

7 Public Non-financial Corporations Sector

Features

- Entities in the Public Non-financial Corporations (PNFC) Sector provide essential services to communities across Queensland for electricity, bulk water supply, rail and port services.
- The Queensland Government is committed to efficient, safe, affordable and reliable service delivery for Queenslanders. Businesses are expected to improve performance by maximising value from existing assets and delivering investments on time and on budget.
- The PNFC Sector is estimated to achieve earnings before interest and tax (EBIT) of \$3.387 billion in 2025–26, increasing to \$4.168 billion in 2028–29, while returning total dividends and tax equivalent payments of \$5.524 billion over the 4 years to 2028–29.
- Borrowings to 2028–29 primarily reflect capital requirements to deliver critical energy investments, transform the rail network and ensure water security across the state.
- The Electricity Maintenance Guarantee is supporting approximately \$1.6 billion of investment over the 5 years to 2029–30, to properly maintain state-owned power plants and deliver affordable, reliable and sustainable energy supply.
- In the transport sector, investments will support reconfiguration of the South East Queensland rail network and port projects to facilitate trade and economic growth.
- Significant water projects to ensure supply security and reliability include the Toowoomba to Warwick Pipeline, dam improvement works at the Paradise, Somerset, North Pine and Lake Macdonald Dams, and the new Barlil and Cooranga Weirs in southern Queensland.

7.1 Context

The PNFC Sector provides vital services to Queenslanders such as electricity supply and distribution, water supply, rail and port services. This includes Queensland government-owned corporations (GOCs) under the *Government Owned Corporations Act 1993* (GOC Act), commercialised statutory entities such as Queensland Rail, Seqwater, local water boards, and other public corporations (including Queensland Hydro and Stadiums Queensland).

GOC boards are responsible and accountable to shareholding Ministers for financial and operational performance, and must operate commercially and efficiently. These requirements are legislated under the GOC Act, with similar provisions in enabling legislation for other entities.

Entities incur costs and bear commercial risks in service delivery, and target a commercial rate of return to sustain ongoing investment and performance. Returns from the PNFC Sector support consolidated revenue and government service delivery, including critical infrastructure maintenance and delivery. The commercial nature of PNFC Sector entities ensures debt is self-supporting and net worth continues to grow over the 4 years to 2028–29.

Table 7.1 Key financial aggregates¹

	2023–24 Outcome \$ million	2024–25 Budget \$ million	2024–25 Est. Act. \$ million	2025–26 Projection \$ million	2026–27 Projection \$ million	2027–28 Projection \$ million	2028–29 Projection \$ million
Revenue	17,360	16,963	17,977	18,364	18,901	19,869	20,626
Expenses	15,543	16,347	17,453	17,618	18,182	19,234	19,841
EBIT²	3,319	3,062	2,483	3,387	3,409	3,756	4,168
PNFA ³	6,402	9,410	8,206	9,207	8,241	7,103	6,671
Assets	85,044	94,090	89,016	94,792	100,636	105,415	110,597
Borrowings	47,631	47,596	49,282	52,367	56,190	58,671	60,491
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 8.							
3. PNFA: Purchases of non-financial assets.							

7.1.1 Electricity networks

Queensland's 2 electricity network businesses are responsible for transporting electricity to consumers across the state:

- Powerlink Queensland (Queensland Electricity Transmission Corporation) owns and operates the electricity transmission network in Queensland
- Energy Queensland Limited (EQL) owns and operates the low-voltage distribution network connecting to households and businesses.

Revenues are largely derived from services regulated by the Australian Energy Regulator.

7.1.2 Electricity generation

Queensland owns 3 electricity generation GOCs (Stanwell, CS Energy and CleanCo), with existing baseload capacity, and new generation and firming assets.

- Stanwell supplies around 30 per cent of Queensland's electricity, with an owned energy portfolio of around 3,300 megawatts (MW) from its 3 coal-fired power stations. Stanwell is investing in new renewables and firming assets while it also manages additional contracted renewable energy.
- CS Energy supplies around a quarter of Queensland's electricity, with an owned or contracted portfolio of around 4,000 MW including thermal, renewable and firming assets. CS Energy is currently progressing the 400 MW Brigalow Gas Peaker.
- CleanCo owns and operates a 1,100 MW portfolio of low and no emissions assets, with additional contracted renewable energy across Queensland. CleanCo is continuing to progress its 250 MW Swanbank Battery.

