



Statement of Corporate Intent 2019/20

Prepared by the Directors and Management of Powerlink Queensland
for shareholding Ministers, including:

- **The Honourable Cameron Dick MP**
Treasurer, Minister for Infrastructure and Planning
- **The Honourable Dr Anthony Lynham MP**
Minister for Natural Resources, Mines and Energy

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Performance Agreement

This Statement of Corporate Intent and all attachments are presented in accordance with Chapter 3, Part 8 of the *Government Owned Corporations Act 1993* (GOC Act).

In accordance with Chapter 1, Part 3, Section 7 of the GOC Act, the Statement of Corporate Intent represents a formal performance agreement between the Board of Powerlink Queensland and its shareholding Ministers with respect to the financial and non-financial performance targets specified for the financial year. The Statement of Corporate Intent represents agreement to the major activities, objectives, policies, investments and borrowings of Powerlink Queensland for 2019-20.

This Statement of Corporate Intent is consistent with Powerlink Queensland's 2019 – 2024 Corporate Plan, submitted to shareholding Ministers and agreed in accordance with Chapter 3, Part 7 of the GOC Act.

In signing this document, the Board of Powerlink Queensland undertakes to achieve the targets proposed in the Statement of Corporate Intent for 2019-20.

Major changes to key assumptions that underpin the performance outcomes detailed in this Statement of Corporate Intent, and which come to the Board's attention during the year, will be brought to the attention of shareholding Ministers. Any modifications to this Statement of Corporate Intent will be dealt with in accordance with the GOC Act.

This Statement of Corporate Intent is signed by the Chair on behalf of all the directors in accordance with a unanimous decision of the Board of Powerlink Queensland.

The Hon Cameron Dick
Treasurer and Minister for Infrastructure and Planning

Date

The Hon Dr Anthony Lynham MP
Minister for Natural Resources, Mines and Energy

Date

Kathy Hirschfeld
Chair, Powerlink Queensland

Date

Financial Targets

Performance Targets	Full Year	Q1	Q2	Q3	Q4
Net Profit After Tax (NPAT)	\$88.4 M	\$21.9 M	\$20.0 M	\$29.8 M	\$16.7 M
Capital Expenditure	\$204.1 M	\$50.3 M	\$44.4 M	\$48.9 M	\$60.5 M
Return on Assets (ROA)	4.2%	NA	NA	NA	NA
Dividend Provided (Including special dividend)	\$184.4 M	--	--	\$96.0 M	\$88.4 M

Non-financial Targets

Performance Targets	Full Year	Q1	Q2	Q3	Q4
Safety ¹					
LTIFR (Lost Time Injury Frequency Rate)	2	NA	NA	NA	NA
TRIFR (Total Recordable Injury Frequency Rate)	7.7	NA	NA	NA	NA
Environment					
Number of major, extreme or catastrophic incidents ²	0	NA	NA	NA	NA
Network Performance – System Reliability					
Event in excess of 0.05 system minutes	Not more than 3	NA	NA	NA	NA
Event in excess of 0.40 system minutes	Not more than 1	NA	NA	NA	NA

¹ – Powerlink.

² – Material and serious harm resulting in EPA intervention.

Response to Shareholder Mandate

1. Regulated business	<ul style="list-style-type: none"> Continuing to focus on efficient operations to ensure we deliver our services to customers in the most cost effective way. Continuing to review Powerlink's capital and operational works delivery program. Adjusting the risk profile for replacement of assets reaching their end of life, in order to optimise and, where appropriate, defer capital expenditure. Utilising the latest available information, including demand and energy forecasts, for capital investment decision making. Continuing to review leading asset management and operating practices and evolving technologies with the objective of enhancing the services provided and lowering the cost for our customers.
2. Non-regulated business	<ul style="list-style-type: none"> As part of the business development implementation for the non-regulated business stream, Powerlink is engaging with a broad spectrum of industry participants to ensure offerings are in keeping with current market trends and proponents' expectations.
3. High voltage alignment opportunities	<ul style="list-style-type: none"> Powerlink participates in inter-GOC discussions to investigate opportunities for aligning work practices and procedures, including high voltage work and will consider opportunities to align where appropriate and commercial to do so.
4. Gearing	<ul style="list-style-type: none"> Net debt to RAB is being maintained at 75% for the regulated business stream, subject to any change in the new Shareholder Mandate. Powerlink will look at appropriate funding arrangements for future non-regulated work.
5. Shareholder return measures	<ul style="list-style-type: none"> See 'Financial Statements' section for details.

The current Shareholder Mandate is intended to remain effective until 30 June 2019. Powerlink understands the revised mandate will be in place during 2019/20.

Key assumptions and risks

Powerlink's financial forecasts are based on the following key assumptions.

