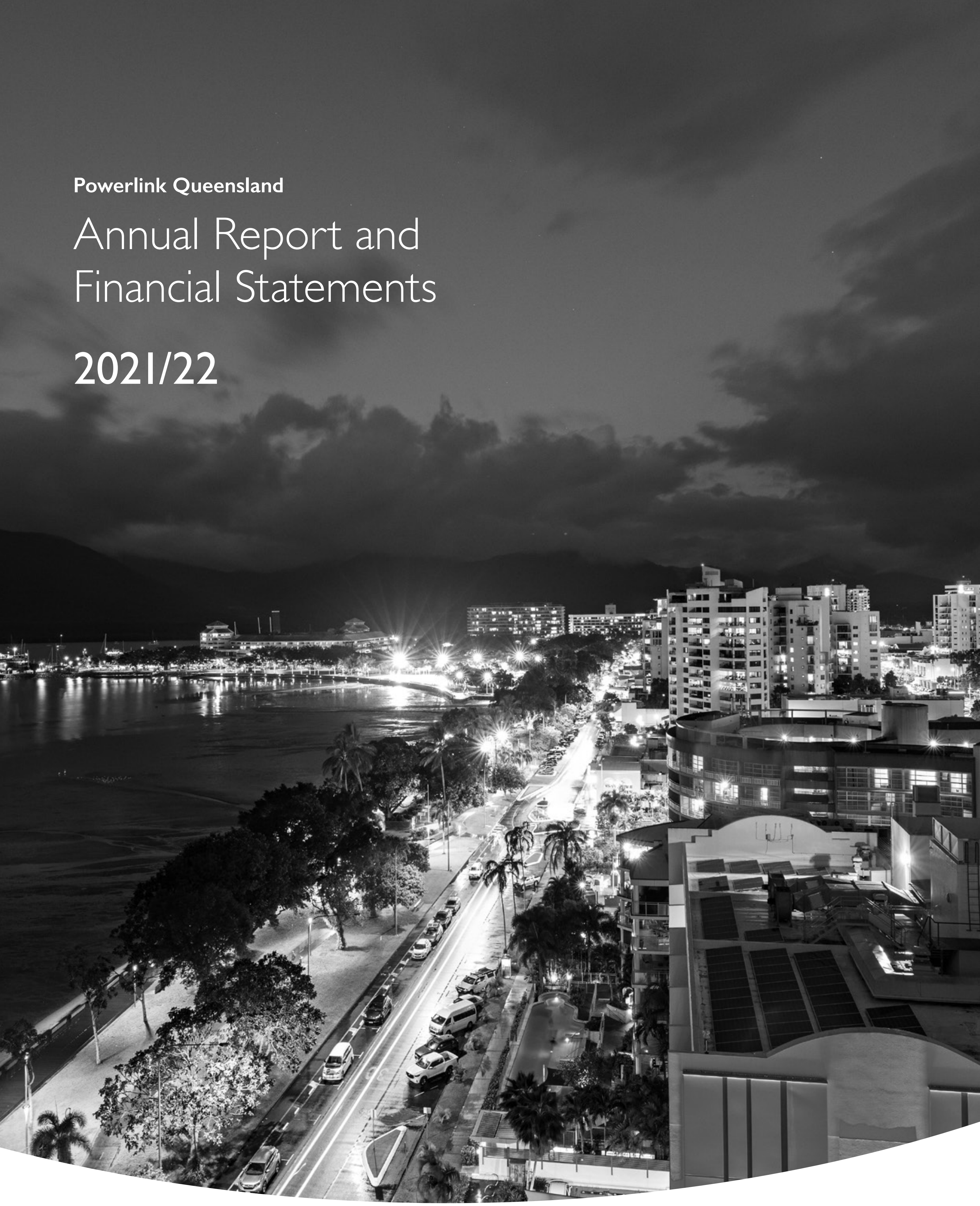
Powerlink Queensland

Annual Report and Financial Statements

2021/22



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PURPOSE

Connecting Queenslanders to a world-class energy future.

STRATEGIC OBJECTIVES

- Be the renewable super grid
- Guide the market
- Drive value for customers
- Unleash our potential

VALUES AND BEHAVIOURS

Accountability • Customer • Teamwork • Safety

Acknowledgement of Country

Powerlink Queensland acknowledges the Traditional Owners and their custodianship of the lands and waters of Queensland and in particular, the lands on which we operate. We pay our respect to their Ancestors, Elders and knowledge holders and recognise their deep history and ongoing connection to Country.

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 2021/22. Powerlink Queensland is the trading name of Queensland Electricity Transmission Corporation Limited.

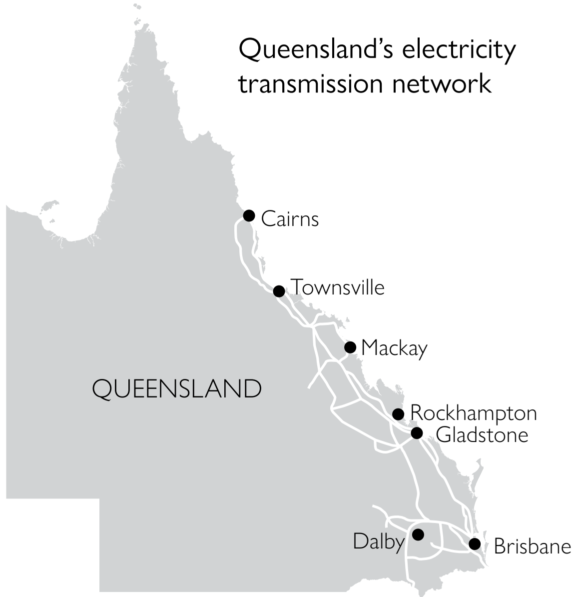
Powerlink profile

Powerlink Queensland (Powerlink) 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 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 (NSW) border, and comprises 15,355 circuit km of transmission lines and 146 substations.

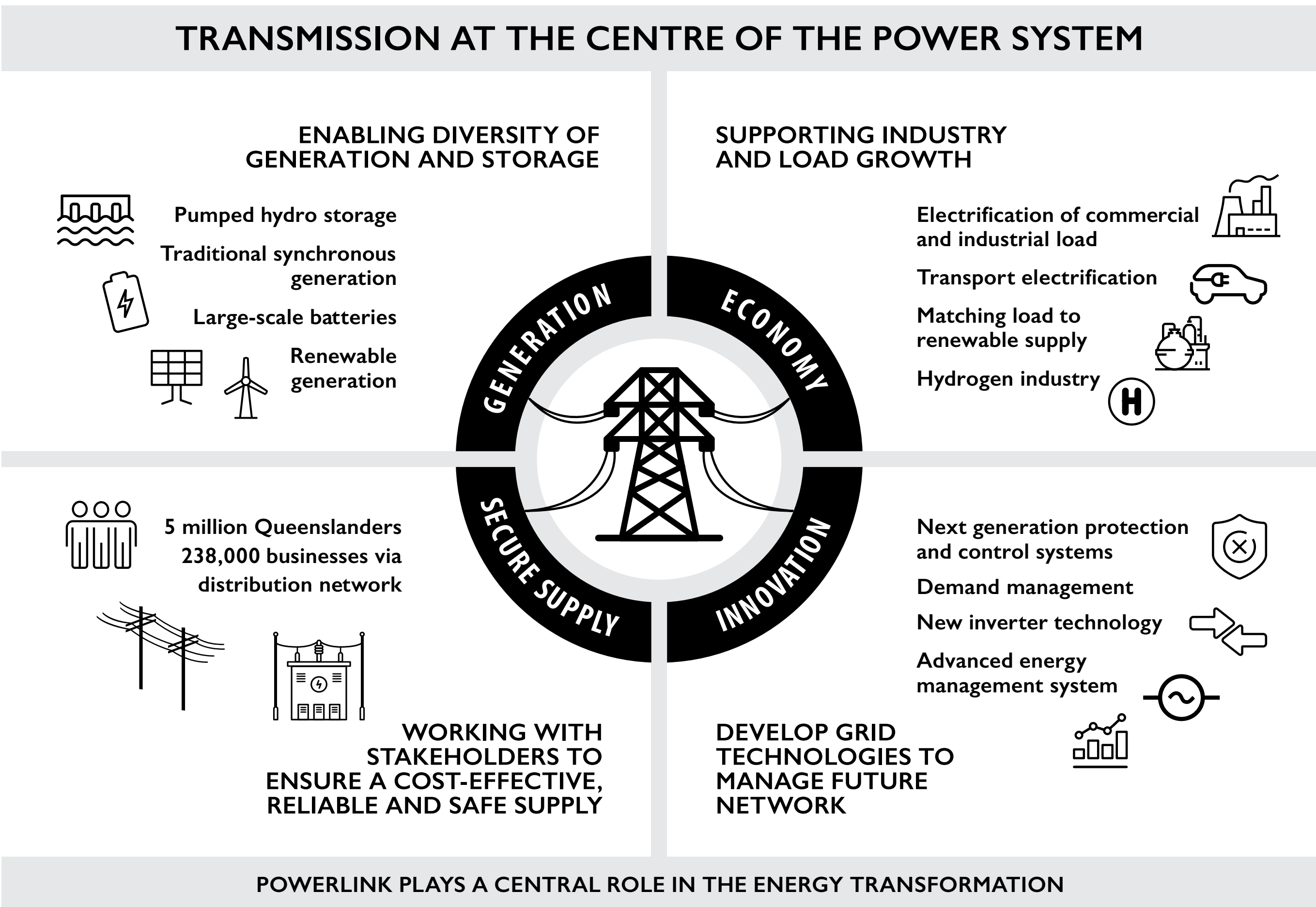
Our purpose is to connect Queenslanders to a world-class energy future, providing electricity to more than five million Queenslanders and 238,000 businesses. Through our unique central position in the power system, we are guiding the market to help influence the energy system of the future, one that effectively balances customer needs, while transforming to a low carbon future comprising a diverse array of generation and storage technologies including large-scale wind and solar developments, batteries and pumped hydro. Powerlink's network provides the platform to enable the provision of these and many other energy services while maintaining a sharp focus on safety, affordability and reliability of supply for our customers.

Apart from connecting large generators to end-use customers through the distribution networks owned by Energex and Ergon Energy (part of the Energy Queensland Group) and Essential Energy (in northern NSW), we also provide electricity directly to large industrial customers such as rail companies, mines and mineral processing facilities.

As a Transmission Network Service Provider, we link to the National Electricity Market via the Queensland/NSW Interconnector (QNI) transmission line. Most of Powerlink's network is regulated by the Australian Energy Regulator under the National Electricity Law and the National Electricity Rules.



Powerlink's role in the energy system



Overall highlights of 2021/22

- We delivered a Normalised Net Profit After Tax (NPAT) of $93.5 million, which was above target and achieved through our continued focus on sustainable cost management, lower financing costs and continued growth in our non-regulated business. (Our statutory NPAT was $199.0 million, which includes Inter- and Intra-Regional Settlement Residues – IRSR[1]).
- All major elements of our 2023-27 Revised Revenue Proposal were accepted by the Australian Energy Regulator (AER) in its Final Decision which sets Powerlink's annual regulated revenue over the next five years. We were proud to have both our Customer Panel and the AER state that our Revenue Proposal was 'capable of acceptance'. The AER's decision will see a reduction in Powerlink's contribution to the average annual electricity bill for the typical residential and small business customer, which in 2022/23 will decrease by 2.5 per cent.
- We received the national 2021 Energy Network Consumer Engagement Award for our consumer engagement process implemented during the 2023-27 revenue determination process. This award is run jointly by Energy Networks Australia and Energy Consumers Australia.
- In response to a range of complex and challenging factors such as heatwave conditions, record summer peak demand and possible shortfalls in Queensland's electricity supply during both summer and winter, our network continued to operate safely, securely and reliably.
- We completed construction work on two new renewable connection projects, which added 482 megawatts (MW) of generation capacity to the National Electricity Market. We also reached connection agreements for a further three renewable generators and battery energy storage systems (BESS) that will add 615MW of generation capacity in Queensland.
- We were engaged by Acciona to start construction of grid connection works for the 1,026MW MacIntyre Wind Precinct, currently the biggest wind development in Australia. Also working alongside Ark Energy and CleanCo, this project anchors development of the Southern Downs Renewable Energy Zone (REZ).
- Powerlink has progressed works to support the Northern Queensland REZ (QREZ), commencing construction activities for the Kaban Green Power Hub Connection Project and upgrading parts of our transmission network in Far North Queensland from 132kV to 275kV.
- We announced a partnership with CS Energy to connect Queensland's largest BESS at Greenbank Substation to provide network support services and reduce future capital expenditure requirements.
- On behalf of the Queensland Government we began a feasibility study, and detailed design and cost analysis, for the Borumba Pumped Hydro Project, which will assist with diversifying the generation mix across Queensland's energy system.
- We sought advice from the Gugu Badhun Aboriginal Corporation (GBAC) to nominate a name for the proposed switching station at Mount Fox for the Genex Kidston Connection Project in North Queensland. The Gugu Badhun People selected the name Guybal Munjan™, which means 'fire mountain' in local language[2].
- We completed a full upgrade of our 20-year-old SAP system on-time and on-budget, transitioning to the contemporary SAP S/4 HANA which included re-platforming the entire system to the cloud. Powerlink's unique staged approach and successful delivery of the project has been recognised across Australia and globally, and unlocks a number of process efficiencies and improvements.

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1. Normalised NPAT has been adjusted in recognition of the regulated grid revenue received as IRSRs. IRSRs occur as a result of the difference between the amounts paid by retailers and paid to generators, and between the regional reference prices in the adjacent two regions in the National Electricity Market (NEM). The resulting settlements residue is paid to Transmission Network Service Providers who are required to return it to customers through lower transmission charges.

2. The name Guybal Munjan™ is the Indigenous Cultural Intellectual Property (ICIP) of the GBAC and is an unregistered trade mark owned by the GBAC. Powerlink is continuing to work with the GBAC to negotiate a formal agreement for the respectful use of the name.

A community information session underway at Karara for the MacIntyre Wind Precinct Connection Project.

Customer highlights

- We were the first Australian Transmission Network Service Provider (TNSP) to implement a new technological solution – Wide Area Monitoring Protection and Control (WAMPAC) – that enables faster monitoring and control of our network, so we can use more capacity, better manage outages and more effectively meet the needs of renewable generators and other customers.
- We deepened our commitment to early engagement with communities, by implementing our Community Engagement Strategy which guides how we work with and contribute to local communities.
- We undertook specialised research to explore community sentiment in targeted regions to gain a greater understanding of their perspectives on renewable energy development, transmission infrastructure and Powerlink's activities.
- We applied an early engagement approach for the Wambo Wind Farm Connection Project, with the first engagement phase to identify what is important to building or maintaining our social licence to operate in this area. We met with landholders and other stakeholders earlier than ever before to understand their experiences with Powerlink and matters of interest from their perspective.
- We established an Asset Reinvestment Review Working Group to engage with our customers and stakeholders to enhance our asset reinvestment process. The review sees Powerlink sharing information and seeking input from our Customer Panel, customer advocates and the Australian Energy Regulator to drive benefits for our customers.
- In the spirit of continuing to advance customer outcomes within Powerlink and across the energy sector, we maintained our commitment to and involvement in the Energy Charter, participating in several #BetterTogether initiatives including actively contributing to the development of the Better Practice Landholder and Community Engagement Guide. We also co-designed new customer metrics with our Customer Panel.

Climbing the tallest transmission towers on our network, built for the Kaban Green Power Hub Connection Project.

Financial overview

Powerlink recorded a Normalised Net Profit After Tax (NPAT) of $93.5 million as a result of higher grid revenue, and lower operating and financing costs. We delivered a statutory NPAT of $199.0 million, which includes Inter- and Intra-Regional Settlement Residues (IRSR). (Refer to 'Powerlink business performance' below for more details on IRSRs).

The Normalised NPAT was 20.2 per cent better than the Normalised Statement of Corporate Intent (SCI) target of $74.6 million and reflected Powerlink's continued focus on productivity and network reliability while operating in an environment of growing investment in renewable connections and continued impacts of the COVID-19 pandemic.

Powerlink's financial result reflects an overall strong business performance with all SCI performance metrics being achieved.

Financial year 2021/22 was the final year of Powerlink's 2018-22 regulatory period. In April 2022, the Australian Energy Regulator delivered its Final Decision on Powerlink's transmission determination for the 2023-27 regulatory period. The regulatory process establishes Powerlink's revenue for the five-year period from 1 July 2022, which includes an allowance for efficient operating and capital expenditure requirements.

Powerlink business performance

Total revenue for 2021/22 was $1,128.5 million which included $140.2 million of regulated grid revenue received as IRSR. IRSRs occur as a result of the difference in the regional reference price between two regions in the National Electricity Market (NEM) and the difference between amounts paid by retailers and paid to generators within a region. The resulting settlements residues are paid to Transmission Network Service Providers who are required to return them to customers through lower transmission charges. After adjusting for the effects of IRSRs and other non-core items, Powerlink's Normalised Earnings Before Interest and Tax (EBIT) and NPAT were $332.5 million and $93.5 million respectively and were both above SCI targets.

Powerlink strives to deliver a cost effective transmission service. Controllable operating costs of $239.6 million excluding gains/losses from hedging (4.6 per cent below the SCI target) reflected a continuing focus on improvements in labour productivity and delivering sustainable cost savings.

Capital investment

Powerlink's capital works expenditure in 2021/22 was $382.9 million, which was higher than the SCI target of $247.9 million. This additional expenditure reflected strong growth in providing connection services to renewable energy generation projects.

Borrowings

Powerlink did not require any additional debt funding during 2021/22 with the closing balance at $5.2 billion.

Dividends

Powerlink declared an $80 million special dividend during 2021/22. On 30 June 2022, shareholding Ministers approved Powerlink's retention of its NPAT, which would normally have been declared as an ordinary dividend, to support investment in critical infrastructure and growth initiatives for Queensland's transmission network.

Summary of Statement of Corporate Intent 2021/22

Powerlink's Statement of Corporate Intent (SCI) for 2021/22, 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 details on performance outcomes are provided throughout the report.

