



24 June 2026

QLD BUDGET MISSES THE MARK ON ENERGY AS IT DOUBLES DOWN ON COAL; FOCUS ON INFRASTRUCTURE-RELATED BENEFITS

Fiscal overview

The QLD state budget released on 23 June forecasts a \$6.2bn operating deficit in 2026-27, consistent with the mid-year fiscal and economic review (MYFER), a \$3bn improvement from the net operating deficit forecast in the previous budget. The 2026-27 forecast would represent a marked improvement from the \$8.8bn deficit estimated in the current 2025-26 period.

The QLD Government will deploy \$119.2bn into infrastructure investment to deliver enduring economic and social benefits following the 2032 Olympic Games. The \$29.6bn capital program in 2026-27 is estimated to support 71,500 jobs. Across the forward estimates, the QLD Government will deliver the \$55.9bn investment into QLD Transport and Roads Investment Program.

This budget delivers one of the largest capital investment programs into infrastructure. However, as a result, net debt is expected to grow at a significant 31% compound annual growth rate (CAGR) from \$33.4bn in 2025-26 to \$98.1bn by 2029-30. S&P Global has warned that if QLD's fiscal position fails to improve, with the operating deficit projected to reach almost \$9bn in 2025-26, the state is at risk of being downgraded from its AA+ rating. The sizable deficit, coupled with the \$7bn infrastructure spend for the 2032 Olympic and Paralympic Games, is of growing concern to global credit ratings agencies, with the state at risk of facing higher future borrowing costs as a result.

Royalty and land rent revenues are expected to be \$2bn higher in 2026-27 than forecast in 2025-26 MYFER, as a result of increased coal production following weather-based disruptions in 2025-26 and elevated commodity prices for LNG, coking and thermal coal. QLD's LNG exports rose to a record volume of 24Mt in 2024-25, and are expected to be as strong in 2025-26. Treasurer Janetzki has confirmed no changes will be made to QLD's coal royalty regime.

Funding to support the development of critical minerals value-add

The QLD Government has amended the State Development and Public Works Organisation Act 1971 to allow state strategic project declarations and introduce new powers to support delivery of high-priority projects, aimed at fast-tracking the next wave of critical minerals and other state-significant projects, helping unlock extraction, processing and export opportunities that strengthen and diversify QLD's economy. The 2026-27 budget includes \$146.1m in new measures to support extraction, processing and rehabilitation.

QLD pours billions into sustaining ageing coal capacity and new gas, claiming credit for energy cost deflation from increasing renewable penetration and gas displacement

The QLD Budget includes \$5.1bn to upgrade and sustain the state's ageing coal-fired power stations and build out new transmission infrastructure. The Budget has allocated \$501m in 2026-27 to the Gladstone

Project, a \$2.5bn transmission project to support the local grid ahead of the closure of QLD's oldest and largest coal-fired power plant.

The Budget also includes \$1.8bn over the next five years (up from previous estimates of \$1.6bn) to maintain existing power generators. The 'electricity maintenance guarantee' will include \$520m in 2026-27 for upgrades to Stanwell, Tarong, and Kogan Creek coal-fired clunkers and the Wivenhoe pumped hydro station.

QLD Treasurer David Janetzki said the state's five-year energy plan — which scrapped renewable energy targets and extended the life of coal and gas-fired generators — was already delivering for Queenslanders through lower energy prices.

This is despite the fact that the Australian Energy Regulator attributed the 2-14% drop in wholesale energy prices in the [2026-27 Default Market Offer](#) (DMO) across the national electricity market to increased output from wind and batteries and less dependence on gas and hydro in evening peaks. This dropped the DMO by 7.2% for residential customers and 10.4% for small businesses across Southeast QLD. For rural and regional consumers, this determination from the Regulator was passed through the Queensland Competition Authority to ensure proportional savings were delivered to regional QLD.

Matt Pollard, Net Zero Transformation Analyst for Climate Energy Finance said:

"This budget shows a clear emphasis on the importance of intergenerational investments into infrastructure that will enable enduring economic and social benefits, most notably in transport infrastructure. However, it misses this mark completely on its energy plan, which could and should deliver enduring downward pressure and stability on electricity prices. Over the forward estimates, the QLD Government will deploy \$1.8bn into sustaining the state's ageing and increasingly unreliable coal-fired clunker capacity, extending the exposure and vulnerability of consumers and industry to the volatility and insecurity of international fossil fuel markets. Conversely, the budget lays out just \$490m for renewable energy generation and storage — a fraction of the spend into fossil fuels."

"The latest modelling from AEMO, AER, and CSIRO all confirm firmed renewable energy is the cheapest form of power moving forward. Putting band-aids on ageing assets without building out and enabling low-cost replacement capacity poses a significant risk to the sustainability, both economically and environmentally, of the QLD grid."

Matt Pollard (Brisbane AEST) is available for comment on +61 402 556 221 or matt@climateenergyfinance.org or via Annemarie on 0428 278 880 annemarie@climateenergyfinance.org

Appropriations to government-owned energy and network providers

CleanCo QLD Ltd

Total planned capital expenditure of \$102.7m in 2026-27, including \$21.2m for the development of Kogan North gas fields.

CopperString

The 2026-27 Budget will allocate \$420m in 2026-27 as part of a planned \$3.2bn total investment through 2029-30 for the 800km, \$14bn CopperString project.

CS Energy Ltd

Total planned capital expenditure of \$281.1m in 2026-27 to support the operation and maintenance of CS Energy's fossil fuel-based thermal generators. This includes:

- \$113.8m for sustaining capex at Kogan Creek Power Station.
- \$81.8m for sustaining capex at Callide Power Station.
- \$78.6m to progress the 400MW Brigalow Gas Peaking Plant.
- \$4.3m for development and refurbishment of existing infrastructure at Kogan Creek Mine.

Energy Queensland Ltd

Total planned capital expenditure of \$2,702m in 2026-27, including \$1,547m for replacement, augmentation, and connection works in Ergon Energy and Energex networks.

Queensland Hydro Pty Ltd

Total planned capital expenditure of \$324.3m in 2026-27 for exploratory works and progress for the Borumba PHES Project.

Stanwell Corporation Ltd

Total planned capital expenditure of \$578.4m in 2026-27 to support the continued operation and maintenance of Stanwell's fossil fuel-based thermal generators. This includes:

- \$164m for sustaining capex at Tarong Power Stations.
- \$93.7m for sustaining capex at Stanwell Power Station
- \$91m to complete 300MW/1.2GWh Stanwell BESS.
- \$89.1m for sustaining capex at Meandu Mine including the purchase of haul trucks and earth moving equipment for coal supply to Tarong Power Station.
- \$74.3m for Stage 1 and Stage 2 of the Wambo Wind Farm.