Statement of Corporate Intent

2021/22

Prepared by the Directors and management of Powerlink Queensland for shareholding Ministers

The Honourable Cameron Dick MP
Treasurer and Minister for Trade and Investment

The Honourable Mick de Brenni MP
Minister for Energy, Renewables and Hydrogen and
Minister for Public Works and Procurement

Contents

Performance Agreement

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

In accordance with Chapter 1, Part 3, Section 7 of the GOC Act, the Statement of Corporate Intent represents a formal performance agreement between the Board of Powerlink Queensland and its shareholding Ministers with respect to the financial and non-financial performance targets specified for the financial year. The Statement of Corporate Intent represents agreement to the major activities, objectives, policies, investments and borrowings of Powerlink Queensland for 2021-22.

This Statement of Corporate Intent is consistent with Powerlink Queensland's 2021/22 – 2025/26 Corporate Plan, submitted to shareholding Ministers and agreed in accordance with Chapter 3, Part 7 of the GOC Act.

In signing this document, the Board of Powerlink Queensland undertakes to make all reasonable efforts to achieve the targets proposed in the Statement of Corporate Intent for 2021-22.

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

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

The Hon Cameron Dick Treasurer and Minister for Trade and Investment	Date

The Hon Mick de Brenni MP	Date

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

Kathy Hirschfeld AM Chair, Powerlink Queensland	Date

Financial Targets

Performance Targets		Full Year	Q1	Q2	Q3	Q4
EBIT	$M	359.3	78.4	92.4	111.2	77.2
Net Profit After Tax (NPAT)	$M	102.1	17.7	27.6	40.7	16.1
Capital Expenditure	$M	247.9	70.5	48.3	55.5	73.6
Return on Assets (ROA)	%	4.4%	NA	NA	NA	NA
Dividends Provided *(including Special Dividends)*	$M	192.1	-	-	90.0	102.1

Small differences are due to rounding to first decimal point.

Non-financial Targets

Performance Targets	Full Year	Q1	Q2	Q3	Q4
Safety [1]					
TRIFR (Total Recordable Injury Frequency Rate)	7.7	NA	NA	NA	NA
Environment					
Number of major, extreme or catastrophic incidents [2]	0	NA	NA	NA	NA
Network Performance – System Reliability					
Event in excess of 0.05 system minutes	Not more than 3	NA	NA	NA	NA
Event in excess of 0.40 system minutes	Not more than 1	NA	NA	NA	NA
Queensland Capacity Network Pty Ltd (QCN Fibre)					
Increase in total contracted capacity	>0%	NA	NA	NA	NA

1 Powerlink.

2 Material and serious harm resulting in EPA intervention.

Response to Shareholder Mandate

Powerlink's strategic direction is informed by the Draft Shareholder Mandate for Powerlink Limited 2020-2023 (Mandate), which was issued to Powerlink by the Queensland Government in August 2020. The Mandate provides guidance with respect to the shareholders' expectations for the performance of Powerlink.

Powerlink is actively working to achieve the measures and expectations set out in the Mandate.

Powerlink understands a finalised Shareholder Mandate will be in place in 2021.

Key assumptions and risks

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

Regulated Assumptions

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

Powerlink continues to progress operational efficiencies, to mitigate the ongoing impact of electricity prices on customers, in line with the Final AER Decision. The SCI for the 2021/22 financial year reflects the more immediate strategic issues and goals of Powerlink, with the longer term plans outlined in the Powerlink 2021/22 – 2025/26 Corporate Plan.

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

Operating Expenditure

The underlying operating expenditure reflects targeted productivity and efficiency improvements. This is consistent with Powerlink's Revenue Proposal for 2022/23 to 2026/27, which targets no real growth in regulated operating expenditure.

Non-regulated operating costs reflect Powerlink's contracted commitments and growth objectives.

Regulatory pass through Items

There are a number of cost items that are subject to regulatory "pass through" arrangements, such as Network (Grid) Support Costs, Insurance Above Cap Events and National Transmission Planner (NTP) fees. NTP is a new recoverable cost for Transmission businesses which commenced in 2020/21 following the introduction of the Integrated System Planning Rule.

When pass through events occur Powerlink is able, once approved by the AER, to adjust the revenue collections in subsequent years.

Natural Disaster Events

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

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

Finance Charges

Forecast regulatory finance charges reflect the regulatory debt refinancing outcome for 2021/22 and a reduction in interest rates.

Regulated Network Investments

Powerlink's regulated network investments forecast for 2021/22 is consistent with the AER's Capital Expenditure Allowance adjusted for CPI.