Objectives	2021/22 Performance targets	2021/22 Performance outcomes	2021/22 Performance favourability
Meet financial targets			
Achieve specified financial performance			
Earnings Before Interest and Tax (EBIT)	$359.3 million	$483.2 million	●
Net Profit After Tax (NPAT)	$102.1 million	$199.0 million	●
Normalised NPAT[3]	$74.6 million	$93.5 million	●
Net Debt/Regulated Assets Ratio	76.4%	77.7%	○
Net Debt/Fixed Assets	66.0%	65.1%	●
Funds From Operations on Net Debt	9.4%	11.0%	●
Deliver shareholder value			
Deliver targeted dividends and returns to shareholders			
Return on Assets	4.4%	5.7%	●
Distribution Yield[4]	6.2%	6.0%	○
Distribution Cash Coverage	1.4 times	1.4 times	●
Dividend provided[4]	$192.1 million	$80 million	●
Deliver our capital works program			
Develop the Queensland transmission grid to maintain reliability and meet customer requirements			
Total capital works expenditure[5]	$247.9 million	$382.9 million	●
Meet non-financial targets			
Achieve specified safety performance			
Total Recordable Injury Frequency Rate	7.7	3.4	●
Compliant with relevant environmental legislation			
Number of major, extreme or catastrophic environmental incidents	0	0	●
Achieve cost efficiency performance targets			
Controllable operating cost/depreciated asset value	3.3%	3.0%	●
Achieve network performance targets (financial year ended 30 June 2021)			
System reliability parameters			
- Events in excess of 0.05 system minutes	Not more than 3	2	●
- Events in excess of 0.40 system minutes	Not more than 1	1	●
Increase Queensland Capacity Network Pty Ltd (QCN Fibre) contracted capacity			
Increase in total contracted capacity	>0%	49%	●

Legend: ● Favourable to target ○ Within range (e.g. 5%) of target ● (grey) Unfavourable (e.g. outside 5% of target)

[3] Normalised NPAT has been adjusted in recognition of the regulated grid revenue received as Inter- and Intra-Regional Settlement Residues (IRSR). IRSRs occur as a result of the difference between the amounts paid by retailers and paid to generators, and between the regional reference prices in the adjacent two regions in the NEM. The resulting settlements residue is paid to transmission network service providers who are required to return it to customers through lower transmission charges.

[4] As per shareholding Ministers' request and approval, the 2021/22 NPAT of $199.0 million, which would normally have been declared as an Ordinary Dividend, will be retained by Powerlink for investment in infrastructure to support Queensland's energy transformation.

[5] Total capital works expenditure exceeded target due to additional non-regulated projects and early works completion.

Chair's review

Australia's energy supply industries are being significantly challenged by technical and commercial complexities associated with the transformation of the energy sector. Powerlink's unique ability to have a complete view of the development and operation of Queensland's power system, for both supply and demand, is supporting both current management and future planning of Queensland's power networks. The number of new renewable connection projects is increasing significantly, signifying the acceleration of associated impacts on our transmission network. Technical factors such as system strength, minimum demand and voltage control are presenting new challenges for us and our customers, as we seek to optimise the operating conditions for renewable generators. We are committed to providing strategic insights and support for the evolution of Queensland's energy system and to ensuring our transmission network is safe, secure and reliable – now and into the future.

This year has seen Powerlink apply an ongoing focus on bringing our business strategy to life. Our strategic objectives of being the renewable super grid, guiding the market, driving value for customers and unleashing our potential underpin our ability to enable the energy transformation, with a clear purpose of connecting Queenslanders to a world-class energy future.

With a focus on providing greater value for our customers, we have actively sought to engage with both customers and other stakeholders in developing our future network. We have heard and understand that they value open communication and collaboration, local opportunities and long-term community investment.

Powerlink is proud to be enabling Queensland's second Renewable Energy Zone (REZ) on the Southern Downs. Our grid connection work for this REZ will support more than 1,000MW of wind generation, which is being developed by Acciona, Ark Energy and CleanCo. We believe this REZ will ultimately support as much as 2,000MW of renewable generation, making it the largest in Queensland and supporting progress towards the Queensland Government's 50 per cent Renewable Energy Target.

Meanwhile, we have continued works to support the Northern Queensland REZ (QREZ), progressing with construction of the Kaban Green Power Hub Connection Project and at various substation sites to upgrade our transmission network in Far North Queensland.

This year, Powerlink led a feasibility study for the Borumba Pumped Hydro Project on behalf of the Queensland Government. Pumped hydro will play a vital role in transforming the energy system to maximise the utilisation of renewable energy sources and facilitate a more diverse generation mix in Queensland. In addition, the Borumba project will provide technical services to strengthen the state's electricity supply system, while delivering strong outcomes for the regional economy.

With energy prices a key issue for customers, we continue our commitment to the Energy Charter and its principles in delivering better customer outcomes. Our focus over the past 12 months has included development of a better practice landholder and community engagement guide and greater support for vulnerable customers through our partnership with Uniting, Australia's largest non-government provider of community services.

We are all responsible for safety, and Powerlink's new Health, Safety and Environment Policy and Strategy are generating new thinking about work and safety, an important mindset that is essential for all our people and the communities in which we operate. Improvements in health and safety approaches and performance indicators are monitored by the Board. We also take interest in initiatives that proactively contribute to the health and wellbeing of Powerlink's people, and help them fully unleash their potential.

To deliver Queenslanders a world-class energy future, we need a diverse and inclusive workplace, where people feel safe, valued and heard. Powerlink's diversity maturity assessment identified opportunities to accelerate progress towards broader diversity and inclusion.

Within a complex environment, Powerlink delivered strong business performance, achieving all Statement of Corporate Intent performance metrics. A final ordinary dividend was not declared for 2021/22 following shareholding Ministers' request for Powerlink to retain 100 per cent of Net Profit After Tax to support investment in critical infrastructure and growth initiatives for Queensland's transmission network.

I welcome new Director, Kara Keys, who joined the Board in October 2021, adding her valued experience. I would like to thank all Board members for their diligence and counsel to guide Powerlink to meet the expectations of our customers and stakeholders.

This is certainly an exciting time for Powerlink and the energy sector more broadly. Powerlink's people are working for Queenslanders, delivering value for our customers and other stakeholders as we continue to actively shape the energy system of the future.

KATHY HIRSCHFELD AM
CHAIR

Chief Executive's review

The work we do for Queenslanders has never been more important. Energy delivery is rapidly changing as we move towards a low carbon future. Our external operating environment remains dynamic and increasingly complex. Our flexible business strategy anchors Powerlink's purpose, helping us to navigate effectively through uncertainty and maximise opportunities as they emerge.

It was pleasing that the Australian Energy Regulator (AER) accepted all major elements of our Revised Revenue Proposal, including forecast capital and operating expenditure for the next regulatory period. Our target of no real growth in operating expenditure and a three per cent reduction in capital expenditure for the regulated network is challenging, but we are already progressing innovative ways to achieve this and ensure our customers pay no more than necessary for transmission services.

The AER's acceptance of our Revenue Proposal was testament to the robust engagement process and valued input from our Customer Panel, Revenue Proposal Reference Group and other stakeholders. This collaborative effort was recognised by the AER and wider industry through Powerlink's receipt of the national 2021 Energy Network Consumer Engagement Award, jointly run by Energy Networks Australia and Energy Consumers Australia to recognise best practice consumer engagement.

While the contribution of transmission to the average annual electricity bill has decreased over the past five-year regulatory period and will decrease again in the next, we are acutely aware of the impact of overall increases in power prices. Powerlink is working within our organisation and across the electricity supply chain to minimise power price rises and support Queensland households and business.

A high level of employee engagement is a key enabler for Powerlink to deliver its strategy. More than 80 per cent of employees provided feedback to our employee engagement survey and Powerlink saw a five per cent increase in overall engagement across the business.

We are innovating, working differently and using technology to run our network harder and more efficiently to improve its operation, better meet the needs of our customers and minimise impacts on the electricity market. Our network responded safely and reliably to heatwave conditions in February and March 2022 which led to state-wide electricity demand in excess of 10,000MW, setting new records. Our full view across Queensland's power system was put to the test more than ever before as we applied our leadership and expertise in coordinating a response to tight market conditions in February and June 2022.

We connected two renewable generators to our network, which brings us to a total of 21 renewable generators with a combined maximum output of around 3,000MW connected since 2016. We are working with a large number of proponents who are at enquiry stage, with a combined potential output of more than 17,000MW.

We helped to facilitate our state's second and largest Renewable Energy Zone (REZ) when we signed an agreement to connect the MacIntyre Wind Precinct to our network. The Southern Downs REZ will connect Australia's largest wind development, with a generation capacity of 1,026MW.

With more greenfield and other diverse project work in the pipeline, we have adopted a more mature and collaborative approach to community engagement to build greater trust and understanding in our communities, which strengthens our social licence to operate. We are engaging with landholders and other stakeholders earlier, listening to what is important to them before we start making decisions.

Proudly, we are taking practical steps to better recognise and include Aboriginal and Torres Strait Islander people in our work – as our staff, suppliers and stakeholders. For the first time, we sought the advice of the Native Title holders to nominate a name for a proposed switching station near Mount Fox in North Queensland. The Gugu Badhun People selected the name Guybal Munjan™ for the site, which means 'fire mountain' in local language. We are working to continue a pathway of building stronger, more respectful relationships, supported by our Reconciliation Action Plan.

I sincerely thank our people for adapting to the changing environment and embracing the cultural changes that will enable Powerlink to be a world-class Transmission Network Service Provider.

PROF. PAUL SIMSHAUSER AM
CHIEF EXECUTIVE

Health, safety and environment

COVID-19 pandemic response

We maintained our corporate response to the COVID-19 pandemic with a continued focus on protecting the health, safety and wellbeing of our people, contractors and the communities we operate in throughout Queensland. This response included continuing to apply flexible work practices and specific precautions for specialist resources that are critical to the delivery of our essential work.

We offered our workforce the opportunity to access on-site vaccination clinics to facilitate uptake of COVID-19 vaccinations to help protect our employees and the communities in which they work.

Throughout this period, we monitored and responded to the external factors affecting our operations, including the impact of the pandemic on the changing needs of our customers and the challenges encountered by our suppliers.

Committed and accountable

Safety is essential. It is a Powerlink value, a key component of our corporate culture and central to the way we work. Powerlink strives to continually improve health, safety and environment (HSE) practices and outcomes, supporting the wellbeing of our people, customers, contractors and communities, and minimising harm to the environment in which we work every day.

We launched our new HSE Policy in May 2022, which supports our HSE Strategy 2021++ and its purpose of 'healthy and engaged people enabling safe work'. Reflecting contemporary, evidence-based thinking, the HSE Strategy is driven through pillars of empowered people and learning, a healthy and engaged workforce, agile delivery and sustainable decisions, and is underpinned by Powerlink's organisation-wide leadership and learning principles.

Progressive HSE maturity

In this first implementation year of our new HSE Strategy, we investigated the maturity of our HSE culture through key aspects of our 2022 Employee Engagement Survey. The results build on insights from previous surveys.

Powerlink's HSE Strategy continued to mature and drive outcomes by focusing our activities on changing our business mindset, leadership and systems.

The first deployment of the strategy centred on creating a mindset shift to generate new ways of thinking about safety and work, accompanied by communicating Powerlink's leadership and learning principles. To support the mindset shift, we built our knowledge and understanding of psychological safety factors and their application.

We also engaged our staff in establishing a trial of new learning methods for teams to identify HSE improvements during their normal work and in response to events. A team of volunteers from across the business co-designed and supported implementation of our new Hazard Assessment Conversation process to guide workplace risk assessments. Staff were also engaged to respond to increasing environmental requirements supporting new greenfield work activities.

Our cultural change program, Powering Ahead, helped employees to connect with their reasons for staying safe and well, and to understand their role in creating the conditions for safe work, wherever they are in the business.

Electrical safety

Powerlink's core business is safely delivering electricity to the people of Queensland.

Our Electrical Safety Management System (ESMS) articulates how we ensure electrical safety by delivering on our objectives for an electrically safe network. It details our approach to planning, designing, constructing and operating a safe network.

The ESMS retained certification under the *Electrical Safety Act 2002* following an annual performance audit undertaken by auditors accredited by the Electrical Safety Office. This annual regulator audit was also an opportunity for Powerlink to seek out and further integrate critical control and risk management processes for network safety management.

Powerlink supported and engaged with the Queensland Government's review of the *Electrical Safety Act 2002.* Given the importance of electrical safety to the broader electricity industry and the Queensland community, Powerlink took the opportunity to guide the market by influencing the state's electrical safety standards. Powerlink's role included actively participating in the Reviewer's Industry Reference Group, and engaging with industry partners and stakeholders.

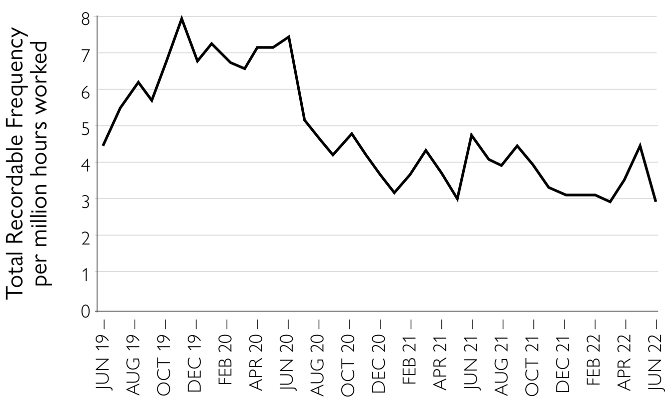
Powerlink was instrumental in prioritising electrical safety in the review of Energy Networks Australia National Guidelines for Safe Access to High Voltage. As well as updating the guidelines, the review reinforced requirements for network asset owners to actively manage and engage on protocols for high voltage switching at asset interfaces.

Safety performance

Powerlink's focus on HSE performance improvement is driven by a business-wide commitment, with our Board, executive and senior leadership teams, and our people. It is informed by our robust system of monitoring and reporting on progression towards our HSE targets.

We measure performance against a range of indicators including combined employee and contractor Total Recordable Injury Frequency Rate (TRIFR). Powerlink's combined employee and contractor TRIFR has remained stable over the 12 month period to 30 June 2022. Powerlink will continue to focus on improving monitoring of safety and building the capacity for safe work outcomes.

Three-year combined employee and contractor TRIFR



Lessons learned is a lead indicator of our safety performance. Through new learning methods we responded to five high potential incidents and engaged employees to identify improvements and solutions to associated work challenges.

We introduced a further two HSE lead indicators to improve our ability to monitor performance and support improved outcomes. Our program to proactively reduce risks and prevent injury achieved the targeted number of improvements in ergonomic methods across the business. Our program for HSE quality inspections helped us to progress towards identifying key controls, with a focus on our top 10 risks. We will further mature our approach to assurance in 2022/23.

Health and wellbeing

Our HSE Strategy and Powerlink's Fit for Life Program guide our activities that focus on the health and wellbeing of our workforce, including their physical, mental, organisational and social health.

The mental health and resilience of our people remained a key focus throughout the year. Powerlink continued its accreditation with Mates in Energy, an integrated program of training and support. Eighty-five per cent of our workforce has participated in the suicide prevention awareness program and 15 per cent has undertaken specialised training, building the capacity of our workforce to connect people with available support networks.

We offered our workforce the opportunity to participate in voluntary health assessments focused on modifiable health risk factors and providing immediate health feedback tailored to individual employees. The de-identified collated data gained from these assessments helps to guide future health and wellbeing programs.

Our ergonomics program continues to engage our people to develop workforce-led solutions to appropriately manage manual handling and ergonomic issues.

In partnership with Queensland's Healthy Workers' Unit and Queensland University of Technology (QUT), Powerlink's on-site café adopted Queensland's 'A Better Choice' heathy food and drink supply strategy to improve the availability and promotion of healthy food and beverages in the workplace. This strategy is based on the Australian Dietary guidelines and an evidence-based implementation process.

Community safety

We continued to embed Powerlink's community safety capability by actioning our Community Electrical Safety Plan, which is driven by a Powerlink-wide action group.

Powerlink supported development of the 'Look up and Live' app for Queensland, which enables users to be informed of the location of powerlines. The app aims to help users plan and perform work safely around the electricity network and be a platform for businesses to request specialist safety advice.

We built on our presence at FarmFest, held near Toowoomba, to engage with rural landholders and businesses about safety and shared areas of interest.

Environmental management

We focused on ensuring our systems and processes minimise Powerlink's impacts and improve efficiency as we deliver our growing program of greenfield project work throughout Queensland.

Powerlink experienced one reportable environmental incident during 2021/22. The incident involved an elevated work platform oil spill near Middle Ridge. The event was assessed to be 'notifiable' to the Department of Environment and Science given that estimated remediation costs exceeded the threshold for classification as 'material environmental harm' under the *Environmental Protection Act 1994* (Qld). Following notification, the Department determined that no further action was required.

There were no major, extreme or catastrophic environmental incidents experienced by Powerlink during the 2021/22 year.

Natural disasters

The risk of bushfires starting from our high voltage transmission network is low, however due to the potential high consequences of these incidents, Powerlink maintains a Bushfire Mitigation Plan. We reviewed our plan, monitored progress against identified actions and determined improvement opportunities.

Flooding events can also potentially have serious impacts on our transmission network. Powerlink has a range of strategies, procedures and tools focused on resilience, recovery, contingency management and emergency response plans for flooding. Our established emergency response plans are activated as required. During widespread flooding in South East Queensland in February 2022, Powerlink de-energised the Bundamba Substation in response to statutory clearance breaches from the rapidly rising Bremer River.

In partnership with Energy Queensland, Powerlink maintained its commitment to sponsoring the Queensland State Emergency Service (SES) during 2021/22 to deliver important response equipment to local SES groups across Queensland. The new equipment will support the SES's ability to help local communities when they need it most, during natural disasters and other emergency situations.

Climate change and greenhouse gas emissions

Powerlink has identified climate change as a material strategic issue and is developing capability and capacity to address climate change and associated environmental risks. Powerlink's focus areas regarding climate change include physical impacts to our network, the technical and strategic challenges associated with decarbonisation of the energy supply chain, and our responsibility to minimise the carbon footprint of our own operations and infrastructure. Powerlink's approach is underpinned by our enterprise strategic initiatives and ambition to deliver a renewable super grid for Queensland.

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 2021 report.

In addition to facilitating connections of renewable generators and associated storage solutions (such as large-scale batteries) to reduce greenhouse gas emissions sourced from transmission losses, Powerlink is investigating options to reduce our carbon footprint consistent with Queensland and national targets. We continue to routinely assess our operational facilities (both existing and proposed) to ensure their continued resilience to climate change impacts.

During 2021/22, Powerlink reached an agreement to connect the MacIntyre Wind Precinct to the electricity grid. The precinct will include two wind farms with a combined capacity of 1,026MW. Together, these two wind farms will avoid emissions of nearly three million tonnes of carbon dioxide each year.

Customer focus

Customers are our priority

Powerlink plays an important role in delivering electricity to more than five million Queenslanders and 238,000 businesses. A key objective of our business strategy is to deliver value for customers.

Powerlink is committed to putting downward pressure on the overall cost of energy for business and residential customers.

As more customers connect to our network, we continue to invest in better understanding their needs and how we can deliver greater outcomes for them. Our approach to engaging with our customers is shaped by the principles of integrity, transparency, responsiveness, accountability and inclusiveness.

Our Customer Panel is the primary customer engagement forum for Powerlink. The panel met in October 2021, March 2022 and June 2022 to discuss a range of topics including our 2023-27 Revenue Determination, the Australian Energy Market Operator's (AEMO's) Integrated System Plan, customer centric innovation and the Energy Charter strategic review. We shared presentations for the panel and minutes from meetings on Powerlink's website.

