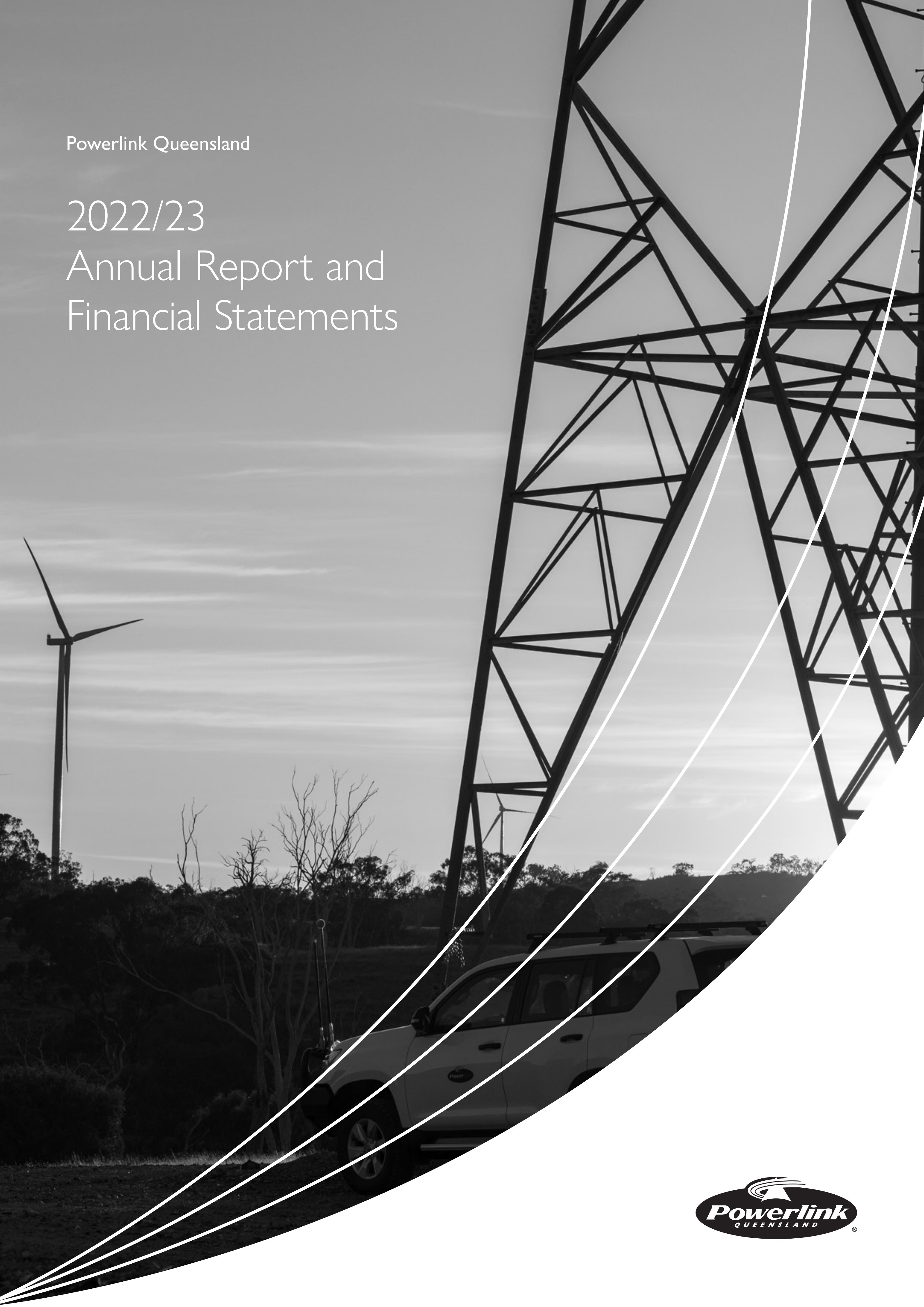
Powerlink Queensland

2022/23
Annual Report and Financial Statements



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Annual Report

Acknowledgement of Country

Powerlink 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 2022/23. Powerlink is the trading name of Queensland Electricity Transmission Corporation Limited.