Resourcing

Delivery of the Program of Work is based on achieving adequate resourcing in the current environment given national construction activity and the competition for resources.

Contestability

It is assumed that:

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

Non-Regulated Network Investments

For business planning purposes, Powerlink has included capital expenditure of $65.4 million for existing or committed non-regulated network connection investments. Given the strong interest in renewable generation, further investment in additional non-regulated network connections may be made as discussions and negotiations continue with a range of proponents.

There are currently a number of renewable energy network investment projects which are expected to reach commitment stage over the 2021/22 financial year. Powerlink will seek to provide non-regulated transmission connection services to these projects where they are connecting to the transmission network. Powerlink forecasts the additional value of these potential non-regulated network connection opportunities that may commit in Queensland over the next 12 months to be in the order of $100 million to $150 million. The timing of these projects and their likelihood of reaching financial close are largely dependent on the project proponents and market conditions. Powerlink is adopting flexible resourcing arrangements for these works, both to manage the fluctuating workload and to achieve the short delivery timeframes required by proponents.

Capital Structure

In accordance with the shareholding Ministers' direction received 13 June 2017, $150 million of dividends from 2016/17 were retained by Powerlink for the purpose of the potential development of transmission infrastructure to support renewable energy generation in North Queensland. In 2020/21, Powerlink was directed to release $148.2 million as an interim special dividend, of which $147 million will be returned as an equity contribution to provide financial support to fund the Genex Kidston Hydro Project.

Renewable Energy Zones

The Government has committed to delivering Renewable Energy Zones (REZs) in Queensland. To support this commitment, the Government allocated $145 million specifically for REZs and supporting initiatives along with a further $500 million for large-scale renewable energy projects. Powerlink was tasked with providing Government with a REZ development recommendation which has been delivered to schedule.

Powerlink proposes to work with Government to progress the recommended REZs. Initial activities include market sounding, community engagement in the proposed renewable zones, initial land access investigations and development of suitable regulatory and legal frameworks. Powerlink will progress initial works on the expectation that it will access the Government allocated REZ funding in the 2021/22 period.

Dividend Policy

In line with shareholding Ministers' expectations, Powerlink has adopted a 100% dividend payout ratio and additional special dividends. The special dividends reflect changes to the draft Shareholder Mandate. The 2021/22 forecast assumes a dividend of 100% NPAT plus a special dividend of $90 million for 2021/22.

Electricity Demand

Powerlink observed moderate summer demands over its transmission network during the 2020/21 summer, with a maximum operational (as generated) demand of 9,473 MW on 22 February 2021. The record peak demand, some 600MW higher, of 10,044 MW occurred during the 2018/19 summer. Energy delivered through the transmission network continues its slight decline due to the continued uptake of solar photovoltaic (PV) installations and technology development. A minimum system demand of 3,860 MW was recorded on 27 September 2020. Powerlink is focused on delivering transmission services to meet this changing demand while putting downward pressure on its component of electricity costs to consumers.

Financial Metrics	2020/21 Budget	2021/22 Target
Primary		
Distribution Yield[1]	6.1%	6.2%
Controllable Opex on Fixed Assets	3.0%	3.3%
Secondary		
Distribution Cash Coverage	0.9 times	1.4 times
Net Debt / Fixed Assets	66%	66%
Return on Assets	4.0%	4.4%
FFO / Net Debt	9.1%	9.4%
Net Debt / RAB	76.5%	76.4%

Economic Assumptions (Finance)	2020/21 Budget	2021/22 Assumption
CPI (June Year)	1.6%	1.6%
Interest Rate – Core	4.2%	4.1%
Regulated Rate of Return (WACC)	5.84%	5.67%
Ordinary Dividend Payout Ratio[2]	100%	100%
Average Wage Growth[3]	3.0%	3.0%
Shareholder Equity Injections[4]	Nil	Nil
Shareholder Equity Withdrawals[4]	Nil	Nil

1 Distribution Yield reflects the ordinary and special dividend related to that financial year.

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

3 A wage freeze in 2020/21 in response to COVID-19 pandemic.

4 Approval of the SCI does not constitute approval of forecast equity injections or withdrawals.

Capital Expenditure

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

Total Capital Expenditure	Estimated Expenditure 2021/22 ($M)
Significant Projects (Regulated)	35.3
Total Other Projects (Regulated)[1]	147.2
Connection Projects (Non-Regulated)	65.4
Total Capital Expenditure[1]	247.9