All GOCs offer retail services to large commercial and industrial customers, with CS Energy also supplying residential and small business customers in South East Queensland.

Box 7.1 Electricity Maintenance Guarantee

The Electricity Maintenance Guarantee is a new investment, performance and accountability framework for asset maintenance on publicly owned power plants. This investment will assist in delivering an affordable, reliable and sustainable energy system for Queenslanders.

Through the Guarantee, shareholding Ministers have provided upfront approval of all investment required by Stanwell, CS Energy and CleanCo to implement 5-year asset management plans — capturing all overhaul and sustaining capital expenditure — to ensure safety, statutory compliance, asset integrity and asset performance.

GOCs are accountable for asset maintenance investment and performance, including key performance indicators in respect of maintenance investment, personal safety, process safety and plant performance.

All GOCs achieved their 2024–25 summer availability targets to March 2025 with actual performance exceeding 90 per cent on average. The Guarantee is driving improvements in management reporting and oversight of statutory maintenance performance.

In 2024–25, the Guarantee supported over \$450 million of investment in existing assets, including 5 major unit overhauls at the Callide B, Stanwell, Tarong and Swanbank Power Stations.

Over the next 5 years, the Guarantee is underpinning a \$1.6 billion investment in Queensland's state-owned generation assets, including major overhauls at Callide C, Tarong and Wivenhoe Power Stations, and a minor overhaul of Callide Unit C4 in 2025–26.

7.1.3 Rail

Queensland Rail is a 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 are delivered under a Rail Transport Services Contract (TSC) with government, which sets funding for rail infrastructure and passenger services in South East Queensland (CityTrain) and regional Queensland (TravelTrain). Queensland Rail is also supporting works associated with Cross River Rail and Department of Transport and Main Roads rail projects.

7.1.4 Ports

Queensland has a large network of coastline ports owned and operated by GOCs. Gladstone Ports Corporation, North Queensland Bulk Ports Corporation, Port of Townsville Limited and Far North Queensland Ports Corporation Limited (trading as Ports North) manage assets ranging 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. Efficient operation of ports is critical to economic growth, trade and employment across the state.

Box 7.2 Energy Roadmap

The Queensland Government is developing a 5-year Energy Roadmap to deliver affordable, reliable and sustainable energy for Queenslanders.

The Roadmap — to be released in the second half of 2025 — will be a credible plan for the state's energy system focused on the investment and market outlook to 2030, providing certainty for investors, communities and consumers.

Setting a foundation for the Roadmap, in 2025–26, Queensland's state-owned energy businesses are investing over \$5 billion across the energy supply chain — transmission, distribution and generation — with further investments to be made under the Roadmap.

Investing in existing assets



Network businesses are investing over \$2 billion in 2025–26 to maintain and extend the state's transmission and distribution network, ensuring the right investment is made in core infrastructure.



The Electricity Maintenance Guarantee is supporting around \$1.6 billion of investment over the next 5 years in existing state-owned power plants, building on a \$450 million investment in 2024–25.

Over \$100 million will be invested at the Meandu and Kogan Creek Mines in 2025–26.

Expanding firming capacity



In 2025–26, \$479 million is allocated for CS Energy to continue development of the 400 MW Brigalow Gas Peaker to be located near Chinchilla.

Stanwell will continue to work with Quinbrook on the proposed 114 MW Lockyer Energy Project near Gatton in Southern Queensland, while CleanCo will also investigate a new gas turbine at Swanbank.

In 2025–26, GOCs will also invest \$379 million in new utility-scale batteries at existing power station sites and \$135 million to install network-scale batteries across the distribution network.

Supporting private sector investment



GOCs will continue to partner with industry to enable greater private sector investment in renewable energy and firming assets. This includes Stanwell's Wambo Wind Farm in partnership with Cubico, energy offtake agreements across all generator GOCs, and connecting new customers to the grid.



Energy generator GOCs are also progressing smaller, more manageable pumped hydro investments in partnership with the private sector, including the Mount Rawdon, Big T and Capricornia smaller, more manageable Pumped Hydro Energy Storage (PHES) projects.

