premiers' conference in 1991.

The UPF has been reviewed a number of times, more significantly following the release in October 2007 of the Australian Accounting Standards Board's (AASB) accounting standard, AASB 1049 Whole of Government and General Government Sector Financial Reporting. The standard aims to harmonise Government Finance Statistics (GFS) and Generally Accepted Accounting Principles (GAAP) with the objective of improving the clarity and transparency of government financial statements. The UPF was reviewed more recently in February 2019 following the 2015 update to the Australian GFS framework.

In addition, this chapter provides:

- a time series for the General Government Sector using the revised UPF
- details of General Government Sector grant revenue and expenses
- details of General Government Sector dividend and income tax equivalent income
- data on General Government Sector expenses and purchases of non-financial assets by function
- details of taxation revenue collected by the General Government Sector
- contingent liabilities
- background information on the revised UPF and disclosure of differences arising from it, including the conceptual basis and sector definitions, along with a list of reporting entities.

9.2 Uniform Presentation Framework financial information

The tables on the following pages present operating statements, balance sheets and cash flow statements prepared on the harmonised basis for the General Government Sector, Public Non-financial Corporations (PNFC) Sector and Non-financial Public Sector.

Budgeted financial information for the Public Financial Corporations Sector is not required by the UPF.

Table 9.1 General Government Sector Operating Statement[1]

		2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est.Actual $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
	Revenue from Transactions							
	Taxation revenue	20,601	21,938	22,670	24,799	26,573	27,910	29,202
	Grants revenue	38,335	39,643	39,550	40,278	40,686	42,462	46,101
	Sales of goods and services	6,483	6,921	6,946	7,333	7,663	7,325	7,314
	Interest income	3,226	3,206	3,532	3,501	3,370	3,422	3,498
	Dividend and income tax equivalent income	1,007	1,521	1,720	1,771	1,705	1,629	1,429
	Other revenue	20,160	8,850	14,640	10,425	8,719	7,923	7,788
	Total Revenue from Transactions	**89,810**	**82,079**	**89,059**	**88,107**	**88,717**	**90,670**	**95,332**
Less	**Expenses from Transactions**							
	Employee expenses	30,557	32,175	33,231	35,217	36,030	37,094	38,465
	Superannuation expenses							
	Superannuation interest cost	776	721	787	758	676	638	596
	Other superannuation expenses	3,756	4,188	3,929	4,108	4,254	4,353	4,545
	Other operating expenses	20,014	22,969	26,612	25,153	23,002	22,180	22,951
	Depreciation and amortisation	5,018	5,039	5,436	5,716	5,996	6,344	6,739
	Other interest expenses	1,688	1,974	1,905	2,655	3,392	4,124	4,761
	Grants expenses	14,072	17,195	16,595	17,131	15,881	15,050	15,248
	Total Expenses from Transactions	**75,880**	**84,261**	**88,495**	**90,738**	**89,232**	**89,783**	**93,305**
Equals	**Net Operating Balance**	**13,930**	**(2,182)**	**564**	**(2,631)**	**(515)**	**887**	**2,027**
Plus	Other economic flows - included in operating result	198	(40)	1,549	85	(216)	(234)	(212)
Equals	**Operating Result**	**14,128**	**(2,222)**	**2,114**	**(2,547)**	**(731)**	**653**	**1,815**
Plus	Other economic flows - other movements in equity	40,221	3,785	8,798	3,235	4,330	4,463	4,488
Equals	**Comprehensive Result - Total Change In Net Worth**	**54,349**	**1,563**	**10,911**	**689**	**3,600**	**5,117**	**6,302**
	KEY FISCAL AGGREGATES							
	Net Operating Balance	13,930	(2,182)	564	(2,631)	(515)	887	2,027
Less	**Net Acquisition of Non-financial Assets**							
	Purchases of non-financial assets	9,899	9,347	11,061	12,831	14,485	14,577	12,763
	Less Sales of non-financial assets	181	276	85	74	169	168	167
	Less Depreciation	5,018	5,039	5,436	5,716	5,996	6,344	6,739
	Plus Change in inventories	79	(35)	(3)	38	(32)	(23)	43
	Plus Other movements in non-financial assets	1,058	538	744	1,079	743	186	181
	Equals **Total Net Acquisition of Non-financial Assets**	5,838	4,534	6,281	8,159	9,032	8,228	6,081
Equals	**Fiscal Balance**	**8,092**	**(6,716)**	**(5,717)**	**(10,790)**	**(9,547)**	**(7,341)**	**(4,054)**

Note:
1. Numbers may not add due to rounding.

Table 9.2 Public Non-financial Corporations Sector Operating Statement[1]

		2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est.Actual $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
	Revenue from Transactions							
	Grants revenue	912	805	1,295	850	806	777	812
	Sales of goods and services	14,735	13,664	14,324	15,377	16,398	17,226	18,515
	Interest income	117	94	184	149	107	105	116
	Other revenue	506	1,183	724	588	318	286	250
	Total Revenue from Transactions	**16,270**	**15,746**	**16,527**	**16,963**	**17,630**	**18,395**	**19,693**
Less	**Expenses from Transactions**							
	Employee expenses	2,532	2,692	2,921	3,241	3,367	3,451	3,560
	Superannuation expenses							
	Superannuation interest cost	(17)	..	..	..	..	..	..
	Other superannuation expenses	308	320	352	413	433	449	466
	Other operating expenses	7,608	6,575	6,482	6,628	6,551	6,656	7,265
	Depreciation and amortisation	2,720	3,195	3,082	3,395	3,718	4,199	4,514
	Other interest expenses	1,675	1,807	1,871	2,135	2,578	2,971	3,334
	Grants expenses	29	25	27	28	22	22	22
	Other property expenses	369	502	534	507	468	442	359
	Total Expenses from Transactions	**15,222**	**15,116**	**15,269**	**16,347**	**17,136**	**18,188**	**19,519**
Equals	**Net Operating Balance**	**1,048**	**630**	**1,258**	**616**	**494**	**207**	**174**
Plus	Other economic flows - included in operating result	(574)	691	(114)	(299)	(141)	(223)	(702)
Equals	**Operating Result**	**474**	**1,320**	**1,144**	**316**	**353**	**(16)**	**(528)**
Plus	Other economic flows - other movements in equity	3,316	2,378	4,637	3,398	2,879	3,032	4,009
Equals	**Comprehensive Result - Total Change In Net Worth**	**3,790**	**3,698**	**5,780**	**3,714**	**3,232**	**3,016**	**3,480**
	KEY FISCAL AGGREGATES							
	Net Operating Balance	1,048	630	1,258	616	494	207	174
Less	**Net Acquisition of Non-financial Assets**							
	Purchases of non-financial assets	4,497	5,849	6,366	9,410	11,269	10,029	9,568
	Less Sales of non-financial assets	63	5	18	14	8	8	8
	Less Depreciation	2,720	3,195	3,082	3,395	3,718	4,199	4,514
	Plus Change in inventories	129	(37)	42	1	95	41	16
	Plus Other movements in non-financial assets	108	795	661	102	83	393	85
	Equals **Total Net Acquisition of Non-financial Assets**	1,952	3,408	3,968	6,103	7,722	6,255	5,147
Equals	**Fiscal Balance**	**(904)**	**(2,778)**	**(2,709)**	**(5,487)**	**(7,228)**	**(6,049)**	**(4,973)**

Note:
1. Numbers may not add due to rounding.

Table 9.3 Non-financial Public Sector Operating Statement[1]

		2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est.Actual $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
	Revenue from Transactions							
	Taxation revenue	20,189	21,553	22,245	24,345	26,073	27,367	28,593
	Grants revenue	38,352	39,693	39,721	40,350	40,753	42,527	46,167
	Sales of goods and services	18,161	17,557	17,772	19,010	20,182	21,267	22,703
	Interest income	3,312	3,279	3,638	3,579	3,461	3,515	3,603
	Dividend and income tax equivalent income	164	179	170	219	198	211	229
	Other revenue	20,644	9,664	15,093	11,012	9,037	8,209	8,038
	Total Revenue from Transactions	**100,821**	**91,924**	**98,639**	**98,517**	**99,704**	**103,095**	**109,333**
Less	**Expenses from Transactions**							
	Employee expenses	32,925	34,711	35,969	38,247	39,176	40,316	41,787
	Superannuation expenses							
	Superannuation interest cost	759	721	787	758	676	638	596
	Other superannuation expenses	4,063	4,507	4,281	4,521	4,687	4,802	5,011
	Other operating expenses	24,544	26,499	29,583	28,068	25,659	25,536	27,074
	Depreciation and amortisation	7,737	8,234	8,518	9,111	9,714	10,542	11,253
	Other interest expenses	3,107	3,551	3,474	4,496	5,693	6,789	7,733
	Grants expenses	13,206	16,098	15,226	16,380	15,164	14,358	14,523
	Total Expenses from Transactions	**86,341**	**94,320**	**97,838**	**101,581**	**100,770**	**102,981**	**107,977**
Equals	**Net Operating Balance**	**14,480**	**(2,397)**	**802**	**(3,064)**	**(1,066)**	**114**	**1,356**
Plus	Other economic flows - included in operating result	(466)	580	1,365	(215)	(356)	(456)	(915)
Equals	**Operating Result**	**14,014**	**(1,816)**	**2,167**	**(3,279)**	**(1,422)**	**(343)**	**441**
Plus	Other economic flows - other movements in equity	40,333	3,379	8,745	3,967	5,022	5,459	5,861
Equals	**Comprehensive Result - Total Change In Net Worth**	**54,347**	**1,563**	**10,911**	**689**	**3,600**	**5,117**	**6,302**
	KEY FISCAL AGGREGATES							
	Net Operating Balance	14,480	(2,397)	802	(3,064)	(1,066)	114	1,356
Less	**Net Acquisition of Non-financial Assets**							
	Purchases of non-financial assets	14,300	15,231	17,482	22,241	25,767	24,561	22,331
	Less Sales of non-financial assets	243	281	103	88	177	177	175
	Less Depreciation	7,737	8,234	8,518	9,111	9,714	10,542	11,253
	Plus Change in inventories	208	(72)	39	39	63	18	59
	Plus Other movements in non-financial assets	1,167	1,333	1,404	1,181	827	578	266
	Equals **Total Net Acquisition of Non-financial Assets**	7,694	7,977	10,304	14,261	16,766	14,439	11,228
Equals	**Fiscal Balance**	**6,786**	**(10,373)**	**(9,503)**	**(17,325)**	**(17,832)**	**(14,325)**	**(9,872)**

Note:
1. Numbers may not add due to rounding.

Table 9.4 General Government Sector Balance Sheet[1]

	2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est.Actual $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Assets							
Financial Assets							
Cash and deposits	2,357	846	1,107	1,289	1,601	1,614	1,570
Advances paid	1,239	1,540	1,253	1,331	1,404	1,413	1,371
Investments, loans and placements	49,426	48,638	50,127	48,753	49,200	49,537	50,423
Receivables	4,320	4,744	5,182	5,289	5,391	5,368	5,342
Equity							
Investments in other public sector entities	24,414	28,415	30,834	34,548	37,780	40,796	44,276
Investments - other	175	165	175	175	175	175	175
Total Financial Assets	**81,930**	**84,347**	**88,677**	**91,386**	**95,551**	**98,902**	**103,158**
Non-financial Assets							
Land and other fixed assets	322,812	296,744	333,058	344,437	356,826	368,783	378,311
Other non-financial assets	9,743	7,568	10,204	10,752	11,070	11,412	11,802
Total Non-financial Assets	**332,554**	**304,312**	**343,262**	**355,190**	**367,897**	**380,195**	**390,113**
Total Assets	**414,484**	**388,659**	**431,939**	**446,575**	**463,447**	**479,097**	**493,271**
Liabilities							
Payables	5,921	5,328	5,651	5,596	5,723	5,762	5,906
Superannuation liability	20,913	20,827	19,646	19,478	18,447	17,301	16,064
Other employee benefits	10,419	10,028	10,067	10,680	11,131	11,020	11,562
Advances received	1,909	1,734	2,752	1,662	1,251	1,419	1,812
Borrowing[2]	53,726	65,479	61,958	77,118	91,507	103,221	111,383
Other liabilities	17,622	14,489	16,981	16,467	16,216	16,085	15,952
Total Liabilities	**110,511**	**117,886**	**117,054**	**131,002**	**144,275**	**154,808**	**162,679**
Net Worth	**303,973**	**270,774**	**314,884**	**315,573**	**319,172**	**324,289**	**330,591**
Net Financial Worth	(28,581)	(33,538)	(28,377)	(39,617)	(48,724)	(55,906)	(59,522)
Net Financial Liabilities	52,995	61,953	59,211	74,164	86,504	96,702	103,798
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. Borrowing line comprised of:							
Borrowing with QTC	46,166	57,494	54,100	68,902	84,301	96,176	104,641
Leases and other similar arrangements	7,519	7,892	7,819	8,177	7,166	7,006	6,703
Securities and derivatives	41	93	39	39	39	39	39
	53,726	**65,479**	**61,958**	**77,118**	**91,507**	**103,221**	**111,383**

Table 9.5 Public Non-financial Corporations Sector Balance Sheet[1]

	2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est.Actual $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Assets							
Financial Assets							
Cash and deposits	1,031	950	1,668	1,411	1,011	867	826
Advances paid	1,675	1,598	2,562	1,515	1,148	1,356	1,790
Investments, loans and placements	6,194	2,739	2,991	2,089	1,850	1,755	1,688
Receivables	2,742	2,419	2,603	2,926	3,081	3,204	3,309
Equity							
Investments - other	..	66	..	..	..	..	..
Other financial assets							
Total Financial Assets	**11,642**	**7,772**	**9,824**	**7,941**	**7,089**	**7,181**	**7,613**
Non-financial Assets							
Land and other fixed assets	68,176	73,250	74,945	82,078	91,158	98,673	105,835
Other non-financial assets	4,707	1,470	4,102	4,071	4,236	4,476	4,586
Total Non-financial Assets	**72,883**	**74,720**	**79,046**	**86,148**	**95,395**	**103,148**	**110,421**
Total Assets	**84,526**	**82,492**	**88,870**	**94,090**	**102,484**	**110,330**	**118,034**
Liabilities							
Payables	2,105	2,717	2,782	2,949	3,062	2,937	2,706
Superannuation liability	(354)	(400)	(354)	(354)	(354)	(354)	(354)
Other employee benefits	1,040	1,015	1,108	1,204	1,280	1,350	1,420
Deposits held	14	11	14	14	14	14	14
Advances received	25	3	3	3	2	1	..
Borrowing[2]	49,101	45,166	46,618	47,596	52,141	56,659	60,611
Other liabilities	11,185	8,596	11,510	11,776	12,204	12,571	13,006
Total Liabilities	**63,117**	**57,109**	**61,681**	**63,187**	**68,349**	**73,178**	**77,402**
Net Worth	**21,409**	**25,383**	**27,190**	**30,903**	**34,136**	**37,151**	**40,632**
Net Financial Worth	(51,474)	(49,338)	(51,857)	(55,245)	(61,259)	(65,997)	(69,790)
Net Debt	40,240	39,893	39,415	42,597	48,148	52,697	56,322

Notes:
1. Numbers may not add due to rounding.
2. Borrowing line comprised of:

Borrowing with QTC	43,276	42,963	44,234	46,358	51,239	55,539	59,548
Leases and other similar arrangements	367	653	627	589	525	768	705
Securities and derivatives	5,458	1,550	1,758	649	376	352	358
	49,101	**45,166**	**46,618**	**47,596**	**52,141**	**56,659**	**60,611**

Table 9.6 Non-financial Public Sector Balance Sheet[1]

	2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est.Actual $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Assets							
Financial Assets							
Cash and deposits	3,388	1,796	2,775	2,700	2,612	2,481	2,396
Advances paid	1,215	1,542	1,251	1,330	1,404	1,413	1,371
Investments, loans and placements	55,619	51,377	53,118	50,842	51,049	51,291	52,111
Receivables	6,256	5,760	6,216	6,629	6,840	7,013	7,204
Equity							
Investments in other public sector entities	3,006	3,033	3,645	3,645	3,645	3,645	3,645
Investments - other	174	231	174	174	174	174	174
Other financial assets							
Total Financial Assets	**69,657**	**63,738**	**67,178**	**65,320**	**65,724**	**66,017**	**66,901**
Non-financial Assets							
Land and other fixed assets	390,987	369,993	408,002	426,514	447,984	467,455	484,146
Other non-financial assets	1,229	1,205	1,164	1,448	1,535	1,750	1,891
Total Non-financial Assets	**392,216**	**371,198**	**409,166**	**427,962**	**449,519**	**469,205**	**486,037**
Total Assets	**461,873**	**434,937**	**476,344**	**493,282**	**515,243**	**535,222**	**552,938**
Liabilities							
Payables	7,275	6,699	6,920	7,016	7,213	7,201	7,225
Superannuation liability	20,559	20,427	19,292	19,123	18,093	16,947	15,710
Other employee benefits	11,460	11,044	11,176	11,885	12,411	12,370	12,982
Deposits held	14	11	14	14	14	14	14
Advances received	235	142	192	148	104	64	24
Borrowing[2]	102,821	110,638	108,569	124,707	143,640	159,873	171,987
Other liabilities	15,537	15,203	15,297	14,815	14,595	14,464	14,405
Total Liabilities	**157,900**	**164,163**	**161,460**	**177,710**	**196,071**	**210,933**	**222,347**
Net Worth	**303,973**	**270,774**	**314,884**	**315,573**	**319,172**	**324,289**	**330,591**
Net Financial Worth	(88,243)	(100,424)	(94,282)	(112,389)	(130,347)	(144,916)	(155,446)
Net Financial Liabilities	91,249	103,458	97,927	116,035	133,992	148,561	159,091
Net Debt	42,848	56,077	51,631	69,998	88,693	104,766	116,146
Notes:							
1. Numbers may not add due to rounding.							
2. Borrowing line comprised of:							
Borrowing with QTC	89,442	100,457	98,334	115,260	135,540	151,714	164,188
Leases and other similar arrangements	7,887	8,545	8,446	8,766	7,691	7,774	7,408
Securities and derivatives	5,491	1,636	1,790	681	409	385	390
	102,821	**110,638**	**108,569**	**124,707**	**143,640**	**159,873**	**171,987**

Table 9.7 General Government Sector Cash Flow Statement[1]