Our annual Transmission Network Forum was held in November 2021 with an opening address by the Honourable Mick de Brenni MP, Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement. The forum integrated both in-person and virtual participants. This hybrid approach significantly broadened the reach of our flagship customer and stakeholder engagement event with more than 300 participants attending.

The Energy Charter

Powerlink is a foundation signatory to the Energy Charter, a cross-sector energy industry framework to deliver more affordable, reliable and sustainable energy systems for all Australians. Our commitment to the Energy Charter assists us to focus on key principles and associated actions to deliver improved customer outcomes.

We participated in several Energy Charter #BetterTogether initiatives including the collaboration with peak agricultural bodies to develop the Better Practice Landholder and Community Engagement Guide. We also formed a partnership with Uniting to provide direct support to Queenslanders in vulnerable circumstances. This partnership is designed to provide customers with education and access to best manage cost-of-living issues.

Powerlink published its 2020/21 Energy Charter Disclosure Statement, providing insights into our work to ensure we are placing customers at the centre of everything we do and identifying opportunities for further improvement. Our Disclosure Statement was submitted to the Energy Charter Independent Accountability Panel in September 2021, which constructively assessed the outcomes we delivered.

To help our Customer Panel track our customer performance, we also held a co-design session to review our quantitative and qualitative metrics. This will enable a new customer scorecard to be reported on for the 2022/23 financial year as part of that year's Energy Charter Disclosure Statement.

Driving the energy transformation

Connecting new generation

Powerlink completed construction work for two connection projects, adding 482MW of generation capacity to the National Electricity Market. We reached connection agreements for a further three renewable generators and battery energy storage systems (BESS) that will add 615MW of generation capacity to Queensland.

Our work focused on delivering connections for customers, while working cooperatively with project proponents with an interest in connecting to the transmission network. We experienced strong interest from wind farm and battery proponents. As at 30 June 2022, we were progressing 27 renewable project applications representing about 7,000MW of generation capacity.

Renewable electricity generator and battery storage connections completed in 2021/22

Region	Project	Generation capacity
Southern Queensland	Western Downs Solar Farm	400MW
Central Queensland	Moura Solar Farm	82MW

Renewable electricity generator and battery storage connections committed in 2021/22

Region	Project	Generation capacity
Southern Queensland	Wandoan South Solar Farm	125MW
Central Queensland	Clarke Creek Wind Farm	440MW
	Bouldercombe Battery Energy Storage System	50MW

We engaged with existing connected customers to better understand their diverse needs in the energy transformation and increased our resources in response to their feedback.

Powerlink reached agreement to connect the 1,026MW MacIntyre Wind Precinct to the transmission network. Under an early works agreement with project proponent Acciona, being delivered with Ark Energy and CleanCo, Powerlink will construct 65km of transmission line and two new switching stations. We undertook preliminary activities including engagement with landholders and other stakeholders, and technical, environmental and Cultural Heritage assessment work in the lead-up to construction which commenced in May 2022. This is currently the biggest wind farm development in Australia and anchors Powerlink's Southern Downs Renewable Energy Zone (REZ).

Powerlink progressed connection works for the 250MW Kidston Clean Energy Hub Project in North Queensland, under an agreement with Genex Power Limited.

The connection project includes a 186km-long 275kV transmission line and associated switching station. To date, Powerlink has engaged with landholders and other stakeholders and undertaken investigations to progress a range of State and Commonwealth approvals for the preferred transmission line alignment and switching station site. Powerlink continues to work with the principal contractor to maximise local employment and procurement opportunities.

Over the next decade the successful transformation of the energy system in Queensland will require connection of many new generation projects along with power system network development at a level unprecedented in the state's history. This is occurring at a time when both national and international equipment supply chains are significantly challenged and skilled labour and services supply is also under considerable pressure. Powerlink has enacted a number of initiatives to address these challenges, including proactive key supplier engagement and stepping up our employment and training in critical skill areas. We will continue to work with our key contractors, other Transmission Network Service Providers and government to develop further solutions to address these challenges.

Managing system strength

We continue to engage with renewable generation customers, project proponents, Australian Energy Market Operator (AEMO) and other industry stakeholders to understand and address the impacts of system strength when connecting asynchronous renewable generators and moving to a low carbon future. System strength is a measure of the ability of a power system to remain stable under normal conditions and to return to a steady state following a system disturbance.

The need to maintain system strength at all times means that, under certain conditions, it may be necessary to limit the amount of inverter-based renewable generation feeding into the transmission network.

Our work with renewable generation customers, suppliers and AEMO has provided important insights into the complexity of system strength and how it impacts on managing asynchronous connections and the network in general. We apply an integrated model to existing and new connection applications, and engage with customers to better understand the potential for additional renewable generation in Queensland.

We continued to significantly reduce network constraints resulting from system strength impacts by working collaboratively with stakeholders to modify inverter tuning and generator control settings at various locations. Powerlink is also applying its high-speed network control system, Wide Area Monitoring Protection and Control (WAMPAC), to manage system strength issues in North Queensland.

In May 2022, Powerlink issued a request for system security services in the central, southern and broader Queensland regions to engage NEM participants and interested parties to identify network and non-network options to meet the system strength requirements in Queensland. Powerlink's 'Expressions of Interest' process invited submissions for technically and commercially feasible services to address the system strength shortfall declared by AEMO in May 2022. We engaged with non-network solution providers and other interested parties, including Powerlink's Customer Panel. Submissions closed in late June 2022 and the proposed solution is expected to be published by Powerlink in September 2022.

Battery energy storage systems

Large-scale battery energy storage systems (BESS) installed on Powerlink's network can provide network support services including services related to system strength and voltage support. These services have the potential to reduce future capital expenditure, limit network congestion and improve resilience, providing positive outcomes to Powerlink's stakeholders and customers.

In June 2022, Powerlink announced a partnership with CS Energy to deliver Queensland's largest BESS to be located at Greenbank Substation, south of Brisbane.

The proposal was identified from a range of submissions to Powerlink's Expression of Interest published in 2021, seeking to engage with providers of battery solutions to satisfy both our technical parameters and investors' requirement for commercial returns. The 200MW/400MWh BESS will be built, owned and operated by CS Energy, with Powerlink providing land and connection services.

Powerlink continues to engage with BESS proponents for network support services.

Renewable Energy Zones

Powerlink continues to support the development of Queensland Renewable Energy Zones (QREZ). The QREZ model provides cost-efficiencies for generators and maximises the generation capacity and use of our network at lowest cost.

Powerlink has advocated for the development of market-based REZs, and collaborated with the State Government and industry to promote this planning approach.

We supported the state's second and largest REZ in the Southern Downs, which has unlocked an additional 2,000MW of renewable generation capacity anchored by the MacIntyre Wind Precinct, being developed by Acciona, Ark Energy and CleanCo.

Powerlink has also progressed works to support the Northern QREZ, undertaking major construction activities for the Kaban Green Power Hub Connection Project and at various substation sites to upgrade the transmission network capacity in Far North Queensland. This work will improve network resilience and system strength while unlocking up to 500MW of renewable energy hosting capacity in the region.

Pumped hydro energy storage

We believe that as a large energy storage solution, pumped hydro will play a vital role in transforming the energy system to accommodate more renewable energy and a more diverse generation mix across Queensland.

Powerlink has led a feasibility study on behalf of the Queensland Government which includes a detailed design and cost analysis for the Borumba Pumped Hydro Project, located near Imbil, south-west of Gympie. Borumba Dam was identified by the Queensland Government as one of the best potential sites for long duration pumped hydro energy storage in Queensland. The project supports Queensland's 50 per cent renewable energy target and is an opportunity to strengthen the supply of electricity across Queensland.

Borumba has the potential to be Queensland's largest pumped hydro energy storage, capable of dispatching 1,500MW to 2,000MW and storing up to 24 hours of energy at that level of output.

With the aim of delivering strong outcomes for Queenslanders and those who live in the region, Powerlink initiated early and frequent engagement with the community and other stakeholders. Engagement activities included establishing a Stakeholder Reference Group involving environmental, business, community and recreational groups to capture feedback on the project and provide a forum for discussion and input. We have also held community information drop-in sessions and used an interactive online platform to ensure our investigations are comprehensive and transparent.

Operating in the National Electricity Market

Revenue determination

Powerlink lodged its Revenue Proposal for the 2023-27 regulatory period with the Australian Energy Regulator (AER) in January 2021. The AER published its Final Decision on Powerlink's 2023-27 Revenue Proposal on 29 April 2022. This decision sets about 80 per cent of Powerlink's total annual revenue over the next five years, which funds the capital and operating expenditure to build, operate and maintain Powerlink's regulated transmission network over this period.

The Final Decision set Powerlink targets of no real growth in operating expenditure and a three per cent reduction in capital expenditure for the regulated network, when compared to the 2018-22 regulatory period.

In its Final Decision, the AER accepted all major elements of Powerlink's Revised Revenue Proposal submitted in November 2021.

The AER noted that Powerlink put forward a well-informed Revenue Proposal, underpinned by significant consumer engagement and meeting our overarching goal of being capable of acceptance by our customers, the AER and Powerlink. The AER acknowledged the high-quality nature of our Revenue Proposal resulting in a more efficient regulatory process for all stakeholders, including Powerlink, consumers and the AER.

Powerlink's co-designed engagement approach for this revenue determination process won the 2021 Energy Network Consumer Engagement Award, run jointly by Energy Networks Australia and Energy Consumers Australia, which recognised our approach as industry best practice. The AER also acknowledged the collaborative efforts of Powerlink and our stakeholders, particularly our Customer Panel and Revenue Proposal Reference Group (a subset of our Customer Panel), who worked together constructively in developing our proposal over almost three years, in the long-term interests of consumers.

Our new regulatory period runs from 1 July 2022 to 30 June 2027.

Transmission pricing

Powerlink's transmission network represents about nine per cent of the total delivered cost of electricity for a typical Queensland residential electricity customer. Transmission may represent a higher proportion of the cost of electricity for customers directly connected to our network, whose charges may vary according to location and network use.

We consider that all parts of the power system, including transmission, have a role to play in driving value for customers.

Powerlink calculates its regulated transmission prices each year consistent with the framework set out in the National Electricity Rules (NER) and our AER approved Pricing Methodology. In March 2021, we published our 2021/22 shared transmission network prices, which took effect on 1 July 2021. Powerlink recovered revenue of $863.3 million in 2021/22.

After a two-year public consultation process on transmission pricing arrangements, Powerlink proposed to the AER as part of our 2023-27 Revenue Proposal that locational charges be based on peak demand only.

This was to provide a stronger, simpler link between each customer's peak usage of the transmission network and what they are billed each month. To manage price impacts and provide time for customers to adjust to this new arrangement, we also proposed that this change be progressively transitioned over 10 years, commencing 1 July 2022. In its Final Decision, the AER accepted this change to Powerlink's Pricing Methodology, which we applied to transmission prices for 2022/23.

The overall outcome of the AER's Final Decision on our 2023-27 Revenue Proposal is that in 2022/23, Powerlink's contribution to the average annual electricity bill for the typical residential and small business customer will decrease by 2.5 per cent ($3 and $4 respectively). Over the remaining four years of the regulatory period, prices are forecast to increase, on average, in line with inflation.

Engaging in National Electricity Market development

Powerlink engaged in a number of national consultation processes, often in collaboration with ENA, that contributed to the development of the National Electricity Market within a rapidly changing market environment. Our key activities included engaging in:

- Transmission Planning and Investment Review
  Powerlink engaged with the Australian Energy Market Commission (AEMC) to share its experience, modelling and proposed ideas. The AEMC published its Final Report in October 2020, recommending reforms to the frameworks for managing system strength. These reforms are part of a Draft Determination amending the NER to ensure the efficient management of system strength on the power system. As a result, Powerlink and other Transmission Network Service Providers (TNSPs) will proactively plan and develop system strength provision.
- Post-2025 Market Design Project: Congestion Management Model and Capacity Mechanism – The Energy Security Board completed the first phase of consultation on design of the congestion management model and potential design options for the capacity mechanism. Powerlink's ongoing engagement is intended to effect positive change in the evolution of market design and regulatory frameworks that will provide value to customers.
- System Strength Pricing – The AER initiated consultation on designing methodologies to determine the system strength pricing and annual system strength revenue. This enables Powerlink and other transmission networks to submit an amended Pricing Methodology to the AER for approval and implementation in 2022/23.
- Ring-Fencing – The AER recommenced its review of the Electricity Transmission Ring Fencing Guideline in May 2022. The review is intended to consider whether requirements to prevent potential cross-subsidies and discrimination in favour of affiliates remain fit-for-purpose in the context of new electricity services, technological change and market reform.

Network planning

Network planning studies focused on evaluating the enduring need for existing assets and potentially the need for new assets to ensure network resilience in the context of increasing diversity of generation, a range of demand growth forecasts and the potential for network reconfiguration, coupled with alternative non-network solutions.

With the rapid pace of energy system transformation, we plan Powerlink's network to manage diverse challenges including the establishment of system-scale QREZs and more geographically specific REZs, pumped hydro energy storage, battery storage and renewable generation.

Network planning also considers changes in electricity demand, including electrification of customer demand, minimum demand associated with solar photovoltaic generation, demand management and consumer uptake of evolving technologies.

Powerlink considers these issues holistically with emerging condition-based drivers as part of the planning process, in conjunction with AEMO's ISP and other inputs.

Powerlink provided input to AEMO's 2022 ISP, which will contribute to the national planning agenda. We also undertook joint planning with AEMO and other network service providers in accordance with the NER.

Our planning processes optimise network utilisation to achieve lower-cost solutions that deliver value, and meet reliability standards set out in the NER, Queensland's *Electricity Act 1994* and Powerlink's Transmission Authority.

Network performance

Performance targets are established for Powerlink as part of the AER's determination of regulated revenue for each five-year regulatory period through the Service Target Performance Incentive Scheme (STPIS), comprising a service component and a market impact component.

Powerlink's 2021 performance was measured against targets set for the 2018-22 regulatory period to maintain a high level of service for the benefit of electricity customers. Powerlink's targets under the STPIS have been reset for our new regulatory period 2023-27.

For the 2021 calendar year, Powerlink outperformed the majority of the targets set by the AER. A significant negative influence on Powerlink's overall performance in 2021 and the previous two calendar years was the Market Impact Component (MIC) of the scheme, which measures transmission network congestion impacts on customers. These constraints on Powerlink's network were a direct consequence of system impacts caused by the rapid changes to the electricity system, including the connection and location of inverter-based renewable generation in Queensland. Powerlink's performance against the Service Component and Network Capability Component elements of the STPIS was strong.

Through the ENA, Powerlink and other TNSPs continued to advocate to the AER for a review of the STPIS in light of the significant and rapid changes in the energy market.

Powerlink's transmission network performed better than our Statement of Corporate Intent target during 2021/22 and did not experience any unexpected loss of supply events greater than the thresholds specified by the AER for the 2018-22 regulatory period.

Network access management

Powerlink's systems and processes for facilitating access to the network for maintenance and capital works have faced challenges from the rapidly changing operating environment, including impacts associated with system strength issues, changing generation mix, rapid connection of renewable generators and network limitations. Since January 2016, Queensland has seen an unprecedented level of renewable energy investment activity which is changing the energy flows on the transmission network.

Our network access management system and processes consider these increasingly complex factors to coordinate outages over the full outage planning horizon and provide the required schedules, plans and assessments to AEMO.

We implemented a more collaborative approach to streamline access to the network and increased our capacity to facilitate network outages with additional specialist resources onboarded in key operational roles.

Queensland/New South Wales Interconnector upgrade

Powerlink has worked closely with Transgrid and AEMO to undertake extensive testing of upgrades to the Queensland/New South Wales Interconnector (QNI) that will increase the transfer capacity between the two states.

The upgrades, mostly located in New South Wales, were undertaken following the AER's approval of Regulatory Investment Test for Transmission (RIT-T) findings completed in March 2020.

When commissioned, the upgrade is expected to increase QNI transmission limits from 700MW to 950MW north and from 950MW to 1,450MW south, subject to system and ambient conditions.

Procurement

Powerlink is committed to supporting the Queensland Government's economic development priorities, as enunciated in the Queensland Procurement Policy (QPP) and Buy Queensland.

We work closely with our industry partners to maximise the participation of Queensland businesses in Powerlink projects. An example of this commitment is the series of local supplier workshops held in Charters Towers, Ingham and Townsville during 2021/22 for the Genex Kidston Connection Project. These workshops were hosted jointly with principal contractor UGL to ensure local providers in North Queensland are given every opportunity to bid for – and win – work on the project.

The Powerlink Procurement Framework 2021 is aligned to the principles of the QPP and Buy Queensland approach, and specifies how Powerlink will manage all procurement activities to deliver effective commercial outcomes. The QPP requirements are included as criteria in the evaluation process for all planned procurement activities. The framework also specifically addresses the Queensland Indigenous Procurement Policy, Local Participation, Ethical Supplier engagement, and the Information Communication Technology Small and Medium Enterprises Participation Scheme Policy.

As a Government Owned Corporation, Powerlink is accountable to the Queensland Government and ultimately the people of Queensland to ensure we achieve value for money, and encourage and empower Queensland businesses to participate in Powerlink work programs wherever possible.

Network strategy and operations

Electricity demand and forecasting

Planning and development of the transmission network is integral to Powerlink meeting its obligations under the National Electricty Rules, Queensland's *Electricity Act 1994* and its Transmission Authority. Powerlink's Transmission Annual Planning Report (TAPR) is a key part of the planning process and provides stakeholders and customers with important information about the existing and future transmission network in Queensland.

Looking out over a 10-year period, the TAPR provides information on energy and demand forecasts, committed generation and current projects. It identifies key areas of possible future transmission network investments as well as potential non-network solutions, which guide and inform the development of Queensland's future transmission network topography.

The 2021 TAPR, published in October 2021, forecast low growth for summer maximum demand, with Queensland's transmission delivered summer maximum demand forecast to increase at an average rate of 0.8 per cent per annum over the next 10 years. It forecast a decline in the minimum demand for the transmission network over the 10-year outlook period. The anticipated electrification of load, historically supplied by fossil fuels, could see a large increase in demand that may require significant investment in the transmission and distribution networks. Powerlink is committed to working with the Australian Energy Market Operator (AEMO) and our customers to better understand the future impacts that electrification will have on demand and energy forecasts.

Queensland recorded a new record 30-minute electricity demand of 10,058MW on 8 March 2022.

Contingency planning and emergency response

Consistent with our annual contingency planning program, we delivered our summer readiness program to ensure availability and capacity of the network over the 2021/22 summer, while managing delivery of maintenance and the physical integrity of the network.

Heatwave conditions on 1 and 2 February 2022 led to state-wide electricity demand in excess of 10,000MW, exceeding previous records. To ensure Queensland's power system remained in a secure state during the evening peak demand periods, Powerlink asked Queensland households and businesses to reduce their energy consumption. Powerlink monitored the network through the heatwave situation with AEMO, Ergon Energy and Energex. While some Queenslanders lost power due to storms and severe weather, there were no customers affected by supply/demand issues.