Progressing pumped hydro energy storage



In 2025–26, Queensland Hydro will invest \$355 million towards early works on the Borumba PHES (\$3.0 billion over 4 years to 2028–29).

In 2025–26, \$79 million will be invested in the acquisition of the Mount Rawdon and Big T PHES projects to proceed with ongoing development activities. Additionally, CS Energy will continue to progress the Capricornia PHES project.

Delivering major network infrastructure



The 2025–26 Budget allocates \$2 billion over 4 years to 2028–29 for CopperString, including \$403 million in 2025–26. This brings total government funding to a record investment of \$2.4 billion.

In 2025–26, Powerlink is expected to invest \$221 million to progress early works on the Gladstone Project to reinforce the grid in Central Queensland.

7.1.5 Water

Queensland's largest entities in the bulk water supply industry are Queensland Bulk Water Supply Authority (trading as Seqwater) and Sunwater. Seqwater is responsible for supplying safe, secure and reliable bulk drinking water to over 3 million people across South East Queensland, while Sunwater supplies untreated bulk water to around 5,000 industrial, mining, urban and irrigation customers outside of South East Queensland. The PNFC Sector also includes the Gladstone Area Water Board and Mount Isa Water Board.

7.1.6 Other

Queensland Hydro

Queensland Hydro is responsible for the development, delivery, ownership and operation of the Borumba PHES.

A detailed review is underway to ensure the project is progressed in a way that is affordable and deliverable, with Queensland Investment Corporation (QIC) appointed investment manager of Queensland Hydro to support this work. All works on Pioneer-Burdekin PHES have ceased, with site demobilisation and project land divestment underway. Proactive and fulsome consultation and cooperation with landholders is a key priority of government as these processes are undertaken.

Stadiums Queensland

Stadiums Queensland is a statutory body which manages, develops, operates and promotes the use of the state's major sport, entertainment, high performance and recreation facilities.

Stadiums Queensland currently owns 9 venues across its diverse portfolio.

7.2 Finances and performance

7.2.1 Earnings before interest and tax

PNFC Sector EBIT is expected to increase to \$4.168 billion over the 4 years to 2028–29, with:

- electricity network sector EBIT increasing to \$2.333 billion in 2028–29, associated with expected regulated rate of return, revenue and expenditure movements
- electricity generation sector EBIT achieving \$806 million in 2025–26, reflecting the value of hedging contracts as wholesale prices stabilise, with steady earnings to 2028–29
- rail sector EBIT moderating over the next 4 years as additional TSC revenue is offset by higher expenses associated with major new rail assets
- port sector EBIT increasing to \$386 million in 2028–29, reflecting long-term customer revenue contracts and the commercial operation of new port assets
- water sector EBIT trending higher over the next 4 years in line with forecast water demand

- 'other' sector EBIT reflects early works expenditure for Queensland Hydro to progress the Borumba PHES, and for Stadiums Queensland on venues to support ongoing events.

Table 7.2 Earnings before interest and tax¹

	2023–24 Outcome \$ million	2024–25 Budget \$ million	2024–25 Est. Act. \$ million	2025–26 Projection \$ million	2026–27 Projection \$ million	2027–28 Projection \$ million	2028–29 Projection \$ million
Electricity networks	895	1,280	1,231	1,412	1,581	1,866	2,333
Electricity generation	1,081	1,107	548	806	579	510	637
Rail	287	452	485	593	575	517	353
Ports	308	289	282	313	345	373	386
Water	980	221	352	354	474	638	613
Other ²	(231)	(287)	(414)	(92)	(144)	(149)	(155)
Total PNFC sector	3,319	3,062	2,483	3,387	3,409	3,756	4,168
Notes:							
1. Numbers may not add due to rounding.							
2. Includes other public corporations.							

7.2.2 Borrowings

PNFC Sector entities 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.

