

Powerlink Queensland

# Annual Report and Financial Statements

2019/20



# Contents

## Annual Report

Highlights 2019/20	1
Powerlink profile	1
Powerlink's role in the power supply industry	2
Financial overview	2
Summary of Statement of Corporate Intent	3
Chair's review	4
Chief Executive's review	4
Health, safety and environment	5
Responding to COVID-19	7
Customer focus	8
Operating in the National Electricity Market	9
Network strategy and operations	10
Regulated network development	12
Community and stakeholder engagement	13
People	15
Corporate governance	16
Board of Directors	21
Executive Team	22
Statistical summary	23
Index and abbreviations	25
<b>Financial Statements</b>	<b>27</b>

## Corporate profile

### OUR MISSION

Powerlink enriches lifestyles and powers economic growth through electricity transmission and associated solutions.

### OUR VISION

We are innovative and customer focused with a stronger business and reputation.

### OUR VALUES

Accountability • Customer • Teamwork • Safety

### Reporting

This Annual Report has been prepared in accordance with the provisions of the *Government Owned Corporations Act 1993* (incorporating aspects of the *Financial Accountability Act 2009*) and the *Corporations Act 2001* and is presented to the Legislative Assembly of Queensland. It contains Powerlink's Financial Report for 2019/20. Powerlink Queensland is the trading name of Queensland Electricity Transmission Corporation Limited.

### Acknowledgement of Country

Powerlink acknowledges the Aboriginal and Torres Strait Islander Traditional Owners of the lands and waters of Queensland. We pay our respect to their Elders and knowledge holders – past, present and emerging. We recognise their deep history and ongoing connection to Country.

# Highlights 2019/20

- We delivered a Net Profit of \$88.6 million, with a continued focus on efficient and effective delivery, resulting in controllable costs below target.
- Our effective and timely COVID-19 response strategy ensured we kept our people safe while they delivered essential transmission services without interruption to Queenslanders, and applied new approaches to support our customers and communities during the pandemic.
- We implemented our Health and Wellbeing Strategy, focusing on the four pillars of physical health, mental health, organisational health and social health, to better support our people.
- Our transmission network performed better than our Statement of Corporate Intent (SCI) target, with no loss of supply events greater than thresholds specified by the Service Target Performance Incentive Scheme set by the Australian Energy Regulator (AER).
- We led collaborative investigations to analyse the significant issue of system strength on our transmission network and its impacts on renewable generators. We worked with inverter equipment manufacturers to lead changes to increase the capacity of our network to host renewable generators.
- We connected 180 megawatts (MW) of renewable generation to our transmission network and reached connection agreements with customers for a further 1,338MW of committed renewable generation in Queensland.
- As part of the engagement strategy for our Revenue Determination process with the AER, we formed a Revenue Proposal Reference Group (RPRG) to consider key aspects of our Revenue Proposal in detail and provide direct customer feedback to guide our decision making.
- We lodged Powerlink's first Energy Charter Disclosure Statement in October 2019, recognising our increased focus on customer centricity and identifying focus areas for improvement.
- We prepared a coordinated and integrated plan that describes our approach to bushfire mitigation to maximise safety and safeguard the security of our transmission network in natural disasters.
- We launched a Women in Leadership program to accelerate the preparedness and capabilities of our female employees for internal job opportunities.

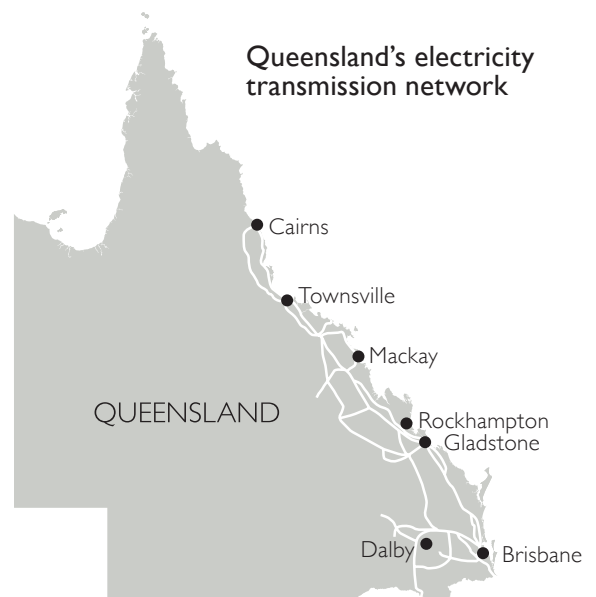
## Powerlink profile

Powerlink Queensland is a leading Australian provider of high voltage electricity transmission network services, combining innovation with insight to deliver safe, cost effective and reliable solutions. We are a Queensland Government Owned Corporation (GOC) that owns, develops, operates and maintains the high voltage electricity transmission network in Queensland. Our network extends 1,700 kilometres (km) from Cairns to the New South Wales border, and comprises 15,338 circuit km of transmission lines and 147 substations.

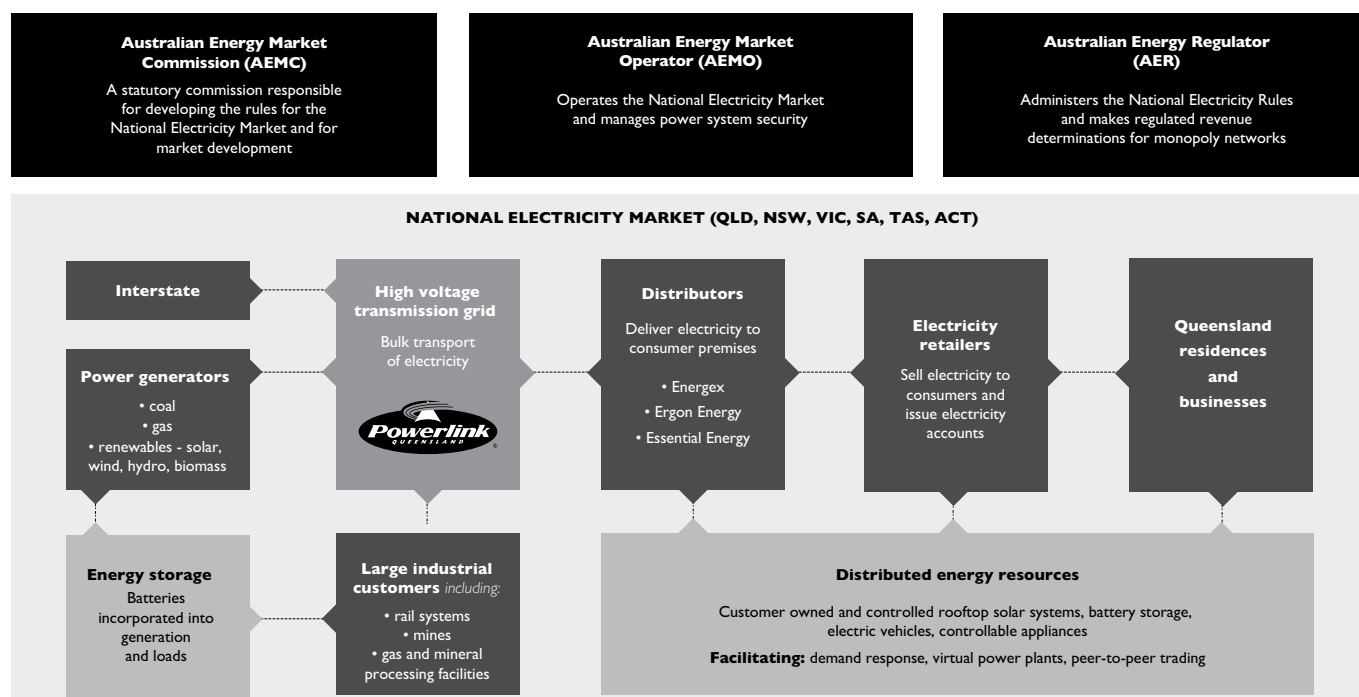
We deliver the transmission services needed to support economic growth and enrich lifestyles across Queensland. We have a strong history of connecting customers with the energy they need, playing our part in providing electricity to more than four million Queenslanders. We transport high voltage electricity from large generators through our transmission grid to the distribution networks owned by Energex and Ergon Energy (part of the Energy Queensland Group) and Essential Energy (in northern New South Wales) to supply customers. We also transport electricity to large industrial customers such as rail companies, mines and mineral processing facilities, and to New South Wales via the Queensland/NSW Interconnector (QNI) transmission line.

Powerlink has one of Australia's most experienced transmission network connection teams, having delivered 50 network connections on a commercial basis.

We are a Transmission Network Service Provider (TNSP) in the National Electricity Market (NEM). The majority of Powerlink's network is regulated by the AER under the National Electricity Law and the National Electricity Rules (NER).



## Powerlink's role in the power supply industry



## Financial overview

The 2019/20 financial year has been one of unprecedented challenges with the COVID-19 pandemic. In response to these challenges, Powerlink altered its operations to ensure the continued safety of our staff, customers and the communities in which we operate, and to minimise the risk of disruption to Queensland's electricity supply. In doing so we postponed some of our capital expenditure program and realigned maintenance activities.

Although responding to COVID-19 was a significant activity, Powerlink also focused on the future and commenced preparation of its 2022-27 Revenue Proposal to the AER.

### Powerlink business performance

Total Revenue for the 2019/20 year was \$970.8 million with a final result for Earnings Before Interest and Tax (EBIT) of \$360.3 million.

Powerlink continues to focus on improving operational efficiency to ensure it delivers a cost effective transmission service to Queenslanders. Controllable operating costs for 2019/20 were \$224.6 million, 4.1 per cent below the Statement of Corporate Intent (SCI) target.

Powerlink's final Net Profit After Tax (NPAT) result was \$88.6 million, 0.2 per cent above the SCI target, despite lower than expected Inter-regional Settlement Residue (IRSR) revenue, which was driven by a dramatic fall in wholesale electricity prices in the second half of 2019/20.

### Capital investment

Capital expenditure in 2019/20 was \$179.5 million, lower than the SCI target of \$204.1 million, reflecting the impacts of COVID-19. The capital expenditure program continues to be focused on refurbishment and replacement of network assets, representing approximately 74 per cent of Powerlink's total capital expenditure.

### Borrowings

Powerlink did not require any additional debt funding during 2019/20, with the closing balance at \$5.265 billion.

### Dividends

Powerlink's final declared dividend for 2019/20 was \$88.6 million, based on a payout ratio of 100% of NPAT.

### Performance pay

In line with the Queensland Government and community expectations, the decision was made not to distribute any performance pay for all staff, including Executive General Managers and the Chief Executive, for 2019/20.

# Summary of Statement of Corporate Intent 2019/20

Powerlink's SCI for 2019/20, as agreed with shareholding Ministers, details Powerlink's performance targets, priorities and strategies. The following table summarises the key financial and non-financial indicators in the SCI, as well as Powerlink's performance against these indicators. Further information on performance outcomes when these targets were not met is provided throughout the report.

Objectives	2019/20 Performance targets	2019/20 Performance outcomes	Performance favourability
<b>Meet financial targets</b>			
<b>Achieve specified financial performance</b>			
Earnings Before Interest and Tax (EBIT)	\$366.2 million	\$360.3 million	○
Net Profit After Tax (NPAT)	\$88.4 million	\$88.6 million	●
Net Debt/Regulated Assets Ratio (1)	75.0%	73.4%	●
Cash Flow From Operations + Interest/Interest	>2 times	2.9 times	●
Cash Flow From Operations/Net Debt (1)	>7%	8.2%	●
Interest Cover Ratio (EBITDA)	3.1 times	3.1 times	●
<b>Deliver shareholder value</b>			
<b>Deliver targeted dividends and returns to shareholders</b>			
Return on Equity	4.9%	4.7%	○
Distribution Yield (2)	12.6%	11.7%	●
Distribution Cash Coverage (2)	1.3 times	1.5 times	●
Dividend provided (2)	\$184.4 million	\$88.6 million	●
<b>Deliver our capital works program</b>			
<b>Develop the Queensland transmission grid to maintain reliability and meet customer requirements</b>			
Total capital works expenditure	\$204.1 million	\$179.5 million	●
<b>Meet non-financial targets</b>			
<b>Achieve specified safety performance</b>			
Lost Time Injury Frequency Rate (LTIFR)	2.0	1.3	●
Total Recordable Injury Frequency Rate (TRIFR)	7.7	6.7	●
<b>Compliant with relevant environmental legislation</b>			
Environment	To be compliant with relevant legislation	Compliant	●
Environmental incidents	Nil	1	○
<b>Achieve cost efficiency performance targets</b>			
Controllable operating cost/depreciated asset value	3.0%	3.0%	●
<b>Achieve network performance targets (financial year ended 30 June 2019)</b>			
<b>System reliability parameters</b>			
- Events in excess of 0.05 system minutes	Not more than 3	0	●
- Events in excess of 0.40 system minutes	Not more than 1	0	●

(1) On 8 June 2017 Powerlink's shareholding Ministers directed Powerlink to retain \$150 million of its then proposed dividends for the potential development of a transmission line linking potential renewable energy generators in North Queensland (Clean Energy Hub). As at 30 June 2020 Powerlink continues to retain this amount but removes the effects of the \$150 million from Net Debt position in the calculation of the above ratios.

(2) Powerlink's SCI for 2019/20 assumed a special dividend payment which has not yet been declared.

## Legend

### General measures

- Favourable or equal to budget/target
- Within range (e.g. <5% of budget)
- Unfavourable (e.g. >5% of budget)

### Capital expenditure measures

- On target (<2.5% under/over budget)
- Within range (>2.5% <5% under/over budget)
- Not achieving (>5% under/over budget)

## Chair's review



On behalf of Directors and Powerlink staff, it is a pleasure to welcome Prof. Paul Simshauser AM as Powerlink Queensland's new Chief Executive. Paul joined Powerlink on 1 June 2020, in the midst of the COVID-19 pandemic. He brings more than 20 years' experience with a unique understanding of our industry, having an extensive background in generation, retail, energy markets, energy policy and the regulatory environment.

The Board would like to express its appreciation for the significant contribution of Interim Chief Executive Kevin Kehl whose leadership since August 2019 has kept the business focused and our people safe. We would also like to recognise and thank the Executive Team and staff whose teamwork and accountability provided strong support. Additionally, we extend our thanks to Director Julie Martin, who will conclude her tenure on the Powerlink Board in September 2020. We have greatly valued Julie's contribution over the past decade.

Powerlink achieved most of its 2019/20 financial targets as set by shareholding Ministers while meeting the challenges brought about by the COVID-19 pandemic. During this turbulent time, we kept our focus on improving overall efficiency to ensure Queenslanders benefit from our cost effective transmission services.

Powerlink's dividend policy is to distribute 100 per cent of the Net Profit After Tax, which was \$88.6 million for 2019/20.

Powerlink successfully navigated the fast-emerging challenges of the COVID-19 pandemic, implementing business continuity plans with confidence, and displaying leadership and agility during the response and recovery periods. Our people collaborated to stay safe and transform the way they work, which enabled them to continue actioning Powerlink's business plan. I'm proud of the way Powerlink has continued to deliver its essential services during this challenging time and to plan for the future, demonstrating its values of accountability, customer, teamwork and safety.

I was interested to engage with members of the Revenue Proposal Reference Group (RPRG) – a dedicated group of customers and stakeholders who have nominated to work closely with us to provide feedback and input to Powerlink's Revenue Proposal, which will be submitted to the AER in January 2021. I thank RPRG members and our wider Customer Panel for their ongoing valued commitment to contributing to Powerlink's planning and decision making.

We recognise the importance of our customers and we continue to improve our responsiveness and collaboration with customers across the business. Our active role in the Energy Charter assists this focus. We commenced initiatives to support our customers and communities during the COVID-19 pandemic including rent relief, improved procurement practices and community partnerships to help vulnerable customers.

I would like to thank my fellow Directors, Powerlink's leadership team and employees for their contribution to meeting the needs of Queensland's energy customers.

KATHY HIRSCHFELD AM  
CHAIR

## Chief Executive's review



Powerlink has a proud history of serving Queensland's people and economy by providing critical transmission network services. The nature of our business places us at the centre of the current energy industry transition.

I'm honoured to join Powerlink as Chief Executive. Queensland's energy transition is significant by global standards and my first weeks in the role have confirmed that

Powerlink has all the ingredients to emerge as a truly world-class electricity transmission network utility.

Powerlink has a long history and strong reputation for emergency management, and our response to the COVID-19 pandemic has resulted in the continued safe and reliable performance of our transmission network for more than four million Queenslanders. Our response has maintained our consistent focus on the safety and wellbeing of our people, contractors and community at this challenging time. I congratulate our people for their agile and productive approach while working in different arrangements and circumstances.

There have been impacts to our capital works and maintenance programs due to restrictions related to COVID-19. Our Recovery Strategy has a key objective of safely delivering as much of our work program and business strategy as possible, while ensuring the ongoing health and wellbeing of our people.

Over the past year we have connected 180MW of renewable energy to our transmission network and looking forward, we have more than 1,300MW of new commitments to be delivered. The renewable energy transition presents a great opportunity for Powerlink, but also some technical challenges. We are leading the field in our research and understanding of system strength, but we know our directly-connected customers want more from us to support their business outcomes in the transitioning energy industry. We appreciate the ongoing feedback our customers and stakeholders provide to inform the way we do business and engage with them.

I am grateful for the support of Powerlink's Directors, leadership team and employees, and thank them for the important role they play in strengthening Queensland's economy. Collectively, we remain committed to powering the Queensland economy, and delivering benefits to all of our customers and stakeholders throughout our great state.

PROF. PAUL SIMSHAUSER AM  
CHIEF EXECUTIVE

# Health, safety and environment

## Committed and accountable

At Powerlink, safety is essential. Everyone is responsible for health, safety and environmental management. We are committed to ensuring the health and safety of our employees, our contractors and the communities in which we operate.

Our Health, Safety and Environment (HSE) Management System supports us to improve Powerlink's performance and ensure we comply with HSE legislation and standards. We use multiple approaches to manage risks and continually improve our management system to deliver safer, sustainable work outcomes.

We delivered activities to strengthen our proactive HSE culture, including delivering HSE Management System training to all leaders across the business. We also developed a series of 21 'toolbox talks' which were delivered according to the needs of work groups.

## Electrical Safety

Our Electrical Safety Management System (ESMS) is our approach to ensuring an electrically safe transmission network and forms an important element of our HSE Management System.

The ESMS retained certification under the *Electrical Safety Act 2002* following an annual performance audit undertaken by auditors accredited by the Electrical Safety Office.

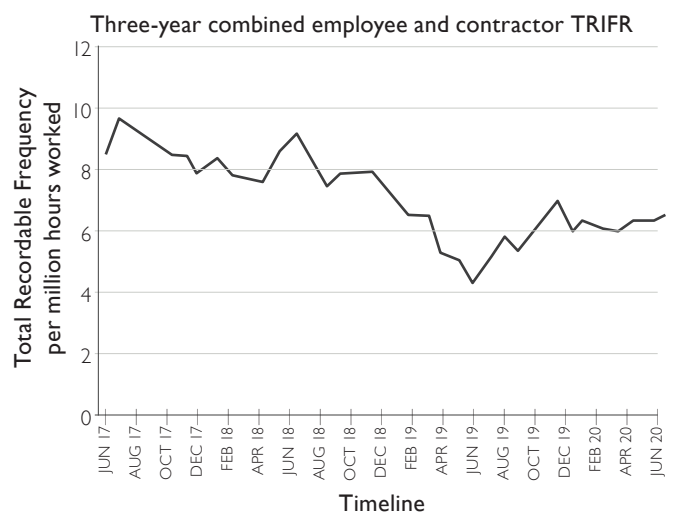
## Safety performance

We actively monitor and report on progress against HSE performance targets, taking immediate action on incidents and hazards as well as emerging patterns and trends.

Our focus on HSE performance improvement is driven by our Board and Executive HSE Committee that provides clear direction and expectations for our leaders and people to ensure our HSE risks are being effectively managed.

Our safety performance is monitored through a set of leading indicators, as well as traditional measures of Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR). Powerlink's combined employee and contractor TRIFR performance as at 30 June 2020 has been maintained overall but requires ongoing focus.

Underpinning Powerlink's approach to improvement is a commitment to learning from all events and maturing our HSE Management System to enable the consistent delivery of safe work outcomes for our people, our contractors and the community. We have prepared our systems for expanded reporting of lead indicators to commence in 2020/21, including lessons from high-potential events and expansion of leadership HSE interactions.



## HSE culture

Under our *Safe for Life* brand, we implemented actions to cultivate a continuous improvement mindset in response to the findings from our 2019 organisation-wide safety survey which measured the HSE culture and perceptions of our employees. These actions included pursuing employee-led safety innovations through our corporate innovation program.



## Health and wellbeing

We implemented Powerlink's Health and Wellbeing Strategy which directs our activities to prioritise and support behaviours to improve the health and wellbeing of our workforce. The strategy focuses on the four pillars of physical health, mental health, organisational health and social health, and supports actions within the pillars at all levels including at an individual level.

To promote our workforce health and wellbeing, we offered free on-site individual health checks to all employees, which included measuring cholesterol and blood glucose, and an assessment of nutrition, physical activity and mental health. Participants received a personal report that included targeted strategies to reduce any identified health risks. Powerlink received a de-identified program report providing a snapshot of health and wellbeing at Powerlink, which will help to inform future health and wellbeing initiatives.

We continued to prioritise the mental health of our employees by providing resources and tools that aim to build a stronger and more resilient workforce. Since 2019, we have maintained Powerlink's accreditation with Mates in Energy, an integrated program of training and support, raising awareness and building the capability of our workforce to connect colleagues with the support networks available.