Our profile

Purpose

Connecting Queenslanders to a world-class energy future.

Strategic objectives in action

Powerlink is focused on four strategic objectives to deliver on our purpose of Connecting Queenslanders to a world-class energy future:

1. Be the renewable SuperGrid: We are working to connect large-scale renewable energy projects to the grid, to create Renewable Energy Zones and to ensure our transmission network can host new sources of renewable energy.
2. Guide the market: We are guiding industry and governments in how to navigate the energy transition to deliver the best outcomes for Queenslanders.
3. Drive value for customers: We want to keep electricity costs as low as possible for the people of Queensland by innovating and operating efficiently.
4. Unleash our potential: In a complex and uncertain environment, we need to get the best from our people by empowering our staff and working collaboratively.

Values and behaviours

Accountability • Customer • Teamwork • Safety

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 15,358 circuit km of transmission lines and 147 substations.

Our purpose is to connect Queenslanders to a world-class energy future, providing electricity to more than five million Queenslanders and 253,000 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.

As well as 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 (TNSP), we link to the National Electricity Market (NEM) via the Queensland/NSW Interconnector (QNI) transmission line. Most of Powerlink's network is regulated by the Australian Energy Regulator (AER) under the National Electricity Law and the National Electricity Rules (NER).

Queensland's electricity transmission network

Our infrastructure delivery team taking a bird's eye view of line stringing for the Kaban Green Power Hub Connection Project.

This year's highlights

- We delivered a Normalised Net Profit After Tax (NPAT) of $67.0 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 $132.1 million, which includes an unexpectedly high level of Inter- and Intra-Regional Settlement Residue (IRSR) revenue[1].
- Queensland recorded a new record 30-minute electricity demand of 10,070MW on 17 March 2023 and a record minimum demand on 11 September 2022. Our network performed well throughout the reporting period to meet the new patterns of demand.
- Powerlink played a key role in supporting the Queensland Government's development of the Queensland Energy and Jobs Plan (QEJP), with transmission at the centre of policy and industry development, to support Queensland's transition to a low carbon future.
- Powerlink led development of the SuperGrid Strategy to guide the development of the proposed 500kV transmission backbone – the network infrastructure needed in Queensland to support renewable energy developments and large-scale storage.
- We progressed work on the Far North Queensland, Southern Downs and Western Downs Renewable Energy Zones (REZ) which will have the capacity to bring 4,500MW into the new SuperGrid.
- Construction of a $20 million world-class Operational Technology and Innovation Centre commenced in February 2023.
- Over 5,000MW of renewable and storage projects are in operation or under construction, and over 30,000MW is in initial project development stages as part of our renewable generation pipeline.
- We developed a new SuperGrid Landholder Payment Framework to significantly boost payments to landholders hosting new transmission infrastructure and, in an Australian first, introduced payments for adjacent landholders.
- The CopperString 2032 project, a $5 billion investment in North Queensland, transitioned to Powerlink in March 2023.
- Our annual employee engagement survey overall engagement score of 76 per cent reflected ongoing improvement in employee engagement across all divisions.
- An interim Queensland SuperGrid Training Centre and Transmission Hub was opened in Gladstone in April, providing a regional base for Powerlink teams and industry partners. Construction on a permanent site is expected to commence in 2024. In Townsville an interim hub is being established in Mount Louisa, and work is underway to establish a permanent hub in Townsville including a CBD office for CopperString 2032.
- Powerlink hosted Queensland's premier energy event, the Transmission Network Forum, in November 2022 with record-breaking industry attendance in person and online.
- Successfully established an advanced Microsoft Azure hosted cloud and data analytics platform as part of Powerlink's strategic partnership with Microsoft – effectively centralising data into an environment designed to ensure a smooth integration with future technologies.

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1. 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 adjacent 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. Normalised NPAT removes IRSRs to provide a better view of Powerlink's underlying performance.

Official opening of the SuperGrid Training Centre and Transmission Hub in Gladstone.