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

Significant Projects	2021/22 ($M)	Approved Total Cost ($M)	Expected Completion Date	Board Approved	Shareholder Approved
Regulated					
Mackay Substation Replacement	1.6	32.3	Winter 2021	Y	NA
Gin Gin Substation Rebuild	2.4	38.1	Winter 2022	Y	NA
Bouldercombe Primary Plant Replacement	8.8	40.4	Winter 2023	Y	NA
Advanced Energy Management System	5.0	50.4	Winter 2023	Y	NA
Nebo Secondary Systems Replacement	3.0	21.0	Summer 23/24	Y	NA
Managing SEQ voltages SEQ 275kV Bus Reactors	4.0	(Future >30M)	Summer 23/24	N	NA
BS1664 Davies Creek – Bayview Heights 275kV Refit	2.0	5.2 (Future >50M)	Summer 23/24	Y	NA
Nebo Primary Plant Replacement	3.4	21	Winter 2024	Y	NA
Ross 275kV primary Plant Replacement	3.7	28.8	Summer 26/27	Y	NA
Lilyvale Selected Primary Plant Replacement	1.4	21.6	Summer 24/25	Y	NA

Significant Connection Projects (Non-Regulated) – Committed Projects[1]
Columboola Solar Farm
QCN 100GBit NBN Connectivity
Moura Solar Farm Connection
Western Downs Green Power Hub
Woolooga Solar Farm Connection
Blue Grass Solar Farm Connection
Wandoan South BESS
Edenvale Solar Farm Connection
Genex Kidston 275kV Connection

Significant Projects (Non-Regulated) – Completed Projects in FY2020/21[2]
Gangarri Solar Farm Connection

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

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

Capital Structure

Borrowings			
Facility	**2020-21 ($M)**	**2021-22 ($M)**	**Change**
1	4,244.2	4,244.2	---
2	287.8	287.8	---
3	59.0	54.2	(4.8)
4	154.2	147.7	(6.5)
5	494.9	491.1	(3.7)
Total	5,240.1	5,225.1	(15.1)

Small differences are due to rounding to first decimal point.

Queensland Capacity Network Pty Ltd (QCN Fibre)

QCN Fibre the state-owned entity jointly owned by Powerlink Queensland and Energy Queensland commenced operations in 2019.

QCN Fibre utilises telecommunications infrastructure owned by Powerlink and Energy Queensland to improve telecommunications coverage, capacity and competition in Queensland, particularly in regional areas.

QCN Fibre is focussed on its Vision of Connecting Queensland to the Future. Its capital works program encapsulates:

- enhancement of the existing telecommunications capacity through Edge Network investment;
- increasing regional Queensland internet capacity and geographical availability;
- interconnection with the TransGrid telecommunications network;
- uplift of the Sunshine Coast Cable Landing Station capacity;
- connecting Maryborough to the QCN Fibre network; and
- establishing the North Queensland Regional Data Centre as the QCN Fibre hub within Townsville.

There are a number of factors that have influenced the QCN Fibre target of >0% increase in total contracted capacity, in particular the termination of one of the larger telecommunications contracts which will require considerable effort to secure new and additional off-takers. Further to this, the telecommunications market has changed materially as a result of both COVID implications for working from home and the use of streaming services (that is, total bandwidth requirements have increased significantly) as well as the response to cybersecurity and communications security issues (specifically concerns about Huawai). The Powerlink backbone telecommunications network is scheduled for upgrading, both to increase bandwidth and to replace the previously installed Huawai equipment. This work is scheduled for the 2021/22 financial year. QCN Fibre will not be able to progress a material marketing plan to increase the total contracted capacity to Regional Queensland until these upgrade works have been completed by Powerlink.

Community Service Obligations

No community service obligations have been identified by Powerlink in 2021/22.

Procurement Policy

The Powerlink Procurement Framework 2021 is aligned to the principles of the Queensland Procurement Policy (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 (QIPP), Local Participation, Ethical Supplier engagement, and the ICT SME Participation Scheme.

As a Government Owned Corporation (GOC), Powerlink is responsible and accountable to the Queensland Government and ultimately the people of Queensland to ensure that it achieves value for money.