In February 2022, an extreme rain event caused widespread flooding in South East Queensland. In response to this event, we activated our established emergency response plans. We de-energised our Bundamba Substation, located near Ipswich, in response to the rapidly rising Bremer River which breached the safety clearance to adjacent transmission lines. The substation remained de-energised until floodwaters receded and inspections confirmed conditions allowed for the substation and transmission lines to be safely re-energised. Powerlink undertook drone and helicopter inspections of the network in flooded areas to ensure no other impacts.

In June 2022, Powerlink coordinated a response to tight market conditions in Queensland's power system following an unusual combination of unexpected generator outages, cooler winter temperatures and high demand for electricity. Powerlink asked Queenslanders to manage their electricity consumption during peak periods to ensure that available supply was used in the fairest and most efficient manner across industry, the community and essential services. As a result, power system security was maintained in Queensland during this period. On 15 June 2022, in response to the range of challenging factors occurring across the energy system, AEMO temporarily suspended the spot market in all regions of the National Electricity Market. Following this unprecedented intervention, Powerlink continued to work alongside market participants to safeguard the reliability of Queensland's transmission network.

Wide Area Monitoring Protection and Control

Operating the network to meet the demands of the future energy system creates new challenges, but emerging technologies that leverage Powerlink's past investments in high-speed communications technology enable new solutions. Powerlink has developed a high-speed state-wide control system, Wide Area Monitoring Protection and Control (WAMPAC), to more rapidly detect and respond to events on the network. Faster monitoring and control enables Powerlink to increase the network's usable capacity and reduce the impact of necessary network outages.

As the first TNSP to implement a WAMPAC platform in Australia and second in the world, Powerlink has adopted a strategic and staged approach. Our WAMPAC platform is progressively being developed and implemented to deliver the greatest value. The initial focus for WAMPAC activation was to manage system reliability between Central and Southern Queensland and subsequently to streamline the connection of new inverter-based renewable generators. The current focus is on enabling Powerlink's infrastructure delivery program in North Queensland by increasing the number of concurrent network outages taken and offsetting the impact of these outages on local generators. Future applications under review will minimise network augmentation requirements while facilitating the power system transformation.

Next Generation Network Operations

We are transforming the capability of Powerlink's transmission network operations to manage the complex and significant changes occurring on our network, and further developing our people's skills for specialist roles.

The first platform change is the replacement of Powerlink's existing Energy Management System, the system that allows us to operate and manage our network in real time. This has been underpinned by a shift towards business readiness and operationalisation, with preparations underway for data point testing and comprehensive training for key personnel to embed new ways of working.

We launched technology-enabling initiatives that will operate in alignment with the new Advanced Energy Management System to deliver improved network operation, process automation and continued advancements of Powerlink's strategic ambitions.

Specialised maintenance work taking place on the Bayview Heights to Davies Creek transmission line.

Maintenance

Powerlink maintains its network so that the risks arising from the condition and performance of existing assets are appropriately managed. Our targeted maintenance program ensures we continue to deliver safe, cost-effective and reliable transmission services to customers. We apply a value-driven maintenance approach, so our assets remain fit-for-purpose over their technical service life.

In response to the diverse challenges on our network, we undertook a review of maintenance activities and scheduling to ensure optimal efficiency. We have realigned our workforce resourcing to the demands of programmed work and new technology, increasing our in-house capacity for maintenance work.

Maintenance on transmission lines, substations and communication sites 2021/22	
98.6% Planned maintenance delivered	$149.7 million Invested in maintenance

Cybersecurity

Information security is essential to Powerlink's ability to deliver safe, cost effective and reliable electricity to Queenslanders. Powerlink invests in its cybersecurity capacity and maturity to manage external threats and risks to our operating technology and Information Technology systems.

We maintained alignment to the voluntary Australian Energy Sector Cybersecurity Framework and compliance with relevant Australian legislation.

Telecommunications

Powerlink's fibre optic telecommunications network connects to infrastructure across Queensland, providing functions for the safe and reliable operation of our transmission network.

QCN Fibre, a telecommunications carrier jointly owned by Powerlink and Energy Queensland, leverages Powerlink's supplementary telecommunications network capacity to improve digital capacity for customers in regional Queensland communities. To increase the service offering to customers, we investigated opportunities to increase QCN Fibre's access to telecommunication facilities co-located with Powerlink assets.

Under the Regional Connectivity Program, through QCN Fibre, Powerlink delivered data services for the regional townships of Duaringa, Dingo and Bluff, providing high-capacity broadband internet connection. Powerlink provided technical expertise to QCN Fibre including operation and maintenance services for all QCN Fibre customers.

Upgrading to SAP S/4HANA

Powerlink concluded a complete upgrade of its SAP ECC6 system to S/4HANA to drive greater efficiencies and deliver a better user experience. The upgrade was delivered over a seven-month period, with support from a combined local and international team and more than 40 Powerlink employees. Despite the complexity and risk in performing such an upgrade, Powerlink's approach was practical and staged in a way that effectively managed challenges and resulted in a successful implementation that was on-time and on-budget. Powerlink's unique approach to delivering the project has been recognised by organisations both within and outside the energy industry across Australia and internationally seeking to learn from Powerlink's accomplishment.

This upgrade was a major step in a wider business transformation journey that positions Powerlink to implement greater efficiencies for financial and management reporting processes, drive procurement and supply chain process improvement, and implement standardisation through a contemporary user interface. The solution offers opportunities to rationalise functionality and greater flexibility to support the ongoing delivery of secure, reliable and affordable electricity.

Network development

Capital works program

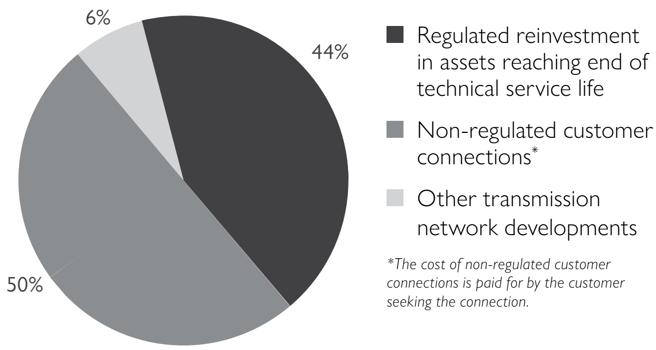
Powerlink's approach to asset management is prudent and efficient, to ensure we deliver cost-effective services for customers, optimising whole-of-lifecycle costs, benefits and risks, while complying with Powerlink's obligations.

Financial year 2021/22 represents the final year in the 2018-22 regulatory period. Powerlink's total regulated capital expenditure for the 2018-22 regulatory period was $913.5 million (2021/22 real), which was in line with the AER allowance of $916.3 million (2021/22 real). The capital expenditure allowance decreased by 3.7 per cent in the 2023-27 regulatory period, to $882.4 million (2021/22 real), under the AER's Final Decision.

Total capital works project expenditure in 2021/22 was $382.9 million, which was significantly above Powerlink's Statement of Corporate Intent (SCI) target of $247.9 million. The bulk of the additional project expenditure related to new non-regulated connection projects that were committed to after the SCI was finalised. Total regulated capital works of $206.9 million was marginally above the SCI target due to expenditure on a number of projects being brought forward to optimise the capital works program.

To support the state's economy, we continue to prioritise security of energy supply for Queenslanders while managing the long-term impacts of the COVID-19 pandemic. We reprioritised our work and project delivery schedules, and implemented innovative procurement strategies to manage the pandemic-related impacts on our supply chains and work practices. To date, COVID-19 has not materially impacted our ability to deliver capital and operational works.

Capital expenditure as a percentage of total network capital works 2021/22



**The cost of non-regulated customer connections is paid for by the customer seeking the connection.*

Network reinvestment

Consistent with the age profile of our network assets, a large proportion of our 2021/22 capital expenditure was on reinvestment works for transmission lines.

Our processes optimise reinvestment in network assets by balancing the enduring need for the service provided by assets reaching end of life and the most cost-effective investment option. This may result in targeted asset replacement or staged works to delay new transmission infrastructure, alternative investment options through network reconfiguration, or non-network solutions where economically and technically feasible.

To drive further improvements for our customers, we began a review of our asset reinvestment approach and criteria to ensure our methods are consistent with sound asset management and risk-based decision frameworks. We established an Asset Reinvestment Review Working Group consisting of members of our Customer Panel, customer advocates, the AER and Powerlink representatives. The working group considers key aspects of our asset reinvestment approach and will develop a report with recommendations for implementation.

Separate to this working group, we revised our strategic approach to transmission line refit work delivery by adopting a more robust model that improves work allocation, streamlines and embeds learnings across projects, and delivers improved value for customers.

Reinvestment projects in 2021/22 included progressing the refit of the existing Palmwoods to Woolooga transmission line. When complete, the project to refit 206 transmission towers on the 90km line will extend the line's technical service life by about 20 years and will ensure the ongoing safe, reliable and cost effective supply of electricity to the Sunshine Coast region into the future.

RIT-T consultations

Before committing to building a new transmission line or substation, or reinvesting in existing infrastructure, Powerlink thoroughly assesses potential alternatives to ensure this investment 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, as defined in the National Electricity Rules.

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 2021/22
Addressing the secondary systems condition risks at Innisfail

RIT-T consultations underway as at 30 June 2022
Maintaining reliability of supply in the Cairns region – Stage 1
Addressing the secondary systems condition risks at Chalumbin
Maintaining reliability of supply to the Tarong and Chinchilla local areas
Managing voltages in South East Queensland
Maintaining power transfer capability and reliability of supply at Redbank Plains

Other regulated consultation processes completed in 2021/22
Developing the Northern Queensland Renewable Energy Zone

Other regulated consultation processes underway as at 30 June 2022
Request for power system security services in central, southern and broader Queensland regions

A transformer being installed at Lilyvale Substation to further bolster power supply in Central Queensland.

Non-network solutions

Powerlink considers non-network solutions alongside network reinvestment and augmentations that may be required. We maintain a register of non-network providers and engage productively with them through the RIT-T and other processes.

Major regulated network projects

Major transmission developments and reinvestments (over $10 million) completed in 2021/22

Region	Project name
North Queensland	Mackay 132kV Substation replacement
Central Queensland	Bouldercombe 275/132kV Substation transformer replacement
	Callide A to Calvale 132kV network reinvestment
	Egans Hill to Rockhampton 132kV transmission line refit
Southern Queensland	Gin Gin 275/132kV Substation rebuild

Major transmission developments and reinvestments (over $10 million) under construction in 2021/22

Region	Project name
North Queensland	Cairns 132kV Substation secondary systems replacement
	Eton to Alligator Creek 132kV transmission line refit
	Nebo 275kV Substation replacement
	Ross 275kV and 132kV Substation primary plant replacement
	Strathmore 2nd 275/132kV transformer establishment
	Townsville South to Clare South 132kV transmission line refit

Major transmission developments and reinvestments (over $10 million) under construction in 2021/22

Region	Project name
Central Queensland	Bouldercombe 275kV Substation replacement
	Bouldercombe 275/132kV Substation transformer replacement
	Calvale and Callide B 275kV Substation secondary systems replacement
	Gladstone South 132kV Substation secondary systems replacement
	Lilyvale 132/66kV Substation transformer replacement
	Lilyvale 132kV Substation replacement
	Wurdong 275kV Substation secondary systems replacement
Southern Queensland	Abermain 110kV Substation secondary systems replacement
	Ashgrove West 110/33kV Substation replacement
	Belmont 275kV Substation secondary system replacement
	Mudgeeraba 275kV Substation secondary systems replacement
	Next Generation Network Operations Advanced Energy Management System
	Palmwoods 275kV Substation secondary systems replacement
	Mt England 275kV Substation secondary systems replacement
	Tarong 275kV Substation secondary systems replacement - stage 2

Community and stakeholder engagement

Community engagement

Powerlink continues to build strong, positive relationships with the local communities with whom we co-exist. It is vital that we meet the needs and expectations of landholders and communities.

We began to implement our Community Engagement Strategy which sets our engagement principles, commitments and actions, and outlines how we will invest in communities. It guides us to understand the diverse communities we work with, develop our engagement approach, and identify ways to contribute to creating a positive legacy in our communities.

We applied an early engagement approach for the Wambo Wind Farm Connection Project, with the first phase to identify what is important to building or maintaining our social licence to operate in the area. We met with landholders and other stakeholders early, before our detailed project planning began, to understand their experience with Powerlink and matters of importance to them.

We also undertook extensive formal research on community sentiment about renewables, transmission infrastructure and Powerlink's activities in four local government areas in Southern Queensland. The research insights helped us to understand that communities highly value local employment and opportunities for local business, community input to planning processes, and effective management of environmental impacts.

These insights directly informed our engagement approach to progress with planning the transmission infrastructure requirements to connect the Wambo Wind Farm to our network. We are now applying a similar early engagement focus to other projects.

Community small grants

We initiated a program of community small grants that focuses our community investment on creating sustainable communities, assisting in economic development, enhancing community and social capacity, building resilience and creating tangible outcomes.

Our trial grants program of $12,500 was open to applicants in the Western Downs and South Burnett local government areas. This investment will deliver strong positive benefits to communities in these regions, with a wide range of local initiatives now due to progress in 2022/23 as a result.

Reconciliation action

Powerlink is committed to equal opportunity and diversity across all our business operations. We respectfully recognise Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia and support all opportunities for them to participate fully in Australian society. In this first full year of implementing our Reconciliation Action Plan (RAP), our RAP governance group guided our commitments, with a focus on identifying and strengthening opportunities across our business for greater engagement and relationship building with Aboriginal and Torres Strait Islander stakeholders and organisations.

We partnered with stakeholders to share information and understand 'cultural burning' and other land management practices. We also incorporated additional accountability from potential business partners that support our RAP and increase the engagement of Aboriginal and Torres Strait Islander suppliers.

A Welcome to Country and smoking ceremony was held to mark the unveiling of Acknowledgement and Apology plaques placed prominently at our corporate office in Virginia, Brisbane to demonstrate our respect for Aboriginal and Torres Strait Islander cultures and recognise past acts of colonial and state governments which have left an enduring legacy of economic and social disadvantage.

Indigenous partnerships

We recognise Aboriginal and Torres Strait Islander peoples as important stakeholders for Powerlink, and value our partnerships with Traditional Owners and Indigenous communities. We apply our Cultural Heritage Framework to guide the ongoing protection and management of their Cultural Heritage throughout the life of Powerlink's assets, including during the planning and delivery of new commercial network connections.

The framework guided our engagement with Traditional Owner groups on the Genex Kidston Connection Project. The Traditional Owner groups were involved in completing survey work for more than 100km of proposed transmission line alignment associated with this major connection project.

We also sought the advice of the Gugu Badhun Aboriginal Corporation (GBAC) to nominate a name for the proposed switching station for the project. The Gugu Badhun People selected the name Guybal Munjan™, which means 'fire mountain' in local language[6].

Sponsorships and partnerships

We partner with organisations to empower communities, support the environment, enhance community safety and wellbeing, and promote educational opportunities to deliver long-term benefits to communities and generate lasting positive relationships.

We partnered with Uniting to deliver the Uniting Energy Program which provided direct energy support to vulnerable Queensland households. The program advocates and supports electricity customers to access appropriate rebates, concessions and hardship provisions to address existing electricity bills, and provides energy efficiency advice to help customers keep their energy consumption at a low and affordable level.

Powerlink's foundation sponsorship of the Country Universities Centre (CUC) Maranoa has supported the number of registered students increasing from 80 to 165 since its inception at Roma. The CUC provides free access to a high-tech campus-like facility for local students enrolled in any university, with a broader goal of keeping students in their communities for the long term, contributing to the region's sustainability.

Our sponsorship of the University of Queensland's (UQ) Women in Engineering program, in partnership with Energy Queensland and the Australian Power Institute, aims to be a catalyst to improve the long-term participation rate of women in the engineering workforce at large. In 2022, a record 27 per cent of commencing students in undergraduate engineering at UQ were women.

[6] The name Guybal Munjan™ is the Indigenous Cultural Intellectual Property (ICIP) of the GBAC and is an unregistered trade mark owned by the GBAC. Powerlink is continuing to work with the GBAC to negotiate a formal agreement for the respectful use of the name.

An SES equipment program handover event being held in Dalby where $21,000 of vital new equipment was delivered to the South West Queensland region.

Our ongoing sponsorship of the Queensland State Emergency Service (SES) in partnership with Energy Queensland has built capacity for volunteers who have a direct and positive impact on communities across Queensland. Many communities faced severe weather this year and our support delivered new and valuable response equipment to 160 SES groups across the state to assist with their vital work in emergency response.

We partnered with the Wet Tropics Management Authority to support regeneration projects including tree planting at Lake Barrine in Far North Queensland. Powerlink works closely with the Wet Tropics Management Authority to ensure our operations in the Wet Tropics World Heritage Area are conducted in a manner that minimises environmental impact.

Our continued partnership with the Bulimba Creek Catchment Coordinating Committee (B4C) has supported a number of initiatives over a lengthy period. This has included ongoing work to restore the environmental corridor in Minnippi Parklands in Tingalpa and clean-up days and tree plantings at Gibson Island.

As long-standing partners of the Energy Users Association of Australia, Powerlink continued to value this relationship to work collaboratively with industry and directly-connected customers on key issues.

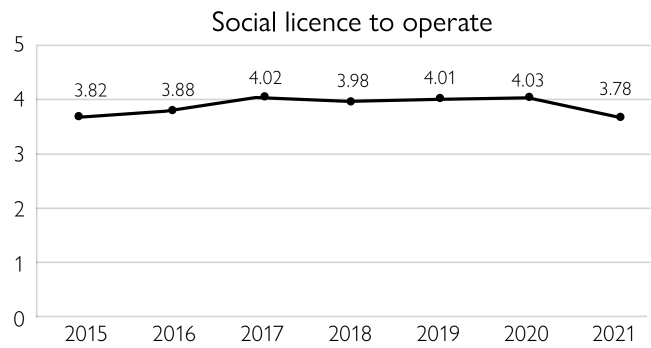
Stakeholder Perception Survey

We track our stakeholders' views on Powerlink's performance, systems and engagement capabilities through an annual Stakeholder Perception Survey.

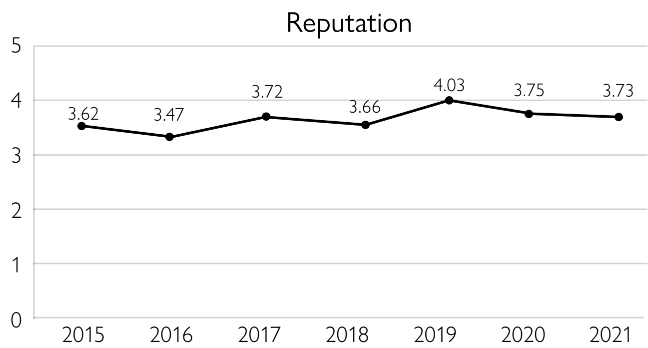
The insights from our 2021 Stakeholder Perception Pulse Survey built on our prior understanding, helped guide our engagement planning and supported us to be more responsive to community, customer and other stakeholders' needs. Overwhelmingly, stakeholders most valued open communication and collaboration, followed by Powerlink's expertise. Key issues of importance to stakeholders were infrastructure and land management, internal capability, regulation and policy changes, and energy network transformation.