We launched a Fit for Life health and wellbeing online resource hub which aims to help our employees prioritise their mental health and provides tools to support them to lead a healthy and balanced lifestyle during our COVID-19 response.

## Contractor HSE management

We continued to work with our contractors to drive improvements to our HSE systems and processes at all phases of the work engagement process.

We focused on delivering improvements in pre-qualification processes to ensure contractors have the capability to undertake works and share our commitment to meet or exceed our HSE standards. We also focused on contractor communications, with regular forums and interfaces to share lessons learnt as well as assurance activities to assess the application of HSE systems. Furthermore, we continue to reinforce our collective commitment to Safe For Life – everyone, everywhere, everyday.

## Public safety and infrastructure security

In response to our heightened focus on strengthening Powerlink's leadership role in community safety, we developed a Community Electrical Safety Plan that applies to all aspects and phases of our operations. Activities to implement this plan will roll out in 2020/21.

The 'Look Up and Live' campaign, an important industry-focused community safety interface supported by Powerlink and other energy industry partners, has this year included Powerlink infrastructure on mapping for community electrical awareness. The mapping enables awareness of hazards, proximity and contacts for electrical safety coordination for the community working or living around electrical infrastructure.

## Bushfire mitigation

Powerlink's Bushfire Mitigation Plan was completed, providing a coordinated and integrated approach to managing the risks associated with bushfires. This business-wide plan drew together a number of resources and activities held by diverse work groups and provided input to the development of a State Government bushfire mitigation plan.

On 20 February 2020, the Governor-General appointed a Royal Commission to inquire into and make recommendations in relation to National Natural Disaster Arrangements in Australia, with a final report to be provided by 31 August 2020.

Powerlink provided its Bushfire Mitigation Plan and information relating to infrastructure risk management, emergency management, business continuity planning, community engagement and coordination with emergency services during natural disasters to the Royal Commission.

## Environmental management

Responsible environmental management is integral to our business operations. To ensure ongoing improvements in our environmental management, we implemented updates to key environmental elements of our HSE Management System.

One reportable environmental incident occurred in 2019/20. A third party undertook unauthorised excavation work at a Powerlink non-operational property at Murarrie, which is listed as a contaminated site. This resulted in non-compliance with an existing government-issued Site Management Plan and subsequent notification to the regulator. No contaminated soil left the site and no environmental harm occurred.

## Greenhouse emissions reporting

Powerlink reports annually on energy and greenhouse gas emissions to remain compliant with the *National Greenhouse and Energy Reporting Act 2007*. An independent limited assurance audit verified the accuracy of Powerlink's 2019 report.



# Responding to COVID-19

## Our priorities

Powerlink responded to the COVID-19 pandemic as it evolved to ensure we continued to deliver our essential service in the context of our 'new normal' operating environment. Our timely response successfully maintained a secure and reliable transmission supply for the more than four million Queenslanders who rely on us.

Our first and foremost commitment during the pandemic was to protect the health, safety and wellbeing of our people, our contractors and the communities in which we operate. From this foundation we were well placed to safely keep the lights on for all Queenslanders.

We stood up our Crisis Management Team, Emergency Management Team and COVID-19 Response Team, and worked with government, our Chief Medical Advisor, relevant agencies, industry colleagues and other key stakeholders to develop and implement our plans for response and recovery.

## Keeping the lights on

There was no impact on reliability of electricity supply to our customers due to COVID-19, with our transmission network and operations unaffected.

Powerlink's planned project delivery and maintenance work was adversely impacted by restrictions on travel and social distancing requirements. To address these impacts, work has been rescheduled in line with planned easing of COVID-19 restrictions.

We implemented our business continuity plans and introduced a range of new protocols to keep our people and the community safe and minimise the risk of COVID-19 transmission. We implemented additional processes, controls and resources to enable the ongoing delivery of our work activities while minimising risks to employees, contractors and communities. For example, we segregated our critical field delivery workers into 'work families' so we could manage COVID-19 related risks while undertaking network operations and field work, and other essential roles required to maintain network security.

Daily communication to our staff highlighted important operational messages about how Powerlink was managing the COVID-19 response.

A Powerlink Remote Working Hub was quickly established that provided all employees with access to supporting tools to effectively work from home, along with toolkits for leaders to support and remain connected with their work teams virtually.

Staff were invited to access health and wellbeing initiatives including resilience webinars and resources, virtual ergonomic assessments, domestic and family violence support, and assistance for self-isolated employees. Leadership played a critical role in the success of our response.

We applied an innovative approach to our annual influenza vaccination program. It became a drive-through clinic to be more accessible to our people working differently and comply with restrictions. More than 480 employees were safely vaccinated at the three-day clinic.

Learnings from COVID-19 will empower Powerlink to further innovate and deliver flexible solutions to day-to-day challenges in the 'new normal'. With most employees working from home during the COVID-19 restrictions, we increased our tools and capacity for online collaboration and increased monitoring of cyber security.

## Customers

We supported our directly-connected customers experiencing hardship caused by COVID-19 by being more flexible in delivery timeframes.

Our Oil Laboratory proactively reached out to customers to advise of changes to our collection, testing and delivery processes to ensure we continued to provide a full range of services while complying with restrictions to prevent COVID-19 transmission.

## Suppliers

Understanding that our small and medium-sized enterprise (SME) suppliers may be facing challenges as a result of the pandemic, we developed a COVID-19 procurement guideline to accelerate our usual payment terms to SME contractors during the pandemic in order to help drive liquidity into potentially vulnerable organisations.

## Community

We continued to access landholders' properties for important work while complying with COVID-19 restrictions as they evolved.

To enable our field work to continue, we developed protocols for managing landholder interactions that recognised potential changes to landholders' personal circumstances, and their needs and expectations relating to access, contact and communication. Whenever we need to access Powerlink's infrastructure, we always endeavour to respect landholders' preferences and requirements, as described in our Land Access Protocol.

To assist customers and community members, we reallocated funds from our sponsorship budget into a new financial counselling scholarship program with the Indigenous Consumer Assistance Network (ICAN) in order to boost financial counsellor capacity and customer resilience. We have undertaken this initiative in partnership with Ergon Energy Retail.

## Lease holders

We reached rent deferral agreements with our tenants who were experiencing financial hardship due to COVID-19.

We proactively contacted organisations and individuals who lease land or property from us, inviting them to discuss rent relief if they were experiencing financial hardship as a result of the pandemic.

## Communication

We helped Queensland energy customers to connect with information about how to better manage their energy costs and enabled our stakeholders to access information about our COVID-19 response efforts.

To assist customers to find helpful information, we provided a series of COVID-19 resources on our website and social media channels, and maintained contact with customers and stakeholders during the pandemic as required. In particular, a dedicated COVID-19 page on our website housed all related information, so customers knew how to access support and assistance as the pandemic evolved.

As a foundation signatory to the Energy Charter, Powerlink worked closely with energy industry colleagues to launch the 'We've got you' campaign to support customers.

# Customer focus

## Our priorities

Powerlink is focused on delivering value to our customers and assisting them to navigate the transitioning energy system. Our customers are diverse, ranging from large loads and generators including renewables that are directly connected to our network, to the more than four million Queenslanders who rely on us for a reliable supply of electricity. Having a better understanding of our customers enables better decisions and better outcomes. Our activities are guided by our customer strategy roadmap that aims to help develop Powerlink's customer maturity and centrality. We matured our understanding of our customer segments and their varied needs and values, which informs our work to better align our services with expectations.

Customer engagement is a foundation of how we improve our business. Our engagement approach is based on five principles of integrity, transparency, responsiveness, accountability and inclusiveness. A key engagement focus has been with our Customer Panel and Revenue Proposal Reference Group (RPRG) as part of our 2023-27 Revenue Determination process. Engagement will continue in the lead-up to the submission of our Revenue Proposal in January 2021. Other key engagement highlights included the 2019 Transmission Network Forum and 2019 Stakeholder Perception Survey which directly influenced our planning and decision making. Due to COVID-19 restrictions, Powerlink postponed a scheduled series of customer forums in Queensland and interstate. These will be rescheduled in 2020/21.

## The Energy Charter

As a foundation signatory of the Energy Charter, we continued to play a role in supporting this initiative which sees businesses across Australia's energy supply chain come together to deliver energy in line with community expectations. Powerlink published its inaugural Energy Charter Disclosure Statement in October 2019, providing insight into our focus on placing customers at the centre of everything we do and identifying areas for improvement. Powerlink actively participated in a number of Energy Charter 'Better Together Initiatives' to collectively help achieve better customer outcomes in partnership with other signatories.

## Managing the challenge of system strength

As the energy industry transitions to a lower carbon future, system strength has emerged as a prominent challenge in Queensland as well as other parts of the National Electricity Market (NEM). System strength can materially impact renewable generator connections, transmission network operations and the ability to recover quickly from sudden events on the network.

Powerlink is working closely with a range of stakeholders to address system strength, in particular the Australian Energy Market Operator (AEMO) and renewable generation customers.

The Australian Renewable Energy Agency (ARENA) contributed funding to Powerlink to collaboratively investigate the technical, commercial and regulatory solutions to address system strength issues. Powerlink's study explored the merits of several technical solutions to facilitate lower-cost solutions and remove barriers to renewable generator connection. In collaboration with GHD, Powerlink published the first report on system strength in May 2020, supported by Pacific Hydro and Sun Metals. Powerlink expects to publish a subsequent report on the effectiveness of grid forming inverters in late 2020.

## North Queensland system strength shortfall

In April 2020, AEMO issued a report which declared a system strength shortfall in Northern Queensland at the Ross node, the first time such a declaration has been made in Queensland. This declaration triggered a regulatory requirement for Powerlink to carry out remediation to address the shortfall by 31 August 2021.

Powerlink commenced an Expression of Interest (EOI) process in April 2020. Submissions on the EOI, which includes a two-part assessment process for consideration of both a short-term and longer-term solution, closed in May 2020.

We engaged in a number of meetings with potential non-network providers prior to the EOI submission closure date and engaged with our Customer Panel on the topic of system strength more broadly in May 2020.

In June 2020, AEMO approved the approach for the short-term, up until the end of December 2020. As a result, Powerlink entered into a short-term agreement with CleanCo Queensland to provide system strength services through utilising its assets in Far North Queensland. We also continue to work closely with AEMO to finalise a long-term solution to address the system strength shortfall.

## Connecting new generation

We completed final transmission connection and commissioning works to connect 180MW of generation capacity to the NEM. We also reached agreements to proceed with connections for a further seven renewable generators that will add more than 1,300MW of generating capacity to Queensland.

At 30 June 2020, we had 20 customer connections committed and successfully completed since the renewables boom in Queensland began in 2016/17. This compares to 37 non-regulated connections facilitated by Powerlink from the time the NEM commenced in December 1998 to 30 June 2016.

We worked cooperatively with proponents of renewable generation projects in Queensland, and experienced strong interest from proponents seeking to connect wind and solar generators to our transmission network, particularly in the South West Queensland region. During 2019/20, we received three new customer connection applications and responded to 17 connection enquiries from generation proponents in Queensland. We improved the connection application process, including more clarity about Powerlink's role and capability.

### Renewable electricity generator connections completed 2019/20

Region	Project	Generation capacity at the point of connection
Far North Queensland	Mt Emerald Wind Farm	180MW

### Renewable electricity generator connections committed 2019/20

Region	Project	Generation capacity at the point of connection
Central Queensland	Moura Solar Farm	82MW
	Rodd's Bay Solar Farm	250MW
	Woolooga Energy Park Solar Farm	176MW
Southern Queensland	Blue Grass Solar Farm	148MW
	Columboola Solar Farm	162MW
	Gangarri Solar Farm	120MW
	Western Downs Green Power Hub Solar Farm	400MW

# Operating in the National Electricity Market

## Transmission pricing

As part of the transformation taking place throughout the power system, electricity customers are changing the way they use Powerlink's network. Within this environment, we recognise that prices and affordability remain a central focus for Queensland customers.

Powerlink's transmission network represents about eight per cent of the total delivered cost of electricity for typical Queensland residential electricity customers. We consider that all parts of the power system, including transmission, have a role to play in trying to address affordability concerns and put downward pressure on electricity prices.

We began a review of Powerlink's transmission pricing arrangements to identify where we could deliver better value and outcomes, and develop more transparent and fit-for-purpose pricing arrangements.

Following engagement with our Customer Panel, we issued a Consultation Paper which proposed a range of criteria to help guide our assessment of alternative pricing options. We also spoke directly with customers to understand their views and interest in engaging in future stages of our pricing review. The next stage in the process is publication of a Draft Positions Paper which will invite submissions from customers and other stakeholders.

To help customers understand how transmission prices are calculated, we shared more detailed information, including a video, on our website.

Powerlink calculates its regulated transmission charges in accordance with the framework set out in the NER and our AER-approved Pricing Methodology. This process allows Powerlink to recover its revenue for regulated transmission services, which was \$736.9 million in 2019/20.

Customers directly connected to Powerlink's transmission network are charged for using the network according to factors such as location and level of use.

## Revenue Determination

Our engagement with the AER and our customers is well underway for the Revenue Determination process for the five-year period from 1 July 2022 to 30 June 2027. Powerlink is required to lodge its Revenue Proposal to the AER in January 2021. Our Revenue Proposal will set out in detail our forecast revenue requirements to provide efficient, safe and reliable regulated (prescribed) transmission services.

Powerlink aims to deliver a Revenue Proposal that is capable of acceptance by our customers, the AER and Powerlink. To achieve this level of acceptance, the process to develop Powerlink's proposal involves significant early engagement with customers and stakeholders, consistent with our co-design engagement approach developed in May 2019.

As representatives of our customers' interests, our Customer Panel plays a primary role in not only influencing our Revenue Proposal, but also the way we do business. We formed a Revenue Proposal Reference Group (RPRG) involving five members of our Customer Panel which met seven times during 2019/20 with the purpose of more frequent and detailed discussions than with the wider Customer Panel. The RPRG considers key aspects of our Revenue Proposal as it is being developed and has the opportunity to provide direct customer input and feedback to Powerlink's decision making.

Powerlink made a submission in response to the AER's proposed Framework and Approach for the determination process in March 2020. We also submitted our Expenditure Forecasting Methodology to the AER in June 2020, after seeking input from our Customer Panel.

## Engaging in market development

Powerlink participated in numerous processes, often in collaboration with Energy Networks Australia (ENA), that contribute to the development of the NEM within a changing operating environment. We contributed to the preparation of 40 submissions during 2019/20. Our activity included engaging in:

### Actioning AEMO's Integrated System Plan (ISP)

Powerlink contributed to development of the Energy Security Board (ESB) arrangements to action priority ISP projects. We sought to ensure that appropriate governance arrangements are in place, the plan is robust and regulatory processes are streamlined and integrated.

### Electricity Transmission Ring-fencing Guidelines Review

Powerlink provided input to the AER's review of ring-fencing arrangements for TNSPs, to support competition in the markets for electricity services and prevent cross-subsidisation between regulated and non-regulated activities.

### Post 2025 Market Design

The Council of Australian Governments (COAG) Energy Council requested the ESB to advise on a long-term, fit-for-purpose market design to deliver a secure, reliable and lower emissions electricity system. Powerlink provided input to the ESB Post 2025 Market Design Issues Paper to effect positive change in the evolution of the market design and regulatory framework, including in relation to system strength.

### System strength

Powerlink engaged with the Australian Energy Market Commission (AEMC), AEMO and AER, as well as other stakeholders to share our practical experience, leverage our extensive modelling and propose future framework design ideas.

### Electricity Network Economic Regulatory Framework Review

Powerlink provided input to the AEMC's annual review to help ensure the economic regulatory framework is robust, flexible and continues to support the efficient operation of the energy market in the long-term interests of customers. This extended to regulatory sandbox arrangements and the potential to adopt contingent reinvestments in our 2023-27 Revenue Proposal.

## Network planning

In planning Powerlink's network, we assess the impact of the integration of new generation, and the likely progressive retirement of ageing generation plant in the NEM on the performance of the network. Network planning also considers changing electricity demand, including growing consumer interest in adopting distributed energy resources, new technologies and taking more control of their energy use. The changing generation mix and consumer responses may lead to increased constraints across critical network sections. We consider these potential constraints holistically with the emerging condition-based drivers of the network as part of our comprehensive planning process. Powerlink invested in industry-leading modelling to understand and address these complex factors impacting on our transitioning energy system.

Our processes aim to optimise utilisation of the transmission network to achieve lower-cost solutions that achieve energy security, reliability and affordability. In doing this, we plan, develop and operate the transmission network to meet reliability standards set out in the NER, Queensland's *Electricity Act 1994* and Powerlink's Transmission Authority.

Powerlink undertook annual joint planning with AEMO and other Network Service Providers (NSPs) in accordance with the NER. This collaborative approach identified potential network and non-network solutions that deliver the lowest long-run cost to customers. Powerlink also provided input to AEMO's 2020 ISP, which contributed to the national agenda.

Additionally, Powerlink worked with AEMO to plan strategies to ensure continued safe and reliable electricity supply within the COVID-19 restrictions.

## Network performance

The AER sets calendar year performance targets for Powerlink for the duration of each five-year regulatory period through the Service Target Performance Incentive Scheme (STPIS).

For 2019, Powerlink's overall performance was below the STPIS targets set by the AER. This overall outcome was primarily the result of our performance under the Market Impact Component of the scheme which measures transmission network constraint impacts to customers. These constraints on Powerlink's network were a direct consequence of system strength limitations caused by the rapid connection and location of asynchronous generation in Queensland.

Through the ENA, Powerlink and other TNSPs advocated to the AER to undertake a review of the STPIS.

Powerlink's transmission network performed better than our SCI target during 2019/20, and did not experience any unexpected loss of supply events greater than the threshold specified by the STPIS in 2019. There was one material interruption to bulk electricity supplies attributable to Powerlink at Invicta Mill Substation, which resulted in a loss of supply event on the non-regulated part of the network.

# Network strategy and operations

## Electricity demand and forecasting

Planning and development of the transmission network is integral to Powerlink meeting its obligations under the NER, Queensland's *Electricity Act 1994* and its Transmission Authority. As a key part of the planning process, Powerlink produces a Transmission Annual Planning Report (TAPR) which is available for customers and stakeholders, and published on Powerlink's website. The 2020 TAPR will be issued in October 2020, in accordance with the NER. Previously, Powerlink was required to issue the TAPR by 30 June.

The TAPR presents important information about the existing and future transmission network in Queensland, as well as Powerlink's planning processes and decision making on potential future investments. This includes information on energy demand and maximum demand forecasts, committed generation and network developments. It also provides estimates of transmission grid capability and potential network and non-network developments required in the future to continue to meet electricity demand reliably and in a timely manner and provide a valued service to our customers.

## Next generation network operations

We progressed a multi-year roadmap to leverage technologies and streamline business practices that support Powerlink to operate the transmission network within a changing energy environment. A key aspect is the deployment of a new Energy Management System (EMS), the system that allows us to operate and manage our network in real time. Work has progressed towards the full implementation of the EMS over a three-year period. The EMS will deliver positive customer outcomes through improved network operation and automation, and advances that allow Powerlink's specialist network controllers greater access to real-time information.

## Telecommunications

Powerlink's fibre optic telecommunications network across Queensland provides functionality that enables the safe and reliable operation of our transmission network. QCN Fibre, a newly formed telecommunications carrier jointly owned by Powerlink and Energy Queensland, was granted a carrier licence by the Australian Communications and Media Authority in August 2019. QCN Fibre leverages Powerlink's spare telecommunications network capacity to improve digital capacity and data services for customers in regional Queensland communities.

Powerlink is supporting QCN Fibre to connect to strategically important data centres in regional areas, including the Pulse Data Centre in Toowoomba, the North Queensland Regional Data Centre in Townsville and the new submarine link at the Sunshine Coast Cable Land Station in Maroochydore. Powerlink is also providing connectivity to regional centres of Cairns, Mackay, Rockhampton, and Gin Gin. We completed a number of small projects delivered across the fibre network to Toowoomba, Warwick and Goondiwindi which are providing faster internet to regional businesses. As at 30 June 2020, QCN Fibre had contracted to two new Channel Partners for three new services. The COVID-19 restrictions from March to June 2020 significantly impacted QCN Fibre's market-based activities.

Powerlink provided telecommunications expertise to the carrier, including supplying operation and maintenance services for all QCN Fibre customers.



## Delivering innovation

Our organisation-wide Innovation Framework was embedded, with the purpose of delivering employee-led innovation that is always customer focused and aligns with Powerlink's vision.

To help improve our innovation maturity and drive different thinking in our workforce, we enhanced the skills of our leaders to build their capability to drive new perspectives. Internal benchmarking of our innovation culture and maturity undertaken in February 2020 showed an incremental improvement on a baseline captured in August 2018. It underscored our continued focus on strengthening our customer centricity and our capacity for responsiveness.

In driving innovation processes, we collaborated with our customers and stakeholders during innovation workshops and worked with other government owned energy and water providers to build innovation opportunities.

We successfully applied the process to innovate the way substation security fences are designed and installed to achieve a more cost-effective outcome. The new method was successfully applied at our Rocklea Substation and will be adopted on subsequent substation fencing projects.

Powerlink partnered with EnergyLab, Australia's largest cleantech start-up accelerator, to support the transition to renewable energy. EnergyLab aims to enable the uptake of new energy technologies in Australia by bringing scale-ups and organisations like Powerlink together to accelerate new solutions. The six-month program is focused on helping late stage clean energy start-ups scale their ideas for the energy market.