AER Revenue Reset

Powerlink's current regulatory determination delivered by the Australian Energy Regulator (AER) sets out Powerlink's Maximum Allowed Revenue (MAR), and operating and capital expenditure allowances for 2017/18 to 2021/22. Powerlink's 2019/20 SCI financial forecasts integrate the Final AER Decision.

Powerlink continues to progress operational efficiencies, to mitigate the ongoing impact of electricity prices on customers, in line with the Final AER Decision. The SCI for the 2019/20 financial year reflects this and other business initiatives that are focused on safety, the workplace, and business reputation. The SCI reflects the more immediate strategic issues and goals of Powerlink, with the longer term plans outlined in the Powerlink 2019/20 - 2023/24 Corporate Plan.

Regulated Revenue

Regulated revenue reflects the forecast of billings and collections. There is no recognition in revenue of any asset or liability for the under or over recovery for differences between actual collections and the MAR. Any over or under collection of regulated revenues in one year is adjusted for in setting transmission revenues in future years.

The AER Service Target Performance Incentive Scheme (STPIS) operates on a calendar year basis. The 2018 calendar year STPIS bonus of \$4.3 million is included in the Regulated Revenue collections for 2019/20.

Regulatory pass through Items

There are a number of cost items that are subject to regulatory "pass through" arrangements, such as some "Network (Grid) Support Costs" and "Insurance Above Cap Events".

Should pass through events occur, Powerlink is able, with the consent of the AER, to adjust the revenue collections in subsequent years. While this may not impact profitability, it will affect Powerlink's cash flows.

Natural Disaster Events

Powerlink assets are subject to extreme climatic events, and transmission structures are designed to withstand high wind loadings. Although infrequent, events such as cyclones, severe wind events and severe flood events can cause major network damage.

The AER's self-insurance and pass through regulatory arrangements, and Powerlink's insurance policies provide some level of cover for most natural disaster event costs. As the self-insurance allowances are based on annualised long-term actuarial allowances for these events, variances between the actual cost of events and annual allowances may impact on annual profitability.

Regulated Network Investments

Powerlink's forecast for regulated network investments is consistent with the capital expenditure allowance in the AER Final Decision over the 5-year regulatory period.

Contestability

It is assumed that:

- Powerlink will continue to be a monopoly owner of regulated transmission assets in Queensland; and
- Powerlink will continue to have access to required debt funding to pursue approved non-regulated investment opportunities.

Non-regulated Network Investments

For business planning purposes, Powerlink has included capital expenditure for existing or committed non-regulated network connection investments as well as those where substantial preliminary works are in progress or there is a high confidence of the network connection proceeding. Given the strong interest in renewable generation, further investment in additional non-regulated network connections may be made as discussions and negotiations continue with a range of proponents.

There are a range of such renewable and other projects which are seeking to reach commitment stage over the 2019/20 financial year. Powerlink will seek to provide transmission connection services to these projects where they are connecting to the transmission network. These will be provided as non-regulated services. The timing of these negotiations and resultant decisions are dependent on the proponents. Powerlink is adopting flexible resourcing arrangements for these works, both to manage the fluctuating workload and to achieve the short delivery timeframes required by proponents.

Powerlink will report progress on non-regulated network connection investment opportunities in its quarterly progress reports to shareholding Ministers.

Capital Structure and Borrowings

There are no net new borrowings forecast for 2019/20. In accordance with the shareholding Ministers' direction received 13 June 2017, \$150 million of dividends from 2016/17 has been retained by Powerlink for the purpose of the potential development of transmission infrastructure to support renewable energy generation in North Queensland (Clean Energy Hub). For business planning purposes, no assumptions relating to expending this has been included in the 2019/20 forecast.

Dividend Policy

In line with shareholding Ministers' expectations, Powerlink has adopted a 100% dividend payout ratio and additional special dividends that target a gearing level for the regulated business that equates to a forecast closing Net Debt to RAB ratio of approximately 75%. 2018/19 assumes a dividend of 100% NPAT plus a special dividend of \$74 million. Additional capital expenditure for the increase in non-regulated network connection investment is excluded from the Net Debt to RAB calculation. The target gearing will need to be reviewed following the AER's revised approach to rate of return.

Electricity Demand

Powerlink has experienced a new record peak demand of 10,044 MW over its transmission network during the 2018/19 summer. That said, average demand for electricity transmission network services remains relatively flat due to the uptake of solar photovoltaic (PV) installations, technology developments and consumer response to electricity costs. Powerlink is focused on delivering transmission services to meet peak demand while putting downward pressure on its component of electricity costs to consumers.