Statement of Compliance

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

Financial Statements

Profit and Loss Statement	Actual 2019-20 ($M)	Budget 2020-21 ($M)	Forecast 2020-21 ($M)	Budget 2021-22 ($M)
Operating Revenue				
Network – Regulated Revenue	735.2	743.3	732.4	769.9
Network – Non-Regulated	194.4	195.1	196.5	206.5
Other [1]	26.7	24.0	33.6	24.5
Total Operating Revenue	**956.3**	**962.4**	**962.6**	**1,000.9**
Operating Expenses				
Controllable Operating Expenses	225.2	239.2	241.4	250.7
Depreciation	370.3	385.6	385.6	376.0
Other [2]	15.8	12.0	21.7	15.0
Total Operating Expenses	**611.3**	**636.7**	**648.7**	**641.7**
Earnings Before Interest and Tax (EBIT)	**345.0**	**325.7**	**313.9**	**359.3**
Net Finance Charges [3]	218.2	218.4	207.1	213.4
Income Tax Equivalent Expense	38.2	32.4	31.9	43.8
Net Profit After Tax (NPAT)	**88.6**	**74.9**	**74.9**	**102.1**
Dividends Provided for [4] (includes Special Dividend)	**88.6**	**250.9**	**399.1**	**192.1**

Small differences are due to rounding to first decimal point.

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

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

3 Includes Interest Income and AASB15 impact.

4 2020/21 budget dividends includes special dividends for 2019/20 and 2020/21 financial years. 2020/21 forecast dividends includes an additional interim special dividend of $148.2 million released from the Clean Energy Hub fund of which $147 million is being returned to provide financial support to fund the Genex Kidston Hydro Project.

Financial Statements

Balance Sheet	Actual 2019-20 ($M)	Budget 2020-21 ($M)	Forecast 2020-21 ($M)	Budget 2021-22 ($M)
Current Assets				
Cash	24.9	37.2	24.9	24.9
Cash Advances	336.6	266.0	240.6	341.9
Receivables	85.7	80.3	77.9	81.9
Other	57.8	46.8	54.0	54.0
Total Current Assets	**505.0**	**430.3**	**397.3**	**502.7**
Non-Current Assets				
Property, Plant & Equipment	7,844.8	7,768.1	7,762.2	7,725.6
Other	16.1	19.0	16.1	16.1
Total Non-Current Assets	**7,860.9**	**7,787.0**	**7,778.3**	**7,741.6**
Total Assets	**8,365.9**	**8,217.4**	**8,175.6**	**8,244.4**
Current Liabilities				
Creditors	59.0	45.9	42.7	63.0
Other	152.1	140.6	165.9	191.1
Total Current Liabilities	**211.1**	**186.5**	**208.6**	**254.1**
Non-Current Liabilities				
Borrowings	5,265.2	5,250.6	5,240.1	5,225.1
Other	987.8	930.6	944.3	982.6
Total Non-Current Liabilities	**6,253.0**	**6,181.2**	**6,184.4**	**6,207.6**
Total Liabilities	**6,464.1**	**6,367.7**	**6,393.1**	**6,461.7**
Net Assets	**1,901.8**	**1,849.7**	**1,782.6**	**1,782.6**
Shareholders' Equity				
Share Capital	401.0	401.0	401.0	401.0
Other Equity [(1)]	7.2	7.2	154.2	154.2
Reserves	1,173.4	1,441.5	1,227.3	1,227.4
Retained Earnings	320.2	0.0	0.0	0.0
Total Shareholders' Equity	**1,901.8**	**1,849.7**	**1,782.6**	**1,782.6**

Small differences are due to rounding to first decimal point.

[(1)] 2020/21 forecast includes the return of $147 million as an equity contribution associated with the Genex Kidston Hydro Project.

Financial Statements

Cash Flow Statement	**Actual 2019-20 ($M)**	**Budget 2020-21 ($M)**	**Forecast 2020-21 ($M)**	**Budget 2021-22 ($M)**
Cash Flows from Operating Activities				
Cash Receipts in the course of Operations	941.4	947.1	960.0	1,053.3
Cash Payments in the course of Operations	(243.5)	(233.6)	(244.2)	(244.8)
Interest Received	4.8	5.4	2.7	1.7
Interest Paid	(219.6)	(222.5)	(215.8)	(208.8)
Tax Equivalent Payments	(57.7)	(64.4)	(51.9)	(73.5)
Net Cash Provided by Operating Activities	**425.4**	**431.9**	**450.8**	**527.8**
Cash Flows from Investing Activities				
Payments for Property, Plant and Equipment	(184.6)	(212.3)	(260.3)	(247.9)
Proceeds from Sale of Non-Current Assets	1.7	1.4	4.4	1.4
Other	---	---	---	---
Net Cash used in Investing Activities	**(182.9)**	**(210.9)**	**(256.0)**	**(246.5)**
Cash Flows from Financing Activities				
Proceeds from Borrowings	---	(14.6)	(25.1)	(15.1)
Dividends Paid	(188.0)	(264.7)	(412.8)	(164.9)
Other	7.2	---	147.0	---
Net Cash from Financing Activities	**(180.8)**	**(279.3)**	**(290.9)**	**(180.0)**
Net Increase/(Decrease) in Cash Held	**61.7**	**(58.3)**	**(96.0)**	**101.4**
Cash at the Beginning of the Financial Year	299.8	361.5	361.5	265.5
Cash at the End of the Financial Year[1]	**361.5**	**303.2**	**265.5**	**366.8**