	2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est.Actual $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Cash Receipts from Operating Activities							
Taxes received	20,410	21,936	22,470	24,798	26,572	27,907	29,200
Grants and subsidies received	38,684	39,641	39,783	40,290	40,663	42,439	46,100
Sales of goods and services	6,886	7,196	7,451	7,520	7,910	7,704	7,715
Interest receipts	3,201	3,203	3,535	3,499	3,368	3,420	3,496
Dividends and income tax equivalents	922	1,080	792	1,584	1,771	1,682	1,535
Other receipts	22,502	9,790	17,313	12,842	11,192	10,588	10,383
Total Operating Receipts	**92,604**	**82,846**	**91,344**	**90,532**	**91,476**	**93,739**	**98,429**
Cash Payments for Operating Activities							
Payments for employees	(34,232)	(37,332)	(39,040)	(40,342)	(41,311)	(43,113)	(44,074)
Payments for goods and services	(23,090)	(24,872)	(30,019)	(29,002)	(26,630)	(25,639)	(26,438)
Grants and subsidies	(13,777)	(16,689)	(16,651)	(17,005)	(15,825)	(15,004)	(15,202)
Interest paid	(1,616)	(1,892)	(1,811)	(2,501)	(3,246)	(4,012)	(4,684)
Other payments	(4)	..	..	..	..	..	..
Total Operating Payments	**(72,719)**	**(80,786)**	**(87,521)**	**(88,850)**	**(87,012)**	**(87,768)**	**(90,398)**
Net Cash Inflows from Operating Activities	**19,885**	**2,060**	**3,823**	**1,682**	**4,464**	**5,971**	**8,031**
Cash Flows from Investments in Non-Financial Assets							
Purchases of non-financial assets	(9,899)	(9,347)	(11,061)	(12,831)	(14,485)	(14,577)	(12,763)
Sales of non-financial assets	181	276	85	74	169	168	167
Net Cash Flows from Investments in Non-financial Assets	**(9,718)**	**(9,071)**	**(10,976)**	**(12,757)**	**(14,316)**	**(14,408)**	**(12,596)**
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**(766)**	**(2,264)**	**(2,763)**	**(2,984)**	**(2,765)**	**(2,532)**	**(2,486)**
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**(8,035)**	**4,657**	**6,162**	**1,394**	**(435)**	**(332)**	**(894)**
Receipts from Financing Activities							
Advances received (net)	598	(46)	843	(1,088)	(409)	170	395
Borrowing (net)	(1,318)	4,437	1,661	13,935	13,774	11,144	7,506
Net Cash Flows from Financing Activities	**(719)**	**4,391**	**2,505**	**12,847**	**13,364**	**11,314**	**7,902**
Net Increase/(Decrease) in Cash held	**647**	**(226)**	**(1,249)**	**181**	**312**	**13**	**(44)**
Net cash from operating activities	19,885	2,060	3,823	1,682	4,464	5,971	8,031
Net cash flows from investments in non-financial assets	(9,718)	(9,071)	(10,976)	(12,757)	(14,316)	(14,408)	(12,596)
Surplus/(Deficit)	**10,167**	**(7,010)**	**(7,153)**	**(11,076)**	**(9,852)**	**(8,437)**	**(4,565)**
Derivation of ABS GFS Cash Surplus/Deficit							
Cash surplus/(deficit)	10,167	(7,010)	(7,153)	(11,076)	(9,852)	(8,437)	(4,565)
Acquisitions under finance leases and similar arrangements	(849)	(814)	(879)	(692)	(278)	(5)	(1)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**9,318**	**(7,824)**	**(8,033)**	**(11,768)**	**(10,129)**	**(8,442)**	**(4,566)**

Note:

1. Numbers may not add due to rounding.

Table 9.8 Public Non-financial Corporations Sector Cash Flow Statement[1]

	2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est.Actual $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Cash Receipts from Operating Activities							
Grants and subsidies received	841	799	1,360	836	793	764	798
Sales of goods and services	17,092	15,616	16,287	16,860	18,333	19,261	20,795
Interest receipts	106	94	185	152	108	105	116
Other receipts	402	687	415	576	278	240	165
Total Operating Receipts	**18,442**	**17,195**	**18,246**	**18,425**	**19,512**	**20,369**	**21,873**
Cash Payments for Operating Activities							
Payments for employees	(2,750)	(2,953)	(3,205)	(3,558)	(3,724)	(3,830)	(3,956)
Payments for goods and services	(9,727)	(8,331)	(8,662)	(8,516)	(8,617)	(8,616)	(9,301)
Grants and subsidies	(29)	(25)	(27)	(28)	(22)	(22)	(22)
Interest paid	(1,671)	(1,793)	(1,867)	(2,111)	(2,542)	(2,944)	(3,314)
Other payments	(1,149)	(976)	(646)	(633)	(645)	(627)	(638)
Total Operating Payments	**(15,325)**	**(14,078)**	**(14,407)**	**(14,846)**	**(15,550)**	**(16,038)**	**(17,231)**
Net Cash Inflows from Operating Activities	**3,117**	**3,117**	**3,839**	**3,579**	**3,962**	**4,331**	**4,642**
Cash Flows from Investments in Non-Financial Assets							
Purchases of non-financial assets	(4,497)	(5,849)	(6,366)	(9,410)	(11,269)	(10,029)	(9,568)
Sales of non-financial assets	63	5	18	14	8	8	8
Net Cash Flows from Investments in Non-financial Assets	**(4,434)**	**(5,844)**	**(6,348)**	**(9,395)**	**(11,261)**	**(10,021)**	**(9,560)**
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**(711)**	**(80)**	**(886)**	**1,047**	**367**	**(208)**	**(434)**
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**463**	**10**	**41**	**9**	**34**	**19**	**(1)**
Receipts from Financing Activities							
Advances received (net)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Borrowing (net)	2,202	521	1,666	2,108	4,831	4,230	3,713
Dividends paid	(246)	(474)	(458)	(1,021)	(1,044)	(1,041)	(946)
Deposits received (net)	3	..	..	..	..	..	..
Other financing (net)	(523)	2,850	2,782	3,417	2,713	2,546	2,545
Net Cash Flows from Financing Activities	**1,435**	**2,896**	**3,990**	**4,504**	**6,499**	**5,734**	**5,312**
Net Increase/(Decrease) in Cash held	**(131)**	**99**	**637**	**(256)**	**(400)**	**(145)**	**(41)**
Net cash from operating activities	3,117	3,117	3,839	3,579	3,962	4,331	4,642
Net cash flows from investments in non-financial assets	(4,434)	(5,844)	(6,348)	(9,395)	(11,261)	(10,021)	(9,560)
Dividends paid	(246)	(474)	(458)	(1,021)	(1,044)	(1,041)	(946)
Surplus/(Deficit)	**(1,563)**	**(3,201)**	**(2,966)**	**(6,837)**	**(8,344)**	**(6,730)**	**(5,863)**
Derivation of ABS GFS Cash Surplus/Deficit							
Cash surplus/(deficit)	(1,563)	(3,201)	(2,966)	(6,837)	(8,344)	(6,730)	(5,863)
Acquisitions under finance leases and similar arrangements	(49)	(360)	(316)	(25)	(5)	(313)	(6)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**(1,613)**	**(3,562)**	**(3,282)**	**(6,862)**	**(8,348)**	**(7,044)**	**(5,869)**

Note:
1. Numbers may not add due to rounding.

Table 9.9 Non-financial Public Sector Cash Flow Statement[1]

	2022–23 Outcome $ million	2023–24 Budget $ million	2023–24 Est.Actual $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Cash Receipts from Operating Activities							
Taxes received	20,002	21,552	22,046	24,344	26,072	27,366	28,592
Grants and subsidies received	38,701	39,679	39,948	40,351	40,718	42,492	46,153
Sales of goods and services	20,825	19,401	19,867	20,269	21,944	23,265	24,945
Interest receipts	3,279	3,276	3,646	3,577	3,460	3,513	3,601
Dividends and income tax equivalents	101	169	162	186	214	202	217
Other receipts	22,843	10,511	17,784	13,418	11,484	10,782	10,548
Total Operating Receipts	**105,752**	**94,588**	**103,453**	**102,145**	**103,891**	**107,620**	**114,056**
Cash Payments for Operating Activities							
Payments for employees	(36,818)	(40,129)	(42,063)	(43,688)	(44,814)	(46,714)	(47,792)
Payments for goods and services	(29,729)	(29,776)	(34,797)	(33,396)	(30,934)	(30,540)	(32,159)
Grants and subsidies	(12,984)	(15,955)	(15,485)	(16,256)	(15,110)	(14,314)	(14,481)
Interest paid	(3,036)	(3,455)	(3,380)	(4,315)	(5,511)	(6,650)	(7,637)
Other payments	(554)	(534)	(468)	(251)	(127)	(183)	(260)
Total Operating Payments	**(83,120)**	**(89,849)**	**(96,193)**	**(97,906)**	**(96,496)**	**(98,402)**	**(102,329)**
Net Cash Inflows from Operating Activities	**22,631**	**4,738**	**7,260**	**4,240**	**7,395**	**9,217**	**11,727**
Cash Flows from Investments in Non-Financial Assets							
Purchases of non-financial assets	(14,300)	(15,231)	(17,482)	(22,241)	(25,767)	(24,561)	(22,331)
Sales of non-financial assets	243	281	103	88	177	177	175
Net Cash Flows from Investments in Non-financial Assets	**(14,056)**	**(14,950)**	**(17,380)**	**(22,152)**	**(25,590)**	**(24,384)**	**(22,156)**
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**56**	**(314)**	**19**	**433**	**(53)**	**13**	**59**
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**(7,573)**	**4,667**	**6,204**	**1,404**	**(401)**	**(313)**	**(896)**
Receipts from Financing Activities							
Advances received (net)	(28)	(47)	(43)	(41)	(42)	(38)	(39)
Borrowing (net)	885	4,958	3,328	16,043	18,604	15,374	11,219
Deposits received (net)	3	..	..	..	..	..	..
Other financing (net)	(1,401)	820	..	..	..	..	..
Net Cash Flows from Financing Activities	**(542)**	**5,731**	**3,285**	**16,002**	**18,562**	**15,336**	**11,181**
Net Increase/(Decrease) in Cash held	**516**	**(127)**	**(612)**	**(75)**	**(88)**	**(132)**	**(85)**
Net cash from operating activities	22,631	4,738	7,260	4,240	7,395	9,217	11,727
Net cash flows from investments in non-financial assets	(14,056)	(14,950)	(17,380)	(22,152)	(25,590)	(24,384)	(22,156)
Surplus/(Deficit)	**8,575**	**(10,211)**	**(10,120)**	**(17,913)**	**(18,195)**	**(15,167)**	**(10,429)**
Derivation of ABS GFS Cash Surplus/Deficit							
Cash surplus/(deficit)	8,575	(10,211)	(10,120)	(17,913)	(18,195)	(15,167)	(10,429)
Acquisitions under finance leases and similar arrangements	(899)	(1,174)	(1,195)	(717)	(282)	(319)	(7)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**7,676**	**(11,386)**	**(11,315)**	**(18,630)**	**(18,478)**	**(15,486)**	**(10,435)**

Note:
1. Numbers may not add due to rounding.

9.3 General Government Sector time series

Data presented in Table 9.10 provides a time series from 2011–12 to 2022–23 for the General Government Sector on the key fiscal aggregates used by the government to measure financial performance. These aggregates have been back cast (as far as possible) to comply with AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Table 9.10 General Government Sector Time Series[1]

	2011–12 Actual $ million	2012–13 Actual $ million	2013–14 Actual $ million	2014–15 Actual $ million	2015–16 Actual $ million	2016–17 Actual $ million	2017–18 Actual $ million	2018–19 Actual $ million	2019-20 Actual $ million	2020-21 Actual $ million	2021-22 Actual $ million	2022-23 Actual $ million
Revenue from Transactions												
Taxation revenue	10,608	10,937	11,840	12,598	12,547	12,919	13,244	14,165	14,585	16,249	20,011	20,601
Grant revenue	22,652	18,322	21,740	23,583	23,740	27,384	27,966	28,307	27,645	33,013	34,135	38,335
Sales of goods and services	5,002	5,087	5,039	5,443	5,712	5,642	5,884	5,783	5,618	6,105	5,896	6,483
Interest income	2,485	2,644	2,460	2,470	2,543	2,351	2,389	2,191	2,088	1,948	2,643	3,226
Dividend and income tax equivalent income	1,112	1,351	1,975	2,554	2,661	2,675	2,920	2,784	1,926	1,329	790	1,007
Other revenue	3,942	3,415	3,650	3,322	3,577	5,223	5,685	6,598	5,915	4,147	10,710	20,160
Total Revenue	**45,801**	**41,755**	**46,705**	**49,970**	**50,780**	**56,194**	**58,087**	**59,828**	**57,778**	**62,791**	**74,185**	**89,810**
Expenses from Transactions												
Employee expenses	18,250	18,130	17,816	18,592	20,045	21,258	22,681	24,019	25,662	26,385	28,068	30,557
Superannuation expenses												
Superannuation interest costs	1,216	923	963	878	767	514	667	653	354	246	377	776
Other superannuation expenses	2,301	2,420	2,277	2,319	2,507	2,661	2,741	3,012	3,183	3,073	3,387	3,756
Other operating expenses	9,497	12,817	13,108	14,539	14,811	15,578	17,259	16,480	17,085	16,500	18,229	20,014
Depreciation and amortisation	2,777	2,902	3,060	3,137	2,921	3,068	3,326	3,451	4,033	4,170	4,506	5,018
Other interest expenses	1,659	1,940	2,200	2,328	2,220	1,722	1,614	1,581	1,486	1,619	1,508	1,688
Grant expenses	10,327	7,182	6,792	7,758	6,841	8,568	8,048	9,647	11,702	11,713	13,827	14,072
Total Expenses	**46,028**	**46,312**	**46,217**	**49,551**	**50,112**	**53,369**	**56,337**	**58,843**	**63,505**	**63,706**	**69,902**	**75,880**
Net Operating Balance	**(226)**	**(4,558)**	**488**	**420**	**668**	**2,825**	**1,750**	**985**	**(5,728)**	**(915)**	**4,284**	**13,930**
OTHER KEY AGGREGATES												
Purchases of non-financial assets	7,971	7,001	6,323	4,635	4,044	4,620	5,126	5,764	6,306	6,682	7,878	9,899
Net acquisition of non-financial assets	5,241	3,389	3,087	992	1,164	2,265	2,337	3,192	3,436	3,942	4,356	5,838
Fiscal Balance	**(5,467)**	**(7,947)**	**(2,599)**	**(572)**	**(497)**	**560**	**(587)**	**(2,207)**	**(9,164)**	**(4,857)**	**(72)**	**8,092**
Cash Surplus/(Deficit)	(4,951)	(8,585)	(3,213)	(105)	866	1,448	337	302	(6,228)	(6,421)	2,816	10,167
Net Worth	170,745	172,963	166,492	171,933	188,099	194,988	195,038	200,861	195,646	209,464	249,590	303,973
Net Debt	(5,720)	2,399	5,208	5,749	653	(355)	(509)	(198)	14,036	11,344	10,997	2,615
Borrowing with QTC[2]	28,391	36,508	39,864	41,343	34,200	31,358	29,256	29,468	37,570	46,153	49,000	46,166
Leases and similar arrangements	637	734	882	1,126	1,370	1,503	2,142	2,612	6,485	7,703	7,671	7,519
Borrowing with QTC (NFPS)	60,205	67,116	70,668	73,256	71,160	69,107	66,964	67,576	76,464	85,901	90,851	89,442
Leases and similar arrangements (NFPS)	1,127	1,559	1,752	1,802	1,316	1,882	2,142	2,612	6,977	8,157	8,028	7,887

Notes:
1. Numbers may not add due to rounding.
2. Borrowing in 2013–14 includes bank overdraft of $1.434 billion.

Source: Report on State Finances for Queensland 2011–12 to 2022–23. (Numbers have been recast for changes to UPF presentation.)

9.4 Other General Government Sector Uniform Presentation Framework data

Data in the following tables is presented in accordance with the UPF.

9.4.1 Grants

Tables 9.11 and 9.12 provide details of General Government Sector current and capital grant revenue and expenses.

Table 9.11 General Government Sector grant revenue[1]

	2023-24 Est. Act. $ million	2024-25 Budget $ million
Current grant revenue		
Current grants from the Commonwealth		
General purpose grants	19,464	18,528
Specific purpose grants	11,807	12,653
Specific purpose grants for on-passing	4,331	5,093
Total current grants from the Commonwealth	35,602	36,273
Other contributions and grants	335	370
Total current grant revenue	**35,937**	**36,643**
Capital grant revenue		
Capital grants from the Commonwealth		
Specific purpose grants	3,585	3,535
Total capital grants from the Commonwealth	3,585	3,535
Other contributions and grants	28	100
Total capital grant revenue	**3,612**	**3,635**
Total grant revenue	**39,550**	**40,278**

Note:
1. Numbers may not add due to rounding.

Table 9.12 General Government Sector grant expenses[1]

	2023-24 Est. Act $ million	2024-25 Budget $ million
Current grant expense		
Private and Not-for-profit sector	4,068	4,028
Private and Not-for-profit sector on-passing	4,357	4,497
Local Government	229	222
Local Government on-passing	26	650
Grants to other sectors of Government	3,094	3,089
Other	617	454
Total current grant expense	**12,390**	**12,941**
Capital grant expense		
Private and Not-for-profit sector	1,265	1,189
Local Government	2,123	2,678
Grants to other sectors of Government	664	47
Other	152	275
Total capital grant expense	**4,204**	**4,189**
Total grant expense	**16,595**	**17,131**

Note:
1. Numbers may not add due to rounding.

9.4.2 Dividend and income tax equivalent income

Tables 9.13 provides details of the source of dividend and income tax equivalent income in the General Government Sector.

Table 9.13 General Government Sector dividend and income tax equivalent income[1]

	2023-24 Est. Act. $ million	2024-25 Budget $ million
Dividend and Income Tax Equivalent income from PNFC sector	1,550	1,551
Dividend and Income Tax Equivalent income from PFC sector	170	219
Total Dividend and Income Tax Equivalent income	**1,720**	**1,771**

Note:
1. Numbers may not add due to rounding.

9.4.3 Expenses by function

Tables 9.14 provides details of General Government Sector expenses by function.

Table 9.14 General Government Sector expenses by function[1]

	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
General public services	7,313	6,987	8,690	8,903	9,404	9,808
Public order and safety	7,621	7,611	8,426	8,278	8,414	8,650
Economic affairs	3,375	3,333	3,098	2,769	2,441	2,219
Environmental protection	1,008	986	1,137	989	985	1,168
Housing and community amenities	2,091	2,517	1,916	1,688	1,304	1,292
Health	24,260	25,704	26,739	26,730	27,442	28,833
Recreation, culture and religion	1,218	1,104	1,335	1,167	1,280	1,264
Education	19,805	20,410	21,275	21,369	21,956	23,026
Social protection	8,154	10,713	7,808	7,046	7,076	7,557
Transport	9,415	9,130	10,313	10,292	9,480	9,488
Total Expenses	**84,261**	**88,495**	**90,738**	**89,232**	**89,783**	**93,305**

Note:
1. Numbers may not add due to rounding.

9.4.4 Purchases of non-financial assets by function

Tables 9.15 provides details of General Government Sector purchases of non-financial assets by function.

Table 9.15 General Government Sector purchases of non-financial assets by function[1]

	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
General public services	243	279	403	360	273	87
Public order and safety	1,213	949	1,288	1,102	849	510
Economic affairs	131	49	130	122	70	50
Environmental protection	84	55	101	153	29	20
Housing and community amenities	415	437	430	548	807	991
Health	1,502	2,023	2,381	3,363	2,963	2,788
Recreation, culture and religion	186	241	227	393	593	1,331
Education	1,485	1,472	1,341	1,632	1,225	763
Social protection	129	140	111	131	69	54
Transport	3,959	5,416	6,420	6,681	7,698	6,170
Total Purchases	**9,347**	**11,061**	**12,831**	**14,485**	**14,577**	**12,763**

Note:
1. Numbers may not add due to rounding.

9.4.5 Taxes

Tables 9.16 provides details of taxation revenue collected by the General Government Sector.

Table 9.16 General Government Sector taxes[1]

	2023-24 Est. Act. $ million	2024-25 Budget $ million
Taxes on employers' payroll and labour force	6,715	7,245
Taxes on property		
Land taxes	2,032	2,499
Stamp duties on financial and capital transactions	5,605	6,793
Other	1,457	1,487
Taxes on the provision of goods and services		
Taxes on gambling	2,048	2,141
Taxes on insurance	1,565	1,683
Taxes on use of goods and performance of activities		
Motor vehicle taxes	3,248	2,951
Total Taxation Revenue	**22,670**	**24,799**

Note:

1. Numbers may not add due to rounding.

9.5 Contingent liabilities

Contingent liabilities represent items that are not included in the budget as significant uncertainty exists as to whether the government would sacrifice future economic benefits in respect of these items. Nevertheless, such contingencies need to be recognised and managed wherever possible in terms of their potential impact on the government's financial position in the future.

The state's quantifiable and non-quantifiable contingent liabilities are detailed in the 2022–23 Report on State Finances – whole-of-government financial statements (note 43).

A summary of the state's quantifiable contingent liabilities as at 30 June 2023 is provided in Table 9.17.