## Research and development

Our investment in research and development is delivered through memberships and projects in collaboration with leading research partners, with a focus on facilitating our ability to deliver safe, cost effective and reliable transmission services in a transitioning energy system.

Powerlink supported a new decade-long research partnership working to improve energy affordability and reliability, and lower national carbon emissions. The Race for 2030 Cooperative Research Centre (CRC) is a collaboration between Australian universities and the energy industry to drive energy innovation across the supply chain to deliver better value for energy customers. The CRC will undertake projects under four main themes of business, homes, networks and everyone, which would support network utilisation, operability and customer awareness.

We also committed to the Enabling the Queensland Power System of the Future project with the University of Queensland, which seeks to perform analysis and develop tools that will assist with investigations into emerging power system security issues.

Our continued involvement in the Australasian Transformer Innovation Centre supports a collaboration which aims to improve asset management of power transformers.

We increased our engagement with the Electric Power Research Institute, with the aim of improving our access to technical information and analysis from leading international experts which informs our network management strategies and operational processes.

## Maintenance

Our maintenance program ensures we continue to deliver safe, cost effective and reliable transmission services to customers. We apply a value-driven maintenance approach to ensure our assets remain fit-for-purpose over their technical service life.

Powerlink's framework, leveraging our existing practices, enables us to systematically deliver value-driven maintenance in ways that improve benefits to customers.

We undertake ongoing reviews of maintenance activities and ensure we operate the network in an efficient way, maintaining the right parts of our network at the right time.

In 2019/20, the delivery of our maintenance program was impacted by the state-wide restrictions imposed in response to the COVID-19 pandemic. We implemented a strategic response to maximise the program of works within the constraints to manage asset risks. Our response included revising the programming of our planned maintenance activities to ensure we continued to comply with COVID-19 restrictions, while retaining safe and efficient maintenance processes.

### Maintenance on transmission lines, substations and communication sites 2019/20

<b>99.7%</b> Planned maintenance delivered*	<b>\$145.3 million</b> Invested in maintenance
--	---

\* Against the revised program of planned maintenance.

## Contingency planning and emergency response

Our annual summer readiness program for the 2019/20 summer was delivered to ensure availability and capacity of the network over summer, while effectively managing the delivery of our maintenance program and maintaining the physical integrity of the network.

We worked cooperatively with relevant state agencies on contingency planning and our response to prepare for the potential impacts of severe weather events including bushfires, which caused devastating community effects across Queensland but did not impact our transmission network.

We implemented our emergency response plans and crisis management plan in response to the COVID-19 pandemic, working cooperatively and in alignment with our energy industry colleagues and state agencies. We also worked closely with AEMO to prepare for and respond to potential COVID-19 impacts on the energy network.

# Regulated network development

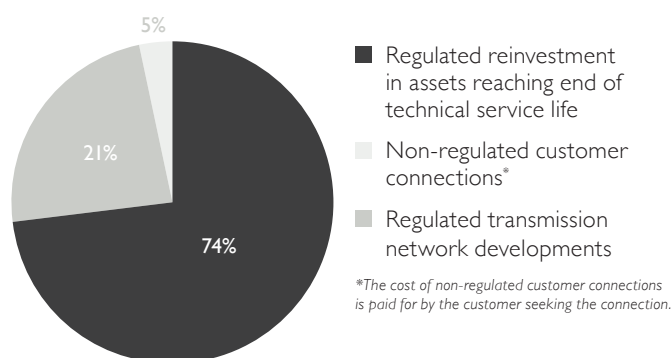
## Capital works program

Powerlink is committed to sustainable asset management practices that ensure we provide valued transmission services to customers by managing risk, optimising performance and managing expenditure on assets through the whole of the asset life cycle.

Powerlink's forecast total regulated capital expenditure for the 2017/18 to 2021/22 regulatory period as determined by the AER is \$835.5 million (2016/17 real), which is considerably less than undertaken in previous regulatory periods.

Total capital works project expenditure in 2019/20 was \$179.5 million, which is below our SCI target of \$204.1 million. The capital works program was impacted by COVID-19 requirements for social distancing and travel restrictions. In response to these constraints, Powerlink re-prioritised work and developed frameworks to support the delivery of capital works and manage asset risks.

## Capital expenditure as a percentage of total network capital works 2019/20



## Network reinvestment

Our approach is to optimise reinvestment in network assets to deliver better outcomes for customers. We determine whether and when it is appropriate to refit or replace assets that are ageing or deteriorating, and how to implement these works cost effectively.

We place emphasis on ensuring asset reinvestment considers the enduring need and most cost effective option. This may result in targeted asset replacement or staged works that avoid or delay the need to establish new transmission infrastructure. We also consider alternative investment options to manage asset condition through network reconfiguration and non-network solutions where economically and technically feasible.

Reinvestment in transmission lines and substations continued to dominate our capital works program. With this focus, we refined our methodologies to drive greater cost effectiveness in project planning processes for network reinvestment.

## Regulated network developments and reinvestments

Before committing to build a new transmission line or substation, or reinvest in existing infrastructure, Powerlink thoroughly assesses potential alternatives to ensure the decision provides maximum net economic benefits.

Powerlink is required to undertake the AER's Regulatory Investment Test for Transmission (RIT-T) when potential solutions to replace network assets or increase the capacity of the network are over a \$6 million threshold.

The RIT-T is a transparent, formal consultation process that requests submissions and provides an opportunity for customers, stakeholders and interested parties to provide feedback and raise alternative solutions to address network needs.

Powerlink applies a RIT-T Stakeholder Engagement Matrix to all RIT-T processes, which directs the engagement activities undertaken for each RIT-T to enhance the value and outcomes of engagement.

### RIT-T assessments completed in 2019/20

Maintaining reliability of supply at Kamerunga Substation

Maintaining reliability of supply between Clare South and Townsville South

Addressing the secondary systems condition risks at Kemmis Substation

Maintaining reliability of supply in the Blackwater area

Maintaining power transfer capability and reliability of supply at Lilyvale

Addressing the secondary systems condition risks at Mudgeeraba Substation

Expanding transmission transfer capacity between New South Wales and Queensland

Addressing the secondary systems condition risks at Mt England

### RIT-T consultations underway as at 30 June 2020

Addressing the secondary systems condition risks in the Gladstone area

Addressing the secondary systems condition risks at Cairns

### Other regulated consultation processes underway as at 30 June 2020

Request for system strength services in Queensland to address fault level shortfall at Ross

## Queensland – New South Wales transfer capacity expansion

An upgrade of the QNI, increasing the transfer capacity between the two states, has advanced following AER approval of RIT-T findings.

Powerlink collaborated with TransGrid to undertake the RIT-T to increase the capacity of the QNI, a consultation process that involved extensive market modelling and stakeholder interest and engagement.

The RIT-T documentation compared a range of network and non-network options, and confirmed significant market benefits associated with expanding the transfer capacity between the states. The conclusion report, published in December 2019, supported a network solution that was found to deliver the greatest net benefit. This solution was approved by the AER and will be completed by 2022. The bulk of the works for this project are located in New South Wales.

## Non-network solutions

We consider non-network solutions alongside network options for both network reinvestment and any network augmentation that may be required.

We worked productively with non-network providers that made submissions to the RIT-T processes underway during 2019/20, and continued to engage with non-network providers through opportunities such as the 2019 Transmission Network Forum. We also proactively maintain a register of non-network providers to facilitate engagement and provide timely information to those providers.

## Major regulated network projects

### Major transmission developments and reinvestments (over \$10 million) completed in 2019/20

Region	Project name
Central Queensland	Dysart Substation replacement

### Major transmission developments and reinvestments (over \$10 million) under construction in 2019/20

Region	Project name
North Queensland	Collinsville to Proserpine 132kV transmission line refit
	Eton to Alligator Creek 132kV transmission line refit
	Mackay 132kV Substation replacement
	Nebo 275kV Substation replacement
	Ross 275kV and 132kV Substation primary plant replacement
Central Queensland	Bouldercombe 275kV Substation replacement
	Bouldercombe 275/132kV Substation transformer replacement
	Callide A to Calvale 132kV network reinvestment*
	Calvale and Callide B 275kV Substation secondary systems replacement
	Egans Hill to Rockhampton 132kV transmission line refit
	Wurdong 275kV Substation secondary systems replacement
Southern Queensland	Ashgrove West 110/33kV Substation replacement
	Belmont 275kV Substation secondary systems replacement
	Gin Gin 275/132kV Substation rebuild
	Palmwoods 275kV Substation secondary systems replacement
	Rocklea 275kV Substation secondary systems replacement
	Tarong 275kV Substation secondary systems replacement – Stage 2

\* Includes the Calvale 275/132kV Substation transformer reinvestment project listed in Powerlink's 2018/19 Annual Report.

# Community and stakeholder engagement

## Corporate citizenship and communication

Being a good corporate citizen is crucial to the way we carry out our business activities. We work closely with landholders, communities, local government and other stakeholders in many forums and share information about our plans, work and decision-making processes.

We ensure our communication is accessible and conveys the benefits of our activities to customers and stakeholders. We reviewed our corporate brochure suite to provide meaningful and easy-to-understand information on key business processes and activities for landholders and other stakeholders.

We also improved the functionality of our website to enhance engagement practices and assist landholders and other stakeholders to access clear information in a timely way.

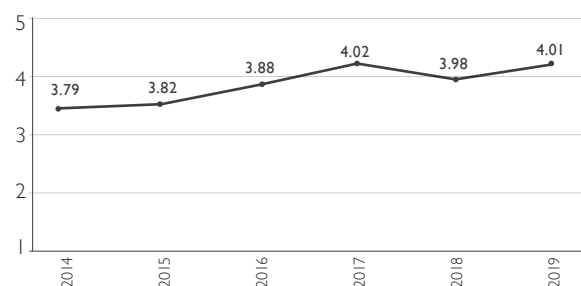
## Engagement intent and activities

Our interactions with individuals and organisations are guided by our Stakeholder Engagement Framework which underpins our focus on genuine and timely engagement that leads to improved decision making and better outcomes for our customers and stakeholders.

Our Customer Panel met in August and December 2019, and February and May 2020, to discuss a range of topics including the 2023-27 Revenue Determination process, RIT-T projects, Energy Charter Disclosure Statement and IT Benefits Realisation Framework. Five members of our Customer Panel nominated to join our RPRG which met seven times during 2019/20 to engage in more detail and more regularly on key aspects of our 2023-27 Revenue Proposal.

Each year we survey Powerlink's stakeholders to get a better understanding of how they perceive Powerlink's performance, systems and stakeholder engagement capabilities, and to identify their key issues. This survey guides our engagement planning, informs decision making and provides us with insights into what matters most to our stakeholders. Full surveys are undertaken every second year, with a smaller 'pulse' survey in the alternate year to ensure we have timely access to stakeholder insights. Ninety-five respondents took part in an online 'pulse' survey in late 2019 which showed a continued upward trend in Powerlink's Social Licence to Operate and Reputation scores.

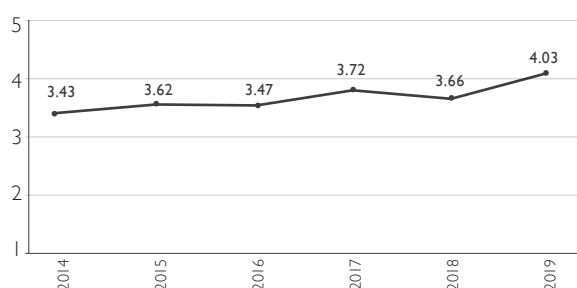
## Social Licence to Operate



\* Scores are measured from 1 (lowest) to 5 (highest).



## Reputation



\* Scores are measured from 1 (lowest) to 5 (highest).

For the first time, the number one issue for our stakeholders was dealing with the energy system in transition, which led to a strong focus on transparency and stakeholder engagement in their detailed responses. Our customers told us they wanted our support to guide them through the transition, given our expertise.

## Household Energy Survey

The Queensland Household Energy Survey, conducted annually in conjunction with Energex and Ergon Energy, provides information to help Powerlink plan and operate the transmission network of the future. The survey has been undertaken annually for the past decade which helps to identify shifts in Queenslanders' priorities and behaviours.

More than 4,000 Queenslanders responded to the 2019 survey, providing insights into what matters most to them and what they are doing differently as part of the energy transition. The outcomes showed Queenslanders were continuing to adopt more energy-efficient behaviours, with the biggest shift relating to the installation of rooftop solar PV. While concern about electricity bills is at a three-year low, keeping downward pressure on prices is still a priority for Queenslanders.

## Landholder engagement and relationships

We reviewed Powerlink's Land Access Protocol (LAP) which describes our standards and commitments when entering and using land, which confirmed our approach and processes were consistent with our business needs and landholder expectations. The review ensured we met our commitment to landholders to review the LAP every three years. Our LAP training was reviewed and implemented for staff in the Operations and Service Delivery area of our business.

To better support our staff to record and meet our commitments to landholders, we implemented a mobile app which enables them to access and update landholder records immediately while in the field.

In preparation for our first major maintenance cycle for transmission infrastructure in the Surat Basin in Southern Queensland, we held local Community Information Drop-In Sessions. Landholders were invited to engage with us to learn more about these essential maintenance works. A new initiative for Powerlink, these sessions created an opportunity for Powerlink and landholders to collaborate, identify regional or individual property matters including drought impacts, and discuss any changes to property access.

## Cultural Heritage

We recognise Aboriginal and Torres Strait Islander peoples as important stakeholders for Queensland's transmission network. We value our relationships with Traditional Owners and meet our obligations under Queensland's *Aboriginal Cultural Heritage Act 2003* and *Torres Strait Islander Cultural Heritage Act 2003* by working cooperatively to agree on processes to manage any potential risk to significant Cultural Heritage, recognising Traditional Owners' unique knowledge of the land.

We also recognise community interest in Historical Heritage and maintain procedures to meet the requirements of the *Queensland Heritage Act 1992*.

Our Cultural Heritage Framework guides the ongoing management of Cultural Heritage throughout the life of our transmission assets, including during the planning and delivery of network reinvestment projects and new network connections.

We work cooperatively and innovatively with customers connecting to the network to achieve efficient Cultural Heritage outcomes for the benefit of commercial projects.

## Strategic partnerships

We seek to support projects with a strong focus on empowering communities, protecting and conserving the environment and supporting safety and wellbeing, through our community relations activities.

As noted earlier, this year we reallocated a portion of funds from our sponsorship budget to a financial counselling program with the Indigenous Consumer Assistance Network (ICAN) in partnership with Ergon Energy Retail, to assist customers dealing with COVID-19 financial impacts.

We strengthened our positive relationship with the Bulimba Creek Catchment Coordinating Committee (B4C) through a partnership to develop a masterplan for B4C's operations centre at Carindale, and ongoing agreement for B4C to deliver vegetation management works at Powerlink sites. Together we installed nesting boxes to enhance habitat connectivity and improve shelter for gliders, bats and other wildlife at Minnippi Parklands in Brisbane.

In conjunction with Energy Queensland, we renewed our partnership with the Queensland State Emergency Service (QSES), helping to equip first responders to face disasters and emergencies, and make a positive difference to Queensland communities.

# People

## Our workforce

Our people strategies support our aim to ensure Powerlink is a great place to work, collectively creating and sharing successes so our culture is productive and supportive.

Our workforce was 902 Full-time Equivalent Staffing as at 30 June 2020, with a total head count of 925. Our workforce strategy ensures Powerlink has the right people in the right place as needed to position the organisation to achieve success.

We continued to implement our Industrial Relations Strategy for 2018-2021, which underpins a more proactive approach including early and positive engagement with key stakeholders.

Consistent with this approach, we reached an in-principle agreement with employee representatives in March 2020 for an enterprise agreement to replace the current Working at Powerlink Enterprise Agreement which expires on 28 February 2021. Due to the impacts of COVID-19 and subsequent expectations from government, the in-principle agreement will be amended in consultation with unions and therefore subject to further approvals through the Powerlink Board, Cabinet Budget Review Committee and an employee ballot. Our plans are in place to negotiate the Powerlink Managers' Agreement which also expires in 2021.

## Workforce demographics

### Gender profile

FEMALE	Percentage of employee group	Number of employees
Powerlink wide	24%	221
Apprentices	4%	1
Management	21%	35
Executive	17%	1
Board	80%	4

MALE	Percentage of employee group	Number of employees
Powerlink wide	76%	704
Apprentices	96%	22
Management	79%	133
Executive	83%	5
Board	20%	1

### Role profile

EMPLOYEES	Percentage of employees	Number of employees
Administration	12%	110
Professional	58%	533
Technical	28%	259
Apprentices	2%	23

### Age profile

EMPLOYEES	Percentage of employees	Number of employees
<20	0%	3
20-29	8%	70
30-39	27%	254
40-49	33%	303
50-59	24%	223
60+	8%	72

## Diversity and inclusion

Powerlink's commitment to a diverse and inclusive culture aligns with our intent to be innovative, productive and agile. We understand that a diverse workforce reflects the communities we serve and enables us to better understand and support our customers.

Our Diversity and Inclusion Plan was finalised with the purpose of advancing Powerlink's diversity and inclusion maturity. It guides the priorities being actioned in the business, which include increasing the representation of women in leadership roles, building awareness and improved governance foundations to support ongoing success through improved flexible mindsets and work practices. It also promotes the application of systems and processes to embed diversity and inclusion into our business-as-usual activities.

## Values and culture

Our Culture Roadmap directs Powerlink's cultural improvement by focusing our attention on initiatives that engage, empower and enable our people. Our corporate values (Accountability, Customer, Teamwork and Safety) and behaviours serve to guide our decision making and underpin the way we deliver our services. We are embedding those values into everything we do, including performance agreements, organisational training, Code of Conduct, recruitment processes and recognition for employees who live the values.

## Leadership

We continued to build leadership capability with a number of internal development programs focused on increasing effectiveness across all levels of leadership. We launched a new Women in Leadership program with the aim of accelerating the development of our high potential female employees and enabling them to be ready for internal succession opportunities.

We also initiated an external network, Energy Women in STEM (science, technology, engineering and mathematics), which has attracted membership from the energy industry and other commercial organisations focused on knowledge sharing and development to improve the collective capability and opportunities for women.

# Corporate governance

Powerlink Queensland and its wholly-owned subsidiaries operate and are managed within a corporate governance framework which encompasses an appropriate degree of accountability and transparency to all stakeholders.

## Corporate governance in Powerlink

Powerlink Queensland is a Government Owned Corporation (GOC) under the *Government Owned Corporations Act 1993* and is a registered public company under the *Corporations Act 2001*. The Board of Directors has overall responsibility for corporate governance of the corporation.

Directors are appointed by the Queensland Government and the Board reports to the nominated shareholding Ministers. Powerlink's shareholding Ministers during 2019/20 included:

- Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships (ceased 10 May 2020)
- Treasurer, Minister for Infrastructure and Planning (commenced 11 May 2020)
- Minister for Natural Resources, Mines and Energy.

The Queensland Government has published its *Corporate Governance Guidelines for Government Owned Corporations* (Guidelines) which includes a *Code of Conduct and Conflicts of Interest Best Practice Guide for Government Owned Corporations*. The Guidelines outline the expectations of shareholding Ministers and describe a set of comprehensive corporate governance principles, and proper disclosure and reporting arrangements that are appropriate to GOCs. There were no revisions made to the Guidelines that required changes to Powerlink's corporate governance arrangements in 2019/20.

Corporate governance in Powerlink is managed through a framework of policies approved by the Board and supplemented by supporting standards, procedures and practices developed by management. The corporation commits to and regularly reviews these to ensure appropriate accountability and control systems are in place to achieve business outcomes, and encourage and enhance sustainable business performance. This section of the Annual Report outlines Powerlink's corporate governance arrangements and describes its reporting and disclosure practices.

## Powerlink corporate governance framework

### Shareholding Ministers

#### Our shareholders

Powerlink has two shareholders who hold the shares on behalf of the State of Queensland. Our shareholding Ministers, as at 30 June 2020, were:

- The Honourable Cameron Dick MP, Treasurer, Minister for Infrastructure and Planning, holding 50 per cent of the A class voting shares and 100 per cent of the B class non-voting shares.
- The Honourable Dr Anthony Lynham MP, Minister for Natural Resources, Mines and Energy, holding 50 per cent of the A class voting shares.

### Powerlink Queensland Board

#### Key accountabilities of the Board

The Powerlink Board establishes the overall corporate governance of the corporation and is responsible for:

- setting the corporation's values and standards of conduct and ensuring that these are observed
- providing leadership of the corporation within a framework of prudent and effective controls
- setting the corporation's direction, strategies and financial objectives, and ensuring that all necessary resources are available for the business to meet its objectives
- endorsing the SCI
- monitoring financial outcomes and the integrity of reporting, in particular approving annual budgets and longer-term strategic and business plans
- monitoring management's performance and implementation of strategy, and ensuring appropriate processes for risk assessment, management and internal controls are in place
- ensuring an effective system of corporate governance exists
- disclosing to shareholding Ministers relevant information on the operations, financial performance and financial position of the corporation and its subsidiaries
- providing formal delegations of authority to the Chief Executive, management and other specified officers.

#### Membership and meetings

- All Directors, including the Chair, are independent, non-executive Directors appointed by the Queensland Government in accordance with the GOC Act.
- In 2019/20, Powerlink held 11 formal meetings of Directors, which were supplemented with Flying Minutes. The attendance record of the Directors at meetings of the Board are presented in the corporate governance and Directors' Report sections in the Annual Report.

### Board Committees

#### Audit, Risk and Compliance Committee

The Committee endorses the corporation's internal audit program and risk management profile, and provides a link between the corporation's auditors (internal and external) and the Board. The Committee meets with, and receives reports from, both the internal and external auditors. The Committee also assists the Board in the oversight of financial integrity and legal compliance.