Small differences are due to rounding to first decimal point.

[1] Includes Cash and Cash Advances.

Financial Metrics Definitions

Distribution Yield[1]	$\frac{Shareholder\ Distributions\ (Dividends\ Paid)}{Fixed\ Assets - Net\ Debt}$
Controllable Operating Expenditure (OPEX) on Total Fixed Assets	$\frac{All\ operating\ costs\ excluding\ customer\ works\ and\ depreciation}{Fixed\ Assets}$
Distribution Cash Coverage	$\frac{Prior\ Year\ Net\ Operating\ Cash\ Flow - Repex - debt\ repayments}{Shareholder\ Distributions\ (Dividends\ Paid)}$
Funds From Operation(FFO) on Net Debt[1]	$\frac{EBITDA - Net\ Interest - Tax\ Expense}{Net\ Debt}$
Net Debt to Fixed Assets[1]	$\frac{Total\ Debt - Cash}{Total\ Fixed\ Assets}$
Return on Assets	$\frac{Earnings\ Before\ Interest\ and\ Tax\ (EBIT)}{Average\ Total\ Assets}$
Net Debt to Regulated Asset Base (RAB)[1]	$\frac{Total\ Debt\ less\ Cash}{Total\ Closing\ Regulated\ Fixed\ Assets\ (including\ WIP)}$

1 Net Debt excludes ring fenced items including non-regulated project prepayments and security arrangements/guarantees.

Non-Financial Metrics Definitions

Total Recordable Injury Frequency Rate (TRIFR)	$\frac{No.of\ Injury\ Occurrences\ x\ 1{,}000{,}000}{No.of\ Hours\ Worked}$
System Minute	*A measure of energy not supplied during transmission disturbances. One system minute is the amount of energy that would be transported within Queensland during one minute at the system maximum demand.*

Attachment 1 - Employee Relations

Employee Relations

1. Employment and Industrial Relations Approach

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

Powerlink aims to ensure that its business operations:

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

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

Industrial Relations Framework:

Powerlink aims to have employment and industrial relations arrangements that support the delivery of the strategic business priorities and enables the business' objectives in a changing energy sector. These approaches are largely contained in Powerlink's two enterprise agreements:

- The *Powerlink Managers Enterprise Agreement 2021* covers approximately 5% of the workforce. It is aligned to the organisational architecture of Powerlink and recognises the important role of middle level leadership in driving business outcomes. This agreement commenced on 22 January 2021 with a nominal expiry date of 21 January 2024. The agreement contains the Queensland Government COVID-19 wage deferral arrangements; and
- The *Working at Powerlink 2020 - Union Collective Agreem*ent (WAPA) covers approximately 89% of Powerlink's staff. It provides the majority of their terms and conditions of employment. It commenced on 28 October 2020 with a nominal expiry date of 28 February 2024. It also contains the Queensland Government COVID-19 wage deferral arrangements.

2. Significant and Emerging Issues

There are several issues which influence the current employee relations plan and approach including:

- Factors in the external environment, including the regulatory review process and other rule changes, challenges in the non-regulated business environment and the changing nature of the energy sector and the role that transmission plays;
- The variability of the non-regulated business coupled with a continued focus on maintenance for the existing transmission network remains a major driver in workforce planning and resourcing;
- The need to review and update Powerlink's classification structure, as contained in the WAPA to ensure that it meets the needs of Powerlink and its future workforce. The review has commenced, and will continue during 2021;
- With the growth of renewable energy generators and changes in technology enabling our work practices, the on-going training and upskilling of our workforce will be a significant priority; and

- Powerlink adopts a 'no forced redundancies' approach (embedded in the Enterprise Agreements) in accordance with the Queensland Government's GOC Wages Policy, which requires that Powerlink retain in employment individuals whose roles have been made redundant.