Table 9.17 Contingent liabilities[1]

	2022–23 $ million
Nature of contingent liability	
Guarantees and indemnities	12,747
Other	120
Total	**12,867**

9.6 Background and interpretation of Uniform Presentation Framework

As mentioned in the introduction to this chapter, the UPF was reviewed in 2007 following release of the accounting standard, AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

This standard aims to harmonise GFS and GAAP with the objective of improving the clarity and transparency of government financial statements.

9.6.1 Accrual Government Finance Statistics Framework

The GFS reporting framework, developed by the Australian Bureau of Statistics (ABS), is based on international statistics standards (the International Monetary Fund Manual on Government Finance Statistics and the United Nations System of National Accounts). This allows comprehensive assessments to be made of the economic impact of government.

The accrual GFS framework is based on an integrated recording of stocks and flows. Stocks refers to a unit's holding of assets and liabilities at a point in time, while flows represent the movement in the stock of assets and liabilities between two points in time. Flows comprise two separate types, transactions and other economic flows. Transactions come about from mutually agreed interactions between units or within a single unit. Other economic flows would include revaluations and destruction or discovery of assets that do not result from a transaction.

In GFS operating statements, other economic flows, being outside the control of government, are excluded and do not affect the net operating balance or fiscal balance.

9.6.2 Generally Accepted Accounting Principles

In addition to the GFS framework, public sector entities were previously required to report at year end against AAS 31 *Financial Reporting by Government,* which meant complying with the Accounting Standards issued by the AASB.

9.6.3 Harmonisation under AASB 1049

This dual reporting regime caused confusion for financial report users and the Financial Reporting Council asked the AASB to develop a framework harmonising GAAP and GFS and to issue an Australian accounting standard for a single set of government reports.

In the development of AASB 1049, the AASB adopted the following approaches:

- adoption of GAAP definition, recognition and measurement principles in almost all cases
- amended presentation requirements to encompass a comprehensive result that retains GAAP classification system but overlays it with a transaction and other economic flows classification system based on GFS
- expanding the disclosure requirements to incorporate key fiscal aggregates required by GFS.

9.6.4 Revisions to the Uniform Presentation Framework

Following the introduction of AASB 1049, the Australian, state and territory governments consider that the UPF will continue to be an important framework for ensuring comparability of financial information across jurisdictions. The UPF continues to apply to financial statements produced by government in budget, mid-year budget updates and final budget outcome reports, whereas the accounting standard applies only to outcome reports.

Aligning the framework with the AASB 1049 was not intended to create a UPF that complies with all the reporting requirements of AASB 1049. For example, the UPF does not include the same level of detail in relation to disclosure requirements of AASB 1049. Instead, the revised UPF allows jurisdictions to utilise the framework as the base set of statements and add additional relevant information to comply with AASB 1049.

9.7 Sector classification

GFS data is presented by institutional sector, distinguishing between the General Government Sector and the PNFC Sector.

Budget reporting focuses on the General Government Sector, which provides regulatory services, and goods and services of a non-market nature that are provided at less than cost or at no cost. These services are largely financed by general revenue (Australian Government grants and state taxation). This service comprises government departments, their commercialised business units/shared service providers and certain statutory bodies.

The PNFC Sector comprises bodies that provide mainly market goods and services that are of non-regulatory and non-financial nature. PNFCs are financed through sales to customers of their goods and services and may be supplemented by explicit government subsidy to satisfy community service obligations. In general, PNFCs are largely distinguishable from the governments that own them. Examples of PNFCs include the energy entities and Queensland Rail.

Together, the General Government Sector and the PNFC Sector comprise the Non-financial Public Sector.

Further discussions of the GFS framework of reporting, including definitions of GFS terms, can be obtained from the website page of the ABS at http://www.abs.gov.au.

9.8 Reporting entities

The reporting entities included in the General Government and the PNFC sectors in these budget papers are included below:

9.8.1 General Government

Departments

Agriculture and Fisheries

Child Safety, Seniors and Disability Services

Education

Employment, Small Business and Training (renamed from Youth Justice, Employment, Small Business and Training)

Energy and Climate (renamed from Energy and Public Works)

Environment, Science and Innovation (renamed from Environment and Science)

Housing, Local Government, Planning and Public Works (renamed from Housing)

Justice and Attorney-General

Premier and Cabinet

Queensland Corrective Services

Queensland Fire Department (renamed from Queensland Fire and Emergency Services)

Queensland Health

Queensland Police Service

Queensland Treasury

Regional Development, Manufacturing and Water

Resources

State Development and Infrastructure (renamed from State Development, Infrastructure, Local Government and Planning)

Tourism and Sport (renamed from Tourism, Innovation and Sport)

Transport and Main Roads

Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts

Youth Justice

Commercialised Business Units

CITEC

Economic Development Queensland

QBuild

QFleet

RoadTek

Shared Service Providers

Corporate Administration Agency

Queensland Shared Services

Other General Government entities

- Board of the Queensland Museum
- Crime and Corruption Commission
- Cross River Rail Delivery Authority
- Electoral Commission of Queensland
- Gold Coast Waterways Authority
- Health and Wellbeing Queensland
- Hospital and Health Services
    - Cairns and Hinterland
    - Central Queensland
    - Central West
    - Children's Health Queensland
    - Darling Downs
    - Gold Coast
    - Mackay
    - Metro North
    - Metro South
    - North West
    - South West
    - Sunshine Coast
    - Torres and Cape
    - Townsville
    - West Moreton
    - Wide Bay
- Legal Aid Queensland
- Legislative Assembly
- Library Board of Queensland
- Motor Accident Insurance Commission
- Nominal Defendant
- Office of the Governor
- Office of the Health Ombudsman
- Office of the Queensland Integrity Commissioner
- Prostitution Licensing Authority
- Public Sector Commission
- Queensland Art Gallery Board of Trustees
- Queensland Audit Office
- Queensland Building and Construction Commission
- Queensland Curriculum and Assessment Authority
- Queensland Family and Child Commission
- Queensland Human Rights Commission
- Queensland Mental Health Commission
- Queensland Performing Arts Trust
- Queensland Racing Integrity Commission
- Queensland Reconstruction Authority
- Queensland Rural and Industry Development Authority
- Residential Tenancies Authority
- South Bank Corporation
- TAFE Queensland
- The Council of the Queensland Institute of Medical Research
- The Public Trustee of Queensland
- Tourism and Events Queensland
- Trade and Investment Queensland

9.8.2 Public Non-financial Corporations

Brisbane Organising Committee for the 2032 Olympic and Paralympic Games

CleanCo Queensland Ltd

CS Energy Limited

Energy Queensland Limited

Far North Queensland Ports Corporations Limited

Gladstone Area Water Board

Gladstone Ports Corporation Limited

Mount Isa Water Board

North Queensland Bulk Ports Corporation Limited

Port of Townsville Limited

Powerlink Queensland

Queensland Bulk Water Supply Authority (Seqwater)

Queensland Hydro Pty Ltd

Queensland Rail

Queensland Treasury Holdings Pty Ltd

Stadiums Queensland

Stanwell Corporation Limited

Sunwater Limited

Appendix A: Concessions statement

Substantial rebates, subsidies and discounts to address cost-of-living pressures for all Queenslanders and support small businesses

In the 2024–25 Queensland Budget, the government has committed to provide substantial support for Queenslanders in the context of the national cost-of-living challenge.

Building on the extensive program of existing concessions and subsidies, this year's Budget delivers a record level of targeted and timely relief for households and small businesses.

Inflationary pressures have been a significant challenge across the national and global economies in recent years, and Queensland has not been immune to these impacts. The rate of increase in prices has started to moderate but this follows 2 years of elevated price rises that are still impacting households through ongoing cost-of-living pressures. Queensland households, businesses and industry continue to face challenges including elevated interest rates, electricity costs and higher costs of goods and services.

While income support is the responsibility of the Australian Government, the Queensland Government provides a wide range of generous concessions, including subsidies, rebates and discounts across a variety of services and products, to assist households and small businesses across the state.

These concessions provide Queenslanders with cost-of-living support for essentials like electricity, transport, health, housing, education and training services.

The total value of all concessions provided to Queenslanders is estimated to be a record $11.218 billion in 2024–25, as highlighted in Chart A.1. This represents an increase of 31.1 per cent compared with estimated actual concessions of $8.555 billion in 2023–24, the largest increase in concessions spending on record.

The government is providing $3.739 billion[1] in new and expanded measures in 2024–25 to support Queenslanders in tackling cost-of-living challenges.

This comprises electricity bill rebates, lower public transport fares and motor vehicle registration costs, additional support for first home buyers, an increase in value and access to FairPlay vouchers, school and community food relief program; and food, emergency, and financial relief measures for vulnerable cohorts.

The 2024–25 Budget delivers $2.965 billion for additional electricity bill support to households and small businesses, which is the most significant electricity bill support package announced by any state or territory.

As part of this package, all Queensland households will automatically receive $1,300 off their electricity bills in 2024–25. This consists 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.

[1]Some elements of the cost-of-living measures included in this figure are grants and support measures not defined as concessions for the purposes of this chapter.

Vulnerable households will continue to receive the $372 Queensland Electricity Rebate for a total of $1,672 support in 2024–25.

The government's substantial cost-of-living relief measures will more than offset typical household electricity bill increases in 2024–25. In some cases, households will have zero bills or be in credit in 2024–25.

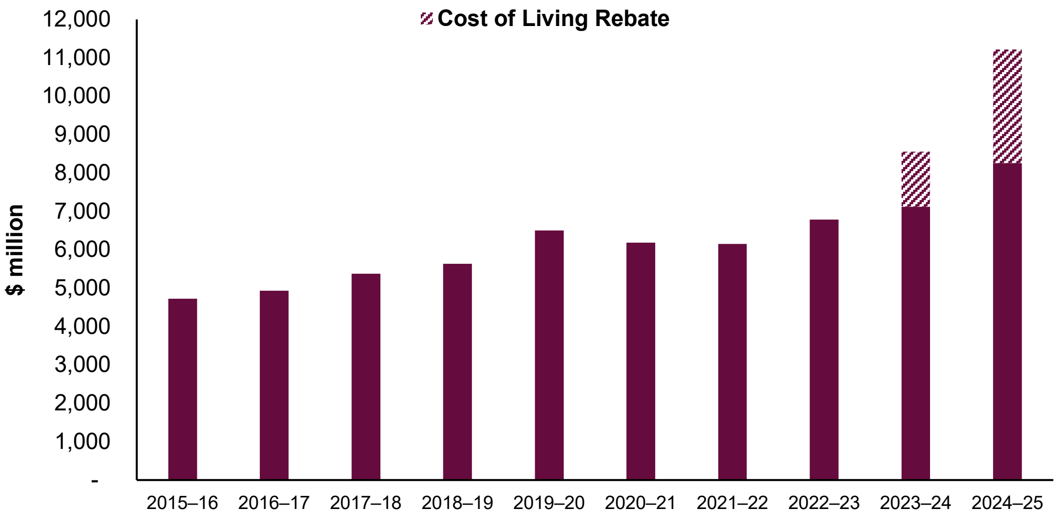
Including the $1,300 Cost of Living Rebate in 2024–25, the government will have provided all Queensland households with a total of $2,425 in electricity rebates since 2018.

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

In addition to this, the government is providing substantial relief through significant cost-of-living measures that reduce transport costs:

- $150 million in 2024–25 from lowering public transport fares to a flat fare of 50 cents per trip across the state from 5 August 2024 for 6 months. In addition to this initiative, the government is also providing half-price tickets on Airtrain services
- $435 million from a 20 per cent reduction in vehicle registration costs for all light vehicles for a 12-month period, which is scheduled to start appearing on renewal notices sent to customers from 5 August 2024. It is estimated that $399 million of benefit from this measure will be realised in 2024–25 financial year, and the remaining $36 million in 2025–26.

Chart A.1 Total concessions value by year [1,2,3]



Note:
1. Due to the timing of the 2020–21 Budget, an actual figure was calculated for the total concessions value in 2019–20. Values for all other years are estimated actuals aside from 2024–25, which is the budgeted amount.
2. The decrease from 2019–20 to 2020–21 reflects the gradual reduction of COVID-19 support measures, which ceased in 2023–24.
3. Funding for the Queensland electricity rebates has been provided to retailers in 2023–24 so that rebates can be applied to household bills in 2024–25.

As highlighted above in Chart A.1, total government spending on concessions is expected to more than double between 2015–16 and 2024–25.

This represents an increase, on average, that exceeds inflation by 6.9 per cent per annum over that period, ensuring that the real value of concessions available to Queenslanders has grown materially over time.

Further detail regarding the Queensland Government's cost-of-living measures that form part of this Budget can be found in Chapter 1.

Box A.1 Case studies – cost-of-living relief for all Queensland households

The majority of Queenslanders benefit from at least one Queensland Government concession and, in many cases, may benefit from multiple concessions each year.

The following examples highlight the broad range of support potentially available to various types of Queensland households and businesses.

Retired couple

A retired couple in their seventies, living in Palmview on the Sunshine Coast with no dependents, both with a Queensland Seniors Card and on the pension, could be eligible for a broad range of concessions in 2024–25 providing a total benefit of more than $4,100 including:

- $1,300 Cost of Living Rebate on their electricity bill plus the existing $372 Queensland Electricity Rebate, bringing total support to $1,672
- $120 South East Queensland water subsidy
- $200 for council rates
- $89 for reticulated natural gas
- an average benefit of $830 each for general dental care under the Oral Health Scheme
- $49 registration fee concession for their 4-cylinder vehicle registered on a pensioner concession, bringing registration fees down to $195 (including traffic improvement fee (TIF) but excluding compulsory third party (CTP) insurance). This reduction is in addition to the existing 50 per cent concession that pensioners receive on the registration fee component of their fees
- when catching the bus to explore their community – shopping in Maroochydore, swimming at Mooloolaba and visiting the hospital – on average 3 times a week at a usual cost of $1.74 per trip, they will now save a combined $357 over 6 months due to the 50 cent flat fare on Translink public transport services across the state for 6 months.

Low-income family

A low-income family living in Robina on the Gold Coast with a Health Care Card and 3 children (aged 4, 13 and 16), could be eligible for a broad range of concessions in 2024–25 providing a total benefit of more than $9,150*, including:

- $1,300 Cost of Living Rebate on their electricity bill plus the existing $372 Queensland Electricity Rebate, bringing total support to $1,672
- $492 through the Textbook and Resource Allowance paid to the children's school

- 15 hours of free kindergarten per week. On average, a family attending a sessional kindergarten for 15 hours per week that charges $48 per day will save $4,800 a year in fees
- $85 registration fee concession for their private use 4-cylinder vehicle, bringing registration fees down to $339 (including TIF but excluding CTP)
- if one parent commutes by train from Robina 4 days per week to a work in Bowen Hills at a usual cost of $11,46 per trip, the family could save $2,104 over 6 months due to the 50 cent flat fare on Translink public transport services across the state for 6 months.

* not all of the new and expanded cost-of-living measures included in the 2024–25 Budget are classified as concessions for the purpose of this Appendix A.

School-leaver

A low-income casual worker, living in Cairns who has just graduated from high school and has a Health Care Card could be eligible for a substantial range of concessions in 2024–25, providing a total benefit of more than $6,200 plus a loan of $1,600, comprising:

- $1,300 Cost of Living Rebate on their electricity bill plus the existing $372 Queensland Electricity Rebate, bringing total support to $1,672
- an interest-free and fee-free rental bond loan providing average support of $1,600
- an average subsidy of $3,483 to undertake their first post-school Certificate III qualification
- an average benefit of $830 for general dental care under the Oral Health Scheme
- $85 registration fee concessions for a private use 4-cylinder vehicle, bringing registration fees down to $339 (including TIF but excluding CTP)
- if studying at the local TAFE and catching the bus to campus 4 days a week, at a usual cost of $1.20 each way, they could save $134 over 6 months due to the 50 cent flat fare on Translink public transport across the state for 6 months.

Examples of other key concessions that individuals could be eligible for in 2024–25 include:

- an average subsidy of $10,609 to pre-approved public and private registered training organisations to subsidise the cost of training and assessment for eligible Queensland apprentices and trainees, or complementary pathways through the User Choice program
- an average subsidy of $4,116 to undertake a priority Certificate IV, diploma or advanced diploma qualification or industry endorsed skillset through the VET – Higher Level Skills Tuition Fee Subsidy
- financial assistance for apprentices and trainees to cover the cost of travel incurred in attending off-the-job training at a registered training organisation through the Travel and Accommodation Subsidy
- an average rental rebate of around $14,486 per annum for people living in social housing through the Government Managed Housing Rental Rebate.

Further information on the eligibility requirements and benefits of a range of government concessions can be found by visiting www.QueenslandSavers.qld.gov.au.

Focus

The Concessions Statement highlights the cost and nature of concessions provided by the Queensland Government. It covers concessions that are direct budget outlays (e.g. fee subsidy payments) and concessions that are revenue foregone through fees and charges set at a lower rate than applies to the wider community and other businesses.

In the case of broader concessions, it also includes concessions related to the delivery of services to consumers at less than the full cost of service provision.

Section A.2 sets out the specific concessions provided by the Queensland Government, detailed by agency. Section A.3 sets out the concessions provided by government-owned corporations (GOCs) and is separated into concessions by GOC and concessional leases (industry, commercial and community) by GOC. Within each agency or GOC, concessions are listed in descending order of value.

Explanation of scope

For the purposes of this document, concessions include:

- discounts, rebates and subsidies provided by the government that improve access to, and affordability of, a range of services for certain individuals, families or businesses based on eligibility criteria (e.g. relating to factors such as age, income, special needs, location or business characteristic)
- concessions where all consumers, including businesses, of a particular good or service pay a price that is below the full cost of service provision, that is, no eligibility criteria is applied.

Both General Government and Public Non-financial Corporations (PNFC) Sector concessions are included in this statement. Where a payment is made from a General Government Sector agency to a PNFC entity for a concession arrangement, the expenditure is reported against the General Government Sector agency only to avoid double counting.

To be included in this statement, concessions must meet the minimum materiality threshold of estimated expenditure or revenue foregone of $50,000 in either the budget year or the year prior.

Varying methods have been used to estimate the cost of concessions, depending on the nature of the concessions, including:

- direct budget outlay cost (e.g. direct subsidy or rebate payments or the government's contribution in the case of items such as rental subsidies)
- revenue foregone (e.g. concessional fees and charges)
- cost of goods and services provided.

For the purposes of illustration, the document often uses averages to demonstrate the potential value of the concession to recipients. However, averages are not reflective of individual circumstances, meaning the actual dollar value of the concession to individual recipients may vary from person to person or business to business.

The Concessions Statement does not include tax expenditures (e.g. tax exemptions, reduced tax rates, tax rebates and deductions). Information on tax expenditures can be found in Appendix B.