2019/20 STATEMENT OF CORPORATE INTENT

Financial Metrics	2018/19 Budget	2019/20 Target
Distribution Yield	16.5%	12.6%
Distribution Cash Coverage	1.1 times	1.3 times
Net Debt / Regulated Assets (RAB) Ratio	75.0%	75.0%
Return on Equity (ROE)	4.9%	4.9%
Interest Cover Ratio (EBITDA)	3.2	3.2
Cash Flow from Operations (CFO) Interest Cover	> 2 times	> 2 times
CFO / Net Debt	> 7%	> 7%

Economic Assumptions	2018/19 Budget	2019/20 Target
CPI (June Year)	2.25%	1.6%
Interest Rate – Core		
Regulated Rate of Return (WACC)	5.98%	5.96%
Ordinary Dividend Payout Ratio ¹	100%	100%
Average Wage Growth	3.0%	3.0%
Shareholder Equity Injections ²	Nil	Nil
Shareholder Equity Withdrawals ²	Nil	Nil

¹ – Dividend represents 100 percent of net profit after tax, as per Dividend Policy. Any proposed adjustments allowable under the GOC Act shall be negotiated in advance with shareholding departments.

² – Approval of the SCl does not constitute approval of forecast equity injections or withdrawals.

Capital Expenditure

Investment Thresholds	\$M
Shareholding Minister Notification	20
Shareholder Minister Approval – Regulated Investment	120
Shareholder Minister Approval – Non-regulated Investment	60

Total Capital Expenditure	Estimated Expenditure 2019/20 (\$M)
Significant Projects (Regulated)	42.6
Total Other Projects (Regulated) ¹	139.0
Connection Projects (Non-Regulated)	
Total Capital Expenditure¹	

¹ – Includes non-network capex such as IT, vehicles and facilities.

Significant Projects	2019/20 (\$M)	Approved Total Cost (\$M)	Expected Completion Date	Board Approved	Shareholder Approved
Regulated					
Rocklea Secondary Systems Replacement	1.5	21.1	Summer 19/20	Y	NA
Collinsville to Proserpine Transmission Line Refit	6.6	34.3	Summer 19/20	Y	NA
Mackay Substation Replacement	3.7	28.0	Summer 19/20	Y	NA
Callide A / Calvale 132kV Network Reinvestment	5.7	23.2	Winter 2020	Y	NA
Gin Gin Substation Rebuild	6.0	22.8	Summer 20/21	Y	NA
Calvale & Callide B Secondary Systems Replacement	5.5	21.8	Winter 2021	Y	NA
Bouldercombe Primary Plant Replacement	7.7	22.8	Summer 21/22	Y	NA
Nebo Primary Plant Replacement	2.3	22.5	Winter 2022	Y	NA
Nebo Secondary Systems Replacement	3.6	21.0	Winter 2022	Y	NA

Connection Projects (Non-Regulated) – Committed Projects¹

Nil

Connection Projects (Non-Regulated) – Completed Projects²

Whitsunday Solar Farm

Hamilton Solar Farm

Ross River Solar Farm

Darling Downs Utility Solar

Daydream Solar Farm

Hayman Solar Farm

Coopers Gap Wind Farm

Lilyvale Solar Farm

Mt Emerald Wind Farm

Haughton Solar Farm

Rugby Run Solar Farm

Connection Projects (Non-Regulated) – Operational Projects³

Clare Solar Farm

Sun Metals

¹ – Committed projects are those with executed Connection and Access Agreement (C&AA), Notice to Proceed (NTP) issued by the customer, and Powerlink works have commenced.

² – Completed projects are those where all Powerlink works are complete. However, generation may not be at full capacity as the solar or wind farm may still be under construction or commissioning.

³ – Operational projects are those where all Powerlink works are complete, commissioned and capable of delivering to full generation potential.

Capital Structure

Borrowings			
Facility	2018-19 (\$M)	2019-20 (\$M)	Change
1	4,244.2	4,244.2	---
2	1,021.0	1,021.0	---
Total	5,265.2	5,265.2	---

FibreCo

The Minister for Innovation and Tourism Industry Development, the Honourable Kate Jones, announced on 9 December 2018 that the government would establish FibreCo Queensland (FibreCo) as a new government owned corporation. FibreCo will use fibre optic cable owned by Powerlink and Energy Queensland to boost internet connectivity in regional Queensland. FibreCo will be jointly owned by Powerlink and Energy Queensland.

Powerlink is working with the Department of Innovation and Tourism Industry Development, Energy Queensland, and other government agencies and departments to establish FibreCo by 1 July 2019.

Powerlink will also consider continued pursuit of opportunities outside of the remit of FibreCo.

Community Service Obligations

No community service obligations have been identified by Powerlink in 2019/20.

Statement of Compliance

Powerlink Queensland, including its subsidiaries, will comply with all relevant policies and guidelines as issued by the shareholders and Government, and formal directions as received from time to time.