#### People, Culture and Remuneration Committee

The Committee assists the Board in fulfilling its employer responsibilities by providing governance of key organisational people and culture matters, developing fit-for-purpose organisational policies that support Powerlink's strategic direction and the development of an appropriate organisational culture.

### Chief Executive

#### Executive Team

#### Executive Committees

Executive Committee for Health, Safety and Environment  
Executive Committee for Corporate Resilience

## The Board

The Powerlink Board is responsible for the overall corporate governance of the corporation, setting the strategic direction articulated in Powerlink's SCI and five-year Corporate Plan.

The Board has regard to the Guidelines in the overall scope and application of corporate governance within Powerlink. The Board sets goals for management and establishes the policies and operational framework for the corporation. It monitors performance of the corporation, its Chief Executive and senior management through regular direct reporting and via established committees.

Details relating to Powerlink Directors, Board Committee composition and meetings in 2019/20 are set out in the corporate governance and Directors' Report sections in the Annual Report.

The table below sets out the balance and tenure of Board members at Powerlink as at 30 June 2020.

Board balance	Board tenure		Board diversity	
1 Non-Executive Chair	0-2 years	1	Female	80%
4 Non-Executive Directors	2-4 years	2	Male	20%
	4-6 years	1		
	6-8 years	0		
	8-10 years	1		

## Corporate Governance Guidelines for GOCs – Queensland Government

Powerlink's corporate governance processes are consistent with the Guidelines issued by the Queensland Government. Powerlink's corporate governance arrangements in reference to the Guidelines are:

### Principle 1: Foundations of management and oversight

The Board Charter, a summary of which is available on the Powerlink [website](#), describes the Board's functions and responsibilities, which are to:

- set the corporation's values and standards of conduct and ensure that these are adhered to
- provide leadership of the corporation within a framework of prudent and effective controls which enable risks to be assessed and managed effectively
- in collaboration with management, develop and approve the corporation's direction, strategies and financial objectives, and ensure that all necessary resources are available for the business to meet its objectives
- monitor financial outcomes and the integrity of reporting
- monitor management's performance and implementation of strategy
- ensure an effective system of corporate governance exists.

The Board and management work together to establish and maintain a legal and ethical environment and framework that ensures accountability.

Day-to-day management of the consolidated entity's affairs and the implementation of the corporate strategy and business initiatives are formally delegated by the Board to the Chief Executive and senior management, as set out in the delegations policy. These delegations are reviewed as considered necessary.

The Powerlink Board undertakes an annual evaluation of the performance of the Chief Executive against pre-agreed business and individual targets. The Chief Executive evaluates the annual performance of each executive against pre-agreed business and individual targets, and submits the outcomes of the evaluation to the Board for its consideration and approval.

The Board Handbook is a key resource identifying the major reference documents that are relevant and will assist the Powerlink Directors in undertaking their roles and responsibilities. The Handbook serves as both an induction and an ongoing reference guide for Directors, and is updated annually by the Company Secretary.

New Directors attend induction sessions which provide an overview of Powerlink's operations and policies, and information on the Board and Committee functions. The induction process assists the Directors to understand their roles and responsibilities.

### Principle 2: Structure the Board to add value

At 30 June 2020, the Board comprised five independent non-executive Directors. All Directors are appointed by the Government in accordance with the GOC Act. There were no changes to Powerlink's Directors in 2019/20.

Details of the skills and experience of each current Director are presented separately in the Board of Directors section of this Annual Report. The table below provides an overview of the significant strengths of the current Directors.

	Appointed to Powerlink Board	Finance and commercial	Government and stakeholder relations	Business strategy development	Corporate governance and risk management	Industry knowledge	Human resources and industrial relations
Kathy Hirschfeld AM	1 October 2018	•	•	•	•	•	•
Julie Martin	1 October 2011				•	•	
Alan Millis	1 October 2015		•	•	•	•	
Dr Lorraine Stephenson	12 October 2017		•	•	•	•	
Sarah Zeljko	20 December 2016		•	•	•		•

The Directors' Report includes a listing of the terms of office and appointment date for each Director.

In the event of Directors requiring independent professional advice, it is provided at the expense of Powerlink. All Directors, including the Chair, continue to exercise independent judgement in the conduct of their responsibilities.

The Board continually assesses the ongoing independence of the Directors. All Directors are required to disclose any potential conflicts of interest at the commencement of each Board meeting. Any such conflicts are recorded in the minutes of the meeting.

All Directors are considered to be independent. No Directors are considered to have material supplier or customer relationships with the corporation. A pre-determined specific materiality threshold has not been established by the Board. The Board's assessment of materiality is undertaken on a case-by-case basis taking into consideration the relevant facts and circumstances that may impact Director independence.

The Board annually reviews the individual and collective performance of the Directors and the Board, through a self-assessment by the Directors and input from the Chief Executive and Company Secretary, to assure itself that it operates in accordance with the Board Charter and the discharge of its responsibilities. A key element in this evaluation is the consideration of the continuing education and professional development of Directors.

In addition to business operational and performance matters, the Board specifically considers at each meeting key issues relevant to the business including health, safety and environment, stakeholder engagement and corporate governance.

In addition to the 2019/20 Board meetings, the Board held a Strategic Planning and Risk Workshop.

The Board formally considers its information requirements on an annual basis to ensure it is receiving appropriate information to effectively carry out its responsibilities.

The Board, having undertaken its annual self-assessment for 2019/20, concluded that it is fulfilling its role with no obvious gaps in its performance, and that there was good interaction and relations with both shareholding Ministers and Powerlink management. An external review is being undertaken as part of the Board assessment process for 2020.

A structured internal process is in place to review and evaluate the performance of Board Committees. Each Board Committee submits an Annual Report of its activities to the Board.

### Principle 3: Promote ethical and responsible decision making

The Board has a Code of Conduct that guides Directors in carrying out their duties and responsibilities, sets out expected standards of behaviour, and includes policies relating to conflict of interest issues. A summary of this document is available on the Powerlink website.

The Board provides input to a Share Trading Standard. The primary purpose of this standard is to mitigate the risk of inappropriate trading of shares by Powerlink employees, managers and Directors.

Each Director has a responsibility to declare any related interests, which are appropriately recorded and assessed for materiality on a case-by-case basis. Where appropriate, the Director does not participate in the Board's consideration of the interests disclosed.

All Powerlink Directors and management are expected to act with integrity and strive at all times to enhance the reputation and performance of the corporation.

### Principle 4: Safeguard integrity in financial reporting

The Board has established two Board Committees to assist in fulfilling its corporate governance responsibilities:

- the Powerlink Audit, Risk and Compliance Committee
- the Powerlink People, Culture and Remuneration Committee.

These Committees have documented mandates that are reviewed on a regular basis, at least every two years. The Terms of Reference for these Board Committees is available on the Powerlink [website](#). The membership of both Committees consists of non-executive Directors. Details of Committee members at 30 June 2020 and their appointment dates to Committees are presented below. The number of Committee meetings held during the year and attendance are outlined below and presented in the Directors' Report.

Audit, Risk and Compliance Committee	
Chair:	Alan Millis (appointed 1 November 2015)
Members:	Dr Lorraine Stephenson (appointed 1 December 2017) Kathy Hirschfeld AM (appointed 1 June 2019)

The Powerlink Audit, Risk and Compliance Committee endorses the corporation's internal audit program and risk management profile, and provides a link between the corporation's auditors (internal and external) and the Board. The Committee meets with, and receives reports from, both the internal and external auditors over the duration of the financial year.

The Committee is responsible for considering the annual statutory financial statements for subsequent consideration and approval by the Board. The Chief Executive and Chief Financial Officer are required to provide an annual declaration that the financial statements represent a true and fair view, and are in accordance with accounting standards. The processes the Chief Executive and the Chief Financial Officer have in place to support their certifications to the Board are also considered by the Committee.

The Committee also assesses and reports on issues relating to financial integrity, corporate processes for compliance with laws and regulations, codes of conduct and business risk management.

People, Culture and Remuneration Committee	
Chair:	Sarah Zeljko (appointed 1 December 2018)
Members:	Julie Martin (appointed 1 November 2015) Kathy Hirschfeld AM (appointed 1 December 2018)

The People, Culture and Remuneration Committee assists the Board in fulfilling its employer responsibilities by providing governance of key strategic organisational people, culture and remuneration matters to support Powerlink's strategic direction. This is achieved by reviewing and reporting to the Board on organisational policy and its application relating to organisational design, organisational culture and frameworks relating to employee remuneration, performance and employee relations.

Information on the numbers and attendees of Board and Committee meetings held during 2019/20 appears below.

Directors	Full meetings of Directors		Meetings of Committees			
			Audit, Risk and Compliance		People, Culture and Remuneration	
	A	B	A	B	A	B
Kathy Hirschfeld AM	10	11	5	5	4	5
Julie Martin	10	11	*	*	5	5
Alan Millis	11	11	5	5	*	*
Dr Lorraine Stephenson	10	11	5	5	*	*
Sarah Zeljko	10	11	*	*	5	5

Legend:

A = Number of meetings attended.

B = Number of meetings held during the time the Director held office or was a member of the Committee during the year.

\* Not a member of the relevant Committee.

Information on 2019/20 meeting dates has also been included below.

Full meetings of Directors	Meetings of Committees	
	Audit, Risk and Compliance	People, Culture and Remuneration
24 July 2019	21 August 2019	15 July 2019
28 August 2019	28 August 2019	24 July 2019
25-26 September 2019	27 November 2019	17 September 2019
23 October 2019	24 March 2020	27 February 2020
27 November 2019	23 June 2020	29 April 2020
18 December 2019		
27 February 2020		
25 March 2020		
29 April 2020		
27-28 May 2020		
24 June 2020		

#### Principle 5: Make timely and balanced disclosures

Powerlink has established processes to ensure it meets its disclosure and reporting obligations, including those to shareholding Ministers. Powerlink's reporting arrangements include the Annual Report, regulatory reports, Powerlink website and other public disclosures.

#### Principle 6: Respect the rights of shareholders

The Powerlink Board has a communication framework to promote effective communication with shareholding Ministers. The Board aims to ensure that shareholding Ministers are informed of all major developments affecting the corporation's state of affairs. This includes regular meetings with shareholding Ministers' representatives and departments, and information communicated formally through quarterly progress reports and the Annual Report.

Each year, Powerlink prepares its SCI and five-year Corporate Plan, reflecting the outcomes of a comprehensive strategic and business planning process involving the Board and the Executive. Both documents are presented to shareholding Ministers.

Quarterly progress reports on the performance against the SCI are prepared by the Board and are submitted to shareholding Ministers.



## Principle 7: Recognise and manage risk

Risk assessment processes are inherent within Powerlink's business. Powerlink has an approved Risk Management Policy that provides an overall framework and structure for the management of risk within Powerlink. Management regularly reports to the Board on key business risks.

An Executive Committee structure also operates in parallel with the Board Committees to address issues of health and safety, environmental management and corporate resilience. Each of these Executive Committees submits reports to the Audit, Risk and Compliance Committee, or the People, Culture and Remuneration Committee through the Chief Executive.

The Executive Committee for Health, Safety and Environment develops and directs Powerlink's health, safety and environmental management practices. The Committee develops appropriate strategic responses to health, safety and environmental issues, ensures compliance with Powerlink policies, and with relevant health, safety and environmental legislation.

The Executive Committee for Corporate Resilience has governance over the development, approval and improvement of Powerlink's approaches to security management and the management of significant emergencies.

The corporation's internal control framework is designed to provide reasonable assurance regarding the achievement of the corporation's objectives. Implicit within this framework is the prevention of fraud (including corruption). Powerlink has a range of strategies and approaches that provides an effective fraud and corruption control framework that is closely integrated with the corporation's enterprise information management systems.

Powerlink's Code of Conduct documents aim to ensure that Powerlink employees and those carrying out work for Powerlink perform their work cost effectively, efficiently, cooperatively, honestly, ethically and with respect and consideration for others.

## Principle 8: Remunerate fairly and responsibly

Powerlink seeks to develop individuals to attain the skills and motivation necessary to excel in an environment of high achievement. High priority is given to selecting the best person for the job at all levels in the corporation, recognising the benefits of diversity, and investing in that person's potential through further training and development.

The membership and responsibilities of the Board's People, Culture and Remuneration Committee are presented above.

Powerlink's Remuneration Policy is designed to:

- attract and retain talented people with the skills to plan, develop, operate and maintain a large world-class electricity transmission network; and
- reward and provide incentives for exceeding the key business performance targets.

The *Working at Powerlink 2018 Union Collective Agreement* was effective from 1 March 2018, and the *Powerlink Managers Enterprise Agreement 2018* was effective from 22 January 2018. The Agreements allow for Powerlink and its employees to respond to targets agreed with our shareholding Ministers. They continue to focus Powerlink on developing a competitive and efficient workplace. They recognise that the economic health of the corporation and the wellbeing of all employees depend upon the success of a shared commitment by all parties to these Agreements.

The remuneration policy provides for performance-based payments for all permanent employees, with the payments directly linked to the performance of the individual against pre-agreed performance targets and the performance of the business.

Award employees may be eligible for performance-based payments that are delivered as gainsharing and performance pay. Gainsharing is a payment subject to Board approval. The gainsharing payment is made subject to the corporation's profitability target being exceeded and key organisation performance measures and stretch targets being achieved.

Performance pay is based on individual performance targets, which are reviewed at least half yearly and rated at the end of the annual performance cycle. The individual performance targets are aligned with the overall business stretch targets of the corporation.

Managers and senior staff are employed on management contracts. Powerlink's remuneration policy for contract employees uses the concept of Total Employment Cost (TEC), which includes employer superannuation contributions. In order to promote management focus, the remuneration policy provides for performance-based payments dependent on the performance against pre-agreed business and individual targets. The TEC level is reviewed annually based on consideration of economic and individual capability factors.

The fees paid to Directors for serving on the Board and on the Committees of the Board are determined by shareholding Ministers. Directors also receive reimbursement for expenditure incurred in performing their roles as Directors.

## Shareholding Ministers' direction

There were no shareholding Ministers' directions in 2019/20.

## Corporate entertainment and hospitality

The *GOC Corporate Entertainment and Hospitality Guidelines* establish reporting requirements for GOCs. Powerlink's corporate entertainment and hospitality expenditure for 2019/20 totalled \$8,875. There were no events above the individual reporting threshold of \$5,000.

## Human Rights Act reporting

Following the commencement of the *Human Rights Act* in July 2019, Powerlink undertook a review of the possible areas where its operations may impact on protected human rights. Powerlink identified 10 areas of its operations where protected human rights may be affected. Operational areas identified included:

- ensuring property rights are respected when seeking to acquire property compulsorily
- respecting Indigenous rights when acquiring Native Title or affecting Indigenous Cultural Heritage
- allowing peaceful assembly on Powerlink's property.

In addition to attending a general awareness session, key staff were trained in their obligations under the Act, notably that proper reasons must be given if protected human rights are adversely affected, and the operation of the complaints process and responsibilities.

A decision-making framework compatible with human rights was developed and adopted, with specific officers appointed as contacts and advisors.

There have been no human rights complaints during the reporting period.



# Board of Directors



## Kathy Hirschfeld AM

BE (Chem), HonFIEAust, FTSE, FIChemE, FAICD

Chair of the Board (Appointed 2018)

Kathy has extensive experience on ASX, NYSE, private company and government boards and brings to her board roles corporate and commercial experience as a CEO of a complex manufacturing business. In addition, Kathy has expertise in operational risk management, safety and corporate governance.

Kathy is a chemical engineer with 20 years' experience with BP in oil refining, logistics and exploration in Australia, the UK and Turkey. Kathy was also a Logistics Officer in the Australian Army Reserve.

Kathy is passionate about improving the representation of women in leadership and engineering and in 2015 was named one of Australia's AFR/Westpac 100 Women of Influence. In 2014, she was the ninth woman recognised by Engineers Australia as an Honorary Fellow.

Kathy is a member of the Powerlink Board's Audit, Risk and Compliance Committee and People, Culture and Remuneration Committee.



## Julie Martin

BE (Hons), MIEAust, CPEng NER, GAICD

Director (Appointed 2011)

Julie has over 20 years' experience as an electrical engineer, having played a key role in a variety of large-scale infrastructure projects within Australia and internationally. She is currently the General Manager (QLD, WA, NT, PNG) at EIC Activities, the CIMIC Group's engineering and technical services business. Previously Julie held senior roles responsible for delivering high voltage infrastructure and traction substations. Julie's extensive experience includes key design, project engineering, management and commissioning roles on rail projects.

Julie was recognised with the Queensland NAWIC 2016 Award for Achievement in Construction (General Building).

Julie is a member of the Powerlink Board's People, Culture and Remuneration Committee.



## Alan Millis

BE (Hons), MEngSc, BEcon, DipCompSc, GAICD

Director (Appointed 2015)

Alan has more than 40 years' experience in the energy sector with management roles covering corporatisation of the Queensland Energy Government Owned Corporations, general energy policy, development of the national energy markets, energy market trading and risk management.

Alan has held a number of senior executive roles including General Manager and Deputy Director-General within the Queensland Government departments responsible for energy, as well as the role of Queensland Energy Regulator.

Alan has a detailed knowledge of the operational and regulatory environment of Queensland and national electricity sectors and the issues they face going forward.

Alan is the Chair of the Powerlink Board's Audit, Risk and Compliance Committee.



## Dr Lorraine Stephenson

BSc (Hons), MBA, PhD, FTSE, GAICD

Director (Appointed 2017)

Lorraine is an experienced company director and board advisor with a focus on energy and climate change strategy. Owner of Lightning Consulting Services, Lorraine draws on her 35 years' corporate experience to advise clients on options to mitigate risks and create opportunities from the transition to a low carbon economy, including investments in low emission technologies and abatement options.

Lorraine held senior executive roles at Origin Energy, and was formerly a Partner at EY, the Chief Clean Energy Advisor to the Queensland Government and a Member of the Victorian Government's Interim Targets Expert Panel.

Lorraine is a non-executive director of Good Environmental Choice Australia and a Member of the NSW Climate Change Council.

Lorraine is a member of the Powerlink Board's Audit, Risk and Compliance Committee.



## Sarah Zeljko

LLB, GAICD

Director (Appointed 2016)

Sarah has extensive executive, legal and company secretary experience across large government, ASX listed and private corporations, in the infrastructure, energy, water, mining, manufacturing and education industries. In particular, Sarah has led a range of Boards and Board Committees through events of significant strategic and operational change.

Sarah specialises in the areas of corporate governance, risk management, compliance, commercial negotiations and strategy, and has been involved in significant merger and acquisition work. Sarah is currently a director with Energy Super and volunteers on two not-for-profit boards.

Sarah is the Chair of the Powerlink Board's People, Culture and Remuneration Committee.

# Executive Team



## Prof. Paul Simshauser AM

BEcon, BCom, MCom, PhD (Economics), FAICD, FCPA

Chief Executive (Appointed 1 June 2020)

As Chief Executive, Prof. Simshauser brings more than 20 years' experience in the energy industry across the public and private sectors with extensive experience in generation, retail, energy markets, energy policy and the regulatory environment.

Paul joined Powerlink from Infigen Energy where he was Executive General Manager – Energy Markets. Paul was previously Director-General of the Queensland Department of Energy and Water Supply and Chief Economist at AGL Energy.



## Kevin Kehl

BE (Hons), GradCertElecSupplyEng

Executive General Manager Strategy and Business Development (to 16 August 2019)

Interim Chief Executive (17 August 2019 – 31 May 2020 while Chief Executive recruitment undertaken)

Kevin has more than 30 years' experience in the electricity industry, across the networks sector. Prior to assuming the role of Powerlink Interim Chief Executive in August 2019, Kevin held the role of Executive General Manager Strategy and Business Development at Powerlink.



## Merryn York

BE (Hons), MEngSc, Grad Cert AppLaw, FIEAust, RPEQ, GAICD

Chief Executive (Resigned 16 August 2019)

Merryn has more than 30 years' experience in the Australian energy sector, including eight years as Powerlink Chief Executive. Merryn has worked in all facets of transmission network service delivery including asset management, regulation, capital investment and governance, customer engagement and business development, and network planning and performance. Merryn is a Commissioner of the Australian Energy Market Commission.



## Dr Stewart Bell

BEng, PhD (Electrical), MBA, CEng, FIET, RPEQ, MAICD

Acting Executive General Manager Strategy and Business Development (from 17 August 2019)

Stewart is a delivery-focused career professional with more than 20 years' experience in the electricity transmission industry. He has extensive experience in asset management and investment, project delivery, and network operations and maintenance.

Stewart is responsible for leading Powerlink's business development, network portfolio and strategy functions.

Prior to 17 August 2019, Stewart held the role of Executive General Manager Delivery and Technical Solutions at Powerlink.



## Tim Byrne

MBA, MPM, AssocDipElecEng, AssocDipProjManagement

Acting Executive General Manager Delivery and Technical Solutions (from 17 August 2019)

Tim has more than 25 years' experience across the electricity transmission, construction and mining industries with a focus on operational leadership and project management.

Tim is responsible for leading Powerlink's infrastructure delivery, design, network planning, asset strategies, and property and landholder relations functions.

Prior to 17 August 2019, Tim held the role of General Manager Infrastructure Delivery at Powerlink.



## Gary Edwards

BBus, AssocDipElecEng

Executive General Manager Operations and Service Delivery

Gary is an experienced senior leader with more than 35 years' experience in technical and leadership roles within the energy industry.