A.1 Concessions summary

Table A.1.1 Concession by entity[1]

Concession by entity	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Agency		
Department of Agriculture and Fisheries	27.0	32.2
Department of Child Safety, Seniors and Disability Services[2]	1,780.5	3,313.4
Department of Education	301.8	377.9
Department of Employment, Small Business and Training	575.2	613.0
Department of Energy and Climate	669.2	623.5
Department of Environment, Science and Innovation	2.1	2.1
Department of Housing, Local Government, Planning and Public Works	877.7	879.0
Department of Justice and Attorney-General	124.5	138.9
Department of Regional Development, Manufacturing and Water	33.3	28.9
Department of Resources	10.5	11.0
Department of State Development and Infrastructure	0.7	0.5
Department of Tourism and Sport	2.4	2.7
Department of Transport and Main Roads	3,679.6	4,693.4
Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts[3]	7.7	6.3
Queensland Fire Department	11.5	11.7
Queensland Health	325.5	350.3
Total Agency	**8,429.2**	**11,084.8**
Government-owned corporations		
Energy Queensland Limited	21.7	23.4
Far North Queensland Ports Corporation Limited	2.0	2.0
Gladstone Ports Corporation Limited	39.3	43.4
North Queensland Bulk Ports Corporation Limited	1.5	1.5
Port of Townsville Limited	6.6	6.8
Queensland Rail	2.6	2.7
Sunwater Limited	51.6	53.8
Total government-owned corporations	**125.3**	**133.6**
Total all entities	**8,554.5**	**11,218.4**

Notes:
1. Numbers may not add due to rounding.
2. The table reflects the period in which Queenslanders will benefit from the concessions.
3. For comparability purposes, all electricity rebates have been included under Department of Child Safety, Seniors and Disability Services

A.2 Concessions by agency

Table A.2.1 Department of Agriculture and Fisheries

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Primary Industry Productivity Enhancement Scheme (PIPES)[1]	13.0	19.2
Sheep and Goat Electronic Identification (eID) Rebate Scheme[2]	..	5.4
Emergency Drought Assistance Loan Scheme[1]	0.1	2.8
Drought Carry-on Finance Loan Scheme[1]	..	2.2
Drought Ready and Recovery Finance Loan Scheme[1]	0.5	2.0
Drought Relief Assistance Scheme[3]	0.6	0.5
Stocked Impoundment Permit Scheme	0.1	0.1
Drought Preparedness Grant Scheme[4]	12.6	..
Spanish Mackerel Commercial Fishing Fee Waiver[5]	0.1	..
Total	**27.0**	**32.2**

Notes:

1. The increase is mainly due to the anticipated increase in loan advances and higher interest rates.
2. This is a new scheme in 2024–25. The 2024–25 Estimate includes Queensland Government funding only. The Australian Government also contributes towards the funding for this program.
3. The reduction is mainly due to the anticipated reduced demand for this scheme.
4. Future drought assistance arrangements will be considered by the government in response to the Burke Review and the Australian Government's *Future Drought Fund Investment Strategy (2024 to 2028)* expected to be released in mid-2024.
5. This concession will not be extended into the 2024–25 financial year.

Primary Industry Productivity Enhancement Scheme (PIPES)

PIPES is administered by the Queensland Rural and Industry Development Authority and provides concessional rates of interest on loans to eligible primary producers in need of financial assistance. First Start Loans and Sustainability Loans, of up to $2 million and $1.3 million respectively, support applicants to enter primary production and to improve productivity and sustainability.

The average concessional interest rate for new lending is 5.6 per cent. The amounts in the above table represent the fair values of the interest rate concessions pertaining to loans issued in the PIPES portfolio in each of the financial years shown.

Sheep and Goat Electronic Identification (eID) Rebate Scheme

The Queensland Sheep and Goat eID Rebate Scheme supports the mandatory implementation of sheep and goat individual eID to enhance national biosecurity traceability in the event of an emergency animal disease outbreak. The scheme provides rebates to eligible sheep and goat producers and businesses to support the purchase of eligible items, including eID readers and devices:

- 50 per cent rebate up to $1,600 per property to sheep and managed goat producers, livestock agents and show societies
- 50 per cent rebate ranging from $2,500 to $65,000 for saleyards
- 50 per cent rebate ranging from $2,500 to $85,000 for processors.

These rebates are funded by both the Queensland and Australian Governments.

Emergency Drought Assistance Loan Scheme

The Emergency Drought Assistance Loan Scheme provides an interest free concessional loan to eligible primary producers of up to $50,000 as emergency finance for carry-on activities like paying wages or creditors during drought.

The concession is calculated at a rate of 7.49 per cent per annum on the basis of a commercial reference rate of this amount and no interest being charged on the loan. The amount shown in the above table represents the fair values of the interest rate concessions pertaining to loans in the financial year shown.

Drought Carry-on Finance Loan Scheme

The Drought Carry-on Finance Loan Scheme provides a concessional loan to eligible primary producers of up to $250,000 for carry-on finance during drought. These loans would be available where the $50,000 available from the Emergency Drought Assistance Loan Scheme is insufficient to assist the producer to manage drought conditions.

The concession is calculated on the basis of a commercial reference rate of 7.79 per cent per annum and an average concessional interest rate for new lending of 5.37 per cent per annum. The amount shown in the above table represents the fair values of the interest rate concessions pertaining to loans in the financial year shown.

Drought Ready and Recovery Finance Loan Scheme

The Drought Ready and Recovery Finance Loan Scheme provides a concessional loan of up to $250,000 for eligible primary producers to undertake measures identified in their Farm Business Resilience Plan that will improve the drought preparedness of the producer's property.

The concession is calculated on the basis of a commercial reference rate of 7.68 per cent per annum and an average concessional interest rate for new lending of 5.37 per cent per annum. The amount shown in the above table represents the fair values of the interest rate concessions pertaining to loans in the financial year shown.

Drought Relief Assistance Scheme

The Drought Relief Assistance Scheme provides freight subsidies and emergency water infrastructure rebates during drought declarations of up to 50 per cent to eligible applicants, between $20,000 and $50,000 per property, per financial year. Freight subsidies are available for 2 years after drought revocation for the movement of livestock. These concessions are only available to producers that do not access the new drought preparedness measures.

Stocked Impoundment Permit Scheme

The Stocked Impoundment Permit Scheme provides world class, sustainable fishing options in freshwater environments. It helps reduce fishing pressure on wild fish stocks through a requirement to hold a permit to fish in one of the state's 63 impoundments. The scheme provides concessions if you have a Queensland Seniors Card, Pensioner Concession Card, Health Care Card or a Repatriation Health Card (Gold Card) and aims to encourage participation in recreational fishing for seniors and concession card holders. The concession provides a discount of $16.96 on the cost of an annual permit.

Drought Preparedness Grant Scheme

The Drought Preparedness Grant Scheme provides a rebate to eligible primary producers of up to $50,000 for on-farm capital improvements identified in their Farm Business Resilience Plan to improve the drought preparedness of the producer's property.

Future drought assistance arrangements will be considered by the government in response to the Burke Review and the Australian Government's *Future Drought Fund Investment Strategy (2024 to 2028)* expected to be released in mid-2024.

Spanish Mackerel Commercial Fishing Fee Waiver

As part of the *East coast Spanish mackerel harvest strategy*, the east coast Spanish mackerel total allowable commercial catch was reduced from 578 tonnes to 165 tonnes from 1 July 2023. To support impacted businesses along the east coast, a range of commercial fishing fees were waived for a 12-month period from 1 July 2023. These commercial fishing fees included quota fees and business adjustment fees (temporary or permanent transfers of symbols, licences, quota or tenders). The average value of the fee waiver provided to eligible businesses was $521.

Table A.2.2 Department of Child Safety, Seniors and Disability Services

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Cost of Living Rebate and National Energy Bill Relief[1,2]	1,435.0	2,965.1
Electricity Rebate Scheme	245.9	248.5
Pensioner Rate Subsidy Scheme	59.7	59.7
South East Queensland Pensioner Water Subsidy Scheme	20.5	20.5
Home Energy Emergency Assistance Scheme	10.0	10.0
Medical Cooling and Heating Electricity Concession Scheme[3]	3.4	3.4
Electricity Life Support Concession Scheme[3]	3.1	3.1
Reticulated Natural Gas Rebate Scheme	2.9	3.1
Total	**1,780.5**	**3,313.4**

Notes:

1. The variance is due to a continuation and increase in the value of the Cost of Living Rebate in 2024–25. The $2.965 billion benefit households and small business will receive in 2024–25 includes a $2.267 billion contribution from the Queensland Government for the $1,000 Cost of Living Rebate to all households ($2.2 billion) and $325 for small businesses ($67 million), and $698.1 million from the Australian Government for an additional $300 electricity rebate to all households and $325 rebate for small businesses. All rebates are being administered by the Queensland Government.
2. Funding for the Queensland $2.267 billion electricity bill rebate was appropriated in 2023–24 to the Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts but is included above together with the Australian Government funding under the Department of Child Safety, Seniors and Disability Services for consistency and comparability. Funding for the Queensland electricity rebates is appropriated in 2023–24 but will be applied to household bills in 2024–25.
3. The Medical Cooling and Heating Electricity Concession Scheme and Electricity Life Support Concession Scheme are adjusted annually according to the QCA price determination for Tariff 11. For 2024–25, the QCA determined Tariff 11 will increase by 5.0%.

Cost of Living Rebate and National Energy Bill Relief

The 2024–25 Budget delivers $2.965 billion for additional electricity bill support to households and small businesses.

As part of this package, all Queensland households will automatically receive $1,300 off their electricity bills in 2024–25. This consists 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. The government's substantial cost-of-living package will more than offset typical household electricity bill increases in 2024–25. In some cases, households will have zero bills or be in credit in 2024–25.

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

Including the $1,300 Cost of Living Rebate in 2024–25, the government will have provided all Queensland households with a total of $2,425 in electricity rebates since 2018.

Electricity Rebate Scheme

The Electricity Rebate Scheme provides a rebate of up to approximately $372 per annum, to assist with the cost of domestic electricity supply to the homes of eligible holders of a Pensioner Concession Card, a Queensland Seniors Card, Commonwealth Health Care Card, Department of Veterans' Affairs Gold Card (who receive a War Widow/er Pension or special rate Totally or Permanently Incapacitated Pension) and asylum seekers. It is estimated that over 600,000 households will receive an electricity rebate in 2024–25.

Pensioner Rate Subsidy Scheme

The Pensioner Rate Subsidy Scheme offers a 20 per cent subsidy (up to a maximum of $200 per annum) to lessen the impact of local government rates and charges on pensioners, thereby assisting them to continue to live in their own homes.

South East Queensland Pensioner Water Subsidy Scheme

The South East Queensland (SEQ) Pensioner Water Subsidy Scheme provides a subsidy of up to $120 per annum to eligible pensioner property owners in the SEQ Water Grid to lessen the impact of water prices. This subsidy is in addition to the Pensioner Rate Subsidy Scheme.

Home Energy Emergency Assistance Scheme

The Home Energy Emergency Assistance Scheme provides emergency assistance of up to $720 once in a 2-year period to assist low income households experiencing a short-term financial crisis and who are unable to pay their current electricity and/or reticulated natural gas account. It is not a requirement for the claimant to hold a concession card.

Medical Cooling and Heating Electricity Concession Scheme

The Medical Cooling and Heating Electricity Concession Scheme provides a rebate of up to approximately $503 per annum for eligible concession card holders with a medical condition who have dependence on air conditioning to regulate body temperature.

Electricity Life Support Concession Scheme

The Electricity Life Support Concession Scheme is aimed at assisting seriously ill people who use home-based life support systems by providing a rebate of up to approximately $1,024 per annum for users of oxygen concentrators and a rebate of up to approximately $686 per annum for users of kidney dialysis machines to meet their electricity costs. The concession is paid quarterly and is subject to the patient being medically assessed in accordance with Queensland Health eligibility criteria.

Reticulated Natural Gas Rebate Scheme

The Reticulated Natural Gas Rebate Scheme provides a rebate of up to approximately $89 per annum to assist with the cost of reticulated natural gas supplied to the home of eligible holders of a Pensioner Concession Card, Queensland Seniors Card or a Department of Veterans' Affairs Gold Card (who receive the War Widow/er Pension or special rate Totally or Permanently Incapacitated Pension).

Table A.2.3 Department of Education

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Queensland Kindergarten Funding[1]	125.6	193.3
Textbook and Resource Allowance[2]	85.7	90.0
School Transport Assistance for Students with Disability[3]	53.7	55.1
Living Away from Home Allowance Scheme[4]	10.2	11.8
Tuition Fee Exemptions/Waivers — Dependants of International Students[5]	9.9	10.2
Non-State Schools Transport Assistance Scheme[6]	8.3	8.9
Dalby State High School — Bunya Campus Residential Facility	2.7	2.8
Distance Education — Information and Communication Technology Subsidy Scheme	2.1	2.1
Spinifex State College — Mount Isa Student Residential Facility	1.4	1.5
Western Cape College — Weipa Campus Student Residential College	1.4	1.4
Distance Education — Non-Government Student Fee Subsidy	0.8	0.8
Total	**301.8**	**377.9**

Notes:

1. The variance is due to the introduction of Free Kindy from 1 January 2024 extending fee relief to all eligible aged children participating in an Approved Kindergarten Program.
2. The increase is due to enrolment growth and CPI indexation.
3. The variance is due to increases in operational costs for providers, maximum taxi fares, payments for bus supervisors along with additional buses and student growth.
4. The increase is due to CPI indexation and an increase in the Remote Area Tuition Allowance.
5. The increase is due to the growth in estimated student numbers.
6. The increase is due to CPI indexation and increased demand for assistance under the scheme.

Queensland Kindergarten Funding

Queensland Kindergarten Funding provides funding to eligible kindergarten service providers to ensure greater access to a quality kindergarten program for Queensland children and to reduce out-of-pocket fees for many families.

From 1 January 2024, the Queensland Government is providing an affordability subsidy of 15 hours per week to make kindergarten free for all 4-year-olds for up to 40 weeks or 600 hours per year. In 2024–25, on average a family attending a sessional kindergarten that charges $48 per day (15 hours per week) will save $4,800 a year in fees.

These subsidies are funded by both the Queensland Government and the Australian Government under the Preschool Reform Agreement 2022 to 2025.

Textbook and Resource Allowance

The Textbook and Resource Allowance is available for all parents/caregivers of secondary school age students attending state and non-government schools, and children registered in home education of equivalent age, to assist with the cost of textbooks and learning resources. In schools, parents may assign this allowance to the school to reduce the fees associated with participating in the school's textbook and resource scheme. For children registered for home education, the allowance is paid directly to the parent.

In 2024, the rates per annum are $155 for students in Years 7 to 10 and $337 for students in Years 11 and 12.

School Transport Assistance for Students with Disability

The School Transport Assistance Program for Students with Disability assists eligible state school students whose disability impacts on their parents' or carers' ability to arrange their safe travel to and from school. This assistance includes coordinated service delivery in specially contracted taxis or minibuses, payment of fares on bus, ferry, tram and train, or an allowance for parents who make private travel arrangements for their children to school or a transport meeting point.

The benefit level is to a maximum of $400 per week per student, however in exceptional circumstances higher amounts may be approved. A separate scheme is in place for students with disability attending non-state schools (refer 'Non-State Schools Transport Assistance Scheme').

Living Away from Home Allowance Scheme

The Living Away from Home Allowance Scheme provides financial assistance to support geographically isolated families. The scheme assists with the costs of children required to live away from home to attend school. This concession is available to Queensland students attending both state and non-state schools.

The benefits available for eligible students in 2024 are:

- Remote Area Tuition Allowance — assistance is available for primary students of up to $8,360 per annum and secondary students of up to $10,276 per annum for students who board at approved non-state schools
- Remote Area Allowance — assistance of $2,913 per annum is available to students attending the campus of a Queensland state high school and undertaking an approved agriculture course in lieu of Years 11 and 12
- Remote Area Travel Allowance — available where the distance from the family home to the boarding location is at least 50km. Benefit levels depend on the distance travelled and range from $174 per annum to a maximum of $2,138 per annum
- Remote Area Disability Supplement — available to students with disability who incur additional costs associated with living away from home to attend school. Benefits are up to $9,478 per student, per annum.

Tuition Fee Exemptions/Waivers — Dependants of International Students

Adult International students who meet the approved exemption criteria and wish to enrol their child in Preparatory (Prep) Year to Year 12 of schooling are exempt from paying tuition fees for their dependent children. The exemption only applies for the duration of the main temporary visa holder's (parent) course of study in Queensland. A dependant student (Prep to Year 12) of a temporary visa holder may also be eligible for a tuition fee waiver in certain circumstances, including financial hardship.

The estimated average amount exempted or waived per student is $13,085 for the 2024–25 financial year.

Non-State Schools Transport Assistance Scheme

The Non-State Schools Transport Assistance Scheme directly assists families through the provision of funding towards the transport costs incurred for eligible students enrolled in non-state schools. Under the Scheme, payments are made twice a year to the families of students enrolled in non-state schools located beyond the Brisbane City Council area where bus and ferry fare expenses are above the annual Queensland Catholic Education Commission set weekly threshold amount.

In Semester 1 2024, the weekly threshold is $35 per family, or $25 for families with a current Health Care Card, Pensioner Concession Card or Veterans' Affairs Card. From Semester 2 2024, the weekly threshold rates will be adjusted to $25 per family, or $15 for families with a current Health Care Card, Pensioner Concession Card or Veterans' Affairs Card.

The program also assists families of eligible students with disability enrolled in non-state schools. The level of assistance provided is dependent on the type of transport needed and travel assistance already provided by the Department of Transport and Main Roads (DTMR). For families using taxi travel, the benefit level is to a maximum of $300 per week, inclusive of any assistance provided through DTMR's Taxi Subsidy Scheme.

Dalby State High School — Bunya Campus Residential Facility

The Dalby State High School — Bunya Campus Residential Facility provides affordable residential accommodation for secondary school students in a boarding facility. The concession targets secondary school students from rural and remote communities; however, any secondary age student is eligible. Students accommodated at the residential facility are enrolled at Dalby State High School and participate in agricultural education programs.

Distance Education — Information and Communication Technology Subsidy Scheme

The Distance Education Information and Communication Technology Subsidy provides assistance to Queensland state school students enrolled in a School of Distance Education and who are geographically isolated or in the medical category.

State Schools of Distance Education administer funds to eligible students currently enrolled at a State School of Distance Education for a minimum of 6 months continuous enrolment.

The scheme has 2 components:

- Computer Hardware Subsidy — An annual payment of $400 to eligible students to assist with purchasing, replacing or upgrading computer hardware. Hardware subsidies are available to support students who are identified as belonging to geographically isolated or medical categories.
- Broadband Internet Subsidy — An annual payment of $500 to eligible students to assist with provision of broadband internet access. Internet subsidies are available to support students who are identified as belonging to the geographically isolated category.

Spinifex State College — Mount Isa Student Residential Facility

The Spinifex State College — Mount Isa Student Residential Facility provides an affordable residential facility in Mount Isa for students from the North Western area of the state whose home community does not provide secondary schooling. The funding meets the cost of wages for the residential college, increasing the affordability of the accommodation rates charged to students.

Western Cape College — Weipa Campus Student Residential College

The Western Cape College — Weipa Campus Student Residential College provides a residential schooling option for students from the Torres Strait and Cape York. This college provides an option that is more familiar for students from remote locations with the intent to increase participation and retention of secondary students in schooling. The concession targets students from the Torres Strait and Cape York seeking secondary education when their home community does not provide secondary schooling.

Distance Education — Non-Government Student Fee Subsidy

The Distance Education Non-Government Student Fee Subsidy is available to students who are enrolled in non-government schools and also choose to access distance education subjects. It provides an average annual subsidy of approximately $1,560 per distance education subject enrolment.

This subsidises approximately 50 per cent of the total average cost per annum of providing a subject through distance education for non-government school students. The concession contributes towards the state continuing to make distance education available to non-government schools ensuring the widest possible subject choice for students, while recovering a proportion of the teaching and overhead costs.

Table A.2.4 Department of Employment, Small Business and Training

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
User Choice — Apprentice and Trainee Training Subsidy[1]	266.6	262.0
Vocation Education and Training (VET) — Certificate 3 Guarantee Tuition Fee Subsidy[1]	233.1	251.5
VET — Higher Level Skills Tuition Fee Subsidy[1]	69.0	90.0
Travel and Accommodation Subsidy	6.0	6.0
Free Tools for First Years Program[1]	0.5	3.5
Total	**575.2**	**613.0**

Note:

1. The variance is due to the demand-driven nature of the programs.

User Choice — Apprentice and Trainee Training Subsidy

The User Choice — Apprentice and Trainee Training Subsidy program provides government funding towards the costs of training and assessment for eligible Queensland apprentices and trainees, or complementary pathways leading to apprenticeship outcomes.

The subsidy is available to pre-approved public and private registered training organisations to subsidise tuition fees to reduce the cost of nationally recognised entry level training for apprentices and trainees. The program provides greater flexibility for apprentices, trainees and their employers to select a preferred registered training organisation and to negotiate the type of training to meet their specific needs.

The value of this subsidy for each qualification ranges from $1,300 to $50,720, depending on student eligibility and qualification subsidised. The average subsidy value is $10,609.