Financial Statements

Profit and Loss Statement	Actual 2017-18 (\$M)	Budget 2018-19 (\$M)	Forecast 2018-19 (\$M)	Budget 2019-20 (\$M)
Operating Revenue				
Network – Regulated Revenue				
Network – Non-Regulated				
Other ¹				
Total Operating Revenue	1,020.1	942.7	968.0	961.7
Operating Expenses				
Controllable Operating Expenses	212.4	228.3	223.2	234.2
Depreciation	334.8	356.7	362.8	368.3
Other ²	13.0	4.1	10.8	7.9
Total Operating Expenses	560.2	589.1	596.8	610.4
Earnings Before Interest and Tax (EBIT)	459.9	353.6	371.2	351.3
Net Finance Charges ³	216.9	225.5	223.0	222.9
Income Tax Equivalent Expense	75.7	40.0	46.0	40.5
Net Profit After Tax (NPAT)	167.3	88.1	102.2	88.4
Dividends Provided for (includes Special Dividend)	217.3	198.1	176.2	184.4

¹ – Includes Proceeds from Sale of Assets and External Customer Services Revenue.

² – Includes Cost of Disposal of Non-Current Assets and External Customer Services Expenses.

³ – Includes Interest Income and AASB15 impact

Financial Statements

Balance Sheet	Actual 2017-18 (\$M)	Budget 2018-19 (\$M)	Forecast 2018-19 (M)	Budget 2019-20 (M)
Current Assets				
Cash	1.8	30.0	30.0	30.0
Cash Advances	230.8	134.1	178.2	197.8
Receivables	76.5	77.4	78.2	79.2
Other	44.1	42.6	44.1	44.1
Total Current Assets	353.2	284.1	330.5	351.1
Non-Current Assets				
Property, Plant & Equipment	7,907.0	7,968.8	7,907.4	7,857.6
Other	22.7	19.4	22.7	22.7
Total Non-Current Assets	7,929.7	7,988.2	7,930.1	7,880.3
Total Assets	8,282.9	8,272.3	8,260.6	8,231.4
Current Liabilities				
Creditors	72.3	40.3	37.6	35.7
Other	220.2	144.1	180.1	166.1
Total Current Liabilities	292.5	184.4	217.7	201.8
Non-Current Liabilities				
Borrowings	5,265.2	5,265.2	5,265.2	5,265.2
Other	935.0	1,015.3	956.7	933.7
Total Non-Current Liabilities	6,200.2	6,280.5	6,221.9	6,198.9
Total Liabilities	6,492.7	6,464.9	6,439.6	6,400.7
Net Assets	1,790.2	1,807.4	1,821.0	1,830.7
Shareholders' Equity				
Share Capital	401.0	401.0	401.0	401.0
Reserves	1,344.6	1,406.4	1,420.0	1,429.7
Retained Earnings	44.6	---	---	---
Total Shareholders' Equity	1,790.2	1,807.4	1,821.0	1,830.7

Financial Statements

Cash Flow Statement	Actual 2017/18 (\$M)	Budget 2018-19 (\$M)	Forecast 2018-19 (\$M)	Budget 2019-20 (\$M)
Cash Flows from Operating Activities				
Cash Receipts in the course of Operations	1,062.3	953.0	966.3	948.1
Cash Payments in the course of Operations	(228.5)	(230.1)	(236.8)	(243.5)
Interest Received	8.0	3.6	5.4	4.2
Interest Paid	(235.3)	(224.0)	(231.0)	(222.2)
Tax Equivalent Payments	(151.7)	(53.2)	(64.2)	(66.5)
Net Cash Provided by Operating Activities	454.8	449.3	439.7	420.1
Cash Flows from Investing Activities				
Payments for Property, Plant and Equipment	(237.4)	(232.7)	(223.9)	(204.1)
Proceeds from Sale of Non-Current Assets	2.4	1.2	1.2	1.8
Other	--	---	---	---
Net Cash used in Investing Activities	(235.0)	(231.5)	(222.7)	(202.3)
Cash Flows from Financing Activities				
Proceeds from Borrowings	---	---	---	---
Dividends Paid	(251.2)	(266.4)	(241.3)	(198.2)
Other	---	---	---	---
Net Cash from Financing Activities	(251.2)	(266.4)	(241.3)	(198.2)
Net Increase/(Decrease) in Cash Held	(31.4)	(48.6)	(24.3)	19.6
Cash at the Beginning of the Financial Year	264.0	212.7	232.6	208.2
Cash at the End of the Financial Year¹	232.6	164.1	208.2	227.8

¹ – Includes Cash and Cash Advances.