Gary is responsible for delivering Powerlink's state-wide operations including 24/7 real-time operations, all field maintenance, telecommunication services, operational technology, and laboratory and warehousing services.



## Cathy Heffernan

GradCertLegalSt, Qualified Workplace Investigator, Qualified Mediator

Executive General Manager People and Corporate Services

Cathy has more than 25 years' experience across human resources, change management, customer and corporate services, and health, safety and environment functions.

At Powerlink, Cathy leads People and Corporate Services overseeing the delivery and integration of the diverse portfolio of people and culture, business information technology, communications, and health, safety and environment functions that enables Powerlink's effective and efficient operations.



## Darryl Rowell

BCA, MBA, FCPA

Chief Financial Officer

Darryl is an experienced executive in both Australia and New Zealand with a background in both private and public sectors, including the energy industry. Prior to joining Powerlink, Darryl was the Chief Financial Officer at Queensland Urban Utilities.

At Powerlink, Darryl manages all finance, tax, treasury, investment analysis, contract management, internal audit, insurance, and legal, business and risk services. He is also Powerlink's Company Secretary.

# Statistical summary

No substations/switching stations or transformers were added during 2019/20, however two transformers were replaced (Ingham South 132kV/140MVA and Garbutt 132kV/140MVA).

## Substations/switching stations and communication sites as at 30 June 2020

Voltage	Substations	Cable transitions	Communication
330kV	4	0	
275kV	48 <sup>‡</sup>	1	
132kV	82	3	
110kV	13 <sup>‡</sup>	5	
66kV*	0	0	
<b>Total</b>	<b>147</b>	<b>9</b>	<b>55<sup>†</sup></b>

\* equal to or less than 66kV. † 5 communication sites decommissioned. ‡ data correction of dual voltage substation previously reported as 110kV to 275kV (Blackstone)

## Capacitor banks, shunt reactors and Static VAR Compensators (SVCs) added in 2019/20

Voltage	Capacitor banks		Reactors		SVCs		Location
	Total	MVAR	Total	MVAR	Total	MVAR	
330kV	0	0.0	0	0.0	0	0.0	
275kV	-1	-120.0	0	0.0	0	0.0	Gin Gin #3 Capacitor
132kV	0	0.0	1	0.0	0	0.0	
110kV	0	0.0	0	0.0	0	0.0	
66kV*	0	0.0	-1	-24.0	0	0.0	Ross #4 Reactor
<b>Total</b>	<b>-1</b>	<b>-120.0</b>	<b>-1</b>	<b>-24.0</b>	<b>0</b>	<b>0.0</b>	

\* equal to or less than 66kV

## Capacitor banks, shunt reactors and SVCs as at 30 June 2020

Voltage	Capacitor banks		Reactors		SVCs	
	Total	MVAR	Total	MVAR	Total	MVAR
330kV	3	440.0	4	144.0	0	0.0
275kV	27	3760.0	18	846.0	8	2510.0
132kV	35	1555.0	1	24.0	15	1881.0
110kV	32	1775.2	0	0.0	0	0.0
66kV*	4	76.0	1	18.4	0	0.0
<b>Total</b>	<b>101</b>	<b>7606.2</b>	<b>24</b>	<b>1032.4</b>	<b>23</b>	<b>4391.0</b>

\* equal to or less than 66kV

Circuit breakers as at 30 June 2020	
Voltage	Total number
330kV	30
275kV	521
132kV	554
110kV	269
66kV*	23
<b>Total</b>	<b>1397</b>

\* equal to or less than 66kV

Circuit breakers added in 2019/20 (net)		
Voltage	Circuit breakers	Location
330kV	0	
275kV	1	Gin Gin (+1-2=-1), Nebo (+1), Stanwell (+1)
132kV	1	Dysart (+2), Gin Gin (+1), Bouldercombe (-1), Callide A (-1)
110kV	1	Ashgrove West (+1)
66kV*	0	
<b>Total</b>	<b>3</b>	

\* equal to or less than 66kV

Transmission lines and underground cables added in 2019/20				
Voltage	Transmission line		Underground cable	
	Route km	Circuit km	Route km	Circuit km
330kV	0.0	0.0	0.0	0.0
275kV	-1.6	0.4	0.0	0.0
132kV	0.2	1.5	0.0	0.0
110kV	-1.9	-0.1	0.0	0.0
66kV	-2.8	-3.6	0.0	0.0
<b>Total</b>	<b>-6.1</b>	<b>-1.8</b>	<b>0.0</b>	<b>0.0</b>

\* equal to or less than 66kV

Note: Change of calculation methodology to align with regulatory reporting requirements (exclusion of route length where no conductors are present)

Five-year history of transmission lines and underground cables as at 30 June 2020										
Voltage^	2016		2017		2018		2019		2020	
	Route km	Circuit km	Route km	Circuit km	Route km	Circuit km	Route km	Circuit km	Route km	Circuit km
Transmission lines										
330kV	348	696	348	696	348	696	354	695	354	695
275kV	6693	9781	6693	9781	6693	9799	6724	9800	6722	9801
132kV	2867	4616	2769	4420	2760	4402	2773	4399	2773	4401
110kV	215	413	215	413	215	413	222	417	220	416
66kV*	4	4	4	4	4	4	5	5	2	2
<b>Total lines</b>	<b>10127</b>	<b>15510</b>	<b>10029</b>	<b>15314</b>	<b>10020</b>	<b>15314</b>	<b>10078</b>	<b>15316</b>	<b>10071</b>	<b>15315</b>
Underground cables										
275kV	10	10	10	10	10	10	10	10	10	10
132kV	4	4	4	4	4	4	5	5	5	5
110kV	8	8	8	8	8	8	8	8	8	8
66kV*	1	1	1	1	1	1	0	0	0	0
<b>Total cables</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>
<b>Total lines and cables</b>	<b>10150</b>	<b>15533</b>	<b>10052</b>	<b>15337</b>	<b>10043</b>	<b>15337</b>	<b>10101</b>	<b>15339</b>	<b>10094</b>	<b>15338</b>

\* equal to or less than 66kV

^ as constructed voltages

# Index and abbreviations

TERM	ABBREVIATION	PAGE
Australian Energy Market Commission	AEMC	9
Australian Energy Market Operator	AEMO	8,9,10,11
Australian Energy Regulator	AER	1,2,4,9,10,12
Australian Renewable Energy Agency	ARENA	8
Bulimba Creek Catchment Coordinating Committee	B4C	14
Capital Expenditure		2,3,12
Capital works		3,4,12
Cooperative Research Centre	CRC	11
Council of Australian Governments	COAG	9
Customer Panel		4,8,9,13
Dividend		2,3,4
Earnings Before Interest and Tax	EBIT	2,3
Energex		1,14
Energy Management System	EMS	10
Energy Networks Australia	ENA	9
Electrical Safety Management System	ESMS	5
Energy Security Board	ESB	9
Energy Queensland		1,10,14
Ergon Energy		1,14
Expression of Interest	EOI	8
GHD		8
Government Owned Corporation	GOC	1,16,20
Health, safety and environment	HSE	5,6
Indigenous Consumer Assistance Network	ICAN	7,14
Integrated System Plan	ISP	9,10
Inter-regional Settlements Residue	IRSR	2
KiloVolt	kV	13,22,23
Land Access Protocol	LAP	14
Lost Time Injury Frequency Rate	LTIFR	3,5
Maintenance		2,4,7,11,14,21
Megawatt	MW	1,4,8
National Electricity Market	NEM	1,8,9
National Electricity Rules	NER	1,9,10
Net Profit After Tax	NPAT	2,3
Network performance		3,10
Network Service Provider	NSP	10

Pacific Hydro		8
Queensland/New South Wales Interconnector	QNI	1,12
Queensland State Emergency Service	QSES	14
Renewable energy and renewable generation		1,3,4,7,8,11
Regulatory Investment Test for Transmission	RIT-T	12,13
Revenue Proposal Reference Group	RPRG	1,4,8,9,13
Statement of Corporate Intent	SCI	1,2,3,10,12,15,16,17,18
Service Target Performance Incentive Scheme	STPIS	10
Small and medium-sized enterprise	SME	7
Sun Metals		8
Total Employment Cost	TEC	19
Total Recordable Injury Frequency Rate	TRIFR	3,5
TransGrid		12
Transmission Annual Planning Report	TAPR	10
Transmission Network Service Provider	TNSP	1,9,10
Transmission pricing		9

Powerlink Queensland

# Financial Statements

# 2019/20





## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2020

The Directors present their report together with the financial report of Queensland Electricity Transmission Corporation Limited trading as Powerlink Queensland (the Company) and of the Consolidated Entity being the Company and its subsidiaries for the financial year ended 30 June 2020 and the auditor's report thereon.

#### Directors

The names of Directors in office at any time during or since the end of the last financial year end are:

Directors of Powerlink Queensland	Date first appointed	Date ceased
Kathy Hirschfeld AM (Chair)	1 October 2018	n/a
Julienne Martin	1 October 2011	n/a
Alan Millis	1 October 2015	n/a
Dr Lorraine Stephenson	12 October 2017	n/a
Sarah Zeljko	20 December 2016	n/a

Please refer to the 'Board of Directors' section of the Company's annual report 2019/20 for details of Directors' qualifications, experience and special responsibilities.

#### Company Secretary

Mr Darryl Rowell was appointed to the position of Company Secretary effective 1 February 2018. Details of Mr Rowell's qualifications, experience and special responsibilities are provided in this annual report.

#### Principal Activities

During the year the principal continuing activities of the Consolidated Entity consisted of:

- (a) Delivery of a transmission service to electricity market participants via open, non-discriminatory access to the Queensland transmission grid which connects generating sites with customer/distribution connection points, and
- (b) Provision of metering services to measure electricity generation and use at connection points to the transmission network.

There were no significant changes in the nature of the activities of the Consolidated Entity during the financial year.

#### Dividends - Powerlink Queensland

The proposed 2019/20 final dividend (\$88.6M) is based on 100% of the operating profit after income tax equivalent expense (2018/19: final dividend \$114.0M). During the year the Consolidated Entity paid a special/interim dividend of \$74.0M (2018/19: special/interim dividend of nil). The dividends will not be franked.

#### Review of Operations

A review of the Consolidated Entity's operations during the financial year, and the results of those operations, is contained in this annual report.

#### Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

#### Matters Subsequent to the End of the Financial Year

No significant events occurred between the financial year end and the date of this report.

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2020

#### Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this annual report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

#### Environmental Regulation

The Consolidated Entity is subject to environmental regulations under State and Federal Government legislation with regard to its acquisition and development of transmission line easements, maintenance and construction activities, and the operation of facilities at its Virginia and other sites.

The Consolidated Entity has an executive committee for Environment and a Board Audit, Risk and Compliance Committee that monitors compliance with environmental regulations.

During the period covered by this report there were no breaches that led to prosecution, and the Directors are not aware of any material breaches.

#### Emissions Reduction Fund

The Consolidated Entity does not trigger current thresholds for the Emissions Reductions Fund "safeguarding emissions reduction" scheme which commenced on 1 July 2016.

#### Greenhouse Gas and Energy Data Reporting Requirements

*The National Greenhouse and Energy Reporting Act 2007* (NGER) requires the Consolidated Entity to report its annual greenhouse gas emissions, including emissions associated with energy use. The first measurement period for this Act commenced from 1 July 2008. The Consolidated Entity has systems and processes for the collection and calculation of the data required and submits its report to the Clean Energy Regulator each year before the 31 October deadline. Powerlink's NGER reporting methods and submissions for 2018/19 were independently reviewed.

#### Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

Directors	Full meetings of directors		Meetings of Committees			
			Audit, Risk & Compliance		People, Culture & Remuneration	
	A	B	A	B	A	B
Kathy Hirschfeld AM	10	11	5	5	4	5
Julienne Martin	10	11	**	**	5	5
Alan Millis	11	11	5	5	**	**
Dr Lorraine Stephenson	10	11	5	5	**	**
Sarah Zeljko	10	11	**	**	5	5

A= Number of meetings attended

B= Number of meetings held during the time the Director held office or was a member of the committee during the year

\*\* Not a member of the relevant committee

#### Remuneration Report

Details of the remuneration of the key management personnel of the Consolidated Entity including the Directors and shareholding Ministers who have authority and responsibility for planning, directing and controlling the activities of the entity (as defined in AASB 124 Related Party Disclosures) are set out in Note 25.

## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

---

### Loans to Directors and Executives

There are no loans to any Director or any key management personnel of the Consolidated Entity.

### Indemnification and Insurance of Directors and Officers

The Company indemnifies the Directors and Officers of the Company and its subsidiaries.

The indemnity relates to any liability:

- to a third party (other than the Company or a related body corporate) unless the liability arises out of conduct involving a lack of good faith; and
- for legal costs incurred in successfully defending civil or criminal proceedings or in connection with proceedings in which relief is granted under the *Corporations Act 2001*.

The Company has Directors' and Officers' liability insurance contracts in place.

The liabilities insured include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Consolidated Entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Directors have not included details of premiums paid in respect of the Directors' and Officers' liability and legal insurance contract as such disclosure is prohibited under the terms of the contract.

The Consolidated Entity has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Consolidated Entity or of any related body corporate against a liability incurred.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included with this annual report.

### Rounding of Amounts

The amounts contained in this report and in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated (where rounding is applicable) under the options available to the Company under the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

This report is made in accordance with a resolution of Directors.



Kathy Hirschfeld AM  
Chair  
Brisbane  
27/8/20

## AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland)

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

### **Independence declaration**

As lead auditor for the audit of Powerlink Queensland for the financial year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Rachel Vagg  
as delegate of the Auditor-General

27 August 2020  
Queensland Audit Office  
Brisbane

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
<b>REVENUE</b>			
Revenue from contracts with customers	2	969,850	1,005,395
Other gains/(losses)	3(a)	912	442
<b>EXPENSES</b>			
Expenses from continuing operations excluding finance costs expense	3(b)	(610,492)	(602,735)
Finance costs	3(c)	(233,470)	(240,034)
<b>PROFIT BEFORE INCOME TAX EQUIVALENT</b>		<b>126,800</b>	<b>163,068</b>
Income tax equivalent expense	4	(38,224)	(49,029)
<b>PROFIT FOR THE PERIOD</b>		<b>88,576</b>	<b>114,039</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Item that may be reclassified to profit or loss</b>			
Cash flow hedges, net of tax	18	-	(32)
<b>Items that will not be reclassified to profit or loss</b>			
Gain on revaluation of property, plant and equipment, net of tax	18	97,454	96,298
Actuarial (losses)/gains on defined benefit superannuation fund, net of tax	19	(836)	(1,440)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b>96,618</b>	<b>94,826</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>185,194</b>	<b>208,865</b>
<b>Profit is attributable to:</b>			
Owners of Powerlink Queensland		88,573	114,039
Non-controlling interests		3	-
		<b>88,576</b>	<b>114,039</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Owners of Powerlink Queensland		185,191	208,865
Non-controlling interests		3	-
		<b>185,194</b>	<b>208,865</b>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020 \$'000	2019 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	24,904	2,324
Advances	6	336,585	297,457
Trade and other receivables	7	89,513	84,653
Inventories	8	49,211	43,747
Other current assets		4,812	3,074
<b>Total current assets</b>		<b>505,025</b>	<b>431,255</b>
<b>NON-CURRENT ASSETS</b>			
Defined benefit fund asset	15	16,050	18,975
Property, plant and equipment	9	7,844,846	7,900,755
Other non-current assets		12	-
<b>Total non-current assets</b>		<b>7,860,908</b>	<b>7,919,730</b>
<b>Total assets</b>		<b>8,365,933</b>	<b>8,350,985</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	58,961	84,834
Current tax equivalent liabilities		(6,260)	(9,709)
Provisions	13	134,397	155,805
Other current liabilities	14	23,979	7,017
<b>Total current liabilities</b>		<b>211,077</b>	<b>237,947</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans and borrowings	11	5,265,221	5,265,221
Deferred tax equivalent liabilities	12	697,092	678,765
Provisions	13	2,235	2,393
Other non-current liabilities	14	288,500	294,698
<b>Total non-current liabilities</b>		<b>6,253,048</b>	<b>6,241,077</b>
<b>TOTAL LIABILITIES</b>		<b>6,464,125</b>	<b>6,479,024</b>
<b>Net assets</b>		<b>1,901,808</b>	<b>1,871,961</b>
<b>EQUITY</b>			
Share capital	16	401,000	401,000
Other equity	17	7,228	-
Other reserves	18	1,173,397	1,440,801
Retained earnings	19	320,180	30,160
<b>Capital and reserves attributable to owners of Powerlink Queensland</b>		<b>1,901,805</b>	<b>1,871,961</b>
Non-controlling interests	30(b)	3	-
<b>Total equity</b>		<b>1,901,808</b>	<b>1,871,961</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 30 JUNE 2020**

Notes	Share capital \$'000	Other equity \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>CHANGES IN EQUITY FOR 2019</b>							
Balance at 1 July 2018	401,000	-	1,344,535	44,638	1,790,173	-	1,790,173
Adjustment on adoption of AASB 15	-	-	-	(13,038)	(13,038)	-	(13,038)
Profit for the period	-	-	-	114,039	114,039	-	114,039
Other comprehensive income	-	-	96,266	(1,440)	94,826	-	94,826
<b>Total comprehensive income for the period</b>	-	-	96,266	112,599	208,865	-	208,865
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:</b>							
Dividends provided for or paid	23	-	-	-	(114,039)	-	(114,039)
<b>BALANCE AT 30 JUNE 2019</b>	401,000	-	1,440,801	30,160	1,871,961	-	1,871,961

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	Share capital \$'000	Other equity \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>CHANGES IN EQUITY FOR 2020</b>								
Balance at 1 July 2019		401,000	-	1,440,801	30,160	1,871,961	-	1,871,961
Profit for the period		-	-	-	88,573	88,573	3	88,576
Other comprehensive income		-	-	97,454	(836)	96,618	-	96,618
Transfers between reserves and retained earnings		-	-	(364,857)	364,857	-	-	-
Total comprehensive income for the period		-	-	(267,403)	452,594	185,191	3	185,194
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:</b>								
Contributions of equity, net of transaction costs and tax	17	-	7,228	-	-	7,228	-	7,228
Dividends provided for or paid	23	-	-	-	(162,573)	(162,573)	-	(162,573)
<b>Total transactions with owners for the period</b>		-	7,228	-	(162,573)	(155,345)	-	(155,345)
<b>BALANCE AT 30 JUNE 2020</b>		<b>401,000</b>	<b>7,228</b>	<b>1,173,397</b>	<b>320,180</b>	<b>1,901,805</b>	<b>3</b>	<b>1,901,808</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2020 \$'000	2019 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		944,319	988,488
Payments to suppliers and employees		(255,328)	(228,264)
Finance costs paid		(219,550)	(225,051)
Income tax equivalent paid		(57,855)	(89,980)
Interest received		5,185	6,802
Net Goods and services tax received/(paid)		(40)	1,876
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	5(e)	<b>416,731</b>	<b>453,871</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(175,952)	(219,559)
Proceeds from sale of property, plant and equipment		1,740	800
Advances from/(to) Queensland Treasury		(39,128)	(67,261)
<b>NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>(213,340)</b>	<b>(286,020)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to company's shareholders		(188,039)	(167,325)
Proceeds from other Equity injections		7,228	-
<b>NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES</b>		<b>(180,811)</b>	<b>(167,325)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>22,580</b>	<b>526</b>
Cash and cash equivalents at the beginning of the financial year		2,324	1,798
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	5	<b>24,904</b>	<b>2,324</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

---

### NOTE 1: BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the financial report are set out within this report. These policies have been consistently applied to all the years presented, unless otherwise stated. The accounting policies have been applied consistently by all entities in the Consolidated Entity.

#### (a) General Information

The consolidated financial statements consist of Powerlink Queensland and its subsidiaries.

Powerlink Queensland is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:  
33 Harold Street  
Virginia Qld 4014

During the year the principal continuing activities of the Consolidated Entity consisted of:

- (a) Delivery of a transmission service to electricity market participants via open, non-discriminatory access to the Queensland transmission grid which connects generating sites with customer/distribution connection points, and
- (b) Provision of metering services to measure electricity generation and use at connection points to the transmission network.

The financial statements were authorised for issue by the Directors on 27/8/20. The Directors have the power to amend and reissue the financial statements.

Powerlink Queensland is a for profit entity for the purpose of preparing the financial statements.

#### (b) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the *Corporations Act 2001*, and the *Queensland Government Owned Corporations Act 1993* (GOC Act).

##### (i) Functional and Presentation Currency

The consolidated financial statements are presented in Australian dollars, which is Powerlink Queensland's functional and presentation currency.

The Company is of a kind referred to in Rounding Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparative amounts have, where necessary, been classified so as to be consistent with current year disclosures. Such changes are not considered material.

##### (ii) Historical Cost Convention

These financial statements have been prepared on the basis of historical costs, except for:

- revaluation at fair value, through the Consolidated Statement of Profit or Loss and Other Comprehensive Income, of derivative instruments, and
- revaluation of certain classes of property, plant and equipment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

---

### NOTE 1: BASIS OF PREPARATION (CONTINUED)

#### *(iii) Basis of Consolidation*

The financial statements of the Consolidated Entity have been prepared using consistent accounting policies. Where material differences were identified between subsidiaries, adjustments have been made on consolidation.

#### *(iv) Critical Accounting Estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the notes to which they relate.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the *Corporations Act 2001*, and the *Queensland Government Owned Corporations Act 1993* (GOC Act).