Insights from the 2021 pulse survey indicate Powerlink's social licence to operate reduced from the previous year. This represented a shift from a consistent upward trend since we began our Stakeholder Perception Survey in 2012. Powerlink's reputation score, measured by the level of stakeholder agreement with reputation statements, showed a slight decline on the most recent survey results. These shifts are consistent with the impacts of the rapid pace of change occurring in energy and the transformation underway.

We continue to evolve our customer and community engagement practices to further strengthen our relationships and maintain our social licence to operate.



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



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

Queensland Household Energy Survey

We undertook the Queensland Household Energy Survey in April 2022 in conjunction with Energy Queensland to ask customers about their energy usage, appliance saturation and energy efficient behaviours. The insights will help Powerlink plan and operate the network for the future. For the first time, we will share insights from the survey with customers on an interactive online dashboard.

Since 2009, the survey of more than 4,000 Queenslanders has provided insights into what matters most to them and what they are doing differently, and identifies trends using data spanning more than a decade.

Apprentice training underway for the next generation of our people.

People

Workforce strategy

Our people play a key part in connecting residential and business customers to the power they need. To attract and support our people, we aim to ensure Powerlink is a great place to work, collectively creating and sharing successes so our culture is productive and supportive.

Our cyclical strategic workforce planning process identifies the skills, capabilities and competencies needed to meet Powerlink's future needs as we connect Queenslanders to a world-class energy future. This includes targeting skills in customer and market analysis, customer focus, innovation and ability to communicate technical information to a wide range of audiences.

In addressing the pressure on skilled labour and services supply being faced by the industry, we developed and applied new strategies to source talent for the future, and continued to develop the skills of our people. This year we ran a successful recruitment campaign focused on attracting diverse and experienced enterprise leaders to our senior leadership team and also began uplifting our field delivery capability with a campaign focused on building our teams of lines, substation and secondary systems people. Work has also occurred to identity the future skills and capability required in our workforce to be successful moving forward which will be used to inform our sourcing strategies in the coming year. A focus on employer branding, graduate and apprentice attraction and talent sourcing, workforce retention and building new capabilities through a transformational program of works will help Powerlink address the current and future skill challenges facing the industry.

In order to prepare for future workforce demands, our apprentice intake increased to 11 from previous intake levels of up to seven per year.

Our workforce was 1,042 Fulltime Equivalent Staffing as at 30 June 2022.

Workforce demographics

Gender profile

FEMALE	Percentage of employees
Powerlink wide	24%
Apprentices	15%
Management	20%
Executive	29%
Board	57%

MALE	Percentage of employees
Powerlink wide	74%
Apprentices	85%
Management	78%
Executive	71%
Board	43%

GENDER DIVERSE	Percentage of employees
Powerlink wide	0.1%

LGBTIQA+	Percentage of employees
Powerlink wide	2%

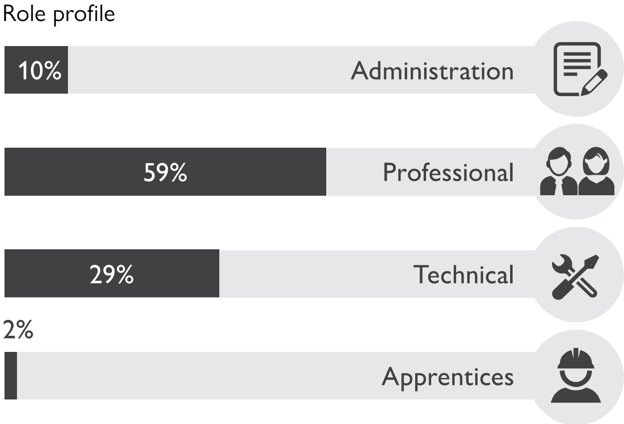
PEOPLE WITH DISABILITY	Percentage of employees
Powerlink wide	3%

ABORIGINAL AND/OR TORRES STRAIT ISLANDER PEOPLES	Percentage of employees
Powerlink wide	1%

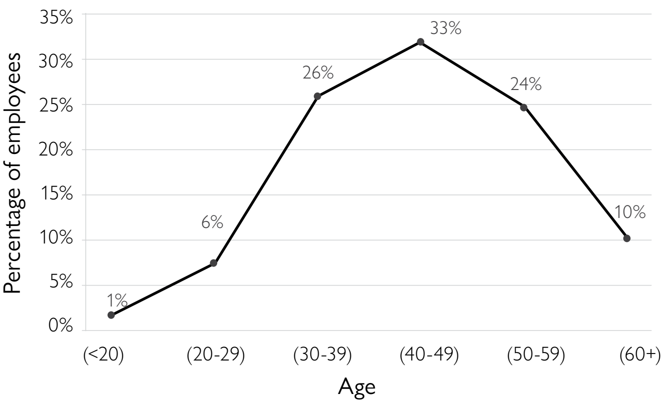
AUSTRALIAN SOUTH SEA ISLANDER PEOPLES	Percentage of employees
Powerlink wide	0.2%

CULTURALLY AND LINGUISTICALLY DIVERSE PEOPLE	Percentage of employees
Powerlink wide	25%

Role profile



Age profile



Culture and engagement

Powerlink's business strategy supports a commitment to a diverse, inclusive and high-performance workplace culture to unleash the potential of our people. Our culture roadmap brings together our everyday and transformational work to deliver on our business strategy and purpose.

More than 730 people have participated in the Powering Ahead culture change program. This two-day immersive workshop for all employees and leaders brings to life and helps to embed our culture. Due to the impacts of COVID-19, the workshop schedule was extended into 2022/23 to enable more employees to participate.

Our People Capability Framework was embedded and guides our approach to leadership, development, talent recruitment and succession planning.

We sustained our flexible work options for employees working remotely and flexible public holiday use through our Flex@PQ Framework. We recognised the benefits this provided our employees through improved engagement, inclusion and resilience from COVID-19 impacts throughout the year.

We renewed our leadership program to support leaders to engage and deliver results through their people. The renewal was informed by insights from our employee engagement survey that identified the need to increase our focus on more targeted options for women in leadership, develop high potential employees and support enhanced team effectiveness.

A high level of employee engagement is a key enabler for Powerlink to deliver its strategy. More than 80 per cent of employees provided feedback to our employee engagement survey and Powerlink saw a five per cent increase in overall engagement across the business.

Diversity and inclusion

A diverse workforce reflects the communities we serve and enables us to understand and engage better with our customers and other stakeholders. Powerlink is committed to a diverse and inclusive culture, where people feel safe to speak up and bring their whole selves to work.

Our Diversity and Inclusion Committee provides strategic oversight of diversity and inclusion efforts and activities of the associated communities of practice.

We undertook a diversity maturity assessment which identified strengths and opportunities in our current approach, and provided a clear direction for us to accelerate broader diversity and inclusion progress. The review captured lived experiences from Powerlink employees and highlighted four strategic areas that could enhance inclusion at Powerlink: strengthen leadership capability, create a safe and inclusive culture, continue to hardwire diversity into human resources practices, and maintain our focus on gender equality through targeted actions.

A priority is to build towards women in leadership targets and improve the gender balance in talent acquisition and succession planning. As a foundation, we worked with our leaders to provide education and insights into gender inequality and the impacts of unconscious bias on decision-making processes. We also focused on enabling the potential of women through our Accelerate Women in Leadership program and supported past participants through our mentoring program.

To help people reframe perceptions of disability, we promoted awareness of International Day of People with Disability, reflecting that the vast majority of disabilities are not visible, and removing societal barriers is key to an equitable and inclusive experience for everyone.

We also promoted Transgender Awareness Week and supported our Pride in Power group to raise the visibility of LGBTIQA+ inclusion in our workplace, build a network of allies and promote gender inclusive language.

We progressed actions to meet our commitments in Powerlink's 'Reflect' Reconciliation Action Plan (RAP). As well as monitoring our progress, our Reconciliation Governance Group also considered submissions for our subsequent 'Innovate' RAP with the goal of creating a work environment in which Aboriginal and Torres Strait Islander peoples' cultures, beliefs and values are acknowledged and respected, and in which the individual career goals and personal aims of Aboriginal and Torres Strait Islander staff are identified, supported and achieved.

Corporate governance

Powerlink Queensland and its 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 2021/22 included:

Treasurer and Minister for Trade and Investment

Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement.

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 2021/22.

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 2022, were:

- The Honourable Cameron Dick MP, Treasurer and Minister for Trade and Investment, holding 50 per cent of the A class voting shares and 100 per cent of the B class non-voting shares.
- The Honourable Mick de Brenni MP, Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement, 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 Statement of Corporate Intent (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
- recruitment of the Chief Executive
- 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 2021/22, the Powerlink Board held 12 formal meetings of Directors, which were supplemented with Flying Minutes. The attendance record of the Directors at meetings of the Board is presented in the Directors' Report section 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 and Safety Committee

The Committee assists the Board in fulfilling its governance responsibilities and due diligence in relation to people, health and safety (which includes both personal and process safety) and the environment. This is to be achieved by reviewing and reporting to the Board on the People Policy and Health, Safety and Environment Policy and their application relating to organisational strategies, obligations, performance and culture.

Chief Executive

Executive Team

Executive Committees

Executive Committee for Health, Safety and Environment

Executive Committee for Corporate Resilience

Executive Committee for Non-Regulated Business

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 2021/22 are set out in the Directors' Report.

The table below sets out the balance and tenure of Board members at Powerlink as at 30 June 2022.

Board balance	Board tenure		Board diversity	
1 Non-Executive Chair	0-2 years	3	Female	57%
6 Non-Executive Directors	2-4 years	1	Male	43%
	4-6 years	2		
	6-8 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 corporation'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 approved Delegation of Authority instruments. 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 2022, the Board comprised seven independent non-executive Directors. All Directors are appointed by the Government in accordance with the GOC Act. There was one change to Powerlink's Directors in 2021/22, with Kara Keys appointed as a new Director in October 2021.

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	•	•	•	•	•	•
Alan Millis	1 October 2015		•	•	•	•	
Sarah Zeljko	20 December 2016		•	•	•		•
Lorraine Stephenson	12 October 2017		•	•	•	•	
Wayne Collins	1 October 2020	•	•	•	•	•	•
Kevin Hegarty OAM	1 October 2020	•	•	•	•		•
Kara Keys	1 October 2021		•	•	•		•

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 including at the commencement of each Board meeting. Declared interests are recorded and permanently available to Board members. Conflicts declared in meetings 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, either through a self-assessment by the Directors and input from the Chief Executive and Company Secretary, or through an external expert review, 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 2021/22, a self-assessment was undertaken.

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

In addition to the 2021/22 Board meetings, the Board held a regular series of Strategic Planning and Risk Workshops to enable the leadership to plan and respond to the rapidly evolving business environment.

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 2021/22, concluded that it is fulfilling its role with no obvious gaps in its performance, and that there was good interaction and relations with shareholding Ministers and Powerlink management.

A structured internal process is in place to review and evaluate the performance of Board Committees. Each Board Committee submits an Annual Report on 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 matters related to 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
- Powerlink People and Safety Committee.

These Committees have documented mandates that are reviewed on a regular basis, at least every two years. The membership of both Committees consists of non-executive Directors.

Details of Committee members at 30 June 2022 are presented below. The number of Committee meetings held during the year and attendance are presented in the Directors' Report.

Audit, Risk and Compliance Committee	
Chair:	Alan Millis (appointed to Committee on 1 November 2015, appointed to Committee Chair on 1 July 2016)
Members:	Lorraine Stephenson (appointed 1 December 2017) Kathy Hirschfeld AM (appointed 1 June 2019) Kevin Hegarty OAM (appointed 1 November 2020)

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 and Safety Committee	
Chair:	Sarah Zeljko (appointed to Committee on 1 December 2018, appointed to Committee Chair on 1 April 2019)
Members:	Kathy Hirschfeld AM (appointed 1 December 2018) Wayne Collins (appointed 1 October 2020) Kara Keys (appointed 1 November 2021)

The Committee assists the Board in fulfilling its governance responsibilities and due diligence in relation to people, health and safety (which includes both personal and process safety) and the environment. This is to be achieved by reviewing and reporting to the Board on the People Policy and Health, Safety and Environment Policy and their application relating to organisational strategies, obligations, performance and culture.

Information on the numbers and attendees of Board and Committee meetings held during 2021/22 appears below.

Directors	Full meetings of Directors		Meetings of Committees			
			Audit, Risk and Compliance		People and Safety	
	A	B	A	B	A	B
Kathy Hirschfeld AM	12	12	5	5	6	6
Alan Millis	11	12	5	5	*	*
Sarah Zeljko	12	12	*	*	5	6
Lorraine Stephenson	11	12	5	5	*	*
Kevin Hegarty OAM	12	12	5	5	*	*
Wayne Collins	12	12	*	*	6	6
Kara Keys	8	9	*	*	2	2

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 2021/22 meeting dates has also been included below.

Full meetings of Directors	Meetings of Committees	
	Audit, Risk and Compliance	People and Safety
29 July 2021 25-26 August 2021 29 September 2021 27 October 2021 24-25 November 2021 15 December 2021 27 January 2022 23-24 February 2022 29-30 March 2022 27 April 2022 25-26 May 2022 29 June 2022	18 August 2021 24 August 2021 24 November 2021 29 March 2022 28 June 2022	15 July 2021 28 July 2021 13 September 2021 25 October 2021 23 February 2022 10 May 2022

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 and supporting Risk Appetite Statements that provide 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 and Safety 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, and ensures the management of risk and compliance with Powerlink standards 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 integrity, fraud and corruption control framework that is 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 and Safety Committee are presented in Principle 4. 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 Union Collective Agreement 2020* was effective from 28 October 2020, and the *Powerlink Managers Enterprise Agreement 2021* was effective from 21 January 2021. 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 the opportunity for performance-based payments for all employees engaged on a Total Employment Cost (TEC) contract, with the payments directly linked to the performance of the individual against pre-agreed performance targets and the performance of the business. Powerlink's Chief Executive and Senior Executives also have their performance payments governed by the requirements of the *Policy for Government Owned Corporations Chief and Senior Executive Employment Arrangements*.

Employees engaged under the *Working at Powerlink Union Collective Agreement 2020* may be eligible for performance-based payments that are delivered as gainsharing. 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.

Managers and senior staff are engaged on individual contracts. Powerlink's remuneration policy for contract employees uses the concept of TEC, which includes employer superannuation contributions. 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 2021/22.

Corporate entertainment and hospitality

The GOC Corporate Entertainment and Hospitality Guidelines establish reporting requirements for GOCs. Powerlink's corporate entertainment and hospitality expenditure for 2021/22 totalled $33,962. 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.

A decision making framework compatible with human rights is in place, 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 was awarded the Member (AM) in the General Division of the Order of Australia for her significant service to engineering, women and business.

Kathy is currently a Director of Central Petroleum Limited, Spark Infrastructure, Victoria Power Networks and SA Power Networks, and an executive coach and mentor.

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

Wayne Collins

BEng (Hons), BBus, MIEAust, GAICD, MICD (Canada)

Director (Appointed 2020)

Wayne has almost 41 years' experience in the power and mining industries, including more than 20 years in associated energy commodity markets (power, coal, gas and liquid fuel). He also has extensive experience in climate policy development and response in both North America and Australia.

Prior to his retirement in June 2020, Wayne led TransAlta Corporation's mining and international power generation operations (>8,000MW capacity) across all generation types.

In his previous role as Chief Operating Officer for Stanwell Corporation Ltd (Queensland), he was responsible for a fleet comprising coal, gas and hydro power generation and a large open cut coal mine.

Wayne's career also included a period developing and building new utility scale renewable power plants.

Wayne is a member of the Powerlink Board's People and Safety Committee.

Kevin Hegarty OAM

B Bus (Dist), AFCHSM, MAICD

Director (Appointed 2020)

Kevin's career included more than 20 years with Queensland Health, mostly as a Health Service Chief Executive. This was preceded by 14 years in the electricity supply sector, primarily within the transmission area.

Currently, Kevin heads a consultancy practice with clients in the health, education and infrastructure sectors. He is also an adjunct associate professor at the University of the Sunshine Coast and a board member of its mind and neuroscience initiative, the Thompson Institute Pty Ltd. He also served on the Board of the Queensland Government's former infrastructure body, Building Queensland.

Kevin was awarded the Medal (OAM) of the Order of Australia in the General Division in the Australia Day 2019 Honours List for service to public health administration.

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

Kara Keys

BA – Politics and Public Administration

Director (Appointed 2021)

Kara is a proud First Nations woman as a descendant of the Yiman and Gangulu peoples of Central Queensland. She is an experienced Board Director, Board Chair and the Principal Consultant at KTL Collective. Kara has a passion for building the capacity of, and working with, First Nations organisations and also has a particular interest in justice, gender equality, and building and empowering communities.

Kara brings to Powerlink extensive experience in developing and leading a range of strategic campaigns, policy development, advocacy and stakeholder engagement programs with over 15 years' experience working in member based representative organisations.

Kara was on the board of Cbus (United Super), the Cbus Investment Committee and was Chair of the People Culture and Remuneration Committee until 2021. Kara is Chair of Women in Super (elected November 2020) and is a Director of an investment manager. Kara is the Principal Consultant at KTL Collective who works with not-for-profit organisations, governments and companies to articulate and advise on complex social and organisational issues with the aim of achieving cohesive and value based outcomes for clients.

Kara is a member of the Powerlink Board's People and Safety Committee

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

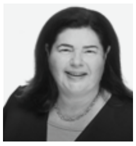
Director (Appointed 2015)

Alan has more than 45 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 has more than 35 years of technical, policy and executive experience with a strong strategic focus on the energy sector. Owner of Lightning Consulting Services, Lorraine works with clients to mitigate risks and create opportunities to respond to climate change challenges, including options to drive investments in low emission technologies in line with Net Zero Emissions goals.

Lorraine is a non-executive Director of Good Environmental Choice Australia and Tyre Stewardship Australia. She is a Fellow of the Australian Academy of Technology and Engineering. She was formerly the Chief Clean Energy Advisor to the Queensland Government, a member of the NSW Climate Change Council, held executive roles at Origin Energy and was a Partner at EY.

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

Sarah Zeljko
LLB, GAICD, GAIST

Director (Appointed 2016)

Sarah brings to Powerlink extensive executive, operational, legal, governance and advisory experience. She has a record of delivering revenue growth in large corporations through developing and executing corporate strategy, negotiating commercial agreements, capital raising, mergers and acquisitions, construction, infrastructure and project management across complex multi-million dollar transactions.