Asset values are a relevant factor in considering borrowings, with PNFC Sector entities borrowing around 55 per cent of their asset values in 2025–26 (on average). PNFC Sector borrowings are expected to increase to \$60.491 billion by 2028–29, with:

- electricity network sector borrowings increasing in line with capital expenditure commitments, including critical network infrastructure for system reliability
- electricity generation sector borrowings remaining steady to 2028–29 as entities complete major construction activities on existing projects and manage debt balances
- rail sector borrowings increasing to support new investment in Cross River Rail and other network reconfiguration works
- ports sector borrowings increasing to support infrastructure investment, including the East Port Laydown Area at the Port of Townsville and other works at Ports North
- water sector borrowings increasing to reflect asset renewal and investment in water security and dam safety projects
- 'other' sector borrowings increasing to support early works and construction activities for the Borumba PHES.

Table 7.3 Borrowings and total assets¹

	2023–24 Outcome \$ million	2024–25 Budget \$ million	2024–25 Est. Act. \$ million	2025–26 Projection \$ million	2026–27 Projection \$ million	2027–28 Projection \$ million	2028–29 Projection \$ million
Electricity networks	26,324	26,733	28,253	29,883	31,500	32,752	33,688
Electricity generation	5,437	4,306	4,342	4,188	4,515	4,297	3,813
Rail	5,084	5,753	5,766	6,600	7,583	8,009	8,317
Ports	1,131	1,043	1,118	1,162	1,155	1,162	1,162
Water	9,511	8,767	9,201	9,696	10,232	10,597	10,801
Other ²	145	993	601	838	1,206	1,854	2,708
Total PNFC sector	47,631	47,596	49,282	52,367	56,190	58,671	60,491
Total Assets	85,044	94,090	89,016	94,792	100,636	105,415	110,597
Notes:							
1. Numbers may not add due to rounding.							
2. Includes other public corporations.							

7.2.3 Returns to government

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. Cumulative dividends across the PNFC Sector are forecast at \$3.980 billion over the 4 years to 2028–29, with:

- electricity network sector dividends increasing to \$370 million by 2028–29, consistent with earnings growth over the next 4 years
- electricity generation sector dividends moderating to \$260 million by 2028–29 in line with earnings as market electricity prices stabilise
- rail sector dividends declining over the next 4 years, reflecting increased investment to bring major new assets into operation
- port sector dividends increasing to \$217 million in 2028–29, due to higher revenue growth associated with long-term contracts and new capital expansions
- water sector dividends reflecting forecast demand for water in South East Queensland and government policy regarding recovery of dam improvement costs.

Table 7.4 Dividends¹

	2023–24 Outcome \$ million	2024–25 Budget \$ million	2024–25 Est. Act. \$ million	2025–26 Projection \$ million	2026–27 Projection \$ million	2027–28 Projection \$ million	2028–29 Projection \$ million
Electricity networks	50	39	88	37	73	169	370
Electricity generation	594	520	336	504	318	202	260
Rail	141	221	217	312	282	197	134
Ports	162	162	155	175	196	210	217
Water	23	106	101	55	103	101	66
Other ²	30	0	0	0	0	0	0
Total PNFC sector	1,001	1,048	897	1,083	971	879	1,047
Notes:							
1. Numbers may not add due to rounding.							
2. Includes other public corporations.							

Tax equivalent payments

Tax equivalent payments (TEPs) are paid by PNFC Sector entities to ensure a uniform application of income tax laws between GOCs and the private sector. TEPs are expected to decline to \$329 million by 2028–29, with movements at the sector level consistent with EBIT.

Table 7.5 Tax Equivalent Payments¹

	2023–24 Outcome \$ million	2024–25 Budget \$ million	2024–25 Est. Act. \$ million	2025–26 Projection \$ million	2026–27 Projection \$ million	2027–28 Projection \$ million	2028–29 Projection \$ million
Electricity networks	46	15	38	6	19	52	72
Electricity generation	157	241	144	224	144	94	119
Rail	29	155	165	190	102	62	14
Ports	85	90	82	89	95	101	105
Water	11	1	8	3	17	16	18
Other ²	1	0	0	1	1	1	1
Total PNFC sector	329	503	437	512	377	325	329
Notes:							
1. Numbers may not add due to rounding.							
2. Includes other public corporations							

Competitive neutrality fees

The competitive neutrality fee (CNF) is applied to a GOC's cost of debt to neutralise any advantage of government ownership related to the ability to borrow funds at a lower rate than private sector competitors. Changes generally reflect movements in borrowings, interest rate spreads and the entity's credit rating. CNF payments are expected to remain relatively stable.