Customer and community highlights

- We continued our commitment to putting downward pressure on prices, including a 2.5 per cent reduction in Powerlink's portion of the annual electricity bill for typical residential and small business customers in 2022/23.
- We doubled our funding commitment to Uniting's Energy Support Program to help support customers in financial hardship or facing extreme vulnerabilities.
- We worked closely with customer and stakeholder representatives to review the engagement process in the selection and securing of transmission easements.
- The Asset Reinvestment Review involving customer and stakeholder input was completed in 2023 with recommendations for our investment approach to transmission line refit projects.
- We completed the implementation of our Reflect Reconciliation Action Plan (RAP) and are well on our way to the next stage being endorsed by Reconciliation Australia.
- We're implementing a community investment approach to on-the-ground funding to better support the communities we work in. This tiered approach provides a more targeted allocation of funds for community-building activities across Queensland.
- We continued to proactively educate and engage with customers and potential customers on changes to the regulatory and market environment.

Launching a drone used for line stringing of the tallest towers on our transmission network in Far North Queensland.

Financial overview

Powerlink recorded a Normalised Net Profit After Tax (NPAT) of $67.0 million as a result of higher Non-Regulated grid revenue, and lower financing costs. We delivered a statutory NPAT of $132.1 million, which includes unusually high levels of Inter- and Intra-Regional Settlement Residues (IRSR). (Refer to 'Powerlink business performance' below for more details on IRSRs).

The Normalised NPAT was $38.2 million better than the equivalent Statement of Corporate Intent (SCI) target of $28.7 million and reflected strong growth in non-regulated connections and Powerlink's continued focus on productivity and network reliability. Powerlink's financial result reflects an overall strong business performance with the majority of SCI performance metrics being achieved (refer page 4 summary of Statement of Corporate Intent 2022/23 table).

Powerlink business performance

Total revenue for 2022/23 was $1,044.3 million which included $93.1 million of regulated grid revenue received as IRSRs. IRSRs occur as a result of the difference in the regional reference prices in adjacent 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 (TNSP) 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 $276.2 million and $67.0 million, respectively, and were both above the equivalent (normalised) SCI targets.

Powerlink continues to focus on improving operational efficiency to ensure it delivers a cost-effective transmission service to Queenslanders. Controllable operating costs for 2022/23 were $256.3 million excluding gains/losses from hedging (0.6 per cent above the SCI target). Cost inflation is evident across the transmission industry, which is putting pressure on both operating and capital costs. Powerlink is continuing its focus on cost control through improvements in labour productivity, supply chain optimisation and delivering sustainable cost savings.

Capital investment

Powerlink's capital works expenditure in 2022/23 was $696.8 million, which was higher than the SCI target of $524.2 million. This additional expenditure reflected strong growth in providing connection services to renewable energy generation projects and proactive investment in REZ development.

Borrowings

Powerlink did not require any additional debt funding during 2022/23, with the closing balance at $5.2 billion.

Dividends

Powerlink's final declared dividend for 2022/23 was $132.1 million, based on a payout ratio of 100% of NPAT. In addition, Powerlink declared a $90 million special dividend during 2022/23.

Summary of Statement of Corporate Intent 2022/23

Powerlink's Statement of Corporate Intent (SCI) for 2022/23, as agreed with shareholding Ministers, details Powerlink's performance targets, priorities and strategies. The following table sets out the key financial and non-financial indicators in the SCI and Powerlink's performance against them. Further details on performance outcomes are provided throughout the report.