She is a professional non-executive Director and governance consultant who is also on the Boards of BrighterSuper, Stockyard Beef, Verbrec, Intellidesign, Venlo, Uniq You and Unity Water. She previously held roles as General Counsel and Company Secretary for G8 Education, the Wiggins Island Coal Export Terminal, and Cement Australia.

Sarah is the Chair of the Powerlink Board's People and Safety Committee.

Executive Team

Prof. Paul Simshauser AM
BEcon, BCom, MCom, PhD (Econ.), FAICD, FCPA

Chief Executive

Paul brings to Powerlink more than 20 years' experience in the energy industry across the public and private sectors with extensive experience in generation, retail, energy policy and public administration.

Paul's previous roles include Director-General of the Queensland Department of Energy and Water Supply, Executive General Manager Energy Markets at Infigen Energy and Chief Economist and Group Head of Corporate Affairs at AGL Energy Ltd. He has also held executive positions at Stanwell Corporation and Babcock & Brown.

Paul holds Bachelor Degrees in Economics and in Commerce, has a Masters Degree in Accounting and Finance, and a PhD in Economics. He is a Fellow of CPA Australia and a Fellow of the Australian Institute of Company Directors. Paul is also Professor of Economics at Griffith University, a Research Associate at the Energy Policy Research Group, Cambridge University, and is widely published on energy economics in academic journals. He was awarded a Member of the Order of Australia in 2019 for significant contribution to the energy industry through executive roles and applied economics and policy research.

Gary Edwards
BBus, AssocDipElecEng

Chief Operating Officer

Gary is an experienced senior leader with more than 35 years of experience in technical and senior leadership roles within the electricity transmission industry. With a strong background in operations and maintenance for the majority of his career, Gary's experience also spans asset management and network performance management.

Gary is responsible for delivering Powerlink's state-wide operations including 24/7 real-time network operations, all field maintenance, telecommunication services, operational technology, and laboratory and warehousing services. He is currently leading the transformation of Powerlink's next generation of network operations.

Darryl Rowell

BCA, MBA, FCPA, GAICD

Chief Financial Officer (to 14 November 2021)

Darryl's experience as executive leader in Australia and New Zealand spans 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. He has also held executive and senior management roles at Energex and Meridian, New Zealand's largest renewable energy generator.

Darryl was seconded to CleanCo Queensland as Interim Chief Executive Officer in November 2021.

Leigh Pickering (Fleming)

BEcon, GAICD

Acting Chief Financial Officer (from 15 November 2021)

Leigh is an experienced senior executive who has held a range of roles at the federal and state level including in the finance, education and transport sectors.

She has extensive experience in delivering on transformational activities and innovation.

As Acting Chief Financial Officer, Leigh manages all finance, tax, treasury, investment analysis, supply chain, contract management, internal audit, insurance, network regulation, and legal, business and risk services.

Prior to 15 November 2021, Leigh was Powerlink's Executive General Manager People and Corporate Services.

Dr Stewart Bell

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

Executive General Manager Network and Business Development

Stewart is a delivery focused career professional with more than 25 years of experience in the electricity transmission industry. He has extensive electricity industry experience in network planning, asset management and investment, project delivery, and network operations and maintenance.

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

Jacqui Bridge

BEng (Hons), DipEnergyManagement, MIEAust, GAICD

Executive General Manager Energy Futures

Jacqui is a strategic leader in the energy sector and brings a detailed understanding of the electricity supply chain, regulation and energy markets to contribute to the development of Queensland's energy future. As Executive General Manager Energy Futures, Jacqui is responsible for Powerlink's corporate strategy, energy regulation, energy markets and energy policy functions.

During her career Jacqui held senior leadership roles in electricity distribution and transmission network and global consulting businesses. Her energy consulting career included working with electricity, gas and water utilities throughout the Australia Pacific region across mergers and acquisitions, strategy advisory, asset management, regulation, governance and compliance practice areas.

Jacqui engages with a range of stakeholders to understand customer needs and influence the development of policy and regulatory frameworks to drive the transformation to a renewable energy future.

Ian Lowry

BEng (Hons), GradDipBus

Executive General Manager Delivery and Technical Solutions

Ian is an experienced senior leader and power systems engineer with around 20 years of experience in the electricity transmission industry.

Ian has extensive experience in strategy, asset management and investment planning, innovation, and work program delivery and management.

At Powerlink, Ian is responsible for leading Powerlink's community and delivery services, design solutions, and infrastructure delivery functions.

Desmond Kluck

BA (Justice Administration), GradCert (Workplace Relations), GradCert (Applied Law)

Acting Executive General Manager People and Corporate Services (from 15 November 2021)

Desmond has more than 15 years' experience in senior leadership roles in both private and government entities across a range of industries including rail, aged care, education and transport.

Desmond has extensive knowledge in human resources, industrial relations, safety and wellbeing, and operational and strategic leadership areas.

As Acting Executive General Manager People and Corporate Services, Desmond leads the people and culture, business information technology, communications, customer and engagement, and health, safety and environment functions.

Prior to 15 November 2021, Desmond was Powerlink's General Manager People and Culture.

Statistical summary

Substations/switching stations and transformers added in 2021/22					
Voltage	Substations		Transformers		
	Total number	Location	Total number	Total Rating (MVA)	Location
330kV	0		0		
275kV	0		-2	-450	Bouldercombe #1 replacement (-200+250=+50), Belmont #2 (-250), Belmont #3 (-250)
132kV	-1	Cameby (+1), Callide A Switchyard (-1), Columboola‡ (-1)	0	93	Dysart #6 (+100), Dysart #7 (+100), Ingham South #1 replacement (-27+40=13), Dysart #1 (-70), Dysart #2 (-70), Mackay #3 (+20)
110kV	-1		0	0	
Total	-1		-2	-357	

‡ Data correction. Two Columboola sites were consolidated into a single site.

Substations/switching stations and communication sites as at 30 June 2022			
Voltage	Substations	Cable transitions	Communication sites
330kV	4	0	
275kV	48	1	
132kV	81	3	
110kV	13	5	
66kV*	0	0	
Total	146	9	37†

* equal to or less than 66kV.
† 1 communication site is decommissioned. 16 communication sites removed (third party owned sites where Powerlink communications are installed).

Power transformers as at 30 June 2022		
Voltage	Total	MVA
330kV	5	4975
275kV	79	23710
132kV	93	7242
110kV	29	2470
66kV*	0	0
Total	206	38397

* equal to or less than 66kV.

Capacitor banks, shunt reactors and Static VAr Compensators (SVCs) added in 2021/22							
Voltage	Capacitor banks		Reactors		SVCs		Location
	Total	MVAr	Total	MVAr	Total	MVAr	
330kV	0	0.0	0	0.0	0	0.0	
275kV	0	0.0	0	0	0	0.0	
132kV	0	0.0	0	0.0	0	0.0	
110kV	0	0.0	0	0.0	0	0.0	
66kV*	0	0.0	0	0.0	0	0.0	
Total	0	0.0	0	0	0	0	

* equal to or less than 66kV.

Capacitor banks, shunt reactors and SVCs as at 30 June 2022						
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	17	811.0	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
Total	101	7606.2	23	997.4	23	4391.0

* equal to or less than 66kV

Circuit breakers as at 30 June 2021	
Voltage	Total number
330kV	30
275kV	512
132kV	553
110kV	268
66kV*	23
Total	1386

* equal to or less than 66kV

Circuit breakers added in 2020/21 (net)		
Voltage	Circuit breakers	Location
330kV	0	
275kV	-2	Bouldercombe (+6-6=0), Nebo (+4-3=+1), Ross (-1), Belmont (-2)
132kV	6	Gin Gin (+3-1=+2), Bouldercombe (+4-4=0), Nebo (+2-2=0), Ross (+1-1=0), Wandoan South (+1), Baralaba (-1), Moura (+1), Dysart (+2), Mackay (-2+1=-1), Cameby (+2)
110kV	1	Ashgrove West (+2), Belmont (-1)
66kV*	0	
Total	5	

* equal to or less than 66kV

Transmission lines and underground cables added in 2021/22

Voltage	Transmission line		Underground cable	
	Route km	Circuit km	Route km	Circuit km
330kV	0.0	0.0	0.0	0.0
275kV	6.0	6.0	0.0	0.0
132kV	2.0	3.8	0.0	0.0
110kV	0.0	0.0	0.0	0.0
66kV	0.6†	0.0	0.0	0.0
Total	8.6	9.8	0.0	0.0

* equal to or less than 66kV.
† Data correction

Five-year history of transmission lines and underground cables as at 30 June 2022

Voltage^	2018		2019		2020		2021		2022	
	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	354	695	354	695	427	838	427	838
275kV	6693	9799	6724	9800	6722	9801	6649	9658	6655	9664
132kV	2760	4402	2773	4399	2773	4401	2774	4407	2776	4411
110kV	215	413	222	417	220	416	220	416	220	416
66kV*	4	4	5	5	2	2	1	2	2	2
Total lines	10020	15314	10078	15316	10071	15315	10071	15321	10080	15331
Underground cables										
275kV	10	10	10	10	10	10	10	10	10	10
132kV	4	4	4	4	5	5	6	6	6	6
110kV	8	8	8	8	8	8	8	8	8	8
66kV*	1	1	1	1	0	0	0	0	0	0
Total cables	23	23	23	23	23	23	24	24	24	24
Total lines and cables	10043	15337	10101	15339	10094	15338	10095	15345	10104	15355

* equal to or less than 66kV
^ as constructed voltages

Index and abbreviations

Powerlink Queensland

Financial Statements

2021/22

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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 2022 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 are:

Directors of Powerlink Queensland	Date first appointed	Date ceased
Kathy Hirschfeld AM (Chair)	1 October 2018	n/a
Alan Millis	1 October 2015	n/a
Dr Lorraine Stephenson	12 October 2017	n/a
Sarah Zeljko	20 December 2016	n/a
Kevin Hegarty OAM	1 October 2020	n/a
Wayne Collins	1 October 2020	n/a
Kara Keys	1 October 2021	n/a

Please refer to the 'Board of Directors' section of the Company's annual report 2021/22 for details of Directors' qualifications, experience and special responsibilities.

Company Secretary

Ms Leigh Fleming was appointed to the position of Company Secretary effective 25 November 2021 with Mr Darryl Rowell as an alternate Company Secretary. Details of both Ms Fleming's and 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 2021/22 final dividend of $Nil (2020/21: $87.0M) reflects the Consolidated Entity's intention to retain dividends in order to invest in critical infrastructure and strategically important transformational growth initiatives in the Queensland transmission network. During the year the Consolidated Entity paid a special/interim dividend of $80.0M (2020/21: $243.0M). The dividends were not franked.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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.

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 2020/21 were independently reviewed.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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 2022, 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	12	12	5	5	6	6
Alan Millis	11	12	5	5	**	**
Dr Lorraine Stephenson	11	12	5	5	**	**
Sarah Zeljko	12	12	**	**	5	6
Kevin Hegarty OAM	12	12	5	5	**	**
Wayne Collins	12	12	**	**	6	6
Kara Keys	8	9	**	**	2	2

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 of Key Management Personnel

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.

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Indemnification and Insurance of Directors and Officers (continued)

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 A Hirschfeld

Kathy Hirschfeld AM
Chair
Brisbane
31/08/2022

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 2022, 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.

This declaration is in respect of Powerlink Queensland and the entities it controlled during the period.

IAsim

31 August 2022

Irshaad Asim
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 $'000	2021 $'000
REVENUE			
Revenue from contracts with customers	2	**1,128,543**	984,478
Other gains/(losses)	3(a)	**(3,442)**	730
EXPENSES			
Expenses from continuing operations excluding finance costs expense	3(b)	**(628,570)**	(640,611)
Finance costs	3(c)	**(213,432)**	(220,220)
PROFIT BEFORE INCOME TAX EQUIVALENT		**283,099**	124,377
Income tax equivalent expense	4	**(84,070)**	(37,408)
PROFIT FOR THE PERIOD		**199,029**	86,969
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified to profit or loss			
Cash flow hedges, net of tax	18	**11,813**	231
Items that will not be reclassified to profit or loss			
Gain on revaluation of property, plant and equipment, net of tax	18	**179,720**	46,286
Actuarial (losses)/gains on defined benefit superannuation fund, net of tax	19	**4,619**	4,335
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**196,152**	50,852
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**395,181**	137,821
Profit is attributable to:			
Owners of Powerlink Queensland		**198,984**	86,954
Non-controlling interests		**45**	15
		199,029	86,969
Total comprehensive income for the period is attributable to:			
Owners of Powerlink Queensland		**395,136**	137,806
Non-controlling interests		**45**	15
		395,181	137,821

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 2022

	Notes	2022 $'000	2021 $'000
CURRENT ASSETS			
Cash and cash equivalents	5	**14,762**	13,973
Advances	6	**453,677**	344,844
Trade and other receivables	7	**136,467**	94,469
Inventories	8	**53,932**	58,516
Other current assets		**18,674**	6,156
Total current assets		**677,512**	517,958
NON-CURRENT ASSETS			
Defined benefit fund asset	15	**24,557**	20,110
Derivative financial instruments	20(a)	**15,331**	-
Property, plant and equipment	9	**8,033,538**	7,769,333
Intangible assets		**175**	234
Other non-current assets		**745**	12
Total non-current assets		**8,074,346**	7,789,689
Total assets		**8,751,858**	8,307,647
CURRENT LIABILITIES			
Trade and other payables	10	**168,141**	70,591
Borrowings	11	**25,994**	25,382
Current tax equivalent liabilities		**36,876**	15,473
Provisions	13	**51,545**	136,656
Other current liabilities	14	**32,477**	18,321
Total current liabilities		**315,033**	266,423
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	11	**5,190,852**	5,216,846
Deferred tax equivalent liabilities	12	**748,743**	683,168
Provisions	13	**2,283**	2,322
Other non-current liabilities	14	**283,935**	283,056
Total non-current liabilities		**6,225,813**	6,185,392
TOTAL LIABILITIES		**6,540,846**	6,451,815
Net assets		**2,211,012**	1,855,832
EQUITY			

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

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2022

	Notes	2022 $'000	2021 $'000
Share capital	16	**401,000**	401,000
Other equity	17	**193,384**	153,384
Other reserves	18	**1,301,248**	1,167,097
Retained earnings	19	**314,136**	133,152
Capital and reserves attributable to owners of Powerlink Queensland		**2,209,768**	1,854,633
Non-controlling interests	30(b)	**1,244**	1,199
Total equity		**2,211,012**	1,855,832

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 2022

		Attributable to owners of Powerlink Queensland						
	Notes	Share capital $'000	Other equity $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
CHANGES IN EQUITY FOR 2021								
Balance at 1 July 2020		401,000	7,228	1,173,397	320,180	1,901,805	3	1,901,808
Profit for the period		-	-	-	86,954	86,954	15	86,969
Other comprehensive income		-	-	46,517	4,335	50,852	-	50,852
Transfers between reserves and retained earnings		-	-	(52,817)	52,817	-	-	-
Total comprehensive income for the period		-	-	(6,300)	144,106	137,806	15	137,821
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:								
Contributions of equity, net of transaction costs and tax	17	-	146,156	-	-	146,156	-	146,156
Dividends provided for or paid	23	-	-	-	(331,134)	(331,134)	-	(331,134)
Equity issued to holders of non-controlling interests		-	-	-	-	-	1,181	1,181
Total transactions with owners for the period		-	146,156	-	(331,134)	(184,978)	1,181	(183,797)
BALANCE AT 30 JUNE 2021		401,000	153,384	1,167,097	133,152	1,854,633	1,199	1,855,832

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 2022

	Notes	Share capital $'000	Other equity $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of Powerlink Queensland						
CHANGES IN EQUITY FOR 2022								
Balance at 1 July 2021		401,000	153,384	1,167,097	133,152	1,854,633	1,199	1,855,832
Profit for the period		-	-	-	198,984	198,984	45	199,029
Other comprehensive income		-	-	191,532	4,619	196,152	-	196,152
Transfers between reserves and retained earnings		-	-	(57,381)	57,381	-	-	-
Total comprehensive income for the period		-	-	134,151	260,984	395,136	45	395,181
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:								
Contributions of equity, net of transaction costs and tax	17	-	40,000	-	-	40,000	-	40,000
Equity issued to holders of non-controlling interests		-	-	-	-	-	-	-
Dividends provided for or paid	23	-	-	-	(80,000)	(80,000)	-	(80,000)
Total transactions with owners for the period		-	40,000	-	(80,000)	(40,000)	-	(40,000)
BALANCE AT 30 JUNE 2022		**401,000**	**193,384**	**1,301,248**	**314,136**	**2,209,768**	**1,244**	**2,211,012**

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 2022

	Notes	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**1,068,915**	961,597
Payments to suppliers and employees		**(144,812)**	(258,439)
Finance costs paid		**(198,211)**	(206,101)
Income tax equivalent paid		**(81,155)**	(51,393)
Interest received		**2,435**	2,752
Net goods and services tax received/(paid)		**(1,325)**	(782)
NET CASH INFLOW FROM OPERATING ACTIVITIES	5(e)	**645,847**	447,634
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment and intangible assets		**(384,602)**	(245,965)
Proceeds from sale of property, plant and equipment		**624**	3,601
Advances from/(to) Queensland Treasury		**(108,833)**	(8,259)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(492,811)**	(250,623)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to owners of Powerlink Queensland		**(168,134)**	(331,577)
Repayment of borrowings		**(25,382)**	(22,993)
Proceeds from issue of equity to owners of Powerlink Queensland		**40,000**	146,156
Proceeds from issue of equity to non-controlling interest		**-**	1,181
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES		**(153,516)**	(207,233)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		**(480)**	(10,222)
Cash and cash equivalents at the beginning of the year		**13,973**	24,904
Effects of exchange rate changes on cash and cash equivalents		**1,269**	(709)
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	**14,762**	13,973

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 2022

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 31/08/2022. 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1:BASIS OF PREPARATION (CONTINUED)

- 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.

(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.

(c) New or Revised Standards or Interpretations

The Consolidated Entity has reviewed all new accounting standards and interpretations effective from 1 July 2021 and concluded that there will be no material impact.

NOTE 2: REVENUE

	2022 $'000	2021 $'000
REVENUE		
Revenue from contracts with customers		
Grid sales revenue	1,082,823	950,461
Total revenue from contracts with customers	**1,082,823**	950,461
Other revenue		
Interest	2,633	2,634
Other items	43,087	31,383
TOTAL REVENUES FROM CONTINUING OPERATIONS	**1,128,543**	984,478

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.

NOTE 2:REVENUE (CONTINUED)

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.

Regulated grid revenue is recognised on an as-billed basis in relation to services provided within the period, and may vary from the annual regulated revenue allowance with over or under recoveries being refunded or recovered in subsequent years.

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 is recognised in the Consolidated Statement of Profit or Loss as it accrues, using the effective interest method.

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.