Powerlink's primary Employment and Industrial Relations goals for this year are to:

- Implement the productivity initiatives negotiated as part of the Working At Powerlink Union Collective Agreement 2020. The main focus is the implementation of new technologies to enable our field workers and the introduction of an In Vehicle Asset Monitoring system;
- Complete the classification structure review by early 2022, so that we have a fit for purpose and current classification and pay progression system;
- Continue to increase our ability to resource Powerlink's work appropriately and flexibly through re-skilling and ease of movement of people across the business;
- Increase business productivity by continuing to improve staff engagement levels and lift culture to be more accountable, innovative, customer focused and constructive;
- Continue to increase leadership capability to manage industrial relations issues at an early stage to avoid unnecessary disputation; and
- Support staff with flexible working arrangements to ensure that they are able to work safely and productively.

Employment and Industrial Relations Plan

1. Employment Conditions

Enterprise Agreements

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

- the Working at Powerlink 2020 - Union Collective Agreement (the Working at Powerlink Agreement); or
- the Powerlink Managers Enterprise Agreement 2021 (Powerlink Managers Agreement).

The *Working at Powerlink Agreement* is Powerlink's primary enterprise agreement covering approximately 89% (830) of employees.

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

- A three year agreement operative until 28 February 2024;
- A base wage increase of 3% and related allowance increase per annum for the life of the Agreement (three years), partially funded (50%) by productivity initiatives in accordance with the GOC Wages Policy 2015. Note that the wage increase for March 2021 has been deferred until March 2022, with an additional wage increase in September 2022, as per the 2020 addendum to the GOC Wages Policy 2015;
- Working with Unions on the implementation of new technologies to enhance work practices and create efficiencies (In Vehicle Asset Monitoring, Field Delivery Optimisation and Next Generation Network Operations);
- No forced redundancies and salary maintenance provisions maintained for the life of the Agreement;
- Commitment to working with Unions on employee wellbeing and mental health initiatives; and
- All other key terms and conditions of the previous Agreement were maintained.

The key features of the current *Powerlink Managers Agreement*, which covers approximately 5% (50) of employees, include:

- A three year agreement operative until 21 January 2024;
- Base wage increases of 3% per annum, partially funded (50%) by productivity initiatives, with wage deferral arrangements as required by the Temporary Amendment to the GOC Wages policy 2015; and
- All other key terms and conditions of the previous Agreement were maintained.

2. Workforce

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

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

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

Workforce FTEs [1]	31 January 2021
Employment Category: Permanent (including Part-time)	813
Senior Executive	7
Apprentices (In House)	27
Trainees (In House)	2
Casual and Fixed Term Employees	76
Total Directly Employed Workforce:	925
Labour hire	10
Total Workforce (including labour hire):	935

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

3. Redundancy Provisions

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

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

The *Working at Powerlink Agreement* provides a commitment to 'no forced redundancies', subject to employees accepting reasonable redeployment and retraining. This commitment will continue to challenge Powerlink to assist employees whose roles are redundant to find alternative permanent employment.

There are currently no redeployees at Powerlink.

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

4. Remuneration Arrangements

The remuneration details for Powerlink's Chief Executive Officer and other Senior Executives applying on 31 May 2021 are:

CEO / Senior Executives	Base Salary [1]	Employer Superannuation Contributions	Total Fixed Remuneration	Performance Payment made in 2020/21 [2]
Paul Simshauser Chief Executive	730,594	69,406	800,000	-
Kevin Kehl Acting Executive General Manager People and Corporate Services	400,227	38,022	438,249	-
Darryl Rowell Chief Financial Officer	378,546	35,962	414,508	-
Jacqui Bridge Executive General Manager Energy Futures	341,392	32,432	373,824	-
Stewart Bell Executive General Manager Network and Business Development	404,994	38,474	443,468	-
Gary Edwards Executive General Manager Operations and Service Delivery	317,838	30,195	348,033	-
Ian Lowry Executive General Manager Delivery and Technical Solutions	316,741	30,090	346,831	-

[1] Includes any salary sacrifice items (e.g. motor vehicle, superannuation and other benefits).

[2] Performance payments based on performance for the 2019/20 financial year were not made in the 2020/21 year.

Performance pay for individuals employed under Senior Executive contracts was not paid for the 2019/20 financial year, as required by the temporary addendum to the Policy for Government Owned Corporations Chief and Senior Executive Employment Arrangements.

Enterprise agreement employees are also eligible for a gainsharing payment based on corporate results, but no gainsharing was paid in the 2020/21 financial year.