Vocational Education and Training (VET) — Certificate 3 Guarantee Tuition Fee Subsidy

The Vocational Education and Training (VET) Certificate 3 Guarantee Tuition Fee Subsidy provides a government subsidy to allow eligible Queenslanders to obtain their first post-school Certificate III qualification to help them gain a job or to improve their employment status, including pathways for disadvantaged learners and Queensland school students (VET in Schools).

The subsidy is available to pre-approved private and public registered training organisations to subsidise tuition fees paid by students undertaking eligible VET qualifications (primarily Certificate III qualifications).

The value of this subsidy for each qualification ranges from $512 to $7,310, depending on student eligibility and qualification subsidised. The average subsidy value is $3,483.

VET — Higher Level Skills Tuition Fee Subsidy

The VET Higher Level Skills Tuition Fee Subsidy provides a government subsidy to eligible students and employers to undertake a priority Certificate IV, diploma or advanced diploma qualification or industry endorsed skill set. This program assists individuals to gain employment in a critical occupation, career advancement in a priority industry or transition to university to continue their studies.

The subsidy is available to pre-approved private and public registered training organisations to subsidise tuition fees paid by students undertaking eligible VET qualifications at Certificate IV or above.

The value of this subsidy for each qualification ranges from $696 to $11,390, depending on student eligibility and qualification subsidised. The average subsidy value is $4,116.

Travel and Accommodation Subsidy

The Travel and Accommodation Subsidy provides financial assistance to Queensland apprentices and trainees for travel expenses incurred in attending off the job training at a registered training organisation. To be eligible, apprentices must attend the closest registered training organisation that offers the required qualification and travel a minimum of 100km return from their usual place of residence to the registered training organisation. The subsidy provides for:

- return land travel to the registered training organisation of 26 cents per km for distances between 100km - 649km, increasing to 32 cents per km for distances of 650km or more
- a return economy air ticket to the location of the registered training organisation for distances of 1,100km or more if necessary
- cost of ferry travel if necessary
- accommodation assistance of $55 per day for overnight stay within Queensland and $105 for interstate travellers, if it is necessary to live away from their usual place of residence to attend training.

Free Tools for First Years Program

As part of the Construction Workforce Fund, the $4 million Free Tools for First Years program will assist first year Queensland apprentices in the housing industry including construction, plumbing and electrical.

A rebate of up to $1,000 is available for apprentices who commenced on or after 1 January 2024 to purchase industry-relevant tools. Apprentices are only eligible once they have completed their mandatory 3-month probational period. Applications may be made until the funding has been exhausted.

Table A.2.5 Department of Energy and Climate

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Uniform Tariff Policy — Energy Queensland (Excluding Isolated Systems)	501.9	505.6
Uniform Tariff Policy — Energy Queensland (Isolated Systems)	90.4	93.9
Queensland Business Energy Saving and Transformation Rebates Program[1]	6.0	10.0
Electricity Tariff Adjustment Scheme[2]	6.2	5.9
Uniform Tariff Policy — Origin Energy	3.8	4.0
Climate Smart Energy Savers Program[3]	41.5	2.5
Battery Booster Program[4]	14.4	1.6
Drought Relief from Electricity Charge Scheme[5]	5.0	..
Total	**669.2**	**623.5**

Notes:

1. The Queensland Business Energy Saving and Transformation Rebates Scheme opened on 5 October 2023 and has been delivered throughout 2023–24. Funding allocated to 2024–25 covers ongoing QBEST support for businesses.
2. Reductions are in line with program expectations as more participants move out of the scheme over time.
3. The Program opened on 4 September 2023 and was closed on 4 December 2023, with funding in 2024–25 to cover remaining program costs.
4. The Program has been delivered throughout 2023–24, with funding in 2024–25 to cover remaining program costs. The program closed to new conditional approval applications on 8 May 2024.
5. Future drought assistance arrangements will be considered by the government in response to the Burke Review and the Australian Government's *Future Drought Fund Investment Strategy (2024 to 2028)* expected to be released in mid-2024.

Uniform Tariff Policy — Energy Queensland (Excluding Isolated Systems)

The Uniform Tariff Policy ensures that, where possible, all Queensland non-market electricity customers of a similar type pay a similar price for electricity regardless of where they are located. As the notified prices do not reflect the full cost of electricity supply for most regional and remote Queenslanders, a subsidy is provided through a community service obligation (CSO) payment.

The CSO payment is provided to the regional retailer, Ergon Energy, through Energy Queensland, and covers the difference between the revenue earned by charging customers notified prices and the actual costs in the regional areas (due to differences in network costs and energy losses).

Uniform Tariff Policy — Energy Queensland (Isolated Systems)

The Uniform Tariff Policy ensures that, where possible, all Queensland non-market electricity customers of a similar type pay a similar price for electricity regardless of where they are located. As the notified prices do not reflect the full cost of electricity supply for most regional and remote Queenslanders, a subsidy is provided through a CSO payment.

Energy Queensland, through the regional retailer Ergon Energy, owns and operates 33 isolated power systems which supply electricity in remote and isolated communities, and provides retail electricity services to customers in those communities at notified electricity prices. This CSO payment is provided to Ergon Energy, through Energy Queensland, and covers the difference between the revenue earned by charging customers notified prices and the actual cost of operating the isolated power systems.

Queensland Business Energy Saving and Transformation Rebates Program

The $35 million Queensland Business Energy Saving and Transformation (QBEST) program, part of the *Queensland Energy and Jobs Plan*, will support businesses to purchase energy-efficient appliances and equipment, smart technology and energy management systems to reduce their energy costs.

The $16 million Queensland Business Energy Saving and Transformation Rebates scheme provides rebates to eligible small and medium-sized Queensland businesses to install energy-efficient equipment.

Rebates of up to $12,500 are available for eligible businesses which purchase (and install if required) eligible energy-efficient equipment.

Electricity Tariff Adjustment Scheme

The Electricity Tariff Adjustment Scheme provides targeted support to regional businesses materially impacted by the phase-out of obsolete electricity tariffs from 30 June 2021. This initiative provides eligible customers with individually tailored transitional rebates to help offset the removal of obsolete tariffs and incentivise a pathway to self-sufficiency over time. Eligible businesses will receive a subsidy payment for up to 9 years.

Uniform Tariff Policy — Origin Energy

Origin Energy retails electricity to approximately 4,700 Queensland non-market customers in the Goondiwindi, Texas and Inglewood areas who are supplied electricity through the New South Wales Essential Energy distribution network. The government provides a subsidy to these customers, via a CSO payment to Origin Energy, to ensure they pay a similar price for electricity as other Queenslanders. Therefore, the CSO amount depends on the relative difference between Queensland and New South Wales retail electricity tariffs for non-market customers.

The Uniform Tariff Policy ensures that, where possible, all Queensland non-market electricity customers of a similar type pay a similar price for electricity regardless of where they are located. As the notified prices do not reflect the full cost of electricity supply for most regional and remote Queenslanders, a subsidy is provided through a CSO payment.

Climate Smart Energy Savers Program

The Climate Smart Energy Savers rebate program supports eligible Queenslanders to replace old appliances with 4 star-rated (or higher) energy-efficient appliances and hot water systems.

This initiative is part of the *Queensland Energy and Jobs Plan*, helping Queenslanders manage their energy use and bills, and reduce their carbon emissions.

Battery Booster Program

The $16 million Battery Booster Rebate Scheme is an initiative under the *Queensland Energy and Jobs Plan*. The Scheme aims to encourage Queensland homeowners to install approved battery systems and manage their energy consumption by offering rebates to offset the costs associated with investing in a battery energy storage system.

A standard rebate of up to $3,000 is available to eligible applicants to offset the cost of having an approved battery system suitably installed at their residential premises.

For households where the income earner earned $66,667 or less for the most recently ended financial year, a low-income rebate of up to $4,000 is available.

The program closed to new conditional approval applications on 8 May 2024.

Drought Relief from Electricity Charge Scheme

Drought Relief from Electricity Charges Scheme provides farmers and irrigators with relief from fixed charges for electricity accounts that are used to pump water for farm or irrigation purposes during periods of drought. The concessions can vary depending on the shires that are drought declared and the number of eligible customers.

Future drought assistance arrangements will be considered by the government in response to the Burke Review and the Australian Government's *Future Drought Fund Investment Strategy (2024 to 2028)* expected to be released in mid-2024.

Table A.2.6 Department of Environment, Science and Innovation

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Queensland Parks and Wildlife Service — Tour Fee and Access Permits[1]	2.1	2.1
Total	**2.1**	**2.1**

Note:

1. Value of concessions is not expected to materially change in 2024–25 due to freeze of indexation on fees and charges.

Queensland Parks and Wildlife Service — Tour Fee and Access Permits

A range of concessions are available through the Department of Environment, Science and Innovation.

Visitor admission and ranger guided tour fees concessions of 10 to 100 per cent are available at several attractions and visitor centres for eligible persons including infants, children, pensioners, concession card holders and groups undertaking educational purposes.

Vehicle access permit concessions of up to 100 per cent are available in the Cooloola Recreation Area, Bribie, Moreton (Mulgumpin) and K'gari Islands for approved applicants including First Nations peoples and local residents required to traverse the protected area estate.

Camping concessions of 45 to 100 per cent are available in all national park and state forest camping areas for educational purposes and children under 5 years of age.

Table A.2.7 Department of Housing, Local Government, Planning and Public Works

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Government Managed Housing Rental Rebate[1]	777.2	807.2
Home Assist Secure[2]	27.3	25.9
Helping Seniors Secure Their Homes[3]	45.2	22.3
Non-residential Buildings — Subsidised Rents	8.2	8.2
National Rental Affordability Scheme[4]	12.8	6.2
Youth Subsidy — Community Housing[5]	4.4	4.5
Rental Bond Loans	2.6	4.0
Growth Acceleration Fund — Concessional Loan Scheme[6]	..	0.7
Non-Government Managed Housing[7]	..	..
Total	**877.7**	**879.0**

Notes:

1. The variance is due to an increase in private market rents based on prevailing conditions.
2. The variance is based on the anticipated year on year demand for services provided under this scheme.
3. The variance is based on the current and anticipated demand for services under the trial which is scheduled to close in December 2024. The extension of the trial delivers on the Queensland Government's Community Safety Plan.
4. The variance is primarily due to a decrease in the number of incentives paid as the scheme winds down. The cessation of the scheme was a decision of the Australian Government.
5. This concession was introduced during the 2023–24 financial year as a new initiative under the Homes for Queenslanders plan.
6. New item for 2024–25.
7. The value of this concession arrangement cannot be easily quantified.

Government Managed Housing Rental Rebate

The Government Managed Housing Rental Rebate targets low-income families and individuals and represents the difference between the estimated rents that would be payable in the private market and rent that is charged by the government based on household income.

Assistance is provided to approximately 55,700 households. The estimated average yearly subsidy per household for 2024–25 is $14,486.

Home Assist Secure

Home Assist Secure provides free safety related information, referral and subsidised assistance for eligible clients unable to undertake or pay for critical maintenance services without assistance. To be considered for subsidised assistance, people with a disability or 60 years or over must hold a Pensioner Concession Card and be unable to complete the work themselves. In addition, they must be unable to access assistance from other services.

Labour costs (up to $500 per household per year) for the assistance provided are subsidised by Home Assist Secure while the balance of the costs (including the materials) are met by the client. Clients can also get a one-off subsidy of $80 for the cost of materials for security related work (Security Hardware Subsidy).

Home Assist Secure targets homeowners and those in rental housing who are 60 years of age or older or have disability, and who require assistance to remain living in their home. In 2024–25, it is estimated that up to 40,000 households will be assisted.

Helping Seniors Secure Their Homes

Helping Seniors Secure Their Homes trial provides assistance to eligible homeowners aged 60 years and over who are Pensioner Concession Card holders to subsidise the cost to improve the safety and security features of their homes, allowing them to remain safe and secure in their homes. The program provides financial assistance of up to $10,000 per household to allow them to implement a range of security measures to increase home security, including door and window locks, security screening on doors and windows, security lighting and sensor lights, alarm systems and CCTV cameras.

The trial commenced from April 2023 in Cairns, Townsville and Mount Isa Local Government Areas (LGAs) and in July 2023 was expanded to include Mareeba, Atherton and Toowoomba LGAs. The trial has been extended to December 2024.

Non-residential Buildings — Subsidised Rents

Accommodation is provided to 40 community, education, arts and not-for-profit organisations in government-owned non-residential buildings. Tenures for the occupancies are by way of leases, licences or month-to-month arrangements. Rents paid by the organisations are often below independently assessed market rent levels. Subsidised rental arrangements are provided to 26 properties comprising a total floor area of approximately 41,800 square meters. The total subsidy is calculated by deducting the actual amount paid by the occupants from the total estimated annual market rent for office space.

National Rental Affordability Scheme

The National Rental Affordability Scheme (NRAS) is an Australian Government initiative, delivered in partnership with the Queensland Government, to increase the supply of new affordable rental housing. The scheme provides financial incentives to investors to build well located dwellings and rent them to eligible low to moderate income households, at a discounted rate at least 20 per cent below market rent.

Under the scheme, the concession to the tenant is provided by the property owner. Due to the nature of the arrangement, the overall value of the concession to the tenant cannot be quantified. In 2024–25, the government has allocated $6.2 million for the payment of financial incentives to NRAS investors who are then required to discount rents to tenants.

Youth Subsidy — Community Housing

Homes for Queenslanders, a $3.1 billion investment into the housing system over five years, includes a $23.2 million funding boost over five years for Registered Community Housing Providers (RCHPs) to help house more young people through a Youth Subsidy. Young people can face additional barriers when it comes to finding safe and affordable housing, including lower incomes, often while balancing study and work commitments, completing training and establishing their careers.

The subsidy will assist young people to access community housing by making it financially possible for RCHPs to house more young people. The department will provide RCHPs with a weekly subsidy for each eligible household where a young person is the primary tenant. In 2024–25, the government has allocated $4.5 million for purposes of housing an estimated 1,300 young people under this program.

Rental Bond Loans

The government provides interest-free rental bond loans to people who cannot afford to pay a full bond to move into private rental accommodation, thereby reducing the need for more costly, subsidised housing assistance, through 2 products:

- Bond Loans: equivalent to a maximum amount of 4 weeks rent
- Bond Loan Plus: equivalent to a maximum amount of 6 weeks rent.

The interest-free bond loan targets low-income households and can stabilise tenancies, preventing households from entering the cycle of homelessness and engaging with fringe, high interest credit providers. The concession represents the interest saving for the client on the bond loan. In 2024–25, $21.4 million in bond loans and bond loan plus may be advanced to an estimated 13,000 clients, averaging over $1,600 support per client.

Growth Acceleration Fund — Concessional Loan Scheme

The Growth Acceleration Fund (GAF) is a $35 million fund offering low-interest loans to accelerate the delivery of essential infrastructure such as roads, water supply, wastewater and stormwater, required to unlock land for housing in South East Queensland (SEQ) high-growth areas. GAF was announced as part of the 2022–23 State Budget in response to the land and housing supply challenges faced in growth areas across SEQ.

The concession represents the interest saving for the client on the low-interest loan. In 2024–25, approximately $23.3 million in low-interest loans will be provided to unlock essential infrastructure, providing over $670,000 in estimated interest savings to recipients.

Non-Government Managed Housing

The government provides contributions to social housing providers, including capital grants, granted land or properties, or recurrent funding, to assist in increasing housing affordability and access to social housing.

Due to the nature of the arrangement, particularly varying rents charged by providers based on individual circumstances of each household, the overall value of the concession provided by the government cannot be easily quantified.

Rents charged for social housing managed by the providers are based on 25 per cent of a household's assessable income, 30 per cent of a household’s gross income, or the market rent, whichever is lower, which substantially reduces accommodation costs for eligible individuals and families. Many of these families may also be eligible for Commonwealth Rent Assistance to assist in the cost of their accommodation. Assistance is expected to be provided to approximately 16,500 households to access non-government managed housing in 2024–25.

Table A.2.8 Department of Justice and Attorney-General

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Public Trustee of Queensland — Concessions	44.7	45.3
Queensland Civil and Administrative Tribunal[1]	29.3	41.4
Court Services — Civil Court[2]	33.5	35.4
Blue Card — Volunteer Applicants	11.6	11.7
Body Corporate and Community Management — Dispute Resolution[3]	4.9	4.6
Liquor Gaming and Fair Trading — Rural Hotel Concessions	0.4	0.4
Registry of Births, Deaths and Marriages — Fee Waivers	0.1	0.1
Total	**124.5**	**138.9**

Notes:

1. The variance is due to additional funding provided in the 2024–25 Queensland Budget.
2. The variance is due to indexation and increased court expenditure costs.
3. The variance is due to end of project funding which was linked with legislative changes to *Building Units and Group Titles Act 1980.*

Public Trustee of Queensland — Concessions

The Public Trustee of Queensland (The Public Trustee) uses a scale of fees which is designed to reflect a fair cost for the services provided.

The Public Trustee has established a safety net limit on the annual fees payable by certain customers which provides for a rebate of fees for some customers with limited assets. The rebate is applied to customers such as financial administration customers with impaired capacity, or estate administration customers of limited means. The Public Trustee also provides Will making services at no cost for all Queenslanders.

Queensland Civil and Administrative Tribunal

The Queensland Civil and Administrative Tribunal (QCAT) is an independent tribunal which makes decisions and resolves disputes across a wide range of jurisdictions for the community. Fees for these services are set below cost recovery to ensure services are accessible, fair and inexpensive. QCAT provides human rights services with no application fees for matters related to guardianship and administration of adults, children and young people and anti-discrimination.

Court Services — Civil Court

The Supreme, District and Magistrates Courts hear civil disputes between 2 or more parties (people or organisations) where one party sues the other, usually to obtain compensation, or seek some other remedy. These disputes may involve anything from defamation to outstanding debts. Civil Court Fees are prescribed under the *Uniform Civil Procedure (Fees) Regulation 2019* for proceedings commenced in civil matters and are set below full cost recovery to ensure that civil remedies are accessible to all Queenslanders.

Blue Card — Volunteer Applicants

Individuals providing child-related services or conducting child-related activities in regulated service environments are required to undergo an assessment of their police record and relevant disciplinary information, and if approved, are issued with a blue card. A blue card is valid for 3 years unless cancelled or suspended earlier.

The Queensland Government has met the cost of blue card assessment for volunteer applicants since the inception of the blue card system in 2001. This is to ensure children can continue to receive services and participate in activities which are essential to their development and well-being, in a safe and supportive environment.

Body Corporate and Community Management — Dispute Resolution

The Office of the Commissioner for Body Corporate and Community Management provides a dispute resolution service to parties unable to resolve disputes themselves. The service consists of conciliation, with the aim of achieving a voluntary agreement, and adjudication, which results in a formal order. The service is delivered below full cost recovery so as to not restrict access to justice due to affordability reasons. The commissioner has the discretion to waive application fees on the grounds of financial hardship.

Liquor Gaming and Fair Trading — Rural Hotel Concessions

The Office of Liquor and Gaming Regulation licenses hotels and clubs under the *Liquor Act 1992*. Under the *Liquor (Rural Hotels Concession) Amendment Act 2019*, the Rural Hotels Concession provides licence fee relief to establishments in remote communities by reducing the base licence fees for hotels and community clubs with no more than 2,000 members, for eligible licences since July 2019. .

Registry of Births, Deaths and Marriages — Fee Waivers

The Registry of Births, Deaths and Marriages waives the fees for certificates provided to disadvantaged groups in the Queensland Community (e.g. Aboriginal peoples, Torres Strait Islander peoples, people who are homeless, domestic and family violence victims, etc) and those impacted by major emergencies (e.g. natural disasters such as cyclones and bushfires). The majority of concession waivers relate to the provision of birth certificates ($54.40 per certificate in 2023–24) and approximately 2,000 individuals in Queensland have received a benefit.