Financial and Non-Financial Metrics Definitions

Return on Assets	$\frac{\text{Earnings Before Interest and Tax (EBIT)}}{\text{Average Total Assets}}$
Return on Equity	$\frac{\text{Net Profit After Tax (NPAT)}}{\text{Average Total Equity}}$
Net Debt to Regulated Assets ¹	$\frac{\text{Total Debt less Cash}}{\text{Total Closing Regulated Fixed Assets (including WIP)}}$
Interest Cover (EBITDA)	$\frac{\text{EBITDA}}{\text{Interest Expense}}$
Cash Flow from Operations (CFO) Interest Cover	$\frac{\text{CFO} + \text{Interest Paid}}{\text{Interest Paid}}$
CFO to Net Debt ¹	$\frac{\text{CFO}}{\text{Total Debt less Cash}}$
Distribution Yield ¹	$\frac{\text{Shareholder Distributions (Dividends Paid)}}{\text{Actual RAB} - \text{Net Debt}}$
Distribution Cash Coverage	$\frac{\text{Net Operating Cash Flow} - \text{Repex}}{\text{Shareholder Distributions (Dividends Paid)}}$
Lost Time Injury Frequency Rate (LTIFR)	$\frac{\text{No. of Lost Time Injury Occurrences} \times 1,000,000}{\text{No. of Hours Worked}}$
Total Recordable Injury Frequency Rate (TRIFR)	$\frac{\text{No. of Injury Occurrences} \times 1,000,000}{\text{No. of Hours Worked}}$
System Minute	<i>A measure of energy not supplied during transmission disturbances. One system minute is the amount of energy that would be transported within Queensland during one minute at the system maximum demand.</i>

¹ – Direction to retain \$150 M has been excluded from the ratios

Attachment 1 - Employee Relations

Employee Relations

1. Employment and Industrial Relations Approach

Powerlink, and the electricity sector in general, continues to be under intense scrutiny due to ongoing concern about electricity prices, requiring that Powerlink's business operations continue to be effective and efficient.

Powerlink's aim continues to be ensuring that its business operations:

- are directed towards sustainably providing transmission services in line with customer expectations and in a manner that supports Queensland's economic prosperity;
- are competitive for non-regulated business opportunities; and
- assist in placing downward pressure on electricity prices by delivering efficient electricity transmission services.

Powerlink strives to take a proactive, early engagement approach with staff and their representatives, to get input, and to resolve issues within the business. A constructive relationship with staff and their representatives is integral to Powerlink's employee relations approach.

Industrial Relations Framework:

Powerlink aims to have employment and industrial relations arrangements that support the delivery of the strategic business priorities and positively contribute to the business' objectives to be more efficient. These approaches are largely contained in Powerlink's two enterprise agreements:

- The *Powerlink Managers Enterprise Agreement 2018* covers approximately 5% of the workforce. It is aligned to the organisational architecture of Powerlink and recognises the important role of leadership in driving business outcomes. This agreement was renegotiated in 2017 commencing on 22nd January 2018 with a nominal expiry date of 21 January 2021.
- The *Working at Powerlink 2018 - Union Collective Agreement* covers approximately 91% of Powerlink's staff. It provides the majority of their terms and conditions of employment. It was also renegotiated during 2017 and commenced on 1 March 2018 with a nominal expiry date of 28 February 2021.

2. Significant and Emerging Issues

There are several issues to note that influence the current employee relations plan and approach including:

- Factors in the external environment, including regulatory rule changes, increased focus on the customer, and further increases in non-regulated business.
- The variability of the non-regulated business coupled with a continued focus on regulated maintenance for the existing transmission network remains a major driver in workforce planning and resourcing.
- The need to review and update Powerlink's classification structure, as contained in the *Working At Powerlink 2018 - Union Collective Agreement*. The review is a commitment in the current agreement, and provides an opportunity to develop a classification structure which meets the needs of Powerlink and its future workforce.

2019/20 STATEMENT OF CORPORATE INTENT

- Powerlink adopts a 'no forced redundancies' policy in accordance with the Queensland Government's GOC Wages Policy, which requires that Powerlink retain in employment individuals whose roles have been declared redundant.

Our primary Employment and Industrial Relations goals for this year are to:

- Implement the productivity initiatives from the enterprise agreements and measure their progress.
- Complete the classification structure review by April 2020, prior to the commencement of bargaining for the next version of the Working At Powerlink Agreement.
- Continue to increase our ability to resource Powerlink's work appropriately and flexibly through re-skilling, ease of movement of people across the business and greater ability for temporary or project based engagements.
- Increase business productivity by driving changes to the Powerlink culture to be more innovative, customer focused and constructive and by improving employee engagement.
- Continue to increase leadership capability to manage industrial relations issues at an early stage to avoid disputation.
- Continue to improve consultative relationships with unions in line with the State Government's "Union Encouragement Policy".

Employment and Industrial Relations Plan

1. Employment Conditions

Enterprise Agreements

Conditions of employment for Powerlink employees are regulated largely by either:

- the *Working at Powerlink 2018 - Union Collective Agreement* (the Working at Powerlink Agreement); or
- the *Powerlink Managers Enterprise Agreement 2018* (Powerlink Managers Agreement).