5. Superannuation

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

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

6. Consultation

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

7. Workplace Health & Safety

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

Enhancement of Powerlink's Health Safety and Environment management systems and an uplift in safety culture continue to be areas of significant focus.

Attachment 2 - Sponsorship, Advertising, Corporate Entertainment and Donations

Sponsorships

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

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

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

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

Advertising

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

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

Activity	Description / Benefit	Budget 20/21 ($)	Budget 2021/22 ($)	2021/22 – Quarter ($)			
				Sept	Dec	Mar	Jun
Sponsorships [1]							
Engineers Australia	EA Branch Program	5,000	5,000	---	---	---	5,000
Energy Users Assoc. of Aust.	Conference and Qld Forum	30,000	30,000	---	---	30,000	---
Country Universities Centre	Regional sponsor	---	20,000	20,000			
Qld State Emergency Service	Statewide equipment sponsor	50,000	50,000	---	---	---	50,000
Qld Environmental Law Society	Conference	5,000	5,000	---	---	5,000	---
Environmental Sponsorship	Program sponsorship	8,000	8,000	---	8,000		---
Women in Engineering Sponsorship	Industry partnership program	10,000	10,000	10,000	---	---	---
Total over $5,000		**108,000**	**128,000**	**30,000**	**8,000**	**35,000**	**55,000**
Other (total) below $5,000		40,000	40,000	10,000	10,000	10,000	10,000
Total Sponsorship (1):		**148,000**	**168,000**	**40,000**	**18,000**	**45,000**	**65,000**
Donations [2]		**10,000**	**10,000**	**Nil**	**Nil**	**10,000** [2]	**Nil**
Other (total) below $5,000		---	---	---	---	---	---
Total Donations (2):		**10,000**	**10,000**	**Nil**	**Nil**	**10,000**	**Nil**
Advertising [3]							
Total over $5,000		---	---	---	---	---	---
Other (total) below $5,000		---	---	---	---	---	---
Total Advertising (3):		**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

1 Subject to review prior to SCI final approval.
2 Powerlink conducts an annual donation program for a charity in conjunction with staff. The 2020/21 beneficiary was Hummingbird House.
3 As a general policy, Powerlink only undertakes advertising that is directly associated with its operational activities and as such, no details included.

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

Activity	Description / Benefit	Budget 2020/21 ($)	Budget 2021/22 ($)	2021/22 – Quarter ($)			
				Sept	Dec	Mar	Jun
CORPORATE ENTERTAINMENT **Total over $5,000**		40,000	40,000	10,000	10,000	10,000	10,000
Other (total) below $5,000		---	---	---	---	---	---
Total Corporate Entertainment (4):		**40,000**	**40,000**	**10,000**	**10,000**	**10,000**	**10,000**
OTHER **Total over $5,000**		---	---	---	---	---	---
Other (total) below $5,000		---	---	---	---	---	---
Total Other (5):		**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
TOTAL (1)+(2)+(3)+(4)+(5)		**198,000**	**218,000**	**50,000**	**28,000**	**65,000**	**75,000**

Attachment 3 – Financial Statements

Financial Statements

Profit and Loss Statement	Full Year ($M)	Q1 ($M)	Q2 ($M)	Q3 ($M)	Q4 ($M)
Operating Revenue					
Network – Regulated Revenue	769.9	185.8	193.7	205.7	184.7
Network – Non-Regulated	206.5	50.2	51.2	52.4	52.7
Other [1]	24.5	4.7	4.4	4.3	11.1
Total Operating Revenue	**1000.9**	**240.7**	**249.3**	**262.4**	**248.5**
Operating Expenses					
Controllable Operating Expenses	250.7	64.1	59.4	54.8	72.4
Depreciation	376.0	95.6	94.6	93.6	92.2
Other [2]	15.0	2.6	2.9	2.8	6.7
Total Operating Expenses	**641.7**	**162.3**	**156.9**	**151.2**	**171.2**
Earnings Before Interest and Tax (EBIT)	**359.3**	**78.4**	**92.4**	**111.2**	**77.2**
Net Finance Charges [3]	213.4	53.1	53.0	53.0	54.3
Income Tax Equivalent Expense	43.8	7.6	11.9	17.5	6.8
Net Profit After Tax (NPAT)	**102.1**	**17.7**	**27.6**	**40.7**	**16.1**
Dividends Provided for (includes Special Dividend)	**192.1**	**0.0**	**0.0**	**90.0**	**102.1**

Small differences are due to rounding to first decimal point.