Table A.2.9 Department of Regional Development, Manufacturing and Water

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Sunwater Rural Irrigation Water Price Subsidy	19.0	18.9
Cloncurry Pipeline Water Supply Subsidy	7.0	7.0
Seqwater Rural Irrigation Water Price Subsidy	2.4	2.3
Disaster Relief Arrangements — Annual Water Licence Fee Waiver	0.5	0.7
Horticulture Rural Irrigation Water Price Rebate Scheme administered by the Queensland Rural and Industry Development Authority	4.0	..
Drought Relief Arrangements — Water Licence Fee Waiver[1]	0.4	..
Total	**33.3**	**28.9**

Note:

1. Future drought assistance arrangements will be considered by the government in response to the Burke Review and the Australian Government's *Future Drought Fund Investment Strategy (2024 to 2028)* expected to be released in mid-2024.

Sunwater Rural Irrigation Water Price Subsidy

Sunwater's irrigation water prices for some schemes are set below the level necessary to recover the cost of supplying water to the irrigators.

Government funding is provided to Sunwater to offset the reduced revenue and to ensure that irrigation prices gradually transition towards cost recovery.

Funding is also provided to continue a 15 per cent discount on Sunwater irrigation prices for a 4-year period ending 2024–25.

Cloncurry Pipeline Water Supply Subsidy

North West Queensland Water Pipeline Limited (NWQWP), a Sunwater Limited (Sunwater) subsidiary, owns and operates the Cloncurry Pipeline between the Ernest Henry Mine and Cloncurry. The pipeline guarantees Cloncurry Shire Council's water supply and supports industrial development in the region. The government provides funding to NWQWP to ensure the pipeline remains commercially viable to operate while providing an affordable and safe water supply to Cloncurry.

Seqwater Rural Irrigation Water Price Subsidy

Seqwater's irrigation water prices for some schemes are set below the level necessary to recover the cost of supplying water to the irrigators.

Government funding is provided to Seqwater to offset the reduced revenue and to ensure that irrigation prices gradually transition towards cost recovery.

Funding is also provided to continue a 15 per cent discount on Seqwater irrigation prices for a 4-year period ending 2024–25.

Disaster Relief Arrangements — Annual Water License Fee Waiver

Fees associated with annual water licences ($92.01) will be waived for 2024–25 for disaster declared areas. The waiver is available to landholders in Local Government Areas where Category B of the Disaster Recovery Funding Arrangements for Disaster Assistance (Primary Producer) Loans or Disaster Assistance (Essential Working Capital) Loans Scheme for Small Business is activated. In 2024–25, it is estimated 7,500 waivers will be issued to landholders.

Horticulture Rural Irrigation Water Price Rebate Scheme administered by the Queensland Rural and Industry Development Authority

Payments to the Queensland Rural and Industry Development Authority to deliver an additional 35 per cent rebate on Sunwater and Seqwater irrigation water prices related to horticulture production for a 3-year period ending 2023–24, bringing the total irrigation discount provided to 50 per cent for approved applicants.

Drought Relief Arrangements — Water Licence Fee Waiver

The Drought Relief Assistance Scheme provides relief from annual water licences and applications for stock or domestic water licences for primary producers in either a drought declared area or an individually droughted property (IDP).

Future drought assistance arrangements will be considered by the government in response to the Burke Review and the Australian Government's *Future Drought Fund Investment Strategy (2024 to 2028)* expected to be released in mid-2024.

Table A.2.10 Department of Resources

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Exploration permit for minerals	10.0	11.0
Land Rental Rebates	0.5	..
Total	**10.5**	**11.0**

Exploration permit for minerals

An initiative of the *Queensland Critical Minerals Strategy* reduced rent to $0 for 5 years from 1 September 2023 for new and existing exploration permits for minerals other than coal. This initiative also partially implements an action of the Queensland Resources Industry Development Plan, which commits to a review of fees and charges paid by the resources sector.

Land Rental Rebates

Land rent rebates are available to Grazing and Primary Production lessees, other than those on minimum rent, located in a drought declared local government area and to individually drought declared properties.

Future drought assistance arrangements will be considered by the government in response to the Burke Review and the Australian Government's *Future Drought Fund Investment Strategy (2024 to 2028)* expected to be released in mid-2024.

Table A.2.11 Department of State Development and Infrastructure

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
South Bank Corporation — Concessional Event Hire[1]	0.7	0.5
Total	**0.7**	**0.5**

Notes:

1. On 1 August 2023, all land tenure for the Parklands was returned to the South Bank Corporation (SBC). This included responsibility for all event management and activations. The 2023–24 Budget therefore did not include this item as SBC were not responsible for events at that time. SBC has therefore reported actual concessions in 2023–24 versus a nil budget for the same period.

South Bank Corporation — Concessional event hire

Concessional event hire is offered for special events held in the South Bank Parklands by not-for-profit entities. The level of concession varies depending on the number and size of events being held each year.

Table A.2.12 Department of Tourism and Sport

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Sport and Recreation venues — Concessional Usage Rates & Gym Fees	2.4	2.7
Total	**2.4**	**2.7**

Sport and Recreation venues — Concessional Usage Rates & Gym Fees

Concessional usage rates are offered to clients who meet the strategic objectives of the *Activate! Queensland* strategy, including not-for-profit sport and recreation organisations, Queensland schools and Queensland state sporting organisations, for the use of Sport and Recreation owned and operated venues, including Queensland Recreation Precincts at Currimundi and Tallebudgera.

The estimated increase is due to higher venue usage following completion of recent capital improvements.

Table A.2.13 Department of Transport and Main Roads

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
General Public Transport Concessions (South East Queensland)[1]	1,920.6	2,440.5
Rail Network and Infrastructure Funding[2]	837.1	946.3
Vehicle and Boat Registration Concessions[3]	209.3	619.2
General Public Transport Concessions (Regional Queensland)	331.9	347.0
School Transport Assistance Scheme	163.7	167.0
TransLink Transport Concessions (South East Queensland)[4]	85.8	60.4
Livestock and Regional Freight Contracts[5]	43.2	41.5
Rail Concession Scheme	27.8	27.8
Other Transport Concessions (Regional Queensland) and Taxi Subsidies[4]	23.5	25.1
Zero Emission Vehicle Rebate Scheme[6]	26.3	7.5
Practical Driving Test[7]	6.0	6.6
Designated Public Transport Concessions for Seniors Card Holders	4.4	4.5
Total	**3,679.6**	**4,693.4**

Notes:

1. The increase is due to a cost-of-living measure that will result in a significant decrease in fare revenue whilst operating costs remain unchanged, increasing the value of travel subsidised by the government. There is also significant investment in the South East Queensland rail network to make it reliable both in the near term and in the future when the expanded network is live. The increase also continues to improve service availability whilst maintaining affordability for all modes.
2. The increase is due to operating costs associated with an increased investment in rail infrastructure and other general cost increases.
3. The increase is due to reducing the registration fee and traffic improvement fee components of motor vehicle registration for all light vehicles by 20 per cent for 12 months from 16 September 2024, but the reduction is scheduled to start appearing on renewal notices sent to customers from 5 August 2024.
4. The decrease is driven by the cost-of-living measure resulting in lower fares from which concessions are calculated (concession rates are not impacted).
5. The decrease is due to the reduction in Remote Community Freight Contact funding due to one-off funding requirements in 2023–24 for terminal development.
6. New concession for 2024–25. The decrease is due to the expected wrap up of this scheme with the final payment to the Queensland Rural and Industry Development Authority occurring in 2024–25.
7. The increase is due to increased test volumes and a freeze in the test fee to support cost of living.

General Public Transport Concessions (South East Queensland)

The General Public Transport Concessions (South East Queensland) represents the direct funding contribution that the government makes towards the cost of operating public transport services within South East Queensland. This contribution effectively reduces the ticket price paid by all public transport users on bus, rail and ferry services, increasing the affordability of these services.

In addition, the Queensland Government is implementing a temporary fare reduction across the SEQ public transport network for 6 months commencing 5 August 2024 with a flat fare of 50 cents per trip to assist with cost-of-living pressures. In addition to this initiative, the government is also providing half-price tickets on Airtrain services.

Rail Network and Infrastructure Funding

Rail network and infrastructure funding ensures that the state-supported rail network is safe, reliable and fit for purpose. The contract also provides funding to Queensland Rail to support major capital projects and related asset strategies. The funding provided via this contract directly benefits customers of the state-supported rail network, including both freight and passengers. Without this funding, rail access charges (including public transport fares) would be significantly higher for all users of the rail network.

Rail network and infrastructure funding ensures that the state-supported rail network is safe, reliable and fit for purpose. The contract also provides funding to Queensland Rail to support major capital projects and related asset strategies. The funding provided via this contract directly benefits customers of the state-supported rail network, including both freight and passengers. Without this funding, rail access charges (including public transport fares) would be significantly higher for all users of the rail network.

Vehicle and Boat Registration Concessions

Vehicle registration concessions for light and heavy motor vehicles and recreational boats are provided to a wide variety of individuals and organisations, including holders of the Pensioner Concession Card, Queensland Seniors Card and to those assessed by the Department of Veterans' Affairs as meeting the necessary degree of incapacity or impairment, primary producers and charitable organisations. As at 31 March 2024, the Queensland Government is providing vehicle registration concessions on approximately 703,816 vehicles.

Person based concessions, such as those aimed at improving access to travel for pensioners, seniors and persons with a disability, provide a reduced rate of registration fees. For most eligible card holders, a concession for a 4-cylinder vehicle would reduce the 12-month registration fee, excluding the Traffic Improvement Fee (TIF), by 50 per cent from $360.60 to $180.30. For a recreational boat up to and including 4.5 metres in length, the concession reduces the registration fee by 50 per cent from $97.35 to $48.70. As at 31 March 2024, these concessions apply to approximately 585,907 vehicles and 34,799 vessels.

A Special Interest Vehicle (SIV) registration concession is offered for motor vehicles that have low use associated with vintage and historic and street rod car club events. A SIV concession would reduce the 12-month registration fee for a 6-cylinder SIV over 80 per cent from 1 October 2024 from $456.75 to $81.25. As at 31 March 2024, this concession applies to approximately 43,350 vehicles.

A registration concession is also available for prescribed heavy vehicles that are solely used for the purpose of carrying on the business of a primary producer. A primary production business consists mainly of the production of raw materials for clothing or food (derived from agriculture, dairying, fishing, raising of livestock or viticulture), where transportation is incidental to the main activity. Eligible primary producers receive registration concessions for prescribed heavy vehicles, reducing their registration fees by 50 to 75 per cent. For example, a primary producer's 12-month registration fee for a 2-axle truck with a Gross Vehicle Mass over 12 tonne reduces from $1,218.55 to $650.55. This is a 47 per cent reduction in the registration fee. As at 31 March 2024, this concession applies to approximately 30,349 heavy vehicles.

Other motor vehicle registration concessions are also provided to local governments, charitable and community service organisations, and people living in remote areas. Vessel registration concessions may be provided to accredited surf lifesaving clubs and schools.

Registration Fees Reduction

In addition to the general vehicle and boat registration concessions, the Queensland Government will be reducing light vehicle registration fees by 20 per cent for registration terms commencing from 16 September 2024, and is schedule to start being reflected on renewal notices issued to customers from 5 August. This measure will provide cost-of-living relief to Queensland vehicle owners across the state and will be applied for 12 months at an estimated cost of $435 million.

The reduction will see a 12-month registration bill for a private use 4-cylinder vehicle reduce by almost $85, bringing registration fees down to $338.75, including the TIF and excluding CTP. For vehicles registered on a pensioner concession, the reduction will be nearly $50 and will reduce registration fees down to $194.50, including the TIF and excluding CTP.

The reduction will apply to the registration fee and the traffic improvement fee for all light vehicles, regardless of purpose of use and will include motorcycles and trailers. The reduction will benefit owners of around 5.7 million vehicles across the state and builds on the previously announced freeze on registration fee increases, which will be implemented from 1 July 2024.

General Public Transport Concessions (Regional Queensland)

The General Public Transport Concessions (Regional Queensland) represents the financial contribution that government provides across a range of transport services in regional Queensland. The impact of this contribution benefits all public transport users through reduced transport fares. This concession covers:

- subsidies for regional bus and ferry operators (excluding concessional top up amounts and School Transport Assistance Scheme related amounts)
- subsidies for air services to remote and rural communities within the state
- subsidies for Kuranda Scenic Railway
- TravelTrain (excluding the 'Rail Concession Scheme' for eligible pensioners, veterans and seniors)
- subsidies for long distance coach services to rural and remote communities within the state
- subsidies for Heritage Rail Services
- subsidies for the Rail XPT Service (Sydney-Brisbane) and Savannahlander (Atherton Tableland).

The Queensland Government is implementing a temporary fare reduction on contracted regional bus services for 6 months commencing 5 August 2024 with a flat fare of 50 cents per trip to assist with cost-of-living pressures.

School Transport Assistance Scheme

The School Transport Assistance Scheme (STAS) assists students that do not have a school in their local area or who are from defined low income groups with travel costs. The scheme provides funding to reduce the cost of travelling to school on bus, rail and/or ferry services, with allowances for private vehicle transport in certain circumstances. A typical concession would be to fully fund the cost of travel from home to the nearest state primary or high school where no local primary or high school is available (e.g. from Bargara to Bundaberg High School). In 2024–25, approximately 122,000 students will be STAS eligible.

TransLink Transport Concessions (South East Queensland)

The TransLink Transport Concessions (South East Queensland) are provided by the government to ensure access and mobility for Queenslanders who require assistance because of age, disability, or fixed low income. Passengers entitled to receive public transport concessions include holders of a Pensioner Concession Card, Veterans' Affairs Gold Card, Seniors Card, Companion Card, Vision Impairment Travel Pass, Total Permanent Incapacitated (TPI) Veteran Travel Pass, children, secondary and tertiary students, JobSeeker and Youth Allowance recipients, asylum seekers and White Card holders. Under current fare arrangements, approved concession groups receive at least a 50 per cent discount when compared to the same applicable adult fare.

Livestock and Regional Freight Contracts

The Livestock and Regional Freight Contracts provide funding to support the movement of cattle (via rail only) and freight (via road and rail) to and from regional areas of Queensland. The funding provided directly benefits the cattle industry and enables regional Queensland communities to maintain employment and directly benefits those communities who are reliant on rail freight services by reducing the cost of these freight services for users.

Rail Concession Scheme

The Queensland Rail Concession Scheme improves the affordability of long distance and urban rail services for eligible pensioners, veterans, seniors and current/past rail employees with 25 years of service. Assistance for long distance rail services is provided through discounted fares and free travel vouchers. For TravelTrain (long distance rail) services, depending on the service, the concession may be for free travel for up to 4 trips per year for Queensland pensioners (subject to availability of seats and payment of an administration fee).

Other Transport Concessions (Regional Queensland) and Taxi Subsidies

Other transport concessions (Regional Queensland) and taxi subsidies are provided by the government to ensure access and mobility for Queenslanders who require assistance because of age, disability or fixed low income. Passengers entitled to receive public transport concessions include holders of a Pensioner Concession Card, Veterans' Affairs Gold Card, Seniors Card, Companion Card, Vision Impairment Travel Pass, TPI Veteran Travel Pass, children, secondary and tertiary students, JobSeeker and Youth Allowance recipients, asylum seekers and White Card holders. The Taxi Subsidy Scheme aims to improve the mobility of persons with severe disabilities by providing a 50 per cent concession fare up to a maximum subsidy of $30 per trip.

Zero Emission Vehicle Rebate Scheme

As part of Queensland's *Zero Emission Vehicle Strategy 2022–2032*, the Queensland Government's Zero Emission Vehicle (ZEV) rebate is intended to reduce the upfront costs of purchasing a new, full battery, light passenger, or light commercial ZEV. The upfront purchase price of ZEVs has been a significant barrier to many Queenslanders who wish to transition to or purchase a ZEV as their next vehicle.

The rebate aims to encourage both individuals and businesses to purchase ZEVs instead of internal combustion engine vehicles, making entry level ZEVs more affordable. Over time, ZEVs are becoming more accessible at lower prices due to a wider range of ZEV models available in Australia, competition between carmakers and surplus inventory. These factors are contributing to the gradual decline in ZEV prices, with the rebate scheme likely to be exhausted around August-September 2024.

Rebates are available for eligible vehicles under $68,000 which effectively targets the lower end of the ZEV market, to assist more middle to lower income Queenslanders to access ZEVs. A rebate of $6,000 is available for eligible households earning up to a total taxable household income of $180,000 per year, and a $3,000 rebate is available for households earning more than a total taxable household income of $180,000 per year. A $3,000 rebate is also available to Queensland businesses.

As at 3 June 2024, there were a total of 8,042 recipients of the rebate, of which 3,502 Queenslanders received the $6,000 rebate. This scheme is administered by the Queensland Rural and Industry Development Authority.

Practical Driving Test

As part of the state's driver licensing arrangements, applicants for new licences are required to undertake a practical driving test. The total cost to pre-book driver examinations and to perform the practical driver assessment is not fully recovered by the fee charged ($64.95 (including GST) current at 1 July 2024), providing a direct concession to applicants.

Designated Public Transport Concessions for Seniors Card Holders

Designated Public Transport Concessions for Interstate Seniors Card Holders allows visitors from interstate, who hold a state or territory Seniors Card, to access public transport concessions within Queensland and is fully funded by the Queensland Government. Under current fare arrangements, this enables eligible interstate visitors to receive at least a 50 per cent discount when compared to the same applicable adult fare.

Table A.2.14 Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts[1,2]

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Queensland Museum — Arts Concessional Entry Fees[3]	3.1	2.6
Queensland Performing Arts Trust — Arts Concessional Entry Fees[4]	1.8	1.3
Arts Queensland — Discount on Property Lease Rentals	0.7	0.7
Queensland Performing Arts Trust — Venue Hire Rebates	0.5	0.5
Arts Queensland — Venue Hire Rebates[5]	0.5	0.4
Queensland Art Gallery — Arts Concessional Entry Fees[6]	0.7	0.4
State Library of Queensland — Venue Hire Rebates	0.4	0.4
Total	**7.7**	**6.3**

Notes:

1. Numbers may not add up due to rounding.
2. Funding for the Queensland energy rebate was appropriated to the Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts but is presented together with the Australian Government funding under the Department of Child Safety, Seniors and Disability Services in Table A.2.2 for consistency and comparability.
3. The variance is due to building works being conducted in 2024–25 resulting in lower ticketed revenue and concessions offered.
4. Concessions are dependent on the type of shows QPAC provides in the year; it is not expected there will be similar major shows presented in 2024–25 as there was in 2023–24.
5. Judith Wrigth Art Centre is being refurbished in 2024–25 resulting in lower concessions due to unavailable performance space.
6. Ticket sales were higher than expected in 2023–24. In 2024–25 the Asia Pacific Triennial exhibition is a free show which reduces the number of ticketed exhibitions and results in lower concessions offered.

Queensland Museum — Arts Concessional Entry Fee

Queensland Museum provides concessional entry fees to seniors, students, children, families and a variety of concession card holders for ticketed exhibitions at Queensland Museum and Sciencentre and for general entry to Cobb & Co Museum Toowoomba, the Workshops Rail Museum Ipswich and Museum of Tropical Queensland Townsville. Concessions are also provided to targeted groups, such as schools, to encourage visits to museums. The level of concession provided varies depending on the venue and the event. .

Queensland Performing Arts Trust — Arts Concessional Entry Fees

Concessional entry fees are offered for specific Queensland Performing Arts Trust productions and to provide support for other not for profit theatre companies to enable tickets to be sold at concessional prices. The level of concession provided varies depending on the number and size of events being held each year.

Arts Queensland — Discount on Property Lease Rentals

Property lease rentals are provided to arts and cultural organisations at a discount from market rental rates at the Judith Wright Arts Centre, Festival House, and Bulmba-ja Arts Centre. Further discounts on specialist rehearsal and gallery space are given as negotiated at the time of entering the lease and dependent on the individual arts or cultural organisation and its funding.