The *Working at Powerlink Agreement* is Powerlink's primary enterprise agreement covering approximately 91% (833) of employees.

The key features of the *Working at Powerlink Agreement* include:

- A three year agreement operative until 28 February 2021;
- 3% wage and related allowance increase per annum for the life of the Agreement (three years), in accordance with the GOC Wages Policy 2015;
- Ability for Powerlink to engage employees on fixed term arrangements for up to 5 years (graduate programs and parental leave cover) or up to 3 years for project based work (subject to union consultation on 3rd year of engagement).
- No forced redundancies and salary maintenance provisions maintained for the life of the Agreement;
- Commitment to working with Unions on employee wellbeing and mental health initiatives.
- All other key terms and conditions of the previous Agreement were maintained.

The key features of the *Powerlink Managers Agreement*, which covers approximately 5% (47) of employees, include:

- A three year agreement operative until 21 January 2021;
- A base wage increase of 3% per annum, to be partially funded (50%) by productivity initiatives;
- Updated consultation and dispute resolution provisions; and
- All other key terms and conditions of the previous Agreement were maintained.

2. Workforce

Powerlink's resource planning process considers what workforce is required to deliver its programs of works, for the regulated program, the non-regulated program and the ongoing operational requirements.

Each year the planning process is integrated with the annual budget cycle to ensure that resources are effectively deployed to operate the business soundly through operating a reliable network and seeking opportunities for efficiency.

The capital program includes work undertaken by external construction companies, with design services being delivered both "in-house" and by external contractors. Most project management is undertaken by Powerlink employees. To account for variability in the quantum and mix of projects, Powerlink uses a workforce comprising a combination of permanent and fixed term employees. Labour hire is used from time to time on a short term basis to supplement existing resources.

Workforce FTEs ¹	30 April 2019
Employment Category:	
Permanent (including Part-time)	780
Senior Executive	6
Apprentices (In House)	25
Trainees (In House)	10
Casual and Fixed Term Employees	64
Total Directly Employed Workforce:	885
Labour hire	7
Total Workforce (including labour hire):	892

¹ – Full Time Equivalent (FTE) means full time equivalent per annum. Powerlink applies FTE to employees (full time, part time and casual) and labour hire. Overtime does not count toward FTEs.

3. Redundancy Provisions

Powerlink's redundancy provisions focus on redeployment and retraining, but provide for the following in cases of redundancy:

- 6 months' notice of redundancy or 13 weeks early separation payment.
- 3 weeks per year of service severance payment with a minimum of 4 weeks (National Employment Standards) up to a maximum of 75 weeks.
- Pro-rata long service leave.
- Accrued recreation leave.
- Outplacement and retraining support.

The *Working at Powerlink Agreement* provides a commitment to 'no forced redundancies', subject to employees accepting reasonable redeployment and retraining. This commitment will continue to challenge Powerlink to assist employees whose roles are redundant to find alternative permanent employment. There are currently approximately 11 redeployees at Powerlink, who are being supported through temporary placements and business support activities to find permanent positions.

The *Powerlink Managers Agreement* provides substantially similar redundancy benefits to the Working at Powerlink Agreement.

4. Remuneration Arrangements

The remuneration details for Powerlink's Chief Executive Officer and other Senior Executives applying on 31 January 2019 are:

CEO / Senior Executives	Base Salary ¹	Employer Superannuation Contributions	Total Fixed Remuneration	Performance Payment in 2017/18 ²
Merryn York, Chief Executive	737,340	70,047	807,387	46,851
Darryl Rowell ³ , Chief Financial Officer	371,123	35,257	406,380	9,405
Cathy Heffernan Executive General Manager People and Corporate Services	315,205	29,945	345,150	20,089
Stewart Bell Executive General Manager Delivery and Technical Services	289,472	27,500	316,972	18,446
Gary Edwards Executive General Manager Operations and Service Delivery	299,847	28,486	328,333	18,799
Kevin Kehl Executive General Manager Strategy and Business Development	392,380	37,276	429,656	24,949

¹ – Excludes any salary sacrifice items (eg. motor vehicle, superannuation and other benefits).

² – Relates to previous financial year and is linked to the achievement of corporate results.

³ – Appointed mid 2017/18.

Performance pay for individuals employed under Senior Executive contracts is in accordance with Government policy and linked to organisation and individual performance.

Enterprise agreement employees are also eligible for both:

- a gainsharing payment based on corporate results; and
- performance pay based on individual and small team performance during a financial year and corporate results.

5. Superannuation

Employer superannuation contributions for employees who are covered by the Working at Powerlink Agreement are made to the Energy Super Superannuation Scheme. The only exceptions to this are those employees who had existing membership of QSuper, who may remain in that fund. Designated managers covered by the Powerlink Managers Agreement and senior staff who are outside of the agreements have Super Choice.