#### **(c) Changes in Accounting Policies**

During the year the Consolidated Entity adopted the new mandatory standard AASB 16 Leases. AASB 16 introduces a single lease accounting model which requires the recognition of all leasing arrangements on the statement of financial position. The model requires a lessee to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

#### **(d) First Time Adoption of Accounting Standards**

The Consolidated Entity has assessed the estimated impact that initial application of AASB 16 will have on its consolidated financial statements and has determined the exposure to be immaterial.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## NOTE 2: REVENUE

	2020 \$'000	2019 \$'000
<b>REVENUE</b>		
<b>Revenue from contracts with customers</b>		
Grid sales revenue	940,061	965,264
<b>Total revenue from contracts with customers</b>	<b>940,061</b>	<b>965,264</b>
<b>Other revenue</b>		
Interest	4,777	6,830
Other items	25,012	33,301
<b>TOTAL REVENUES FROM CONTINUING OPERATIONS</b>	<b>969,850</b>	<b>1,005,395</b>

## ACCOUNTING POLICIES

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised for the major business activities using the methods outlined below.

### *Grid Sales Revenue*

Grid sales revenue comprises revenue earned from the provision of regulated and non-regulated transmission grid services. Sales revenue is recognised when the services are provided.

Regulated grid sales revenue is subject to the application of an annual regulated revenue allowance determined for the Company. Transmission Use of System (TUOS) prices are initially set to recover the annual regulated revenue allowance.

While the regulated revenue billed in a period may vary from the annual regulated revenue allowance, the regulated grid sales revenue recognised for the period is on an as billed basis.

Under the National Electricity Rules (the Rules), the Australian Energy Market Operator (AEMO) processes all electricity market settlement transactions for Queensland and transfers the residual (Inter and Intra Regional Settlements Residue (IRSR)) to Powerlink Queensland as the appropriate Transmission Network Service Provider (TNSP).

### *Interest*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Consolidated Entity and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### *Other Items*

Other revenue is earned from the provision of property searches, customer works, wholesale telecommunications services and various miscellaneous works and services. Revenue is recognised when the services are provided.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 3: OTHER INCOME AND EXPENSE ITEMS

#### (a) Other Gains/(losses)

	2020 \$'000	2019 \$'000
<b>OTHER GAINS/(LOSSES)</b>		
Net gain/(loss) on disposal of property, plant and equipment	912	442
<b>TOTAL OTHER GAINS/(LOSSES)</b>	<b>912</b>	<b>442</b>

#### (b) Expenses from Continuing Operations Excluding Finance Costs Expense

	2020 \$'000	2019 \$'000
<b>PROFIT BEFORE INCOME TAX EQUIVALENT INCLUDES THE FOLLOWING SPECIFIC EXPENSES:</b>		
<b>Continuing operating expenses</b>		
Network operations	17,683	17,368
Network maintenance	129,602	126,435
Corporate/business support	77,273	73,702
Other	15,680	16,789
Depreciation and amortisation expense	370,254	368,441
<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS EXCLUDING FINANCE COSTS EXPENSED</b>	<b>610,492</b>	<b>602,735</b>

#### Employee benefits expenses

Employee benefit expense through profit or loss	124,529	120,194
---	---------	---------

#### (c) Finance Costs

	2020 \$'000	2019 \$'000
<b>FINANCE COSTS</b>		
Interest expense	156,458	160,598
Other	77,012	79,436
<b>TOTAL FINANCE COSTS EXPENSED</b>	<b>233,470</b>	<b>240,034</b>

### ACCOUNTING POLICIES

#### Finance Costs

Finance costs include interest and costs incurred in connection with the arrangement of borrowings. As the Consolidated Entity's policy is to value all supply system assets at fair value, there is no requirement therefore to capitalise finance costs associated with the qualifying capital projects. All borrowing costs are expensed as incurred.

#### Employee Benefits

Refer to Note 24 for accounting policies related to employee benefits.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## NOTE 4: INCOME TAX EQUIVALENT EXPENSE

### (a) Income Tax Equivalent Expense

	Notes	2020 \$'000	2019 \$'000
<b>INCOME TAX EQUIVALENT EXPENSE</b>			
Current tax		<b>61,304</b>	73,338
Deferred tax		<b>(23,080)</b>	(24,309)
<b>TOTAL INCOME TAX EQUIVALENT EXPENSE</b>		<b>38,224</b>	49,029

### DEFERRED INCOME TAX (REVENUE)/EXPENSE INCLUDED IN INCOME TAX EQUIVALENT EXPENSE COMPRISES:

(Increase)/decrease in deferred tax equivalent assets	12(a)	<b>(863)</b>	(2,082)
(Decrease)/increase in deferred tax equivalent liabilities	12(b)	<b>(22,217)</b>	(22,227)

### DEFERRED INCOME TAX (REVENUE)/EXPENSE ATTRIBUTABLE TO PROFIT FROM CONTINUING OPERATIONS

**(23,080)** (24,309)

### (b) Numerical Reconciliation of Income Tax Equivalent Expense to Prima Facie Tax Payable

	2020 \$'000	2019 \$'000
Profit from continuing operations before income tax equivalent expense	<b>126,800</b>	163,068
Tax equivalent at the Australian tax rate of 30.0% (2019 - 30.0%)	<b>38,040</b>	48,920

### INCREASE/(DECREASE) IN INCOME TAX EQUIVALENT EXPENSE DUE TO:

Deferred tax asset on capital losses not recognised	-	198
Other differences	<b>94</b>	(89)
Prior year adjustments	<b>90</b>	-
<b>TOTAL INCOME TAX EQUIVALENT EXPENSE</b>	<b>38,224</b>	49,029

### (c) Amounts Recognised Directly in Equity

<b>DEFERRED TAX RECOGNISED DIRECTLY IN EQUITY</b>		
Net deferred tax equivalent - debited (credited) directly to equity	<b>41,408</b>	35,052

### (d) Tax Expense/(income) Relating to Items of Other Comprehensive Income

	Notes	2020 \$'000	2019 \$'000
Gains on revaluation of property, plant and equipment	18	<b>41,766</b>	41,271
Cash flow hedges	18	-	(14)
Remeasurement of defined benefit fund asset		<b>(358)</b>	(617)
Initial recognition of AASB 15		-	(5,588)
		<b>41,408</b>	35,052



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## NOTE 4: INCOME TAX EQUIVALENT EXPENSE (CONTINUED)

Refer to Note 12 for accounting policies related to taxation.

## NOTE 5: CASH AND CASH EQUIVALENTS

	2020 \$'000	2019 \$'000
<b>CURRENT ASSETS</b>		
Bank balances	8,021	984
Cash on deposit with Qld Treasury Corporation (QTC)	16,883	1,340
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>24,904</b>	<b>2,324</b>

### (a) Deposits at Call

Cash on deposit with QTC earns interest at floating rates based on daily QTC deposit rates.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Contained within Cash on deposit with QTC, is a foreign currency balance of \$1.4M USD and \$6.5M USD of short term deposits which are used for operational purposes, and which have been translated into the functional currency using the applicable exchange rate at the end of the financial year.

### (b) Classification as Cash Equivalents

Term deposits are presented as cash equivalents if they have a short maturity from the date of acquisition.

### (c) Fair Value

The carrying amount for cash and cash equivalents equals the fair value.

### (d) Risk Exposure

The Consolidated Entity's exposure to interest rate risk is discussed in Note 20. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above other than Cash on Hand.

### (e) Reconciliation of Profit After Income Tax Equivalent to Net Cash Inflow from Operating Activities

	2020 \$'000	2019 \$'000
Profit for the year from continuing operations after income tax equivalent	88,576	114,039
Depreciation	370,254	368,441
Net (gain)/loss on sale of non-current assets	(912)	(442)
<b>CHANGE IN OPERATING ASSETS AND LIABILITIES:</b>		
(Increase)/decrease in trade receivables	(4,860)	(7,442)
(Increase)/decrease in inventories	(5,466)	(2,897)
(Increase)/decrease in deferred tax equivalent assets	(863)	(7,670)
(Decrease)/increase in trade and other payables	(15,110)	20,480
(Decrease)/increase in provision for income taxes equivalent payable	3,449	(11,053)
(Decrease)/increase in deferred tax equivalent liabilities	(22,217)	(22,228)
(Decrease)/increase in other provisions	3,899	2,618
(Increase)/decrease in prepayments	(19)	25
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>416,731</b>	<b>453,871</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 5: CASH AND CASH EQUIVALENTS (CONTINUED)

#### ACCOUNTING POLICIES

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### NOTE 6: ADVANCES

	2020 \$'000	2019 \$'000
<b>CURRENT ASSETS</b>		
Advances to QTC	336,585	297,457
<b>TOTAL ADVANCES</b>	<b>336,585</b>	<b>297,457</b>

#### ACCOUNTING POLICIES

Under the Queensland Government's cash management regime which became effective in the 2016/17 financial year, Government Owned Corporations (GOC's) advance surplus cash to Queensland Treasury Corporation (QTC) for the use by Queensland Treasury. QTC pays interest on these advances at its Cash Fund rate.

GOC access to the advances is generally subject to notification periods of 24 to 48 hours. Because of the short term nature of the advances, their carrying amount is assumed to represent fair value.

### NOTE 7: TRADE AND OTHER RECEIVABLES

	2020 \$'000	2019 \$'000
<b>CURRENT ASSETS</b>		
Trade receivables	85,578	82,718
Prepayments	3,701	1,294
Other	234	641
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>89,513</b>	<b>84,653</b>

#### ACCOUNTING POLICIES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For further information on the Consolidated Entity's impairment policies refer to Note 20(c).

Information about the Consolidated Entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 20.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 7: TRADE AND OTHER RECEIVABLES

#### CRITICAL JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES

The Consolidated Entity has not had a history of bad debts, other than in exceptional circumstances - refer Note 20(c). The Company has done an assessment based on the impact of the Covid-19 pandemic and does not consider it necessary to raise a provision for the impairment of receivables as all receivables are considered recoverable.

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

### NOTE 8: INVENTORIES

	2020 \$'000	2019 \$'000
<b>CURRENT ASSETS</b>		
Maintenance and Construction Stock	49,211	43,747
<b>TOTAL INVENTORIES</b>	<b>49,211</b>	<b>43,747</b>

#### ACCOUNTING POLICIES

Inventories shown as current assets are not for resale but are used in maintenance and construction, and are valued at the lower of average cost and net realisable value. The Consolidated Entity undertakes an annual review of inventory to identify any obsolete stock in addition to providing for any costs associated with their disposal (refer Note 13).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Work in Progress \$'000	Freehold Land and Easements \$'000	Buildings \$'000	Supply System Assets \$'000	Other Property, Plant and Equipment \$'000	Total \$'000
<b>AT 1 JULY 2018</b>						
Cost or fair value	410,756	688,585	110,787	9,744,456	161,660	11,116,244
Accumulated depreciation	-	(1,221)	(31,287)	(3,070,275)	(106,503)	(3,209,286)
<b>NET BOOK AMOUNT</b>	<b>410,756</b>	<b>687,364</b>	<b>79,500</b>	<b>6,674,181</b>	<b>55,157</b>	<b>7,906,958</b>
<b>YEAR ENDED 30 JUNE 2019</b>						
Opening net book amount	410,756	687,364	79,500	6,674,181	55,157	7,906,958
Revaluation surplus	-	12,255	1,414	123,900	-	137,569
Additions	226,321	-	-	-	-	226,321
Disposals	(640)	(514)	-	(205)	(26)	(1,385)
Transfers	(267)	-	-	-	-	(267)
Transfers from work in progress	(352,088)	1,011	-	320,054	31,023	-
Depreciation charge	-	-	(3,230)	(343,356)	(21,855)	(368,441)
<b>CLOSING NET BOOK AMOUNT</b>	<b>284,082</b>	<b>700,116</b>	<b>77,684</b>	<b>6,774,574</b>	<b>64,299</b>	<b>7,900,755</b>
<b>AT 1 JULY 2019</b>						
Cost or fair value	284,082	700,116	114,011	10,233,688	190,109	11,522,006
Accumulated depreciation	-	-	(36,327)	(3,459,114)	(125,810)	(3,621,251)
<b>NET BOOK AMOUNT</b>	<b>284,082</b>	<b>700,116</b>	<b>77,684</b>	<b>6,774,574</b>	<b>64,299</b>	<b>7,900,755</b>
<b>YEAR ENDED 30 JUNE 2020</b>						
Opening net book amount	284,082	700,116	77,684	6,774,574	64,299	7,900,755
Revaluation surplus	-	12,899	1,439	124,881	-	139,219
Additions	179,477	-	-	-	-	179,477
Disposals	(2,234)	(1,714)	-	(389)	(62)	(4,399)
Transfers	48	-	-	(36)	36	48
Transfers from work in progress	(83,869)	1,665	312	48,635	33,257	-
Depreciation charge	-	-	(3,274)	(343,162)	(23,818)	(370,254)
<b>CLOSING NET BOOK AMOUNT</b>	<b>377,504</b>	<b>712,966</b>	<b>76,161</b>	<b>6,604,503</b>	<b>73,712</b>	<b>7,844,846</b>
<b>AT 30 JUNE 2020</b>						
Cost or fair value	377,504	712,966	117,656	10,466,500	217,821	11,892,447
Accumulated depreciation	-	-	(41,495)	(3,861,997)	(144,109)	(4,047,601)
<b>NET BOOK AMOUNT</b>	<b>377,504</b>	<b>712,966</b>	<b>76,161</b>	<b>6,604,503</b>	<b>73,712</b>	<b>7,844,846</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 9:PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### HISTORICAL COST OF PROPERTY, PLANT AND EQUIPMENT

If property, plant and equipment were stated on a historical cost basis, the carrying amount would have been:

	2020 \$'000	2019 \$'000
Freehold land and easements	465,542	465,136
Buildings	61,650	64,046
Supply system assets	5,053,342	5,266,052

#### VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Powerlink's supply system assets, freehold land and building and easements are carried at fair value.

The Consolidated Entity has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is contained in Note 21. Property, Plant and Equipment has been classified under level 3 in determining fair value.

An income based approach to valuation was undertaken by Powerlink Queensland as at 30 June 2020 using the following key assumptions and approach:

##### Regulated Assets

- a major proportion of Powerlink's assets are subject to regulation in the form of a regulated revenue allowance and it is assumed that they will continue to be subject to regulation in the future;
- cash flows have been projected over a 25 year period based on post-tax forecasts consistent with existing regulatory determinations and methodologies and assuming an average growth rate using the Consumer Price Index (CPI) which is assessed to be the best estimate of future inflation long-term outlook for years beyond the current determination period;
- inclusion of a terminal value calculated using the Gordon growth model and assuming an annual growth rate using the CPI which is assessed to be the best estimate of future inflation long-term outlook; and
- application of a regulatory discount rate ranging between 4% and 5%.

##### Non-regulated assets

- cash flows have been estimated over the life of non-regulated contracts;
- cash flow projections are based on tax-adjusted contract terms and conditions including both operating and capital expenditures to maintain the assets at required service levels; and
- application of a +/- 0.5% sensitivity around a post-tax nominal discount rate that reflects the higher risks associated with non-regulated assets.

Asset carrying values are within the valuation range developed using these assumptions and approach. An increase/(decrease) in the discount rate can result in a significantly lower/(higher) valuation.

#### ACCOUNTING POLICIES

##### *Supply System Assets, Freehold Land and Buildings, and Easements*

Supply system assets, freehold land and buildings, and easements are measured at fair value. Work in progress is valued at historical cost. The carrying values of the assets are supported through the income based approach based on expected future cash flows. Accumulated depreciation at the date of revaluation together with the gross carrying amount of the assets are restated to the revalued amount of the asset. Revaluations are made with sufficient regularity to ensure that the carrying amount of the supply system assets, freehold land and buildings, and easements does not differ materially from fair value at the reporting date. The application of this policy to existing assets is reviewed by the Directors at each reporting date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

---

### NOTE 9:PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### *Other Property Plant and Equipment*

All other property, plant and equipment is valued at historical cost less depreciation. The carrying values of the assets are supported through the income based approach based on expected future cash flows.

#### *Acquisition of Assets*

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liability undertaken at the date of the acquisition plus incidental costs attributable to the acquisition.

The carrying amount of property, plant and equipment constructed by the Consolidated Entity includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

#### *Subsequent Costs*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

#### *Revaluation*

The values of assets within the supply system assets and freehold land and buildings and easements categories are increased by the Australian Bureau of Statistics Weighted Average of Eight Capital Cities Index (CPI) at the end of each financial year.

The valuation of the asset category other property, plant and equipment does not take into account CPI movements.

Additions to property, plant and equipment during the year, except for newly commissioned supply system assets, are not subject to revaluation using CPI in the year of acquisition.

Revaluation increments, net of tax, are recognised in other comprehensive income and accumulated in reserves in equity, except for amounts reversing a decrement previously recognised as an expense. Revaluation decrements are only offset against revaluation increments applying to the particular asset, and any excess is recognised as an expense.

The revalued amount is compared to an income based approach valuation to ensure the revalued asset amounts do not differ materially from fair value.

#### *Depreciation*

Land is not depreciated. Easements are only depreciated where the indefinite useful life of an easement no longer applies and a known useful life is identified. Depreciation is calculated using the straight line method to allocate cost or revalued amounts, net of their residual values, over estimated useful lives of assets, as follows:

- |                                       |               |
|---------------------------------------|---------------|
| - Supply system assets                | 12 - 60 years |
| - Buildings                           | 7- 60 years   |
| - Other Property, plant and equipment | 3 -10 years   |

Depreciation commences from the time units of property, plant and equipment are brought into commercial operation, and is calculated on all assets with the exception of land and easements, other than as specified above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### *Derecognition and Disposal of Assets*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the asset is derecognised.

### CRITICAL JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES

#### *Fair Value of Property, Plant and Equipment*

Due to the absence of an active market, the Consolidated Entity measures the fair value of the supply system assets, work in progress, freehold land and buildings and easements using an income based approach. If carrying values differ materially from fair value, a revaluation adjustment is recorded. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing fair value, a number of key estimates and assumptions are adopted for expected future cash flows.

### NOTE 10: TRADE AND OTHER PAYABLES

	2020 \$'000	2019 \$'000
<b>CURRENT LIABILITIES</b>		
Trade payables	33,770	49,288
Deposits	1,698	5,079
Other payables	23,493	30,467
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>58,961</b>	<b>84,834</b>

### ACCOUNTING POLICIES

These amounts represent unsecured liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. Due to their short term nature, the carrying amounts of the Consolidated Entity's trade and other payables are a reasonable approximation of fair value.

### NOTE 11: INTEREST BEARING LOANS AND BORROWINGS

	Current \$'000	2020 Non- current \$'000	Total \$'000	Current \$'000	2019 Non- current \$'000	Total \$'000
<b>UNSECURED</b>						
Queensland Treasury Corporation	-	5,265,221	5,265,221	-	5,265,221	5,265,221
<b>TOTAL UNSECURED BORROWINGS</b>	<b>-</b>	<b>5,265,221</b>	<b>5,265,221</b>	<b>-</b>	<b>5,265,221</b>	<b>5,265,221</b>

Further information relating to loans from related parties is set out in Note 29.

#### (a) Compliance with Loan Covenants

Powerlink Queensland has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting periods, see Note 20 for details.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

#### NOTE 11: INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

##### (b) Fair Value

The carrying amounts and fair values of borrowings at the end of the reporting period are:

	2020		2019	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Queensland Treasury Corporation	5,265,221	5,742,378	5,265,221	5,647,067
<b>TOTAL</b>	<b>5,265,221</b>	<b>5,742,378</b>	<b>5,265,221</b>	<b>5,647,067</b>

##### (c) On-balance Sheet

The borrowings are carried on the Balance Sheet at an amount different to the aggregate net fair value. The Directors have not caused those liabilities to be adjusted to the aggregate net fair value as it is intended to retain those securities until maturity.

QTC loans are classified as Level 2 in the fair value hierarchy (refer Note 21).

##### (d) Risk Exposures

Information about the Consolidated Entity's exposure to interest rate and foreign exchange risk is provided in Note 20.

#### ACCOUNTING POLICIES

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Principal repayments have been deferred in line with the Company's borrowing program. Interest expense is accrued over the period it becomes due and is recorded as part of trade and other payables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## NOTE 12: DEFERRED TAX BALANCES

### (a) Deferred Tax Equivalent Assets

	Notes	2020 \$'000	2019 \$'000
<b>THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:</b>			
Accruals		68	244
Provisions		14,495	15,007
Cash flow hedges		22	-
Contract liabilities		8,639	7,110
<b>TOTAL DEFERRED TAX EQUIVALENT ASSETS</b>		<b>23,224</b>	<b>22,361</b>
Set-off of deferred tax equivalent liabilities pursuant to set-off provisions	12(b)	(23,224)	(22,361)
<b>NET DEFERRED TAX EQUIVALENT ASSETS</b>		<b>-</b>	<b>-</b>
<b>MOVEMENTS:</b>			
Opening balance		22,361	14,694
Credited/(charged) to profit or loss		863	2,082
Credited/(charged) to equity		-	(3)
Credited(charged) to retained earnings		-	5,588
<b>Closing balance</b>		<b>23,224</b>	<b>22,361</b>
Deferred tax assets expected to be recovered within 12 months		13,893	14,502
Deferred tax assets expected to be recovered after more than 12 months		9,331	7,859
<b>CLOSING BALANCE</b>		<b>23,224</b>	<b>22,361</b>

### (b) Deferred Tax Equivalent Liabilities

	Notes	2020 \$'000	2019 \$'000
<b>THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:</b>			
Property, plant and equipment		702,886	685,873
Receivables		503	-
Prepayments		36	32
		<b>703,425</b>	<b>685,905</b>
<b>Other</b>			
Defined benefit fund surplus		4,815	5,693
Inventories		12,076	9,528
<b>Sub-total other</b>		<b>16,891</b>	<b>15,221</b>
<b>TOTAL DEFERRED TAX EQUIVALENT LIABILITIES</b>		<b>720,316</b>	<b>701,126</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 12: DEFERRED TAX BALANCES (CONTINUED)

	Notes	2020 \$'000	2019 \$'000
Set-off of deferred tax liabilities pursuant to set-off provisions	12(a)	(23,224)	(22,361)
<b>NET DEFERRED TAX EQUIVALENT LIABILITIES</b>		<b>697,092</b>	<b>678,765</b>

### ACCOUNTING POLICIES

#### Income Taxes

##### *Tax Equivalents*

The Group is liable to make tax equivalent payments on its taxable income to the Queensland Government. Any taxation payments that it is required to make will be made pursuant to Section 129(4) of the GOC Act.