Queensland Performing Arts Trust — Venue Hire Rebates

Venue hire rebates are offered to government-funded cultural organisations, charitable organisations, government departments and educational institutions. Organisations currently receiving discounts are Queensland Symphony Orchestra, Opera Queensland, Queensland Theatre Company and Queensland Ballet.

Arts Queensland — Venue Hire Rebates

Venue hire rebates support Queensland Government-funded arts organisations and professional artists to develop and present new work at the Judith Wright Arts Centre and Bulmba-ja Arts Centre.

Queensland Art Gallery — Arts Concessional Entry Fees

Queensland Art Gallery's ticket prices are set to ensure that they are affordable and to maximise attendance, with additional concessions provided to seniors, students, children, families, and a variety of concession card holders. The purpose of the Queensland Art Gallery Arts entry fees concession is to contribute to the cultural, social, and intellectual development of Queenslanders, and encourage diverse audiences.

State Library of Queensland — Venue Hire Rebates

State Library of Queensland provides venue hire concessions to targeted community and non-profit groups including cultural and charitable organisations and educational institutions in order to support events and programs directly linked to State Library of Queensland's services, programs, and activities.

Table A.2.15 Queensland Fire Department

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Emergency Management Levy Concession	11.5	11.7
Total	**11.5**	**11.7**

Emergency Management Levy Concession

The Emergency Management Levy (EML) is applied to all prescribed Queensland property via council rates to ensure there is a secure funding base for fire and emergency services when Queenslanders are at risk during emergencies such as fire and accidents, as well as floods, cyclones, storms. A 20 per cent discount is available on the EML for a property that is the owner's principal place of residence and where the owner holds a Commonwealth Pensioner Concession Card or a Repatriation Health Card (Gold Card). In 2024–25, 285,000 property owners are estimated to receive the concession.

Table A.2.16 Queensland Health

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Oral Health Scheme[1]	186.6	188.3
Patient Travel Subsidy Scheme[2]	99.8	118.5
Medical Aids Subsidy Scheme[3]	28.0	31.1
Spectacle Supply Scheme[4]	9.3	10.6
Hospital Car Parking Concession Scheme[5]	1.8	1.8
Total	**325.5**	**350.3**

Notes:

1. The increase in 2024–25 estimate is primarily due to an escalation in state funding for the Oral Health Scheme. In the 2024–25 financial year, Commonwealth funding available under the Federation Funding Agreement on Public Dental Services for Adults will be the same as previous years.
2. The increase in Patient Travel Subsidy Scheme (PTSS) expenditure is due to increased PTSS claims, driven by increased demand projections and increased concession rate subsidies.
3. The 2023–24 estimated actual of $28.0 million is lower than the 2023–24 estimate by $2.5 million due to residual impacts of the COVID-19 pandemic in July to December 2023. 2024–25 estimate represents a return to normal operations utilising the full year MASS budget.
4. 2024–25 estimate represents a return to normal operations utilising the full year Spectacle Supply Scheme budget.
5. Actual expenditure varies slightly from year to year in response to demand by eligible patients, the value of parking tickets, and the level of subsidy provided, at each site.

Oral Health Scheme

The Oral Health Scheme provides free dental care to eligible clients and their dependants who possess a current Health Care Card, Pensioner Concession Card, Queensland Seniors Card or Commonwealth Seniors Card.

The average value of a course of treatment for eligible clients is approximately $830 for general care; $2,200 for treatment involving dentures; and $290 for emergency dental care. In rural and remote areas where no private dental practitioner exists, access to dental care for the general public is provided at a concessional rate, generally 15 per cent to 20 per cent less than average private dental fees.

Patient Travel Subsidy Scheme

The Patient Travel Subsidy Scheme (PTSS) provides financial assistance to patients travelling for specialist medical services that are not available locally. The PTSS provides a financial subsidy toward the cost of travel and accommodation for patients and, in some cases, an approved escort when patients are required to travel more than 50 kilometres from their nearest public hospital or public health facility to access specialist medical services.

Patients receive fully subsidised commercial transport for the most clinically appropriate cost-effective mode or will be subsidised at the economy/government discount rate (less GST and fees). The mileage subsidy is 34 cents per kilometre where patients travel by private car. Accommodation subsidies are $70 per person, per night, for the patient and approved escort if they stay in commercial accommodation. Should the patient or escort stay with family or friends, a subsidy of $10 per person per night is available.

Repatriation costs for deceased patients under the PTSS scheme to their Queensland place of residence; or their Queensland Traditional Homelands; or their Queensland First Nations Country is also provided for.

Medical Aids Subsidy Scheme

The Medical Aids Subsidy Scheme (MASS) provides access to funding assistance for the provision of a range of aids and equipment to eligible Queensland residents with permanent and established conditions or disabilities. Aids and equipment are provided primarily to assist people to live at home, therefore avoiding premature or inappropriate residential care or hospitalisation.

Subsidies vary based on service category and clinical criteria and are provided to assist with the costs of communication aids, continence aids, daily living aids, medical grade footwear, mobility aids, orthoses and oxygen. Actual expenditure for 2023–24 reflects the changing impacts of the National Disability Insurance Scheme (NDIS) as MASS clients are competing with NDIS participants for prescriber services.

Based on demand in 2023–24, and current applications, the scheme is estimated to provide 66,500 occasions of service to approximately 45,755 clients. The scheme is estimated to provide approximately 60,000 occasions of service to approximately 47,000 clients in 2024–25.

Spectacle Supply Scheme

The Spectacle Supply Scheme (SSS) provides eligible Queensland residents with free access to a comprehensive range of basic spectacles every 2 years including bifocals and trifocals. Applicants must be holders of an eligible concession card and be deemed by a prescriber to have a clinical need for spectacles.

The SSS provides around 90,000 items each year to approximately 70,000 clients (some clients require more than one pair of spectacles due to clinical need). With eligibility on a 2 year basis, demand can fluctuate across financial years. During 2023–24, it is estimated that SSS will provide approximately 63,000 items to 59,000 clients. The average cost of services provided to applicants during 2023–24, is approximately $139 per item, including the costs of administering the scheme through the Medical Aids Subsidy Scheme.

Hospital Car Parking Concession Scheme

The Hospital Car Parking Concession Scheme supports Hospital and Health Services to provide affordable car parking for eligible patients and their carers at 17 Queensland public hospitals with paid parking. Car parking concessions are available to eligible patients and their carers who attend hospital frequently, or for an extended period of time; patients and their carers with special needs who require assistance; and patients and carers experiencing financial hardship. The scheme provides access to discounted parking with an average discount of approximately 50 to 60 per cent of the commercial cost of parking, with a 60 per cent average discount realised across all sites in 2023–24.

A.3 Concessions by government-owned corporation

Table A.3.1 Energy Queensland Limited

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Regulated Service Charges — Energex	11.4	12.1
Regulated Service Charges — Ergon Energy	10.3	11.3
Total	**21.7**	**23.4**

Regulated Service Charges — Energex

Under Schedule 8 of the *Electricity Regulation 2006*, charges for a range of services provided by Energex Limited (Energex) to energy retailers, for example disconnection and reconnection of supply, are capped. The maximum amount Energex is able to charge for these services is, on average, less than the value which the Australian Energy Regulator ascribes to the provision of these services by Energex, resulting in a concession provided to energy retailers and in turn, to households.

Regulated Service Charges — Ergon Energy

Under Schedule 8 of the *Electricity Regulation 2006*, service charges for a range of services provided by Ergon Energy Corporation Limited (Ergon Energy) to energy retailers, for example disconnection and reconnection of supply, are capped. The maximum amount Ergon Energy is able to charge for these services is, on average, less than the value which the Australian Energy Regulator ascribes to the provision of these services by Ergon Energy, resulting in a concession provided to energy retailers and in turn, to households.

Table A.3.3 Gladstone Ports Corporation Limited

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Concessional Port Charges	36.0	38.0
Total	**36.0**	**38.0**

Concessional Port Charges

The Gladstone Ports Corporation Limited (GPC) is subject to a number of long-term major industry contracts where port charges are significantly lower than market rates. These historical contracts were entered into to support various industries and government initiatives from time to time. The amounts shown are estimates of the revenue foregone by GPC as a result of being unable to charge commercial rates.

Table A.3.4 Sunwater Limited

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Water Supply Contracts[1,2]	51.6	53.8
Total	**51.6**	**53.8**

Notes:

1. No CSO values are included in these concessions.
2. The movement takes into account prices increasing in line with CPI.

Water Supply Contracts

Sunwater has a number of historic non-commercial water supply contracts that benefit specific entities (including local governments). The amount shown represents the difference between the estimated revenue under these contracts and what could potentially be recovered under a commercial cost allocation pricing model.

Table A.3.5 Concessional Leases by Entity (Industry, Commercial and Community)

Concession	2023–24 Est. Act. $ million	2024–25 Estimate $ million
Port of Townsville Limited	6.6	6.8
Gladstone Ports Corporation Limited	3.3	5.4
Queensland Rail Limited	2.6	2.7
Far North Queensland Ports Corporation Limited	2.0	2.0
North Queensland Bulk Ports Corporation Limited	1.5	1.5
Total	**16.0**	**18.4**

Concessional Leases (Industry, Commercial and Community)

The above government-owned corporation entities provide leases to various community organisations, local councils, government departments and industry participants at below commercial rates. The amounts shown are estimates of the revenue foregone by not charging commercial rates.

Appendix B: Tax expenditure statement

Context

Governments employ a range of policy tools to achieve social and economic objectives. These include the use of direct budgetary outlays, regulatory mechanisms and taxation.

This Tax Expenditure Statement (TES) details revenue forgone as a result of Queensland Government decisions relating to the provision of tax exemptions or concessions. The TES is designed to improve transparency in the use of tax expenditures and increase public understanding of the fiscal process.

Tax expenditures are reductions in tax revenue that result from the use of the taxation system as a policy tool to deliver government policy objectives. Tax expenditures are provided through a range of measures, including:

- tax exemptions, rebates or deductions
- the application of reduced tax rates to certain groups or sectors of the community
- provisions, which defer payment of a tax liability to a future period.

Labelling an exemption or concession as a tax expenditure does not necessarily imply any judgement as to its appropriateness. It merely makes the amount of the exemption or concession explicit and thereby facilitates its scrutiny as part of the annual budget process.

Methodology

Revenue forgone approach

The method used almost exclusively by governments to quantify the value of their tax expenditures is the revenue forgone approach. This method estimates the revenue forgone through use of the concession by applying the benchmark rate of taxation to the volume of activities or assets affected by the concession.

One of the deficiencies of the revenue forgone approach is that effects on taxpayer behaviour resulting from tax expenditures are not factored into the estimate. Consequently, the aggregation of costings for individual tax expenditure items presented in the TES will not necessarily provide an accurate estimate of the total level of assistance provided through tax expenditures.

Measuring tax expenditures requires the identification of:

- a benchmark tax base
- concessionally taxed components of the benchmark tax base such as a specific activity or class of taxpayer
- a benchmark tax rate to apply to the concessionally taxed components of the tax base.

Defining the tax benchmark

The most important step in the preparation of a TES is the establishment of a benchmark for each tax included in the statement. The benchmark provides a basis against which each tax concession can be evaluated. The aim of the benchmark is to determine which concessions are tax expenditures as opposed to structural elements of the tax. The key features of a tax benchmark are:

- the tax rate structure
- any specific accounting conventions applicable to the tax
- the deductibility of compulsory payments
- any provisions to facilitate administration
- provisions relating to any fiscal obligations.

By definition, tax expenditures are those tax concessions not included as part of the tax benchmark.

Identification of what features of a tax constitute a tax expenditure, as well as the relevant benchmark revenue bases and rates, requires a degree of judgement and is not definitive. Furthermore, data limitations mean that the tax expenditures are approximations and are not exhaustive. This statement does not include estimates of revenue forgone from exemptions or concessions provided to government agencies. Very small exemptions or concessions are also excluded.

The tax expenditure statement

This year’s statement includes estimates of tax expenditures in 2022–23 and 2023–24 for payroll tax, the mental health levy, land tax, duties, the waste disposal levy and gambling taxes. A summary of the major tax expenditures valued on the basis of revenue forgone is presented in Table B.1. Not all expenditures can be quantified at this time. Accordingly, the total value of tax expenditures should be considered as indicative only.

Table B.18 Tax expenditure summary[1]

	2022–23[2] $ million	2023–24 $ million
Payroll tax		
Exemption threshold	1,077	1,159
Graduated tax scale	31	33
Deduction scheme	585	651
Regional discount	106	117
Section 14 exemptions	900	969
Local government	162	175
Education	241	260
Hospitals (excluding public hospitals)	72	77
Charities	425	457
Apprentice and trainee exemption	112	119
Apprentice and trainee rebate	48	51
General practitioner payroll tax amnesty[3]	100	100
Total payroll tax	**2,959**	**3,199**
Mental health levy[4]		
Graduated scale	93	199
Total mental health levy	**93**	**199**
Land tax		
Liability threshold[5]	889	939
Graduated land tax scale	1,770	2,163
Principal place of residence exemption	428	525
Primary production exemption	206	267
Part 6 Divisions 2 and 3 exemptions not included elsewhere[6]	173	182
Land developers' concession	5	9
Total land tax	**3,471**	**4,085**
Duties		
Transfer duty		
Home concession	517	538
First home concession[7]	189	144
First home vacant land	14	13
AFAD exemption/ex gratia	14	18
Insurance duty		
WorkCover	93	108
Health insurance	488	503
Compulsory third party (CTP)[8]	91	92
Total duties	**1,406**	**1,416**

	2022–23[2] $ million	2023–24 $ million
Queensland waste levy		
Exempt waste – general[9]	92	17
Approved exemptions[9]	94	172
Approved discounts	10	9
Total waste levy	**196**	**199**
Taxes on gambling		
Gaming machine taxes	135	139
Casino taxes	12	14
Total gambling tax	147	153
Total	**8,272**	**9,251**

Notes:

1. Numbers may not add due to rounding.
2. 2022–23 estimates may have been revised since the 2023–24 Queensland Budget.
3. Estimates reflect the amnesty period covering the five years prior to 30 June 2025 (i.e. including 2022–23 and 2023–24).
4. 2022–23 estimates reflect implementation from 1 January 2023 (i.e. half a financial year).
5. Land tax is payable only on the value of taxable land above a threshold, depending on ownership structure.
6. Applicable, but not limited to; religious bodies, public benevolent institutions, and other exempt charitable institutions.
7. Decline in 2023–24 reflects fewer transactions being eligible for the concession in 2023–24 than in 2022–23. Revenue foregone in 2024–25 is expected to increase due to the raising of the property value threshold as announced under this Budget.
8. CTP duty is levied at a rate of 10 cents per policy.
9. Decrease in Exempt waste and increase in Approved exemptions in 2023–24 are due to changes to the waste levy exemption for clean earth which commenced 1 July 2023. Clean earth no longer has a general exemption, instead an exemption can be applied for by landfill operators to use clean earth for operational purposes on their site.

Discussion of individual taxes

Payroll tax

The benchmark tax base for payroll tax is assumed to be all taxable wages, salaries and supplements (including employer superannuation contributions) paid in Queensland, as defined in the *Payroll Tax Act 1971*.

Payroll tax exemption threshold

From 1 July 2019, employers who employ in Queensland with an annual Australian payroll of $1.3 million or less are exempt from payroll tax. On the basis of November 2023 average weekly adult total earnings, the threshold corresponded to businesses with payrolls equivalent to employing approximately 13 full-time equivalent employees. This exemption is designed to assist small and medium sized businesses.

Graduated payroll tax scale

Queensland employers with Australian payrolls between $1.3 million and $6.5 million are liable for payroll tax at a rate of 4.75 per cent, and those with payrolls above $6.5 million are liable at a rate of 4.95 per cent. The benchmark tax rate for payroll tax is assumed to be 4.95 per cent.

Deduction scheme

Until 1 January 2023, Queensland employers with Australian payrolls between $1.3 million and $6.5 million benefit from a deduction of $1.3 million, which reduces by $1 for every $4 by which the annual payroll exceeds $1.3 million, with no deduction for employers or groups that have annual payroll in excess of $6.5 million.

From 1 January 2023, the deduction applies to payrolls between $1.3 million and $10.4 million, reducing by $1 in every $7 by which the annual payroll exceeds $1.3 million. No deduction is available for employers or groups that have annual payroll in excess of $10.4 million.

Regional discount

Employers who are based in regional Queensland and pay over 85 per cent of taxable wages to regional areas may be entitled to a discount on the rate of payroll tax imposed on their taxable wages. The discounted payroll tax rates for regional businesses are 3.75 per cent for employers who pay $6.5 million or less in Australian taxable wages, or 3.95 per cent for employers who pay more than $6.5 million in Australian taxable wages.

Section 14 exemptions

A number of organisations are provided with exemptions from payroll tax under Section 14 of the *Payroll Tax Act 1971*. The activities for which estimates have been calculated are wages paid by charities for employees working in hospitals, non-tertiary private educational institutions and for other qualifying exempt purposes, and for local governments (excluding commercial activities).

Apprentice and trainee exemptions

Most apprentice and trainee wages are exempt from payroll tax. To be eligible the employee must sign a training contract with their employer to undertake an apprenticeship or traineeship declared under the *Further Education and Training Act 2014*.

Apprentice and trainee rebate

In addition to being exempt wages for payroll tax, a rebate can be claimed that reduces the overall payroll tax liability of an employer. The rebate is calculated by multiplying 50 per cent of the apprentice and trainee wages by the applicable payroll tax rate for each return period.

General practitioner payroll tax amnesty

An amnesty is being provided to qualifying medical practices, otherwise liable to pay payroll tax on payments made to contracted general practitioners (GPs), up to 30 June 2025 and for the previous 5 years (i.e. 2018–2025). The amnesty recognises a potential lack of awareness of the payroll tax treatment of contractors among GPs and the need to support these practices to come into compliance with the least disruption possible.

Mental health levy

The benchmark tax base for the mental health levy is assumed to be taxable wages, salaries and supplements (including employer superannuation contributions) paid in Queensland, as defined in the *Payroll Tax Act 1971* that are paid by employers or groups of employers with Australian taxable wages of at least $10 million (on an annual basis).

A number of organisations are provided with exemptions from the mental health levy under Section 14 of the *Payroll Tax Act 1971.* Further, most apprentice and trainee wages are exempt from the mental health levy. The revenue foregone as a result of these exemptions cannot be quantified at this time.

Graduated scale

Queensland employers with Australian payrolls between $10 million and $100 million are liable for a primary rate of 0.25 per cent, and those with payrolls above $100 million are liable for the primary rate of 0.25 per cent plus an additional rate of 0.5 per cent. The benchmark rate for the mental health levy is assumed to be 0.75 per cent.

For the 2022–23 financial year, the thresholds are adjusted to accommodate the levy commencing during the financial year. For wages paid or payable for the period 1 January to 30 June 2023, Queensland employers with Australian payrolls between $5 million and $50 million are liable for a primary rate of 0.25 per cent, and those with payrolls above $50 million are liable for the primary rate of 0.25 per cent plus an additional rate of 0.5 per cent.

Land tax

The benchmark tax base is assumed to be all freehold land within Queensland. As outlined below for each specific tax expenditure, the appropriate benchmark tax rate for land tax is either the top rate of land tax applicable in Queensland (excluding surcharges) in each financial year, or the effective rate under the graduated scale of land tax rates for revenue foregone.

Liability threshold

Land tax is payable on the value of taxable land equal to or above a threshold which depends on the land's ownership. The threshold for companies, trusts and absentees is $350,000 and for resident individuals the threshold is $600,000.

Graduated land tax scale

A graduated (concessional) scale of land tax rates is applicable to land holdings with a taxable value of less than $10 million for resident individuals and companies, trustees and absentees. The benchmark rates used for estimating the tax expenditures were the highest rates applicable for different types of owner, 2.25 per cent for individuals, 2.5 per cent for absentees and 2.75 per cent for companies and trustees.