In accordance with the Working at Powerlink Agreement, Powerlink currently contributes 9.5% (or the appropriate percentage as determined by applicable superannuation legislation) of an employee's salary, or 10% where the employee contributes 5% of their salary.

6. Consultation

The shareholding Ministers' departments and the Office of Industrial Relations (now part of the Department of Education and Training) have been consulted on this plan, as have relevant unions.

7. Workplace Health & Safety

Safety is one of Powerlink's values and a key part of our culture. It continues to be a Board-sponsored value which everyone in Powerlink owns and drives to continually improve our safety practices and outcomes. We take a proactive approach to health and safety, where safety is regarded as essential for all; health and wellbeing is promoted; and safety is integrated into all work practices.

The Powerlink Safe for Life (Everyone, Everyday, Everywhere) program continues to support our drive for ongoing commitment and improvement in our health and safety culture and performance. During 2018/2019 the Safe for Life Program has focussed on the integration and enhancement of the HSE Management System supported by effective change management. We have also continued our focus on proactive safety leadership to realise our goal to become an 'interdependent' culture (DuPont Bradley Curve).

Attachment 2 - Sponsorship, Advertising, Corporate Entertainment and Donations

Sponsorships

Powerlink's sponsorship arrangements include a framework which all applications are assessed against. Powerlink's framework highlights three key focus areas:

- empowering communities;
- protecting and conserving the environment; and
- supporting safety and well-being.

Applicants can submit a request for sponsorship funding in writing to Powerlink, which will be assessed against set criteria for evaluation. To be accepted, the sponsorship must be in line with the framework and provide an appropriate and value for money business outcome.

Any sponsorship greater than \$5,000 must be reviewed and endorsed by the Powerlink Board.

Advertising

Powerlink undertakes very limited advertising. Advertising undertaken generally relates to operational requirements and includes items such as advertising environmental impact assessment consultation arrangements, notifying communities of helicopter maintenance activities, recruitment, and similar.

Table 1: Sponsorship, Donations, Advertising, Corporate Entertainment and Other (Including Items over \$5,000)

Activity	Description / Benefit	Budget 2018/19 (\$)	Budget 2019/20 (\$)	2019/20 – Quarter (\$)			
				Sept	Dec	Mar	Jun
<u>SPONSORSHIPS</u>¹							
Engineers Australia	EA Branch Program	5,000	5,000	---	---	---	5,000
Energy Users Assoc. of Aust.	Conference and Qld Forum	30,000	30,000	---	---	30,000	---
Local Govt. Assoc. of Qld	State and Regional Conferences	20,000	20,000	---	---	---	20,000
Qld State Emergency Service	Statewide equipment sponsor	50,000	50,000	---	---	50,000	---
Qld Environmental Law Society	Conference	5,000	5,000	---	---	5,000	---
Environmental Sponsorship	Program sponsorship	8,000	8,000	---	8,000		---
Women in Engineering Sponsorship	Industry partnership program	10,000	10,000	10,000	---	---	---
Total over \$5,000		128,000	128,000	10,000	8,000	85,000	25,000
Other (total) below \$5,000		50,000	50,000	12,500	12,500	12,500	12,500
Total Sponsorship (1):		178,000	178,000	22,500	20,500	97,500	37,500
<u>DONATIONS</u>							
		10,000	10,000	Nil	Nil	10,000³	Nil
Other (total) below \$5,000		---	---	---	---	---	---
Total Donations (2):		10,000	10,000	Nil	Nil	10,000	Nil
<u>ADVERTISING</u>²							
Total over \$5,000		---	---	---	---	---	---
Other (total) below \$5,000		---	---	---	---	---	---
Total Advertising (3):		Nil	Nil	Nil	Nil	Nil	Nil

¹ – Subject to review prior to SCI final approval.² – As a general policy, Powerlink only undertakes advertising that is directly associated with its operational activities and as such, no details included.³ – Powerlink conducts an annual donation program for a charity in conjunction with staff. The 2018/19 beneficiary was Hummingbird House

Table 1: Sponsorship, Donations, Advertising, Corporate Entertainment and Other (Including Items over \$5,000) (Cont'd)

Activity	Description / Benefit	Budget 2018/19 (\$)	Budget 2019/20 (\$)	2019/20 – Quarter (\$)			
				Sept	Dec	Mar	Jun
<u>CORPORATE ENTERTAINMENT</u>							
Total over \$5,000							
Other (total) below \$5,000		40,000	40,000	10,000	10,000	10,000	10,000
Total Corporate Entertainment (4):		40,000	40,000	10,000	10,000	10,000	10,000
<u>OTHER</u>							
Total over \$5,000							
Other (total) below \$5,000							
Total Other (5):		Nil	Nil	Nil	Nil	Nil	Nil
TOTAL (1)+(2)+(3)+(4)+(5)		228,000	228,000	32,500	30,500	117,500	47,500