1 Includes Proceeds from Sale of Assets and External Customer Services Revenue, and National Transmission Planner recovery.

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

3 Includes Interest Income and AASB15 impact.

Financial Statements

Balance Sheet	**Q1 ($M)**	**Q2 ($M)**	**Q3 ($M)**	**Q4 ($M)**
Current Assets				
Cash	24.9	24.9	24.9	24.9
Cash Advances	286.8	262.5	301.9	341.9
Receivables	78.1	83.5	87.5	81.9
Other	54.0	54.0	54.0	54.0
Total Current Assets	**443.8**	**424.9**	**468.3**	**502.7**
Non-Current Assets				
Property, Plant & Equipment	7,759.0	7,735.1	7,718.9	7,725.6
Other	16.1	16.1	16.1	16.1
Total Non-Current Assets	7,775.0	7,751.1	7,734.9	7,741.6
Total Assets	**8,218.9**	**8,176.0**	**8,203.2**	**8,244.4**
Current Liabilities				
Creditors	42.7	35.2	48.5	63.0
Other	166.3	93.5	92.6	191.1
Total Current Liabilities	**209.0**	**128.7**	**141.2**	**254.1**
Non-Current Liabilities				
Borrowings	5,236.4	5,232.7	5,228.9	5,225.1
Other	957.9	955.8	1,008.0	982.6
Total Non-Current Liabilities	**6,194.3**	**6,188.4**	**6,236.9**	**6,207.6**
Total Liabilities	**6,403.2**	**6,317.1**	**6,378.1**	**6,461.7**
Net Assets	**1,815.6**	**1,858.9**	**1,825.2**	**1,782.6**
Shareholders' Equity				
Share Capital	401.0	401.0	401.0	401.0
Other Equity (1)	154.2	154.2	154.2	154.2
Reserves	1,242.7	1,258.4	1,183.9	1,227.4
Retained Earnings	17.7	45.2	86.0	0.0
Total Shareholders' Equity	**1,815.6**	**1,858.9**	**1,825.2**	**1,782.6**

Small differences are due to rounding to first decimal point.

(1) Includes $147 million equity contribution associated with the Genex Kidston Hydro Project.

Financial Statements

Cash Flow Statement	Full Year ($M)	Q1 ($M)	Q2 ($M)	Q3 ($M)	Q4 ($M)
Cash Flows from Operating Activities					
Cash Receipts in the course of Operations	1,053.3	252.5	241.0	309.4	250.3
Cash Payments in the course of Operations	(244.8)	(66.7)	(69.8)	(43.9)	(64.5)
Interest Received	1.7	0.4	0.4	0.4	0.4
Interest Paid	(208.8)	(52.0)	(52.3)	(52.3)	(52.2)
Tax Equivalent Payments	(73.5)	(14.0)	(16.8)	(25.1)	(17.6)
Net Cash Provided by Operating Activities	**527.8**	**120.3**	**102.5**	**188.5**	**116.5**
Cash Flows from Investing Activities					
Payments for Property, Plant and Equipment	(247.9)	(70.5)	(48.3)	(55.5)	(73.6)
Proceeds from Sale of Non-Current Assets	1.4	0.1	0.1	0.3	1.0
Other	---	---	---	---	---
Net Cash used in Investing Activities	**(246.5)**	**(70.4)**	**(48.2)**	**(55.3)**	**(72.6)**
Cash Flows from Financing Activities					
Proceeds from Borrowings	(15.1)	(3.7)	(3.7)	(3.8)	(3.8)
Dividends Paid	(164.9)	---	(74.9)	(90.0)	---
Other	---	---	---	---	---
Net Cash from Financing Activities	**(180.0)**	**(3.7)**	**(78.6)**	**(93.8)**	**(3.8)**
Net Increase/(Decrease) in Cash Held	**101.4**	**46.3**	**(24.4)**	**39.4**	**40.0**
Cash at the Beginning of the Financial Year	265.5	265.5	311.7	287.4	326.8
Cash at the End of the Financial Year[1]	**366.8**	**311.7**	**287.4**	**326.8**	**366.8**

Small differences are due to rounding to first decimal point.

[1] Includes Cash and Cash Advances.

Contact us

Registered office	33 Harold St Virginia Queensland 4014 Australia ABN 82 078 849 233
Postal address	PO Box 1193 Virginia Queensland 4014 Australia
Telephone	+61 7 3860 2111 (during business hours)
Email	pqenquiries@powerlink.com.au
Website	www.powerlink.com.au
Social media	