Table 7.6 Competitive neutrality fee payments¹

	2023–24 Outcome \$ million	2024–25 Budget \$ million	2024–25 Est. Act. \$ million	2025–26 Projection \$ million	2026–27 Projection \$ million	2027–28 Projection \$ million	2028–29 Projection \$ million
Electricity networks	152	157	139	133	119	110	112
Electricity generation	36	24	20	16	20	22	11
Rail	32	30	39	32	35	44	57
Ports	8	8	8	8	10	10	10
Water	6	5	5	5	5	5	5
Total PNFC sector	233	225	211	194	189	191	194
Note:							
1. Numbers may not add due to rounding.							

7.2.4 Community service obligation and rail transport services contract payments

Community Service Obligation (CSO) payments are used to subsidise particular services.

A CSO payment is made to EQL under the government's Uniform Tariff Policy to compensate its retail subsidiary, Ergon Energy, for a higher cost of operating in regional Queensland. This ensures Queenslanders, regardless of their geographic location, pay a similar price for their electricity. The CSO payment is forecast to increase to \$735 million by 2028–29, reflecting changes in regulated network revenue and retail pricing outcomes.

TSC payments are made to Queensland Rail to deliver rail passenger services in South East Queensland, and to support the delivery of non-commercial (subsidised) prices for travel and tourism markets. TSC payments are expected to increase to \$2.895 billion by 2028–29, reflecting a range of adjustments for growth, maintenance and safety of the rail network.

Seqwater and Sunwater own and operate water supply schemes, where irrigation prices for some schemes are set below supply cost levels. Over the next 2 years, the current irrigation discount will be delivered through a rebate to eligible customers, rather than a CSO.

Table 7.7 Community service obligation payments and transport service contracts¹

	2023–24 Outcome \$ million	2024–25 Budget \$ million	2024–25 Est. Act. \$ million	2025–26 Projection \$ million	2026–27 Projection \$ million	2027–28 Projection \$ million	2028–29 Projection \$ million
Electricity networks	619	605	650	603	642	701	735
Rail	2,282	2,662	2,594	2,838	2,849	2,879	2,895
Water	25	28	29	18	11	0	0
Total PNFC sector	2,926	3,295	3,273	3,459	3,502	3,580	3,630
Note:							
1. Numbers may not add due to rounding.							

7.2.5 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 government provides new equity to support publicly-owned businesses to invest in critical infrastructure projects across the state. Over the 4 years to 2028–29:

- electricity network and generation sector movements reflect investments in CopperString, local network batteries and committed investment in renewable and firming projects
- rail sector movements reflect Cross River Rail and other significant rail capital projects
- ports sector movements reflect investment in major port infrastructure projects, including Ports North's Cairns Marine Precinct Common User Facility
- water sector movements reflect government commitments to key projects including Sunwater's Paradise Dam Improvement Project, Seqwater's Toowoomba to Warwick Pipeline and Gladstone Area Water Board's Fitzroy to Gladstone Pipeline
- 'other' sector movements primarily relate to investment in the Borumba PHES project and the transfer of state-owned Olympic venues to Stadiums Queensland.

Equity injections are lower than in the 2024–25 Budget, primarily reflecting the decision not to progress the Pioneer Burdekin project and reprofiling of the Borumba PHES project to reflect updated delivery timeframes and the review of the project.

Table 7.8 Equity movements¹

	2023–24 Outcome \$ million	2024–25 Budget \$ million	2024–25 Est. Act. \$ million	2025–26 Projection \$ million	2026–27 Projection \$ million	2027–28 Projection \$ million	2028–29 Projection \$ million
Electricity networks	410	795	431	409	500	500	400
Electricity generation	635	1,808	1,576	315	0	0	0
Rail	0	168	369	962	25	0	0
Ports	121	57	114	38	50	50	100
Water	779	363	327	59	314	0	0
Other ²	327	429	21	190	636	878	1,579
Total PNFC sector	2,272	3,618	2,838	1,972	1,524	1,428	2,079
Notes:							
1. Numbers may not add due to rounding.							
2. Includes other public corporations.							