Attachment 3 – Financial Statements

Financial Statements

Profit and Loss Statement	Full Year (\$M)	Q1 (\$M)	Q2 (\$M)	Q3 (\$M)	Q4 (\$M)
Operating Revenue					
Network – Regulated Revenue					
Network – Non-Regulated					
Other ¹					
Total Operating Revenue	961.7	235.0	240.8	247.1	238.8
Operating Expenses					
Controllable Operating Expenses	234.2	54.9	63.1	52.9	63.3
Depreciation	368.3	90.5	91.1	93.2	93.5
Other ²	7.9	2.1	1.9	2.0	1.9
Total Operating Expenses	610.4	147.5	156.1	148.1	158.7
Earnings Before Interest and Tax (EBIT)	351.3	87.5	84.7	99.0	80.1
Net Finance Charges ³	222.9	55.7	55.7	55.7	55.8
Income Tax Equivalent Expense	40.0	9.9	9.0	13.5	7.6
Net Profit After Tax (NPAT)	88.4	21.9	20.0	29.8	16.7
Dividends Provided for (includes Special Dividend)	184.4	---	---	96.0	88.4

¹ – Includes Proceeds from Sale of Assets and External Customer Services Revenue.

² – Includes Cost of Disposal of Non-Current Assets and External Customer Services Expenses.

³ – Includes Interest Income and AASB15 impact

Financial Statements

Balance Sheet	Q1 (\$M)	Q2 (\$M)	Q3 (\$M)	Q4 (\$M)
Current Assets				
Cash	30.0	30.0	30.0	30.0
Cash Advances	231.2	172.7	145.8	197.8
Receivables	79.0	76.5	79.3	79.2
Other	44.1	44.1	44.1	44.1
Total Current Assets	384.3	323.3	299.2	351.1
Non-Current Assets				
Property, Plant & Equipment	7,893.5	7,870.9	7,842.8	7,857.6
Other	22.7	22.7	22.7	22.7
Total Non-Current Assets	7,916.2	7,893.6	7,865.5	7,880.3
Total Assets	8,300.5	8,216.9	8,164.7	8,231.4
Current Liabilities				
Creditors	37.0	30.2	33.2	35.7
Other	180.4	78.4	78.5	166.1
Total Current Liabilities	217.4	108.6	111.7	201.8
Non-Current Liabilities				
Borrowings	5,265.2	5,265.2	5,265.2	5,265.2
Other	957.5	957.5	957.5	933.7
Total Non-Current Liabilities	6,222.7	6,222.7	6,222.7	6,198.9
Total Liabilities	6,440.1	6,331.3	6,334.4	6,400.7
Net Assets	1,860.4	1,885.6	1,830.3	1,830.7
Shareholders' Equity				
Share Capital	401.0	401.0	401.0	401.0
Reserves	1,437.5	1,442.7	1,357.6	1,429.7
Retained Earnings	21.9	41.9	71.7	---
Total Shareholders' Equity	1,860.4	1,885.6	1,830.3	1,830.7

Financial Statements

Cash Flow Statement	Full Year (\$M)	Q1 (\$M)	Q2 (\$M)	Q3 (\$M)	Q4 (\$M)
Cash Flows from Operating Activities					
Cash Receipts in the course of Operations	948.1	235.9	231.5	243.1	237.6
Cash Payments in the course of Operations	(243.5)	(59.9)	(72.1)	(54.8)	(56.7)
Interest Received	4.2	1.1	1.1	1.0	1.0
Interest Paid	(222.2)	(55.6)	(55.5)	(55.6)	(55.5)
Tax Equivalent Payments	(66.5)	(18.4)	(18.1)	(15.9)	(14.1)
Net Cash Provided by Operating Activities	420.1	103.1	86.9	117.8	112.3
Cash Flows from Investing Activities					
Payments for Property, Plant and Equipment	(204.1)	(50.3)	(44.4)	(48.9)	(60.5)
Proceeds from Sale of Non-Current Assets	1.8	0.2	1.2	0.2	0.2
Other	---	---	---	---	---
Net Cash used in Investing Activities	(202.3)	(50.1)	(43.2)	(48.7)	(60.3)
Cash Flows from Financing Activities					
Proceeds from Borrowings	---	---	---	---	---
Dividends Paid	(198.2)	---	(102.2)	(96.0)	---
Other	---	---	---	---	---
Net Cash from Financing Activities	(198.2)	---	(102.2)	(96.0)	---
Net Increase/(Decrease) in Cash Held	19.6	53.0	(58.5)	(26.9)	52.0
Cash at the Beginning of the Financial Year	208.2	208.2	261.2	202.7	175.8
Cash at the End of the Financial Year¹	227.8	261.2	202.7	175.8	227.8

¹ – Includes Cash and Cash Advances.

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