NOTE 3: OTHER INCOME AND EXPENSE ITEMS

(a) Other Gains/(losses)

	2022 $'000	2021 $'000
OTHER GAINS/(LOSSES)		
Net gain/(loss) on disposal of property, plant and equipment	**(3,442)**	730
TOTAL OTHER GAINS/(LOSSES)	**(3,442)**	730

(b) Expenses from Continuing Operations Excluding Finance Costs Expense

	2022 $'000	2021 $'000
Continuing operating expenses		
Network operations	**19,890**	17,761
Network maintenance	**129,791**	131,655
Corporate/business support	**78,342**	83,628
Other	**27,416**	23,068
Depreciation and amortisation expense	**373,131**	384,499
TOTAL EXPENSES FROM CONTINUING OPERATIONS EXCLUDING FINANCE COSTS EXPENSE	**628,570**	640,611

NOTE 3:OTHER INCOME AND EXPENSE ITEMS (CONTINUED)

Employee benefits included in total expenses from continuing operations excluding finance costs expense		
Employee benefit expense through profit or loss	**137,840**	124,974

(c) Finance Costs

	2022 $'000	2021 $'000
FINANCE COSTS		
Interest expense	**134,426**	142,312
Other	**79,006**	77,908
TOTAL FINANCE COSTS EXPENSED	**213,432**	220,220

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.

NOTE 4: INCOME TAX EQUIVALENT EXPENSE

(a) Income Tax Equivalent Expense

	Notes	2022 $'000	2021 $'000
INCOME TAX EQUIVALENT EXPENSE			
Current tax		**102,559**	73,148
Deferred tax		**(18,489)**	(35,740)
TOTAL INCOME TAX EQUIVALENT EXPENSE		**84,070**	37,408
DEFERRED INCOME TAX (BENEFIT)/EXPENSE			
(Increase)/decrease in deferred tax equivalent assets	12(a)	**(4,433)**	(3,644)
(Decrease)/increase in deferred tax equivalent liabilities	12(b)	**(14,056)**	(32,096)
TOTAL DEFERRED TAX (BENEFIT)/EXPENSE		**(18,489)**	(35,740)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 4:INCOME TAX EQUIVALENT EXPENSE (CONTINUED)

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

	2022 $'000	2021 $'000
Profit from continuing operations before income tax equivalent expense	**283,144**	124,377
Tax equivalent at the Australian tax rate of 30.0% (2021: 30.0%)	**84,943**	37,313
INCREASE/(DECREASE) IN INCOME TAX EQUIVALENT EXPENSE DUE TO:		
Other differences	**(48)**	(44)
Prior year adjustments	**(825)**	139
TOTAL INCOME TAX EQUIVALENT EXPENSE	**84,070**	37,408

(c) Amounts Recognised Directly in Equity

	2022 $'000	2021 $'000
DEFERRED TAX EQUIVALENT RECOGNISED DIRECTLY IN EQUITY		
Net deferred tax equivalent - debited (credited) directly to equity	**84,064**	21,794

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

	Notes	2022 $'000	2021 $'000
Gains on revaluation of property, plant and equipment	18	**77,022**	19,837
Cash flow hedges	18	**5,062**	99
Remeasurement of defined benefit fund asset		**1,980**	1,858
TOTAL TAX EXPENSE/(BENEFIT) RELATING TO ITEMS OF OTHER COMPREHENSIVE INCOME		**84,064**	21,794

ACCOUNTING POLICIES

Tax Equivalents

The Group comprising the Company and its subsidiaries, 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.

NOTE 4:INCOME TAX EQUIVALENT EXPENSE (CONTINUED)

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.

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 the consolidated 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.

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.

During the preceding financial year legislation was passed to allow for the temporary full expensing of eligible new assets for tax purposes from 6 October 2020 to 30 June 2023. The Consolidated Entity has taken advantage of this tax concession for all identified eligible assets.

NOTE 4:INCOME TAX EQUIVALENT EXPENSE (CONTINUED)

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.

Refer to Note 12 for accounting policies related to Deferred Tax.

NOTE 5: CASH AND CASH EQUIVALENTS

	2022 $'000	2021 $'000
CURRENT ASSETS		
Bank balances	**5,636**	3,172
Cash on deposit with Qld Treasury Corporation (QTC)	**9,126**	10,801
TOTAL CASH AND CASH EQUIVALENTS	**14,762**	13,973

(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 bank balance of USD $4.5M (2021: USD $1.1M) and short term deposits of USD $NIL (2021: USD $4.1M) 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 maturity of three months or less 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.

NOTE 5:CASH AND CASH EQUIVALENTS (CONTINUED)

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

	2022 $'000	2021 $'000
Profit for the period	**199,029**	86,969
ADJUSTMENT FOR:		
Depreciation and amortisation	**373,131**	384,497
Net (gain)/loss on sale of non-current assets	**3,442**	(730)
Net exchange differences	**(1,269)**	709
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
(Increase)/decrease in trade receivables	**(41,998)**	(4,956)
(Increase)/decrease in inventories	**4,584**	(9,305)
(Increase)/decrease in deferred tax equivalent assets	**(4,433)**	(3,622)
(Decrease)/increase in trade and other payables	**112,584**	528
(Decrease)/increase in provision for income tax equivalent payable	**21,404**	21,733
(Decrease)/increase in deferred tax equivalent liabilities	**(14,056)**	(32,096)
(Decrease)/increase in other provisions	**2,984**	2,789
(Increase)/decrease in other assets	**(9,555)**	1,118
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**645,847**	447,634

ACCOUNTING POLICIES

Cash and cash equivalents include 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 consolidated balance sheet.

NOTE 6: ADVANCES

	2022 $'000	2021 $'000
CURRENT ASSETS		
Advances to QTC	**453,677**	344,844
TOTAL ADVANCES	**453,677**	344,844

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 7: TRADE AND OTHER RECEIVABLES

	2022 $'000	2021 $'000
CURRENT ASSETS		
Trade receivables	**133,518**	89,961
Prepayments	**2,636**	4,393
Other	**313**	115
TOTAL TRADE AND OTHER RECEIVABLES	**136,467**	94,469

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(b).

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). Furthermore the Company has done an assessment based on the continuing impact of the Covid-19 pandemic along with the impact of rising inflation and interest rates and does not consider it necessary to raise a provision for the impairment of receivables. The company follows the requirements of AASB 9 in determining expected credit losses on its receivables.

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

NOTE 8: INVENTORIES

	2022 $'000	2021 $'000
CURRENT ASSETS		
Maintenance and Construction Stock	**53,932**	58,516
TOTAL INVENTORIES	**53,932**	58,516

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. Furthermore the company provides for any costs associated with the disposal of inventory (refer Note 13).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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
AT 1 JULY 2020						
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)
NET BOOK AMOUNT	377,504	712,966	76,161	6,604,503	73,712	7,844,846
YEAR ENDED 30 JUNE 2021						
Opening net book amount	377,504	712,966	76,161	6,604,503	73,712	7,844,846
Revaluation surplus	-	6,105	725	59,293	-	66,123
Additions	247,079	-	-	-	-	247,079
Disposals	(1,449)	(2,868)	-	(1)	(2)	(4,320)
Transfers from work in progress	(144,355)	(18)	3,013	106,555	34,805	-
Depreciation charge	-	-	(3,320)	(352,298)	(28,777)	(384,395)
CLOSING NET BOOK AMOUNT	478,779	716,185	76,579	6,418,052	79,738	7,769,333
AT 1 JULY 2021						
Cost or fair value	478,779	716,185	124,644	10,652,347	244,667	12,216,622
Accumulated depreciation	-	-	(48,065)	(4,234,295)	(164,929)	(4,447,289)
NET BOOK AMOUNT	478,779	716,185	76,579	6,418,052	79,738	7,769,333
YEAR ENDED 30 JUNE 2022						
Opening net book amount	478,779	716,185	76,579	6,418,052	79,738	7,769,333
Revaluation surplus	-	25,183	2,680	228,878	-	256,741
Additions	384,602	-	-	-	-	384,602
Disposals	-	(28)	-	(3,828)	(210)	(4,066)
Transfers	(223,757)	4,363	3	192,675	26,716	-
Depreciation charge	-	-	(3,419)	(340,527)	(29,126)	(373,072)
CLOSING NET BOOK AMOUNT	**639,624**	**745,703**	**75,843**	**6,495,250**	**77,118**	**8,033,538**
AT 30 JUNE 2022						
Cost or fair value	639,624	745,703	120,895	10,923,300	247,216	12,676,738
Accumulated depreciation	-	-	(45,052)	(4,428,050)	(170,098)	(4,643,200)
NET BOOK AMOUNT	**639,624**	**745,703**	**75,843**	**6,495,250**	**77,118**	**8,033,538**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 9:PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

HISTORICAL COST OF PROPERTY, PLANT AND EQUIPMENT

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

	2022 $'000	2021 $'000
Freehold land and easements	**468,221**	463,860
Buildings	**59,215**	61,966
Supply system assets	**4,830,619**	4,895,766

VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

The Consolidated Entity has classified its non-financial assets and liabilities into three fair value hierarchy 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 as at 30 June 2022 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 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; and
- application of a regulatory discount rate ranging between 4% and 6%.

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.

NOTE 9:PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

ACCOUNTING POLICIES

Supply system assets, freehold land and easements, and buildings are measured at fair value. Work in progress is valued at historic cost. All other property, plant and equipment are valued at historical cost less depreciation.

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

Supply system assets, freehold land and easements, and buildings are revalued in line with CPI (Weighted Average of Eight Capital Cities Index) at the end of each financial year.

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 based on expected future cash flows to ensure the revalued asset amounts do not differ materially from fair value. The application of this policy to existing assets is reviewed by the Directors at each reporting date.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 9:PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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.

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 the consolidated 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, freehold land and easements, and buildings 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 and discount rates.

NOTE 10: TRADE AND OTHER PAYABLES

	2022 $'000	2021 $'000
CURRENT LIABILITIES		
Trade payables	**65,147**	39,253
Deposits	**76,719**	3,486
Other payables	**26,275**	27,852
TOTAL TRADE AND OTHER PAYABLES	**168,141**	70,591

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 11: INTEREST BEARING LOANS AND BORROWINGS

	2022 Current $'000	2022 Non-current $'000	2022 Total $'000	2021 Current $'000	2021 Non-current $'000	2021 Total $'000
UNSECURED						
Queensland Treasury Corporation	**25,994**	**5,190,852**	**5,216,846**	25,382	5,216,846	5,242,228
TOTAL UNSECURED BORROWINGS	**25,994**	**5,190,852**	**5,216,846**	25,382	5,216,846	5,242,228

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 2022 and 2021 reporting periods.

(b) Fair Value

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

	2022 Carrying amount $'000	2022 Fair value $'000	2021 Carrying amount $'000	2021 Fair value $'000
Queensland Treasury Corporation	**5,216,846**	**4,868,107**	5,242,228	5,564,221
TOTAL CARRYING AMOUNT/FAIR VALUE	**5,216,846**	**4,868,107**	5,242,228	5,564,221

(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 as detailed in Note 21.

(d) Risk Exposures

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

NOTE 11:INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

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 the consolidated 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 the consolidated 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.

The Consolidated Entity has both capital and interest, and interest only loans. Principal repayments on interest only loans 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 2022

NOTE 12: DEFERRED TAX EQUIVALENT BALANCES

(a) Deferred Tax Equivalent Assets

	Notes	2022 $'000	2021 $'000
THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:			
Accruals		**1,991**	78
Provisions		**17,916**	16,747
Contract liabilities		**11,372**	10,021
TOTAL DEFERRED TAX EQUIVALENT ASSETS		**31,279**	26,846
Set-off of deferred tax liabilities pursuant to set-off provisions	12(b)	**(31,279)**	(26,846)
NET DEFERRED TAX EQUIVALENT ASSETS		**-**	-
MOVEMENTS:			
Opening balance		**26,846**	23,224
Credited/(charged) to profit or loss		**4,433**	3,644
Credited/(charged) to equity		**-**	(22)
Closing balance		**31,279**	26,846
Deferred tax assets expected to be recovered within 12 months		**19,183**	16,090
Deferred tax assets expected to be recovered after more than 12 months		**12,096**	10,756
CLOSING BALANCE		**31,279**	26,846

(b) Deferred Tax Equivalent Liabilities

	Notes	2022 $'000	2021 $'000
THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:			
Property, plant and equipment		**757,954**	693,928
Receivables		**773**	598
Prepayments		**37**	36
Cash and term deposit		**381**	(212)
Defined benefit fund surplus		**7,367**	6,033
Inventories		**8,349**	9,532
Cash flow hedges		**5,161**	99
TOTAL DEFERRED TAX EQUIVALENT LIABILITIES		**780,022**	710,014
Set-off of deferred tax liabilities pursuant to set-off provisions	12(a)	**(31,279)**	(26,846)
NET DEFERRED TAX EQUIVALENT LIABILITIES		**748,743**	683,168

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 12:DEFERRED TAX EQUIVALENT BALANCES (CONTINUED)

	2022 $'000	2021 $'000
MOVEMENTS:		
Opening balance	**710,014**	720,316
Charged/(credited) to profit or loss	**(14,056)**	(32,096)
Charged/(credited) to equity	**84,064**	21,794
Closing balance	**780,022**	710,014
Deferred tax liabilities expected to be settled within 12 months	**10,102**	10,053
Deferred tax liabilities expected to be settled after more than 12 months	**769,920**	699,961
CLOSING BALANCE	**780,022**	710,014

ACCOUNTING POLICIES

Refer to Note 4 for accounting policies related to general taxation.

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 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.

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.

NOTE 13: PROVISIONS

	2022 Current $'000	2022 Non-current $'000	2022 Total $'000	2021 Current $'000	2021 Non-current $'000	2021 Total $'000
Dividends	**-**	**-**	**-**	88,134	-	88,134
Employee benefits	**49,496**	**2,283**	**51,779**	45,884	2,266	48,150
Onerous contracts	**60**	**-**	**60**	166	56	222
Restructuring costs	**-**	**-**	**-**	370	-	370
Unresolved Easement Compensation	**1,948**	**-**	**1,948**	2,080	-	2,080
Other	**41**	**-**	**41**	22	-	22
TOTAL PROVISIONS	**51,545**	**2,283**	**53,828**	136,656	2,322	138,978

(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 $41.4M (2021: $34.2M) 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.

NOTE 13:PROVISIONS (CONTINUED)

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.

(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
Opening balance	88,134	222	370	2,080	22	90,828
Additional provisions recognised	-	-	-	-	41	41
Unwinding of discount	-	19	-	-	-	19
Amounts used	(88,134)	(181)	(370)	(132)	(22)	(88,839)
CLOSING BALANCE	-	60	-	1,948	41	2,049

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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 an interest expense.

NOTE 14: OTHER LIABILITIES

	2022 Current $'000	2022 Non-current $'000	2022 Total $'000	2021 Current $'000	2021 Non-current $'000	2021 Total $'000
Unearned Revenue	**25,430**	**-**	**25,430**	11,766	-	11,766
Contract Liability	**7,047**	**283,805**	**290,852**	6,555	282,944	289,499
Other	**-**	**130**	**130**	-	112	112
TOTAL OTHER LIABILITIES	**32,477**	**283,935**	**316,412**	18,321	283,056	301,377

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.

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, 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 defined contribution section receives fixed contributions from Consolidated Entity companies and the Consolidated Entity's legal or constructive obligation is limited to these contributions. Alternatively, subject to eligibility, employees may elect to have these payments made to a defined contribution plan of the employee's choice.

The following sets out details in respect of the defined benefit section of the industry plan only. The expense recognised in relation to the defined contribution section of the industry plan, or to another defined contribution plan of the employee's choice, 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 15:SUPERANNUATION COMMITMENTS (CONTINUED)

	2022 $'000	2021 $'000
Fair value of defined benefit plan assets	**72,651**	74,322
Present value of the defined benefit obligation	**(48,094)**	(54,212)
NET SURPLUS/(DEFICIT) IN THE CONSOLIDATED BALANCE SHEET	**24,557**	20,110

(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 as at 1 July 2021.

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

A liability or asset in respect of the defined benefit superannuation plan is recognised in the consolidated 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 the consolidated profit or loss.

NOTE 16: SHARE CAPITAL

	Notes	2022 Shares	2021 Shares	2022 $'000	2021 $'000
ORDINARY SHARES					
Fully paid	16(a)	**401,000,000**	401,000,000	**401,000**	401,000
TOTAL CONTRIBUTED EQUITY		**401,000,000**	401,000,000	**401,000**	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 2022.

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.

NOTE 17: OTHER EQUITY

	2022 $'000	2021 $'000
Other equity	**193,384**	153,384
TOTAL OTHER EQUITY	**193,384**	153,384

Other equity reflects contributions received from the owner (Queensland Government) to the Consolidated Entity.

During the financial year the Consolidated Entity received $40M from the owner to support investment in the North Queensland Renewable Energy Zone.

ACCOUNTING POLICIES

Where assets and liabilities are transferred between entities of the wholly-owned group or State of Queensland controlled entities under the direction of the owner (being the State of Queensland), the equity contribution is adjusted to reflect the amount attributable to any non-controlling interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18: OTHER RESERVES

	2022 $'000	2021 $'000
RESERVES		
Revaluation surplus - property, plant and equipment	**1,289,205**	1,166,866
Cash flow hedges	**12,043**	231
TOTAL RESERVES	**1,301,248**	1,167,097

(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	2022 $'000	2021 $'000
MOVEMENTS:			
Revaluation surplus - property, plant and equipment			
Opening balance		**1,166,866**	1,173,397
Revaluation - gross		**256,741**	66,123
Deferred tax	4(d)	**(77,022)**	(19,837)
Transfer to retained earnings		**(57,381)**	(52,817)
Closing balance		**1,289,205**	1,166,866
Cash flow hedges			
Opening balance		**231**	-
Revaluation - gross		**16,874**	330
Deferred tax	4(d)	**(5,062)**	(99)
Closing balance		**12,043**	231
TOTAL RESERVES		**1,301,248**	1,167,097

During the year the Company transferred from the revaluation reserve to retained earnings a revaluation surplus of $57.4M (2021: $52.8M). 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	2022 $'000	2021 $'000
Opening balance		**133,152**	320,180
Net profit for the period		**198,984**	86,954
Dividends	23	**(80,000)**	(331,134)
Actuarial gains/(losses) and tax on remeasurement of defined benefit plan assets		**5,404**	5,053
Defined benefit fund contributions tax		**(785)**	(718)
Transfer from revaluation surplus		**57,381**	52,817
CLOSING BALANCE		**314,136**	133,152

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

	2022 $'000	2021 $'000
NON-CURRENT ASSETS		
Interest rate swaps - cash flow hedges	**15,331**	-

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

All derivatives are measured as level 2 fair value measurement hierarchy (refer note 21) .

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.

NOTE 20:FINANCIAL RISK MANAGEMENT (CONTINUED)

Hedge Accounting Derivatives are initially recognised at fair value on the date a derivative contract is entered into. Derivatives are subsequently re-measured to their fair value at the end of each reporting period. The Consolidated Entity designates certain derivatives as hedges of the cash flows of highly probable forecast transactions (cash flow hedges). The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and presented in the hedging reserve. The unrealised and realised gain or loss relating to the ineffective hedges is recognised immediately in the consolidated profit or loss within fair value through profit/(loss).