The National Tax Equivalents Regime (NTER) broadly utilises the provisions of the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997* and associated legislation, the NTER Manual as well as Rulings and other pronouncements by the Australian Taxation Office (ATO), in order to determine the tax payable by the Group.

##### *Current Tax Equivalent Payable/Receivable*

The current income tax equivalent charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### *Deferred Tax Equivalent Assets and Liabilities*

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

##### *Income Tax Equivalent Expense*

The income tax equivalent expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

##### *Tax Consolidation Legislation*

Powerlink Queensland and its wholly-owned Australian controlled entities have adopted the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

---

### NOTE 12: DEFERRED TAX BALANCES (CONTINUED)

#### *Tax Consolidation Legislation (continued)*

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Powerlink Queensland.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Powerlink Queensland for any current tax payable assumed and are compensated by Powerlink Queensland for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Powerlink Queensland under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

#### *Investment Allowances and Similar Tax Incentives*

Companies within the Consolidated Entity may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (eg: the Research and Development Tax Incentive regime in Australia or other investment allowances). The Consolidated Entity accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

#### **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, for expenses and assets, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

#### **CRITICAL JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES**

##### *Recovery of Deferred Tax Equivalent Assets*

Deferred tax equivalent assets are recognised for deductible temporary differences as management considers it is probable that future taxable profits will be available to utilise those temporary differences.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 13: PROVISIONS

	Current \$'000	2020 Non- current \$'000	Total \$'000	Current \$'000	2019 Non- current \$'000	Total \$'000
Dividends	88,573	-	88,573	114,039	-	114,039
Employee benefits	43,385	2,031	45,416	38,461	2,055	40,516
Onerous contracts	164	204	368	798	338	1,136
Restructuring costs	-	-	-	197	-	197
Unresolved Easement Compensation	2,230	-	2,230	2,230	-	2,230
Other	45	-	45	80	-	80
<b>TOTAL PROVISIONS</b>	<b>134,397</b>	<b>2,235</b>	<b>136,632</b>	<b>155,805</b>	<b>2,393</b>	<b>158,198</b>

#### (a) Information About Individual Provisions and Significant Estimates

##### *Employee Benefits*

The current provision for employee entitlements includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The amount is presented as current, since the Consolidated Entity does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Consolidated Entity estimates that \$31.471M (2019: \$23.273M) of the current provision for employee entitlements will be settled more than 12 months after the reporting date.

##### *Onerous Contracts*

In 2012 the Consolidated Entity entered into a 10 year non-cancellable lease for office accommodation. Due to changes in its activities and office accommodation requirements, the leased premises became surplus to existing and forecast office accommodation needs. The premises have been sublet for the remaining lease term, however changes in market conditions have meant that the rental income from the sub-lease is lower than the rental expense. The obligation for the discounted future payments, net of expected sub-lease income, has been provided for.

##### *Restructuring Costs*

The restructuring provision reflects redundancy costs associated with a review of the Consolidated Entity's organisational structure and operations.

##### *Unresolved Easement Compensation*

The Consolidated Entity has a number of easement compensation liability obligations currently unresolved with the relevant landowners. Easements have been placed over the land in question however negotiations with landowners as to the amount of compensation and the timing of the compensation payments are still unresolved.

##### *Other*

The Consolidated Entity has provided for the estimated costs associated with the removal and destruction of contaminated liquids, solid wastes and power transformers previously written off from inventory stock. The estimate of costs has been prepared on current costs, current legal requirements and current technology.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 13: PROVISIONS (CONTINUED)

#### (b) Movements in Provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Dividends \$'000	Onerous Contracts \$'000	Restructuring Obligations \$'000	Unresolved Easement Compensation \$'000	Other \$'000	Total \$'000
Carrying amount at start of year	114,039	1,136	197	2,230	80	117,682
additional provisions recognised	88,573	-	-	-	15	88,588
unwinding of discount	-	99	-	-	-	99
Amounts used	(114,039)	(867)	(197)	-	(50)	(115,153)
<b>CARRYING AMOUNT AT END OF PERIOD</b>	<b>88,573</b>	<b>368</b>	<b>-</b>	<b>2,230</b>	<b>45</b>	<b>91,216</b>

#### ACCOUNTING POLICIES

All provisions, exclusive of employee entitlements, are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

These provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### NOTE 14: OTHER LIABILITIES

	Current \$'000	2020 Non- current \$'000	Total \$'000	Current \$'000	2019 Non- current \$'000	Total \$'000
Unearned Revenue	17,781	-	17,781	1,134	-	1,134
Contract Liability	6,197	288,399	294,596	5,883	294,596	300,479
Other	1	101	102	-	102	102
<b>TOTAL OTHER LIABILITIES</b>	<b>23,979</b>	<b>288,500</b>	<b>312,479</b>	<b>7,017</b>	<b>294,698</b>	<b>301,715</b>

#### ACCOUNTING POLICIES

##### *Unearned Revenue*

Unearned revenues represent moneys received by the Consolidated Entity (predominantly for non-regulated grid services revenue) for which the Consolidated Entity has not provided the corresponding goods and services.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 14: OTHER LIABILITIES (CONTINUED)

#### *Contract Liabilities*

Contract liabilities represent unearned income associated with contracts that have been identified to include a significant financing component in accordance with the definitions defined within AASB 15 (Revenue from contracts with customers).

### NOTE 15: SUPERANNUATION COMMITMENTS

#### (a) Superannuation Plan

The Consolidated Entity contributes to an industry multiple employer superannuation fund, the Electricity Supply Industry Superannuation (Qld) Ltd. Members, after serving a qualifying period, are entitled to benefits from this scheme on retirement, resignation, retrenchment, disability or death. The Consolidated Entity has one plan with a defined benefit section and a defined contribution section. The defined benefit section is only open to existing employees who have always been in the section, and is not open to new employees.

The defined benefit account of this plan provides defined lump sum benefits based on years of service and final average salary. Employee contributions to the scheme are based on percentages of their salaries and wages. The Consolidated Entity also contributes to the plan.

The following sets out details in respect of the defined benefit section only. The expense recognised in relation to the defined contribution section is included in Note 3(b).

#### (b) Defined Benefit Plan Balance Sheet Amounts

The amounts recognised in the balance sheet arising from the Consolidated Entity's obligation in respect of its defined benefit plan are as follows:

	2020 \$'000	2019 \$'000
Fair value of defined benefit plan assets	67,804	69,373
Present value of the defined benefit obligation	(51,754)	(50,398)
<b>NET SURPLUS/(DEFICIT) IN THE CONSOLIDATED BALANCE SHEET</b>	<b>16,050</b>	<b>18,975</b>

#### (c) Employer Contributions

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. Actuarial assessments are made at no more than three yearly intervals, and the last such assessment was made in November 2019 for the period ending 30 June 2019.

During the most recent review it was noted by the actuary that the defined benefit section of the plan is able to meet its existing and future liabilities without employer contributions. The Consolidated Entity, on the advice previously received from the fund actuary, ceased employer contributions to the defined benefits fund plan effective from 1 July 2015 and will continue until advised otherwise by the actuary to the fund.

### ACCOUNTING POLICIES

All employees of the Consolidated Entity are entitled to benefits from the Consolidated Entity's superannuation plan on resignation, retirement, disability or death or, subject to eligibility, can direct their employer to make contributions to a defined contribution plan of their choice. The Consolidated Entity's superannuation plan has a defined benefit section and a defined contribution section. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Consolidated Entity companies and the Consolidated Entity's legal or constructive obligation is limited to these contributions.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 15: SUPERANNUATION COMMITMENTS (CONTINUED)

A liability or asset in respect of the defined benefit superannuation plan is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from the experience during the financial year which differed from previous estimates and changes in actuarial assumptions are recognised in the period in which they occur, outside of profit or loss directly in other comprehensive income.

Contributions to the defined contribution section of the Consolidated Entity's superannuation plan and other independent defined contribution superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Past service costs are recognised immediately in profit or loss.

### NOTE 16: SHARE CAPITAL

		Powerlink Queensland		Powerlink Queensland	
	Notes	2020 Shares	2019 Shares	2020 \$'000	2019 \$'000
<b>ORDINARY SHARES</b>					
Fully paid	16(a)	<b>401,000,000</b>	401,000,000	<b>401,000</b>	401,000
<b>TOTAL CONTRIBUTED EQUITY</b>		<b>401,000,000</b>	401,000,000	<b>401,000</b>	401,000

#### (a) Issued and Paid Up Capital - Ordinary Shares

Consists of 2 "A" Class voting shares of \$1.00 each and 400,999,998 "B" Class non-voting shares of \$1.00 each. Changes to the then Corporations Law abolished the authorised capital and par value concepts in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital, and issued shares do not have a par value.

There was no movement in the issued and paid up capital during the financial year ended 30 June 2020.

Holders of "A" Class ordinary shares are entitled to one vote per share at shareholders' meetings.

#### (b) Terms and Conditions of Contributed Equity - Ordinary Shares

Ordinary shares entitle the holder to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, shares held.

### ACCOUNTING POLICIES

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 17: OTHER EQUITY

	2020 \$'000	2019 \$'000
Other equity	7,228	-
<b>TOTAL OTHER EQUITY</b>	<b>7,228</b>	<b>-</b>

### ACCOUNTING POLICIES

Where assets and liabilities are transferred between entities of the wholly-owned group or State of Queensland controlled entities, under the directive of the owner (being the State of Queensland) and the consideration paid is not equal to the value recognised on the transferred assets, the difference is recognised as other owners' contributions.

### NOTE 18: OTHER RESERVES

	2020 \$'000	2019 \$'000
<b>RESERVES</b>		
Revaluation surplus - property, plant and equipment	1,173,397	1,440,801
Cash flow hedges	-	-
<b>TOTAL RESERVES</b>	<b>1,173,397</b>	<b>1,440,801</b>

#### (a) Nature and Purpose of Reserves

##### *Revaluation Surplus - Property, Plant and Equipment*

The property, plant and equipment revaluation surplus reserve is used to record increments and decrements on the revaluation of non-current assets measured at fair value in accordance with the applicable Australian Accounting Standards. The balance standing to the credit of the surplus may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

##### *Cash Flow Hedges*

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

	Notes	2020 \$'000	2019 \$'000
<b>MOVEMENTS:</b>			
<b>Revaluation surplus - property, plant and equipment</b>			
Opening balance		1,440,801	1,344,503
Revaluation - gross		139,219	137,569
Deferred tax		(41,765)	(41,271)
Transfer to retained earnings		(364,857)	-
<b>Closing balance</b>		<b>1,173,397</b>	<b>1,440,801</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 18: OTHER RESERVES

	Notes	2020 \$'000	2019 \$'000
<b>Cash flow hedges</b>			
Opening balance		-	32
Revaluation - gross		-	(46)
Deferred tax	4(d)	-	14
<b>Closing balance</b>		-	-
<b>TOTAL RESERVES</b>		<b>1,173,397</b>	<b>1,440,801</b>

During the year Powerlink transferred from the revaluation reserve to retained earnings a revaluation surplus of \$364.9M. This surplus reflects the difference between depreciation based on the revalued carrying amount of assets and depreciation based on the assets' original costs.

### NOTE 19: RETAINED EARNINGS

Movements in retained earnings were as follows:

	Notes	2020 \$'000	2019 \$'000
<b>Opening balance</b>		<b>30,160</b>	<b>44,638</b>
Adjustment for transition to new accounting standards AASB 15		-	(13,038)
<b>ADJUSTED OPENING BALANCE</b>		<b>(30,160)</b>	<b>(31,600)</b>
<b>Net profit for the period</b>		<b>88,573</b>	<b>114,039</b>
Dividends	23	(162,573)	(114,039)
Actuarial gains/(losses) and tax on remeasurement of defined benefit plan assets		(1,352)	(2,097)
Defined benefit fund contributions tax		515	657
Transfer from revaluation surplus		364,857	-
<b>CLOSING BALANCE</b>		<b>320,180</b>	<b>30,160</b>

### NOTE 20: FINANCIAL RISK MANAGEMENT

Risk management is carried out by the Company under policies approved by the Board of Directors. The Company identifies, evaluates and hedges financial risks in close co-operation between the Consolidated Entity's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### (a) Derivatives

Derivatives are only used for economic hedging purposes and not as trading or speculative instruments. The Consolidated Entity has no derivatives existing at the end of the financial period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

---

### NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

Derivatives are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

For hedged forecast transactions that result in the recognition of a non-financial asset, the Consolidated Entity has elected to include related hedging gains and losses in the initial measurement of the cost of the asset.

#### (b) Market Risk

##### *Foreign Exchange Risk*

The Consolidated Entity is exposed to currency risk and commodity risk on purchases of materials that are denominated in a currency other than the Consolidated Entity's functional currency. The materials are for the construction and maintenance of supply system assets.

Exchange rate and commodity exposures are managed within approved policy parameters using forward foreign exchange and commodity contracts.

The Consolidated Entity's market risk management standard is to generally hedge between 50% and 100% of anticipated transactions (material purchases) in the foreign currency where a firm commitment has been entered into and the amount exceeds a Board approved threshold. All projected purchases qualify as "highly probable" forecast transactions for hedge accounting purposes.

The carrying amounts of the Consolidated Entity's financial assets and liabilities are all denominated in Australian dollars. The Consolidated Entity did not have any material exposure to foreign currency risk at the end of the financial period.

##### *Other Price Risk*

The Consolidated Entity does not have any exposure to equity securities price risk. The Consolidated Entity is not exposed to material commodity price risk.

##### *Interest Rate Risk*

The Consolidated Entity's main interest rate risk would normally arise from long term borrowings. However, under lending arrangements provided by Queensland Treasury Corporation (QTC), the Company's borrowings within its client specific pool are fixed and are insensitive to movements in interest rates.

The Consolidated Entity borrows exclusively from QTC, an entity controlled by the Queensland Government. QTC manages the borrowings on behalf of the Consolidated Entity within agreed pre-determined benchmarks. All borrowings were denominated in Australian dollars.

#### (c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Consolidated Entity.

Powerlink Queensland is primarily exposed to credit related losses through its provision of electricity transmission services to a small number of large customers (electricity generators, distributors and direct connect loads). The Company transacts with large reputable entities. Where appropriate, suitable financial security, either through the regulatory regime arrangements in which the Company operates, or other forms such as parent guarantees and unconditional bank guarantees, is obtained. It is not expected that any of these customers will fail to meet their obligations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Credit Risk (continued)

Outside of the small number of major electricity network customers, trade receivables consists of a limited number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Powerlink has undertaken an assessment based on the impact of the Covid-19 pandemic and does not consider it necessary to raise a provision for the impairment of receivables as all receivables are considered recoverable.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are either banks or QTC, all of whom have high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Consolidated Entity's maximum exposure to credit risk without taking into account the value of any collateral obtained.

#### *Impaired Trade Receivables*

The Consolidated Entity has recognised a loss of Nil (2019: Nil) in respect of impaired trade receivables during the year ended 30 June 2020.

#### *Trade Receivables Past Due but Not Impaired*

As of 30 June 2020, trade receivables of \$1.8M (2019: \$1.5M) were past due. These relate to a number of independent customers for whom there is no previous history of default. The ageing analysis of these trade receivables is as follows:

	2020 \$'000	2019 \$'000
Up to 3 months	1,781	1,174
3 to 6 months	4	347
Greater than 6 months	5	-
	<b>1,790</b>	<b>1,521</b>

#### (d) Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has implemented an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long term funding and liquidity requirements. The Consolidated Entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows, in addition to assessing the impact of exceptional circumstances such as the Covid-19 pandemic. Surplus funds are invested with QTC and have on call access.

#### *Financing Arrangements*

Under the funding arrangements entered into between the Company and the Company's shareholding Ministers, any undrawn approved funding lapses at the end of each financial year. The Company seeks approval from the shareholding Ministers for funding requirements for the forthcoming year on an annual basis, and these approved borrowings form part of the State of Queensland's borrowing program. Should additional funds beyond the approved amounts be necessary to maintain liquidity and/or meet operational requirements, approval for the additional funds must be sought from the Queensland Treasurer.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *Maturities of Financial Liabilities*

The tables below analyse the Consolidated Entity's financial liabilities, in relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. On 31 July 2020, the Consolidated Entity restructured a proportion of the interest bearing loans to both principal and interest repayment, with the remaining amount continuing to be interest only. The amounts disclosed in the 30 June 2020 table reflect the restructured position.

Contractual maturities of financial liabilities	0 - 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
At 30 June 2020	\$'000	\$'000	\$'000	\$'000	\$'000
<b>NON-DERIVATIVES</b>					
Trade and other payables	58,961	-	-	58,961	58,961
Interest bearing loans and borrowings	174,067	719,683	5,334,329	6,228,078	5,265,221
<b>TOTAL NON-DERIVATIVES</b>	<b>233,028</b>	<b>719,683</b>	<b>5,334,329</b>	<b>6,287,039</b>	<b>5,324,182</b>

Contractual maturities of financial liabilities	0 - 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
At 30 June 2019	\$'000	\$'000	\$'000	\$'000	\$'000
<b>NON-DERIVATIVES</b>					
Trade and other payables	84,834	-	-	84,834	84,834
Interest bearing loans and borrowings	165,364	661,246	5,265,221	6,091,831	5,265,221
<b>TOTAL NON-DERIVATIVES</b>	<b>250,198</b>	<b>661,246</b>	<b>5,265,221</b>	<b>6,176,665</b>	<b>5,350,055</b>

### NOTE 21: FAIR VALUE MEASUREMENTS

#### ACCOUNTING POLICIES

To provide an indication about the reliability of the inputs used in determining fair value, the Consolidated Entity classifies its assets and liabilities measured at fair value, into the three levels prescribed under the accounting standards.

The Consolidated Entity's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 21: FAIR VALUE MEASUREMENTS (CONTINUED)

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

### NOTE 22: CAPITAL RISK MANAGEMENT

The Consolidated Entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure in line with shareholding Ministers' expectations.

The Consolidated Entity's overall strategy remains unchanged, to maintain at least an "investment grade" business credit rating.

The capital structure of the Consolidated Entity consists of debt, which includes borrowings disclosed in Note 11, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in Notes 16, 18 and 19 respectively.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Operating cash flows are used to maintain and expand the Consolidated Entity's property, plant and equipment, as well as to make routine outflows of tax, dividends and servicing of debt.

The Consolidated Entity's policy is to borrow centrally using facilities provided by QTC to meet anticipated funding requirements.

The Consolidated Entity believes its forecast cash flows for the 2020/21 financial year will be sufficient to meet operational requirements including the payment of the dividend for the 2019/20 year.

There have not been any material changes in strategy or policy subsequent to the previous year ended 30 June 2019.

#### *Gearing ratio*

The Consolidated Entity's management monitor its capital on the basis of a gearing ratio on an annual basis through its reporting to the Board and Shareholding Ministers and QTC. This ratio is calculated as debt to fixed assets.

	2020 \$'000	2019 \$'000
Total debt	5,265,221	5,265,221
Property, plant and equipment	7,844,846	7,900,755
<b>Gearing ratio</b>	<b>67.1 %</b>	<b>66.6 %</b>

Powerlink Queensland has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting periods.

Debt is defined as long and short term borrowings. For the financial year ended 30 June 2020, the Consolidated Entity had only long term borrowings.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 23: DIVIDENDS

	2020 \$'000	2019 \$'000
<b>ORDINARY SHARES</b>		
Unfranked special dividend	74,000	-
Unfranked final dividend proposed	88,573	114,039
	<b>162,573</b>	<b>114,039</b>

The 2019/20 final dividend is based on 100% of operating profit after income tax equivalent expense (2019: 100%). A special/interim dividend of \$74.0M (2019: Nil) was paid during the financial year in accordance with shareholder expectations.

Pursuant to the National Tax Equivalent Regime, Powerlink Queensland and its controlled entities are not required to maintain a franking account.

### ACCOUNTING POLICIES

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Recommendation on the dividend to be paid is determined after consultation with the shareholding Ministers in accordance with the GOC Act. No dividends are franked.

### NOTE 24: EMPLOYEE BENEFITS

Information in respect of each category of performance related payment is as follows:

#### (a) Performance Payments - Other Key Management Personnel

Other Key Management Personnel are eligible for an "at-risk" or variable salary component that is linked to both the overall performance of the Consolidated Entity and their individual efforts against a range of key performance behaviours and performance objectives contained in individual performance agreements. Actual performance payments are based on performance against the predetermined key indicators as detailed in the individual's performance agreement and the annual Statement of Corporate Intent which is approved by the shareholding Ministers. Performance payments may not exceed 15% of the individual's total employment contract remuneration. The performance payments made in the 2019/20 year were granted/approved by the Board on 25 September 2019. There have not been any alterations of the terms and conditions to the grant since the grant/approval date.