Principal place of residence exemption

Land owned by resident individuals as their principal place of residence is excluded from the estimate of taxable land value in calculating land tax. The benchmark rates used for estimating the tax expenditures were the effective rate under the graduated scale of land tax rates.

Primary production deduction

The taxable value of land owned by a resident individual, trustee or some absentees and companies does not include all or part of their land that is used for the business of agriculture, pasturage or dairy farming. The benchmark rates used for estimating the tax expenditures were the effective rate under the graduated scale of land tax rates.

Part 6 Divisions 2 and 3 exemptions (not elsewhere included)

A number of land tax exemptions are granted in Part 6 Divisions 2 and 3 of the *Land Tax Act 2010* to eligible organisations. These include, but are not limited to, public benevolent institutions, religious institutions and other exempt charitable institutions, retirement villages, trade unions and showgrounds.

Land developers' concession

Land tax payable by land developers is calculated on the basis that the unimproved value of undeveloped land subdivided in the previous financial year and which remains unsold at 30 June of that year is 60 per cent of the Valuer-General's value. This concession is outlined in Section 30 of the *Land Tax Act 2010*.

Duties

Home concession

A concessional rate of duty applies to purchases of a principal place of residence. A one per cent concessional rate applies on dutiable values up to $350,000, rather than the normal schedule of rates between 1.5 per cent and 3.5 per cent. For properties valued over $350,000, the scheduled rates of transfer duty apply on the excess.

First home concession

Where a purchaser has not previously owned a residence in Queensland or elsewhere, the purchaser of a home receives a more generous concession on duty. This concession comprises a rebate in addition to the home concession on properties (this concession may not be applicable if the purchase price is less than the full market value of the property). The size of the rebate depends on the value of the property. For 2023–24 and earlier, a full concession is provided for purchases of a first principal place of residence valued up to $500,000, phasing out at $550,000.

From 2024–25, a full concession will be provided for eligible purchases of a first principal place of residence valued up to $700,000, phasing out at $800,000.

First home vacant land concession

A first home concession is available for the purchase of certain vacant land up to the value of $400,000, with a full concession available on certain vacant land up to the value of $250,000 — for years up to and including 2023–24.

From 2024–25, a full concession will be provided for eligible vacant land purchases valued up to $350,000, phasing out at $500,000.

Additional foreign acquirer duty exemption

An Australian-based foreign corporation or trust whose commercial activities involve significant development by adding to the supply of housing stock in Queensland, where such development is primarily residential, may be eligible for ex-gratia relief from the additional 7 per cent foreign acquirer duty.

Insurance duty

The benchmark tax base is assumed to be all premiums for general insurance policies (not for life insurance). The benchmark tax rate is 9 per cent.

Queensland Waste Levy

The Queensland waste levy is payable by landfill operators on waste disposed to landfill, except waste generated and disposed in the non-levy zone. In 2023–24, the levy rate was $105 per tonne in the metropolitan levy area and $91 per tonne in the regional levy area (higher for regulated wastes).

General levy exemptions exist for particular wastes, such as those from declared disasters and severe local weather events. Also, levy exemptions are available on application for other particular wastes, such as waste from charitable recycling organisations and community clean-up events.

Levy discounts of 50 per cent are available on application for residue wastes from particular recycling activities. Seventy per cent of proceeds from the waste levy will be used for waste programs, environmental priorities and community purposes.

Gambling taxes

Gaming machine tax concessions for licensed clubs

The benchmark tax base is assumed to be all gaming machines operated by licensed clubs and hotels in Queensland. The benchmark tax rate is assumed to be the highest marginal tax rate (as is applied to hotels) that actually applied in each financial year.

A progressive tax rate scale applies to gaming machines operated by licensed clubs. The tax rate is calculated monthly on the gaming machine taxable metered win and the top tax rate is only applied to the portion of gaming machine revenue where the monthly metered win exceeds $1.4 million for any licensed club.

Casino tax concessions

The benchmark tax base is assumed to be all casinos operating in Queensland. The benchmark tax rate is assumed to be the highest tax rate that is actually applied in each financial year.

A tax rate of 20 per cent of gross revenue applies for standard transactions in the Brisbane and Gold Coast casinos. A concessional tax rate of 10 per cent applies for gross revenue from standard transactions in the Cairns and Townsville casinos. The tax rate applicable to gaming machines in casinos is 30 per cent of gross revenue in the Brisbane and Gold Coast casinos, and 20 per cent in the Cairns and Townsville casinos.

In addition, concessional rates of 10 per cent also apply for revenue from high rollers table game play in all casinos. A GST credit is provided to casinos that approximates a reduction in the above tax rates of 9.09 per cent.

Appendix C: Revenue and expense assumptions and sensitivity analysis

The 2024–25 Queensland Budget, similar to all other jurisdictions, is based in part on assumptions made about parameters, both internal and external to Queensland, which can impact directly on economic and fiscal forecasts.

The sensitivity of revenue and expense forecasts to movements in underlying assumptions is particularly relevant given the ongoing uncertainty in global and national economic conditions and other factors that can directly or indirectly impact key revenues.

The forward estimates in the 2024–25 Queensland Budget are framed on a no-policy-change basis. That is, the expenditure and revenue policies in place at the time of the budget (including those announced in the budget) are applied consistently throughout the forward estimates period.

Table C.1 shows the main components of taxation and royalty revenue, and the forecast revenues for each component across the forward estimates.

Table C.1 Taxation and royalty revenue[1]

	2022–23 Actual $ million	2023–24 Est. Act. $ million	2024–25 Budget $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
Payroll tax and mental health levy	5,850	6,715	7,245	7,678	8,079	8,444
Transfer duty	5,240	5,605	6,793	7,081	7,326	7,672
Other duties	2,232	2,478	2,596	2,729	2,845	2,967
Gambling taxes and levies	1,911	2,048	2,141	2,220	2,301	2,384
Land tax	1,732	2,032	2,499	2,832	3,120	3,300
Motor vehicle registration	2,226	2,352	2,046	2,470	2,593	2,687
Other taxes	1,409	1,440	1,478	1,564	1,645	1,747
Total tax revenue	**20,601**	**22,670**	**24,799**	**26,573**	**27,910**	**29,202**
Royalties						
Coal	15,360	10,541	6,233	4,810	4,595	4,512
Petroleum[2]	2,350	1,705	1,594	1,269	1,039	990
Other royalties[3]	504	526	579	499	442	427
Total royalties	**18,214**	**12,771**	**8,406**	**6,578**	**6,076**	**5,929**
Land rents	181	184	193	197	201	206
Total royalties and land rents	**18,395**	**12,955**	**8,599**	**6,774**	**6,278**	**6,136**

Notes:

1. Numbers may not add due to rounding.
2. Includes liquefied natural gas (LNG).
3. Includes base and precious metal and other mineral royalties.

The remainder of this chapter outlines the key assumptions, estimates and risks associated with key revenue and expenditure forecasts.

Taxation revenue assumptions and revenue risks

The rate of growth in tax revenues is dependent on a range of factors linked to the rate of growth in economic activity in the state. Some taxes are closely related to activity in specific sectors of the economy, whilst others are broadly related to the general rate of economic growth, employment, inflation or wages.

Therefore, any change in the level of economic activity compared with that reflected in the economic forecasts outlined in this paper would impact a broad range of taxation receipts.

Wages and employment growth – payroll tax

Wages and employment growth have a direct impact on payroll tax collections. In 2024–25, wages in Queensland are forecast to increase by 3¾ per cent, while employment is forecast to rise 1½ per cent in 2024–25.

The composition of the payroll tax base is also important as businesses in sectors such as tourism, retail and hospitality are often outside the tax base because they are below the specified threshold. A one percentage point variation in either Queensland wages growth or employment is estimated to change total payroll tax collections by approximately $72 million in 2024–25.

Property prices and transaction volumes – transfer duty

Transfer duty, as a transaction-based tax, can be volatile from year to year reflecting cyclical residential and non-residential market conditions. In 2024–25, transfer duty is expected to grow strongly, reflecting ongoing strength and activity in the property market, including strength in residential property prices.

After a modest decline in 2022–23, residential prices have grown strongly across 2023–24, while growth is expected to continue at more moderate levels over the coming years.

Residential transaction volumes have remained relatively stable, but remain higher than pre-COVID-19 levels, underpinned by ongoing strong population growth.

A one percentage point variation in either the average value of property transactions or the volume of transactions is estimated to change transfer duty collections by approximately $68 million in 2024–25.

Royalty assumptions and revenue risks

Table C.2 provides the key assumptions adopted for the 2024–25 Queensland Budget in relation to coal and petroleum royalties, which represent the bulk of Queensland's royalty revenue.

Table C.2 Coal royalty assumptions[1]

	2022–23 Actual	2023–24 Est. Act.	2024–25 Budget	2025–26 Projection	2026–27 Projection	2027–28 Projection
Tonnages — crown export[2] coal (Mt)	190	197	209	220	229	225
Exchange rate US$ per A$[3]	0.67	0.66	0.69	0.72	0.75	0.75
Year average coal prices (US$ per tonne)[4]						
Hard coking	279	286	208	186	185	185
PCI/Semi-soft	259	168	141	134	133	133
Thermal	304	133	120	120	120	120
Year average oil price						
Brent (US$ per barrel)[5]	102	84	87	80	75	75

Notes:

1. Numbers in this table may be affected by rounding.
2. Excludes coal produced for domestic consumption and where royalties are not paid to the government (private royalties). The 2024–25 estimated domestic coal volume is approximately 24.4 Mt and private coal is 7.0 Mt.
3. Estimated year-average.
4. Estimated year-average spot prices for highest quality coking and thermal coal. Lower quality coal can be sold below this price, with indicative average prices for 2023–24 as follows: hard coking US$195/t and thermal US$93/t.
5. Published Brent oil prices are lagged by 4 months to better align with royalty revenue.

Exchange rate and commodity prices and volumes

Estimates of mining royalties are sensitive to movements in the A$-US$ exchange rate and commodity prices and volumes.

Since mid-2021, there has been an unprecedented surge in coal prices. While prices have since moderated from these exceptionally high levels, they remain elevated compared to historical levels.

The recent strength in global coal prices is primarily driven by a range of short-term supply side factors and disruptions. As such, prices are expected to return to more sustainable levels across the forward estimates. However, the timing and extent of the decline remains uncertain.

Coal royalties are based on progressive rates with higher royalty rates applying to higher coal prices. This means coal royalty estimates are even more sensitive to price movements at times when prices are very high, therefore providing increased returns to Queenslanders from royalties on this valuable and limited resource during times when coal producers are also benefitting from the high prices in terms of increased revenues and profits.

Contracts for the supply of commodities are generally written in US dollar terms. Accordingly, a change in the exchange rate impacts on the Australian dollar price of commodities and, therefore, expected royalty collections.

Potential impact on coal royalty revenue[1]

For each one cent movement in the A$-US$ exchange rate in 2024–25, the impact on royalty revenue would be approximately $192 million.

A one per cent variation in export coking and thermal coal volumes would lead to an estimated change in royalty revenue of approximately $61 million. A one million tonne variation in export volumes would lead to an estimated change in royalty revenue of approximately $29 million.

A one per cent variation in the average price of export coal would lead to an estimated change in royalty revenue of approximately $129 million.

Parameters influencing Australian Government GST payments to Queensland

The 2024–25 Queensland Budget incorporates estimates of GST revenue grants to Queensland based on 2024–25 Federal Budget estimates of national GST collections and Queensland Treasury assumptions of Queensland's share. The estimates of collections are primarily determined by the value of national consumption subject to GST.

Since the Australian Government payments are based on the amount actually collected, it is the Queensland Budget that bears the risks of fluctuations in GST collections. As with all other tax estimates, there is a risk of lower collections than estimated if national economic growth and consumption are weaker than expected.

Due to the complexities associated with the GST base, the information provided in the Federal Budget papers is insufficient to prepare indicative estimates of the sensitivity of GST forecasts to key variables.

Sensitivity of expenditure estimates and expenditure risks

Public sector wage costs

Salaries and wages form a large proportion of General Government Sector operating expenses. Increases in salaries and wages are negotiated through enterprise bargaining agreements.

The 2024–25 Budget and forward estimates reflect growth in full-time equivalent and wage increases consistent with existing agreements, the government's wages policy, and an allowance for future bargaining agreements. It is estimated that a one percentage point increase in wage rates above expectation would increase employee expenses by around $352 million per annum.

Interest rates

The General Government Sector has a total debt servicing cost forecast at $2.655 billion in 2024–25. The current average duration of General Government Sector borrowing with the Queensland Treasury Corporation (QTC) is 6.0 years.

The majority of General Government Sector debt is held under fixed interest rates and, therefore, the impact of interest rate variations on debt servicing costs in 2024–25 would be relatively modest, with the impact occurring progressively across the forward estimates.

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[1] Sensitivities represent the estimated change to royalty revenue accruing over the 2024–25 return period.

Actuarial estimates of superannuation and long service leave

Liabilities for superannuation and long service leave are estimated by the State Actuary with reference to, among other things, assumed rates of investment returns, salary growth, inflation and the discount rate. These liabilities are therefore subject to changes in these parameters. Similarly, the long service leave liabilities are subject to the risk that the actual rates of employee retention will vary from those assumed in the liability calculation.

Appendix D: Fiscal aggregates and indicators

	2016–17 Actual[1] $ million	2017–18 Actual[1] $ million	2018–19 Actual[1] $ million	2019–20 Actual[1] $ million	2020–21 Actual[1] $ million	2021–22 Actual[1] $ million	2022–23 Actual[1] $ million	2023–24 Est. Act. $ million	2024–25 Projection $ million	2025–26 Projection $ million	2026–27 Projection $ million	2027–28 Projection $ million
General Government												
Total revenue	56,194	58,087	59,828	57,778	62,791	74,185	89,810	89,059	88,107	88,717	90,670	95,332
Tax revenue	12,919	13,244	14,165	14,585	16,249	20,011	20,601	22,670	24,799	26,573	27,910	29,202
Total expenses	53,369	56,337	58,843	63,505	63,706	69,902	75,880	88,495	90,738	89,232	89,783	93,305
Employee expenses	21,258	22,681	24,019	25,662	26,385	28,068	30,557	33,231	35,217	36,030	37,094	38,465
Net operating balance	2,825	1,750	985	(5,728)	(915)	4,284	13,930	564	(2,631)	(515)	887	2,027
Capital purchases	4,620	5,126	5,764	6,306	6,682	7,878	9,899	11,061	12,831	14,485	14,577	12,763
Net capital purchases	2,265	2,337	3,192	3,436	3,942	4,356	5,838	6,281	8,159	9,032	8,228	6,081
Fiscal balance	560	(587)	(2,207)	(9,164)	(4,857)	(72)	8,092	(5,717)	(10,790)	(9,547)	(7,341)	(4,054)
Borrowing with QTC	31,358	29,256	29,468	37,570	46,153	49,000	46,166	54,100	68,902	84,301	96,176	104,641
Leases and similar arrangements[2]	1,882	2,142	2,612	6,485	7,703	7,671	7,519	7,819	8,177	7,166	7,006	6,703
Securities and Derivatives	(0)	122	121	198	220	93	41	39	39	39	39	39
Net debt	(355)	(509)	(198)	14,036	11,344	10,997	2,615	12,223	27,407	40,552	52,076	59,831
Non-financial Public Sector												
Total revenue	64,855	66,164	68,329	66,171	71,318	85,485	100,821	98,639	98,517	99,704	103,095	109,333
Capital purchases	7,291	7,643	8,460	9,482	9,877	11,130	14,300	17,482	22,241	25,767	24,561	22,331
Borrowing with QTC	69,107	66,964	67,576	76,464	85,901	90,851	89,442	98,334	115,260	135,540	151,714	164,188
Leases and similar arrangements[2]	1,882	2,142	2,612	6,977	8,157	8,028	7,887	8,446	8,766	7,691	7,774	7,408
Securities and Derivatives	895	405	720	1,503	1,570	17,374	5,491	1,790	681	409	385	390

Notes:

1. With the implementation of the latest GFS Manual (AGFS15), some categories have been restated to ensure comparability.
2. Approximately $2.2 billion increase in General Government and $2.6 billion in NFPS in 2019-20 on adoption of the new lease accounting standard AASB 16.

	2016–17 Actual[1] %	2017–18 Actual[1] %	2018–19 Actual[1] %	2019–20 Actual[1] %	2020–21 Actual[1] %	2021–22 Actual[1] %	2022–23 Actual[1] %	2023–24 Est. Act. %	2024–25 Projection %	2025–26 Projection %	2026–27 Projection %	2027–28 Projection %
General Government												
Revenue/GSP	17.1	16.6	16.3	16.0	17.1	16.3	17.8	17.1	16.3	15.8	15.5	15.5
Tax/GSP	3.9	3.8	3.9	4.0	4.4	4.4	4.1	4.4	4.6	4.7	4.8	4.7
Own source revenue/GSP	8.8	8.6	8.6	8.4	8.1	8.8	10.2	9.5	8.8	8.6	8.2	8.0
Expenses/GSP	16.3	16.1	16.1	17.6	17.3	15.4	15.1	17.0	16.8	15.9	15.3	15.2
Employee expenses/GSP	6.5	6.5	6.6	7.1	7.2	6.2	6.1	6.4	6.5	6.4	6.3	6.3
Net operating balance/GSP	0.9	0.5	0.3	(1.6)	(0.2)	0.9	2.8	0.1	(0.5)	(0.1)	0.2	0.3
Capital purchases/GSP	1.4	1.5	1.6	1.7	1.8	1.7	2.0	2.1	2.4	2.6	2.5	2.1
Net cash inflows from operating activities/Net cash flows from investments in non-financial assets	134.2	107.0	105.5	(2.5)	0.7	136.9	204.6	34.8	13.2	31.2	41.4	63.8
Fiscal balance/GSP	0.2	(0.2)	(0.6)	(2.5)	(1.3)	(0.0)	1.6	(1.1)	(2.0)	(1.7)	(1.3)	(0.7)
Total borrowings/GSP	10.1	9.0	8.8	12.3	14.7	12.5	10.7	11.9	14.3	16.3	17.6	18.1
Total Borrowings/Revenue	59.2	54.3	53.8	76.6	86.1	76.5	59.8	69.6	87.5	103.1	113.8	116.8
Lease and other liabilities/revenue	3.3	3.7	4.4	11.2	12.3	10.3	8.4	8.8	9.3	8.1	7.7	7.0
Net debt/revenue	(0.6)	(0.9)	(0.3)	24.3	18.1	14.8	2.9	13.7	31.1	45.7	57.4	62.8
Revenue growth	10.7	3.4	3.0	(3.4)	8.7	18.1	21.1	(0.8)	(1.1)	0.7	2.2	5.1
Tax growth	3.0	2.5	7.0	3.0	11.4	23.1	2.9	10.0	9.4	7.2	5.0	4.6
Expenses growth	6.5	5.6	4.4	7.9	0.3	9.7	8.6	16.6	2.5	(1.7)	0.6	3.9
Employee expenses growth	6.1	6.7	5.9	6.8	2.8	6.4	8.9	8.8	6.0	2.3	3.0	3.7
Non-Financial Public Sector												
Capital purchases/GSP	2.2	2.2	2.3	2.6	2.7	2.5	2.8	3.4	4.1	4.6	4.2	3.6
Total borrowings/GSP	21.9	19.9	19.4	23.5	26.0	25.6	20.4	20.9	23.1	25.6	27.3	28.0
Total Borrowings/Revenue	110.8	105.1	103.8	128.4	134.1	136.0	102.0	110.1	126.6	144.1	155.1	157.3
Net financial liabilities/revenue	111.2	111.5	114.9	158.3	142.5	117.8	90.5	99.3	117.8	134.4	144.1	145.5

Notes:

1. With the implementation of the latest GFS Manual (AGFS15), some categories have been restated to ensure comparability. GSP figures reflect 2022-23 ABS National Accounts: State Accounts and Queensland Treasury forecasts.

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