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.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases and interest rate swaps, the Consolidated Entity enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Consolidated Entity therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms the hedge relationship is no longer effective and the related fair value changes are transferred to the profit and loss.

In hedges of foreign currency purchases or interest rate swaps, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of Australia or the derivative counterparty.

(b) Market Risk

(i) 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 commitment or contracted exposure exists and the amount exceeds a Board approved threshold.

The carrying amounts of the Consolidated Entity's financial assets and liabilities are all denominated in Australian dollars.

Exposure

The Consolidated Entity's exposure to foreign currency risk at the end of the reporting period, expressed in US dollars and Euros, were as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 20:FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market Risk (continued)

		2022		2021
	USD $'000	EURO €'000	USD $'000	EURO €'000
Foreign currency forwards				
- buy foreign currency (cash flow hedges)	**23,862**	**966**	9,038	-

All forward foreign exchange contracts are hedging against forecast purchases.

(ii) Interest Rate Risk

The Consolidated Entity's main interest rate risk would normally arise from long term borrowings. However, under the lending arrangements provided by QTC, the Company's borrowings are largely funded by fixed rate debt instruments with various terms to maturity which produce a relatively stable average interest rate.

The Consolidated Entity generally borrows from QTC, an entity controlled by the Queensland Government, but during the financial year also entered into a hybrid Clean Energy Financing Corporation (CEFC)/QTC borrowing arrangement. All borrowings were denominated in Australian dollars. The Consolidated Entity has entered into pay fixed/receive variable interest rate derivatives with QTC to hedge the variability in future cash flows attributable to movements in future interest rates against this borrowing arrangement.

(iii) 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.

(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.

The Company is primarily exposed to credit related losses through its provision of electricity transmission services to a small number of large, reputable customers (electricity generators, distributors and direct connect loads). 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.

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 ongoing 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, QTC or Government entities, all of whom have high credit ratings assigned by international credit rating agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 20:FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit Risk (continued)

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 not recognised any loss in respect of impaired trade receivables during the current or prior year.

Trade Receivables Past Due but Not Impaired

As of 30 June 2022, trade receivables of $1.1M (2021: $0.7M) 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:

	2022 $'000	2021 $'000
Up to 3 months	**1,106**	710
3 to 6 months	**20**	14
Greater than 6 months	**5**	9
TOTAL TRADE RECEIVABLES PAST DUE BUT NOT IMPAIRED	**1,131**	733

(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.

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. The amounts disclosed in the 30 June 2022 table reflect the position at that date.

NOTE 20:FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk (continued)

Contractual maturities of financial liabilities At 30 June 2022	0 - 12 months $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
NON-DERIVATIVES					
Trade and other payables	168,567	-	-	168,567	168,567
Interest bearing loans and borrowings	163,530	654,102	5,213,722	6,031,354	5,216,846
TOTAL NON-DERIVATIVES	**332,097**	**654,102**	**5,213,722**	**6,199,921**	**5,385,413**

Contractual maturities of financial liabilities At 30 June 2021	0 - 12 months $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
NON-DERIVATIVES					
Trade and other payables	70,591	-	-	70,591	70,591
Interest bearing loans and borrowings	165,829	662,976	5,257,177	6,085,981	5,242,228
TOTAL NON-DERIVATIVES	236,420	662,976	5,257,177	6,156,572	5,312,819

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.

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 its ability to continue as a going concern, so that it 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, other equity, reserves and retained earnings as disclosed in Notes 16, 17, 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 principally borrow centrally using facilities provided by QTC to meet anticipated funding requirements.

The Consolidated Entity believes its forecast cash flows for the 2022/23 financial year will be sufficient to meet operational requirements.

There have not been any material changes in strategy or policy subsequent to the previous year ended 30 June 2021.

Gearing ratio
The Consolidated Entity's management monitors 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.

Debt is defined as long and short term borrowings. For the financial year ended 30 June 2022, the Consolidated Entity had both short and long term borrowings.

	2022 $'000	2021 $'000
Total debt	**5,216,846**	5,242,228
Property, plant and equipment	**8,033,538**	7,769,333
Gearing ratio	**64.9 %**	67.5 %

Powerlink Queensland has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23: DIVIDENDS

	2022 $'000	2021 $'000
ORDINARY SHARES		
Unfranked special/interim dividend	**80,000**	244,180
Unfranked final dividend proposed	**-**	86,954
TOTAL DIVIDENDS	**80,000**	331,134

The proposed 2021/22 final dividend of $Nil reflects the Consolidated Entity's intention to retain dividends in order to reinvest in strategically important transformational growth initiatives in the Queensland transmission network. The 2020/21 final dividend was based on 100% of operating profit after income tax equivalent expense after excluding non-controlling interest.

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) At-Risk Performance Remuneration

Employees of the Consolidated Entity are eligible for performance payments based on individual efforts against a range of key performance behaviours and performance objectives contained in individual performance agreements and taking into consideration the overall performance of the Consolidated Entity. In addition, award employees are eligible for a gainsharing payment based on corporate results.

At-risk performance payments are paid in the current financial year for the preceding financial year. Performance payments and gainsharing payments paid in 2022 were related to the 2020/21 financial year.

	2021/22	2020/21
Aggregate at-risk performance remuneration paid	**$3.0M**	NIL
Number of employees receiving performance payments	**915**	NIL
Total salaries and wages paid	**$165.3M**	$146.4M

(b) Number of Employees

Number of employees (full time equivalents) at year end: 1025 (2021: 939).

NOTE 24:EMPLOYEE BENEFITS (CONTINUED)

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 Consolidated Entity 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.

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 Michael de Brenni MP, Minister for Energy, Renewables and Hydrogen, and Minister for Public Works and Procurement.
- The Honourable Cameron Dick MP, Treasurer and Minister for Investment.

NOTE 25:KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(a) Shareholding Ministers (continued)

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 are 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 2025
Alan Millis	Non-Executive Director	1 October 2015	30 September 2025
Dr Lorraine Stephenson	Non-Executive Director	12 October 2017	30 September 2023
Sarah Zeljko	Non-Executive Director	20 December 2016	30 September 2022
Kevin Hegarty OAM	Non-Executive Director	1 October 2020	30 September 2023
Wayne Collins	Non-Executive Director	1 October 2020	30 September 2023
Kara Keys	Non-Executive Director	1 October 2021	31 May 2024

(c) Other Key Management Personnel

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 25:KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(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.

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) Directors

	Short Term Benefits		Post Employment Benefits		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
DIRECTORS' REMUNERATION						
Kathy Hirschfeld AM	**99**	99	**10**	9	**109**	108
Julienne Martin	**-**	12	**-**	1	**-**	13
Alan Millis	**51**	51	**5**	5	**56**	56
Dr Lorraine Stephenson	**50**	50	**5**	5	**55**	55
Sarah Zeljko	**51**	51	**5**	5	**56**	56
Kevin Hegarty OAM	**50**	37	**5**	4	**55**	41
Wayne Collins	**50**	37	**5**	4	**55**	41
Kara Keys	**37**	-	**4**	-	**41**	-
TOTAL	**388**	337	**39**	33	**427**	370

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 25:KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(d) Details of Remuneration (continued)

(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:

2022	Short Term					
	Short Term Benefits[1]	Performance Payments[2]	Post-Employment Benefits[3]	Other Long Term Benefits[4]	Termination Benefits[5]	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Paul Simshauser - Chief Executive	873	-	27	21	-	921
Darryl Rowell - Chief Financial Officer [6]	166	-	10	4	-	181
Gary Edwards - Chief Operating Officer[7]	358	-	36	10	-	404
Stewart Bell - Executive General Manager Network and Business Development	400	-	67	12	-	479
Ian Lowry - Executive General Manager Delivery and Technical Solutions	339	-	33	9	-	382
Jacqui Bridge - Executive General Manager Energy Futures	354	-	35	10	-	399
Leigh Fleming - Acting Chief Financial Officer[8]	314	-	29	8	-	351
Kevin Kehl - Acting Executive General Manager People & Corporate Services[9]	164	-	7	342	161	674
Desmond Kluck - Acting Executive General Manager People and Corporate Services[10]	170	-	17	5	-	191
TOTAL	**3,137**	**-**	**262**	**421**	**161**	**3,980**

NOTE 25:KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(d) Details of Remuneration (continued)

[1] Short term benefits includes payments made to the executive as part of their fixed remuneration including accrued annual leave (excluding superannuation).

[2] At risk performance payments are paid in the current financial year for the preceding financial year.

[3] Post employment benefits represent superannuation contributions made by the employer to the superannuation fund.

[4] Long term benefits represent long service leave accrued.

[5] Termination benefits represent payments made to the executive on termination of employment excluding any entitlements relating to annual leave or long service leave.

[6] Darryl Rowell took temporary leave from Powerlink on the 14th November 2021 in order to commence in the role of Acting Chief Executive Officer for CleanCo Queensland Limited, a Queensland Government Owned Corporation.

[7] Gary Edwards' previous title of Executive General Manager Operations and Service Delivery was changed to Chief Operating Officer on 20 December 2021 to more closely reflect the critical nature of the role

[8] Leigh Fleming was appointed to the role of Executive General Manager People and Corporate Services on 6 September 2021. With the temporary departure of Darryl Rowell, Leigh Fleming was appointed as Acting Chief Financial Officer.

[9] Kevin Kehl took a voluntary redundancy effective 1 October 2021. Kevin Kehl's other long term benefits reflect the payout of accrued long service leave entitlements.

[10] Desmond Kluck was appointed as Acting Executive General Manager People and Corporate Services effective 15 November 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 25:KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(d) Details of Remuneration (continued)

	Short Term					
2021	Short Term Benefits[1] $'000	Performance Payments[19] $'000	Post-Employment Benefits[3] $'000	Other Long Term Benefits[4] $'000	Termination Benefits[5] $'000	Total $'000
Paul Simshauser - Chief Executive	735	-	69	20	-	824
Darryl Rowell - Chief Financial Officer	410	-	25	10	-	445
Kevin Kehl - Acting Executive General Manager People & Corporate Services[11]	424	-	35	11	-	470
Stewart Bell - Executive General Manager Network and Business Development[12]	332	-	56	11	-	399
Gary Edwards - Executive General Manager Operations and Service Delivery	325	-	30	9	-	364
Jacqui Bridge - Executive General Manager Energy Futures[13]	43	-	4	1	-	48
Ian Lowry - Executive General Manager Delivery and Technical Solutions[14]	133	-	12	4	-	149
Cathy Heffernan - Executive General Manager People & Corporate Services[15]	335	-	47	-	148	530
Gerard Reilly - Acting Executive General Manager People & Corporate Services[16]	67	-	6	2	-	75
Rakesh Solanki - Acting Executive General Manager Delivery and Technical Solutions[17]	52	-	5	1	-	58
Timothy Byrne - Acting Executive General Manager Delivery and Technical Solutions[18]	92	-	8	-	-	100
TOTAL	**2,948**	**-**	**297**	**69**	**148**	**3,462**

NOTE 25:KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(d) Details of Remuneration (continued)

[11] Kevin Kehl held various Executive General Manager roles during the year, initially supporting the hand over arrangements to the Chief Executive, appointed to Executive General Manager Corporate Development on 3 August 2020 and acting in the Executive General Manager People and Corporate Services role from 24 May 2021. Amounts disclosed are amounts earned during the full year in various KMP roles.

[12] Stewart Bell was acting Executive General Manager Strategy and Business Development, subsequently renamed Executive General Manager Network and Business Development. Stewart Bell was appointed to the position effective 12 April 2021. Amounts disclosed include amounts earned whilst acting in the role.

[13] Jacqui Bridge was appointed to the position of Executive General Manager Energy Futures from 17 May 2021.

[14] Ian Lowry was acting in the role of Executive General Manager Delivery and Technical Solutions from 18 January 2021 until he was formally appointed to the position effective 24 May 2021. Amounts disclosed include amounts earned from the time of acting in the role.

[15] Cathy Heffernan resigned from the role effective 21 May 2021.

[16] Gerard Reilly was acting in the role of Executive General Manager People and Corporate Services from 15 February 2021 to 21 May 2021. The amounts disclosed reflect amounts earned during the period acting in that role.

[17] Rakesh Solanki was acting in the role of Executive General Manager Delivery and Technical Solutions from 9 October 2020 to 17 January 2021. The amounts disclosed reflect amounts earned during the acting period.

[18] Timothy Byrne resigned as acting Executive General Manager Delivery and Technical Solutions effective 9 October 2020.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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:

	2022 $	2021 $
QUEENSLAND AUDIT OFFICE		
Audit of financial statements	**270,850**	250,000
TOTAL REMUNERATION FOR AUDIT AND OTHER SERVICES	**270,850**	250,000

NOTE 27: CONTINGENCIES

(a) Contingent Assets

The Consolidated Entity had no contingent assets of a material nature as at 30 June 2022 (2021:NIL)

(b) Contingent Liabilities

The Consolidated Entity had no contingent liabilities of a material nature as at 30 June 2022 (2021:NIL)

NOTE 28: COMMITMENTS

Capital Expenditure Commitments

Significant capital expenditure for the Consolidated Entity which is attributable to the parent entity contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2022 $'000	2021 $'000
CAPITAL EXPENDITURE COMMITMENTS		
Property, plant and equipment	**101,674**	18,200
TOTAL CAPITAL EXPENDITURE COMMITMENTS	**101,674**	18,200

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

NOTE 29:RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Directors (continued)

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:

	2022 $'000	2021 $'000
SALES OF GOODS AND SERVICES (INCLUDES GST)		
Entities controlled by the State of Queensland	**786,223**	646,719
PURCHASES OF GOODS AND SERVICES (INCLUDES GST)		
Entities controlled by the State of Queensland	**84,815**	76,701
INTEREST REVENUE		
Entities controlled by the State of Queensland	**2,633**	2,634
OTHER TRANSACTIONS		
Dividends to the Shareholders	**168,134**	331,577
Borrowing costs - entities controlled by the State of Queensland	**198,218**	205,016
TOTAL OTHER TRANSACTIONS	**366,352**	536,593

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:

	2022 $'000	2021 $'000
ENTITIES CONTROLLED BY THE STATE OF QUEENSLAND		
Trade and other receivables (sales of goods and services)	**61,197**	48,336
Trade and other payables (purchases of goods and services)	**-**	-
Cash and cash equivalents	**9,125**	10,801
TOTAL RELATED PARTY OUTSTANDING BALANCE	**70,322**	59,137

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.

NOTE 29: RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Cash Advances to Related Parties

	2022 $'000	2021 $'000
CASH ADVANCES TO THE ULTIMATE PARENT ENTITY		
Advances	**453,991**	344,959

(g) Loans from Related Parties

	2022 $'000	2021 $'000
LOANS FROM ULTIMATE PARENT ENTITY		
Opening balance	**5,242,228**	5,265,221
Finance costs charged	**198,218**	205,016
Finance costs expensed	**(198,218)**	(205,016)
Loan repayment made	**(25,382)**	(22,993)
CLOSING BALANCE	**5,216,846**	5,242,228

(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 ** 2022 %	2021 %
Harold Street Holdings Pty Ltd *	Australia	Ordinary	**100**	100
Powerlink Transmission Services Pty Ltd *	Australia	Ordinary	**100**	100
Queensland Capacity Network Pty Ltd*	Australia	Ordinary	**51**	51
Queensland Capacity Network Pty Ltd*	Australia	Non-Voting	**90**	90

* 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.

NOTE 30:INTERESTS IN OTHER ENTITIES (CONTINUED)

(a) Significant investments in subsidiaries (continued)

Queensland Capacity Network Pty Ltd is a telecommunications company set up for the purpose of enabling faster and more reliable internet services in regional Queensland. Queensland Capacity Network Pty Ltd is jointly owned by Powerlink and Energy Queensland.

Powerlink owns a controlling 51% of ordinary shares in Queensland Capacity Network Pty Ltd, along with 90% of 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.

(b) Non-controlling Interests (NCI)

Summarised balance sheet	Queensland Capacity Network 2022 $'000	2021 $'000
Current assets	**6,486**	8,666
Current liabilities	**739**	1,661
CURRENT NET ASSETS	**5,747**	7,005
Non-current assets	**6,697**	4,984
NON-CURRENT NET ASSETS	**6,697**	4,984
NET ASSETS	**12,444**	11,989
Accumulated NCI	**1,244**	1,199

Summarised statement of comprehensive income	Queensland Capacity Network 2022 $'000	2021 $'000
Profit for the period	**452**	148
Total comprehensive income	**452**	148
Profit/(loss) allocated to NCI	**45**	15

Summarised cash flows	Queensland Capacity Network 2022 $'000	2021 $'000
Cash flows from operating activities	**(73)**	1,324
Cash flows from investing activities	**(1,512)**	(8,985)
Net increases/(decrease) in cash and cash equivalents	**(1,585)**	(7,661)

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 2022 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 financial year end that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of the operations or the state of affairs of the Consolidated Entity in subsequent financial years (2021:NIL).

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:

Summarised balance sheet	Powerlink Queensland 2022 $'000	2021 $'000
Balance Sheet		
Current assets	**671,225**	509,878
Non-current assets	**8,077,594**	7,794,989
TOTAL ASSETS	**8,748,819**	8,304,867
Current liabilities	**314,519**	265,378
Non-current liabilities	**6,225,959**	6,185,516
TOTAL LIABILITIES	**6,540,478**	6,450,894
SHAREHOLDERS' EQUITY		
Issued capital	**401,000**	401,000
Other Equity	**194,228**	154,228
Revaluation surplus - property, plant and equipment	**1,289,205**	1,166,866
Cash flow hedges	**12,043**	231
Retained earnings	**311,865**	131,648
TOTAL EQUITY	**2,208,341**	1,853,973
Profit or loss for the year	**198,217**	**85,783**
Total comprehensive income	**394,369**	**136,637**

(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 Australian 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 2022 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 A Hirschfeld

Kathy Hirschfeld AM
Director
Brisbane
31/08/2022

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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 (the Company) 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 2022, 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 2022, 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*.

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.

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Valuation of property, plant and equipment ($8 billion)

Refer to note 9 in the financial report.

Key audit matter	How my audit addressed the key audit matter
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. The model involved significant judgements for: • estimating future cash flows and terminal values • setting discount rates.	My procedures included, but were not limited to: • Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices. • 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. • Performing a sensitivity analysis for discount rates to develop a reasonable range for fair value. • Back testing the previous year’s cashflow forecasts against subsequent actual results to identify potential deficiencies in the forecasting methodology. • Assessing the reasonableness of cash flow forecasts relative to regulator-approved determination, board approved budgets, non-regulated revenue contracts, historical growth trends, and other relevant internal and external evidence. • Verifying the mathematical accuracy of net present value calculations.

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 Powerlink Queensland’s annual report for the year ended 30 June 2022 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.

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Responsibilities of the directors 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.

IAsim

31 August 2022

Irshaad Asim
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

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