#### (b) Performance Payments - All Other Employees

Performance payments to all other employees are dependent on the performance of employees against individual/team pre-agreed performance targets and behaviours. Actual performance payments are based on performance against the predetermined indicators and take into consideration the overall performance of the Consolidated Entity. The performance payments made in the 2019/20 year were granted/approved by the Board on 25 September 2019. There have not been any alterations of the terms and conditions to the grant since the grant/approval date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 24: EMPLOYEE BENEFITS (CONTINUED)

#### (c) Gainsharing Payments

Gainsharing payments are available to award employees based on the Company results. The amount is a fixed sum for all eligible employees. The payment made in 2019/20 was granted/approved by the Board on 25 September 2019. There have not been any alterations of the terms and conditions to the grant since the grant/approval date.

#### (d) At-Risk Performance Remuneration

The aggregate at-risk performance remuneration is as follows:

	2019/20	2018/19
Aggregate at-risk performance remuneration paid	<b>\$2.932m</b>	\$3.448m
Number of employees receiving performance payments	<b>726</b>	779
Total salaries and wages paid	<b>\$135.9m</b>	\$137.5m

#### (e) Number of Employees

Number of employees (full time equivalents) at year end: 892 (2019: 875)

### ACCOUNTING POLICIES

#### Employee Benefits

##### *Wages and Salaries, Annual Leave, Long Service Leave and Sick Leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities expected to be settled more than 12 months after the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

For long service leave, consideration is also given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments relating to such liabilities are discounted using market yields at the reporting date with terms to maturity and currency that match, as closely as possible, to the estimated future cash outflows.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. Annual leave, vested long service leave and on-cost entitlements accrued but not expected to be taken within 12 months have been included as part of current liabilities as the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### *Termination Benefits*

Liabilities for termination benefits are recognised for the obligation to provide termination payments to employees where there is a valid expectation in those affected that the Consolidated Entity will progress with a restructuring and associated terminations.

#### Performance payments

##### *At-risk Performance Remuneration*

Employees of the Consolidated Entity are eligible for performance payments based on individual and/or small team performance during the year. In addition, award employees are eligible for a gainsharing payment based on corporate results.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 24: EMPLOYEE BENEFITS (CONTINUED)

#### CRITICAL JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES

##### *Employee Entitlements*

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in salaries and wages;
- future oncost rates; and
- experience of employee departures and periods of service.

### NOTE 25: KEY MANAGEMENT PERSONNEL DISCLOSURES

The key management personnel of Powerlink Queensland during the financial year were:

#### (a) Shareholding Ministers

Powerlink Queensland is a Queensland government owned corporation (GOC) established under the GOC Act. The GOC's Shareholding Ministers are identified as part of the GOC's key management personnel (KMP). Two Queensland Government Ministers (Shareholding Ministers) hold shares in Powerlink Queensland on behalf of the people of Queensland. During the financial year they were:

- The Honourable Jacklyn Trad MP, Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships (to 10 May 2020)
- The Honourable Cameron Dick MP, Treasurer, Minister for Infrastructure and Planning (from 11 May 2020)
- The Honourable Dr Anthony Lynham MP, Minister for Natural Resources, Mines and Energy

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members Remuneration Handbook. Powerlink Queensland does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses of all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

#### (b) Directors

Directors of Powerlink Queensland are appointed by the Shareholding Ministers for fixed terms with specified expiry dates. The following persons were directors of the Consolidated Entity during the financial year:

Directors of Powerlink Queensland		First appointed	Appointment expiry date
Kathy Hirschfeld AM	Chair	1 October 2018	30 September 2021
Julienne Martin	Non-Executive Director	1 October 2011	30 September 2020
Alan Millis	Non-Executive Director	1 October 2015	30 September 2021
Dr Lorraine Stephenson	Non-Executive Director	12 October 2017	30 September 2020
Sarah Zeljko	Non-Executive Director	20 December 2016	30 September 2022

#### (c) Other Key Management Personnel

The following positions had authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, during the financial year:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 25: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

#### (c) Other Key Management Personnel (continued)

2019/20 Key management personnel	
Chief Executive	M E York (to 16 August 2019)
Acting Chief Executive*	K S Kehl (from 17 August 2019 to 30 June 2020)
Chief Executive	P Simshauser (from 1 June 2020)
Chief Financial Officer	D Rowell
Executive General Manager Delivery and Technical Solutions	S C Bell (to 16 August 2019)
Executive General Manager Delivery and Technical Solutions	T Byrne (from 17 August 2019)
Executive General Manager Operations and Service Delivery	G Edwards
Executive General Manager People and Corporate Services	C A Heffernan
Executive General Manager Strategy and Business Development	K S Kehl (to 16 August 2019)
Executive General Manager Strategy and Business Development	S C Bell (from 17 August 2019)
2018/19 Key management personnel	
Chief Executive	M E York
Chief Financial Officer	D Rowell
Executive General Manager Delivery and Technical Solutions	S C Bell
Executive General Manager Operations and Service Delivery	G Edwards
Executive General Manager People and Corporate Services	C A Heffernan
Executive General Manager Strategy and Business Development	K S Kehl

\*The Acting Chief Executive position included a transition period from 1 June 2020 to 30 June 2020.

#### *Remuneration of Other Key Management Personnel*

The People, Culture and Remuneration Committee of the Board of Directors is responsible for establishing remuneration policy, and for determining and reviewing the remuneration arrangements for other key management personnel.

The People, Culture and Remuneration Committee assesses the appropriateness of the nature and amount of compensation of other key management personnel on a periodic basis by reference to relevant employment market conditions to assist the Company to attract, retain and motivate high calibre individuals. Shareholder guidelines and policy in relation to remuneration of other key management personnel are followed.

The remuneration arrangements include a total fixed remuneration component which provides some flexibility for packaging of superannuation, motor vehicles and other costs, as well as a performance pay component which rewards out-performance of pre-agreed business and individual targets.

Other key management personnel are employed under employment agreements. Their current employment agreements either have a fixed term or do not have an expiry date. The agreements provide a notice period from five weeks to six months depending on the particular contract and provision for a severance payment should the Company elect to terminate the agreement. The severance payment is in accordance with the employment agreement.

#### (d) Details of Remuneration

Each Director receives an annual fee for being a Director of the Company. An additional fee is also paid for each Board Committee on which the Director sits. The current base remuneration was last reviewed with effect from 28 October 2014.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 25: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

#### (d) Details of Remuneration (continued)

Directors are not entitled to receive any performance related remuneration. Directors do not receive share options and are not entitled to acquire shares in the Company. All shares in the Company are held by the shareholding Ministers on behalf of the State of Queensland.

(i) Details of the Nature and Amount of Each Major Element of the Remuneration of Each Director are:

	Short Term Fixed Remuneration		Post Employment Superannuation		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>DIRECTORS' REMUNERATION</b>						
Dr Julie Beeby	-	24	-	2	-	26
Kathy Hirschfeld AM	99	70	9	7	108	77
Peter Hudson	-	42	-	4	-	46
Julienne Martin	50	51	5	5	55	56
Alan Millis	51	51	5	5	56	56
Dr Lorraine Stephenson	50	50	5	5	55	55
Sarah Zeljko	51	50	5	5	56	55
<b>TOTAL</b>	<b>301</b>	<b>338</b>	<b>29</b>	<b>33</b>	<b>330</b>	<b>371</b>

Directors' remuneration excludes insurance premiums paid by Powerlink Queensland in respect of the Directors' and Officers' liability insurance contracts, and premiums in respect of Directors' and Officers' supplementary legal expenses, as the contracts do not specify premiums paid in respect of individual Directors and Officers. Information relating to insurance contracts is set out in the Directors' Report.

#### (ii) Other Key Management Personnel

Details of the nature and amount of each major element of the remuneration to each of the other key management personnel (KMP) of both Powerlink Queensland and the Consolidated Entity, inclusive of performance payments are:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## NOTE 25: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

### (d) Details of Remuneration (continued)

2020	Short term		Post employment	Long term benefits <sup>2</sup>	
Position	Fixed Remuneration	At Risk Payments	Superannuation <sup>1</sup>	Annual & Long service leave	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive <sup>3</sup>	651	67	99	49	866
Chief Financial Officer	392	22	28	26	468
Executive General Manager Strategy and Business Development <sup>3</sup>	326	17	55	(32)	366
Executive General Manager Delivery and Technical Solutions	260	15	28	45	348
Executive General Manager People & Corporate Services	305	19	52	14	390
Executive General Manager Operations and Service Delivery	319	18	30	25	392
<b>Total</b>	<b>2,253</b>	<b>158</b>	<b>292</b>	<b>127</b>	<b>2,830</b>

2019	Short term		Post employment	Long term benefits <sup>2</sup>	
Position	Fixed Remuneration	At Risk Payments	Superannuation <sup>1</sup>	Annual & Long service leave	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive <sup>3</sup>	697	43	106	(4)	842
Chief Financial Officer	373	9	35	12	429
Executive General Manager Strategy and Business Development <sup>3</sup>	372	23	62	33	490
Executive General Manager Delivery and Technical Solutions	276	17	46	1	340
Executive General Manager People & Corporate Services	300	18	50	31	399
Executive General Manager Operations and Service Delivery	306	17	29	24	376
<b>Total</b>	<b>2,324</b>	<b>127</b>	<b>328</b>	<b>97</b>	<b>2,876</b>

<sup>1</sup> Includes both employee and employer superannuation contributions.

<sup>2</sup> Long term benefits represents the net increase/(decrease) in the balance accrued during the year (other than on the departure of a KMP upon which the amount is included within Fixed Remuneration). Amounts paid in the year are included in Fixed Remuneration.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 25: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

#### (d) Details of Remuneration (continued)

<sup>3</sup> Amounts shown represent the remuneration paid to the active KMP during the year.

Other key management personnel remuneration excludes insurance premiums paid by the parent entity in respect of Directors' and Officers' liability insurance contracts and premiums in respect of Directors' and Officers' supplementary legal expenses, as the contracts do not specify premiums paid in respect of individual Directors and Officers. Information relating to the insurance contracts is set out in the Directors' Report.

### NOTE 26: REMUNERATION OF AUDITORS

Remuneration for audit of the financial statements of Powerlink Queensland or any entity of the Consolidated Entity.

Amounts received or due and receivable by the auditors of Powerlink Queensland:

	30 June 2020 \$	30 June 2019 \$
<b>QUEENSLAND AUDIT OFFICE</b>		
Audit of financial statements	240,750	224,750
<b>TOTAL REMUNERATION FOR AUDIT AND OTHER SERVICES</b>	<b>240,750</b>	<b>224,750</b>

### NOTE 27: CONTINGENCIES

#### (a) Contingent Assets

The Consolidated Entity had no contingent assets of a material nature as at 30 June 2020 (2019: NIL)

#### (b) Contingent Liabilities

The Consolidated Entity had no contingent liabilities of a material nature as at 30 June 2020 (2019: NIL)

### NOTE 28: COMMITMENTS

#### Capital Expenditure Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2020 \$'000	2019 \$'000
<b>CAPITAL EXPENDITURE COMMITMENTS</b>		
Property, plant and equipment	18,569	9,685
<b>TOTAL CAPITAL EXPENDITURE COMMITMENTS</b>	<b>18,569</b>	<b>9,685</b>

### NOTE 29: RELATED PARTY TRANSACTIONS

#### (a) Parent Entities

The Consolidated Entity has a related party relationship with its parent entity (includes other agencies and departments of the State of Queensland).

#### (b) Directors

*Directors' Shareholdings*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## NOTE 29: RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Directors (continued)

No shares in Powerlink Queensland were held by Directors of the Company, the Consolidated Entity or their Director related entities.

#### *Loans to Directors*

No loans have been made or are outstanding to Directors of the Company, the Consolidated Entity or their Director related entities.

### (c) Subsidiaries and Associates

Interests in subsidiaries are set out in Note 30.

### (d) Transactions with Related Parties

Disclosures relating to other key management personnel are set out in Note 25.

The following transactions occurred with related parties, with terms equivalent to those that prevail in arm's length transactions:

	2020 \$'000	2019 \$'000
<b>SALES OF GOODS AND SERVICES (INCLUDES GST)</b>		
Entities controlled by the State of Queensland	663,048	679,964
<b>PURCHASES OF GOODS AND SERVICES (INCLUDES GST)</b>		
Entities controlled by the State of Queensland	76,617	88,442
<b>INTEREST REVENUE</b>		
Entities controlled by the State of Queensland	4,767	6,821
<b>OTHER TRANSACTIONS</b>		
Dividends paid to the Australian parent entity	188,039	167,325
Borrowing costs - entities controlled by the State of Queensland	217,925	224,745
	405,964	392,070

Refer to Note 4 for details of income tax transactions with the ultimate parent entity.

### (e) Outstanding Balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2020 \$'000	2019 \$'000
<b>ENTITIES CONTROLLED BY THE STATE OF QUEENSLAND</b>		
Trade and other receivables (sales of goods and services)	48,218	46,905
Trade and other payables (purchases of goods and services)	-	(819)
Cash and cash equivalents	16,883	1,340
	65,101	47,426



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 29: RELATED PARTY TRANSACTIONS (CONTINUED)

Refer to Notes 12 and 13 for details of outstanding balances with the ultimate parent entity relating to current tax equivalent liabilities, deferred tax equivalent assets, deferred tax equivalent liabilities and provision for dividends.

#### (f) Cash Advances to Related Parties

	Consolidated 30 June 2020 \$'000	30 June 2019 \$'000
<b>CASH ADVANCES TO THE ULTIMATE PARENT ENTITY</b>		
Advances	<b>336,818</b>	298,098

#### (g) Loans from Related Parties

	2020 \$'000	2019 \$'000
<b>LOANS FROM ULTIMATE PARENT ENTITY</b>		
Beginning of the year	<b>5,265,221</b>	5,265,221
Finance costs charged	<b>217,925</b>	224,745
Finance costs expensed	<b>(217,925)</b>	(224,745)
	<b>5,265,221</b>	5,265,221

#### (h) Terms and Conditions

All transactions were made on normal commercial terms and conditions, with outstanding balances being unsecured.

### NOTE 30: INTERESTS IN OTHER ENTITIES

#### (a) Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in this note. The country of incorporation is also their principal place of business.

Name of entity	Country of incorporation	Class of shares	Equity holding ** 2020 %	2019 %
Harold Street Holdings Pty Ltd *	Australia	Ordinary	<b>100</b>	100
Powerlink Transmission Services Pty Ltd *	Australia	Ordinary	<b>100</b>	100
Queensland Capacity Network Pty Ltd*	Australia	Ordinary	<b>51</b>	50
Queensland Capacity Network Pty Ltd*	Australia	Non-Voting	<b>90</b>	-

\* These subsidiaries are small proprietary companies and are therefore relieved from the requirement for the preparation, audit and lodgement of annual financial statements.

\*\* The proportion of ownership interest is equal to the proportion of voting power held, other than for QCN.

Principal activities of both Harold Street Holdings Pty Ltd and Powerlink Transmission Services Pty Ltd are to act as holding companies for investments made by the parent company, Powerlink Queensland.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## NOTE 30: INTERESTS IN OTHER ENTITIES (CONTINUED)

### (a) Significant investments in subsidiaries (continued)

On 19 June 2019, in accordance with a ministerial direction, Powerlink acquired 50% of the issued shares in the newly established FibreCo Queensland Pty Ltd (FibreCo), a telecommunications company set up for the purpose of enabling faster and more reliable internet services in regional Queensland. FibreCo is jointly owned by Powerlink and Energy Queensland.

During the year Powerlink acquired additional shares in FibreCo increasing its share ownership of ordinary shares to a controlling 51%, along with acquiring 90% of the newly created non-voting shares. The non-voting shares confer the right to receive any dividend or distribution from the entity and therefore represent the basis of consolidation. On 4 September 2019, FibreCo changed its business name to Queensland Capacity Network Fibre Pty Ltd.

### (b) Non-controlling Interests (NCI)

Summarised balance sheet	Queensland Capacity Network	
	2020 \$'000	2019 \$'000
Current assets	8,273	-
Current liabilities	1,041	-
<b>CURRENT NET ASSETS</b>	<b>7,232</b>	<b>-</b>
Non-current assets	4,272	-
<b>NON-CURRENT NET ASSETS</b>	<b>4,272</b>	<b>-</b>
<b>NET ASSETS</b>	<b>11,504</b>	<b>-</b>
Accumulated NCI	1,150	-

Summarised statement of comprehensive income	Queensland Capacity Network	
	2020 \$'000	2019 \$'000
<b>Profit for the period</b>	<b>31</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>31</b>	<b>-</b>
Profit/(loss) allocated to NCI	3	-

Summarised cash flows	Queensland Capacity Network	
	2020 \$'000	2019 \$'000
Cash flows from operating activities	924	-
Cash flows from investing activities	(251)	-
Cash flows from financing activities	7,228	-
<b>Net increases/(decrease) in cash and cash equivalents</b>	<b>7,901</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

---

### NOTE 30: INTERESTS IN OTHER ENTITIES (CONTINUED)

#### ACCOUNTING POLICIES

##### *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Powerlink Queensland ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Powerlink Queensland and its subsidiaries together are referred to in this financial report as the Consolidated Entity.

Investments in subsidiaries are accounted for at cost by Powerlink Queensland.

### NOTE 31: EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has occurred subsequent to the period end that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years (2019: NIL).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 32: PARENT ENTITY (POWERLINK QUEENSLAND) FINANCIAL INFORMATION

#### (a) Summary Financial Information

The individual financial statements for the parent entity, Powerlink Queensland, show the following aggregate amounts:

	2020 \$'000	2019 \$'000
<b>Balance sheet</b>		
Current assets	504,634	431,230
Non-current assets	7,860,657	7,919,730
<b>Total assets</b>	<b>8,365,291</b>	<b>8,350,960</b>
Current liabilities	210,707	237,949
Non-current liabilities	6,253,115	6,241,076
<b>Total liabilities</b>	<b>6,463,822</b>	<b>6,479,025</b>
<b>SHAREHOLDERS' EQUITY</b>		
Issued capital	401,000	401,000
Other Equity	7,228	-
Revaluation surplus - property, plant and equipment	1,173,397	1,440,801
Retained earnings	319,845	30,134
<b>Total equity</b>	<b>1,901,470</b>	<b>1,871,935</b>
<b>Profit or loss for the year</b>	<b>88,266</b>	<b>114,039</b>
<b>Total comprehensive income</b>	<b>184,884</b>	<b>208,865</b>

#### (b) Determining the Parent Entity Financial Information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements.

## DIRECTORS' DECLARATION

---

In the opinion of the Directors of Queensland Electricity Transmission Corporation Limited (the Company):

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This Directors' report is signed in accordance with a resolution of the Directors.



Kathy Hirschfeld AM  
Director  
Brisbane  
27/8/20

## INDEPENDENT AUDITOR'S REPORT

To the Members of Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland)

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Powerlink Queensland and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the group's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended
- b) complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards.

The financial report comprises the consolidated balance sheet as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*. I am also independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

### **Valuation of property, plant and equipment (\$7.8 billion)**

Refer to note 9 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>Powerlink used a complex discounted cash flow model to ensure that the carrying value of property plant and equipment did not differ materially from its fair value.</p> <p>The model involved significant judgements for:</p> <ul style="list-style-type: none"> <li>estimating future cash flows and terminal values</li> <li>setting discount rates.</li> </ul>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices.</li> <li>Engaging an auditor's expert to assist me in assessing the reasonableness of the discount rates applied, with reference to market data and industry research.</li> <li>Performing a sensitivity analysis for discount rates to develop a reasonable range for fair value.</li> <li>Back testing the previous year's cash flow forecasts against subsequent actual results to identify potential deficiencies in the forecasting methodology.</li> <li>Assessing the reasonableness of cash flow forecasts relative to the regulator-approved determination, board approved budgets, non-regulated revenue contracts, historical growth trends, and other relevant internal and external evidence.</li> <li>Verifying the mathematical accuracy of net present value calculations.</li> </ul>

### **Useful lives estimated for depreciation expense (\$370 million)**

Refer to note 9 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>The straight-line depreciation method used by Powerlink requires significant judgements for:</p> <ul style="list-style-type: none"> <li>identifying the significant parts of the supply system that have different useful lives</li> <li>estimating the remaining useful lives of those significant parts.</li> </ul>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Evaluating management's approach for componentising supply system assets into parts with different useful lives, and changes to useful life assessments for components within the supply system for reasonableness, having regard to recent replacement projects and long-term asset management plans.</li> <li>Evaluating remaining useful life estimates for reasonableness with reference to historical disposal rates, condition assessments for older assets, and long-term asset management plans and budgets.</li> </ul>

### **Other information**

Other information comprises financial and non-financial information (other than the audited financial report). At the date of this auditor's report, the available other information in Queensland Electricity Transmission Corporation Limited's annual report for the year ended 30 June 2020 was the directors' report.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard

### **Responsibilities of the company for the financial report**

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The company's directors are also responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.



- Conclude on the appropriateness of the group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the company's directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Rachel Vagg  
as delegate of the Auditor-General  
28 August 2020

Queensland Audit Office  
Brisbane

# Contact us

Registered office 33 Harold St Virginia  
Queensland 4014 Australia  
ABN 82 078 849 233

Postal address PO Box 1193 Virginia  
Queensland 4014 Australia

Telephone +61 7 3860 2111  
(during business hours)

Email [pqenquiries@powerlink.com.au](mailto:pqenquiries@powerlink.com.au)

Website [www.powerlink.com.au](http://www.powerlink.com.au)

Social media    