Objectives	2022/23 Performance targets	2022/23 Performance outcomes	2022/23 Performance favourability
Meet financial targets			
Achieve specified financial performance			
Earnings Before Interest and Tax (EBIT)	$311.1 million	$369.3 million	●
Net Profit After Tax (NPAT)	$73.9 million	$132.1 million	●
Normalised NPAT[3]	$28.7 million	$67.0 million	●
Net Debt/Regulated Assets Ratio	80.0%	79.6%	●
Net Debt/Fixed Assets	66.0%	63.7%	●
Funds From Operations on Net Debt	8.5%	8.9%	●
Deliver shareholder value			
Deliver targeted dividends and returns to shareholders			
Return on Assets	3.5%	4.4%	●
Distribution Yield	2.4%	2.8%	●
Distribution Cash Coverage	4.4 times	4.7 times	●
Dividend Provided[4]	$233.9 million	$222.1 million	◎
Deliver our capital works program			
Develop the Queensland transmission grid to maintain reliability and meet customer requirements			
Total capital works expenditure[5]	$524.2 million	$696.8 million	◎
Meet non-financial targets			
Achieve specified safety performance			
Total Recordable Injury Frequency Rate	7.0	4.3	●
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	3.0%	2.9%	●
Achieve network performance targets (financial year ended 30 June 2022)			
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	0	●
Increase Queensland Capacity Network Pty Ltd (QCN Fibre) contracted capacity			
Increase in total contracted capacity	>12.0%	24.3%	●

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

[3] Normalised NPAT removes 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 adjacent 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] Dividends Provided are $11.8 million less than target due to the deferral of a $70 million Special Dividend to 2023/24 partly offset by a $58.2 million higher Ordinary Dividend.

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

Chair's message

Powerlink is at the centre of a once-in-a-generation energy transformation.

The Queensland Government has set ambitious targets for delivering renewable energy developments across Queensland by 2035. The Queensland Energy and Jobs Plan (QEJP) released in September 2022 sets out the pathways and targets for Queensland to reach 50 per cent renewables by 2030 and 80 per cent by 2035, net zero emissions by 2050 and a climate-positive 2032 Paralympic and Olympic Games in Brisbane.

Powerlink is in a unique position to enable delivery of the QEJP. As the transmission network operator, we apply a whole-of-system planning approach to support delivery of an orderly, least-cost transition to a lower carbon future. We also remain committed to providing safe, reliable and cost-effective energy for the Queenslanders we serve. As part of the QEJP implementation, Powerlink is delivering the Queensland SuperGrid – the network infrastructure needed to support the development of further renewable energy projects and large-scale storage to reliably power our industries, businesses and homes.

Powerlink has connections for over 5,000MW of renewable generation and energy storage projects in operation or under construction, and a connection pipeline of over 30,000MW of renewable generation in initial development stages. To achieve the QEJP targets, we must connect an additional 20,000MW of wind and solar generation by 2035, supported by a portfolio of fast and flexible firming resources including long-duration Pumped Hydro Energy Storage, batteries and gas turbines. By doing this, we can transition our power system in a planned way by bringing in replacement energy sources and firming capacity ahead of retiring the existing coal-fired generation and keeping flexibility on the timing as circumstances shift and change.

Powerlink's formal response to the QEJP reflected our leadership role in driving the energy transformation. To deliver on this extraordinary change, we reaffirmed our commitment to focus on four strategic business objectives to deliver on our purpose of connecting Queenslanders to a world-class energy future: be the renewable SuperGrid, guide the market, drive value for customers, and unleash our potential.

The energy trilemma of reliability, affordability and sustainability now has a significant new element on which we must also maintain a laser-like focus – community. Powerlink must consider the challenges of this new energy quadrilemma in delivering the energy transformation during the next 10 to 15 years. As an industry, we must balance our impacts on the communities and landholders we will co-exist with, and ensure we are investing for the long-term by providing opportunities wherever possible. This ranges from building delivery capacity through local supplier engagement right through to increasing community capability and well-being with grants and other forms of support, and everything in between.

Powerlink remains firmly committed to engaging effectively with Queensland communities impacted by the development of the new infrastructure needed to support the energy transformation. Our early engagement approach allows us to gain insights into what is important to communities, landholders and other stakeholders, and provides opportunities to appropriately influence our planning decisions.

The release of our SuperGrid Landholder Payment Framework is a prime example of how we are listening to communities and working to provide better outcomes. In early 2023, we significantly boosted payments to landholders hosting new transmission infrastructure and – in an Australian first – introduced payments for adjacent landholders.

Through the lens of the energy quadrilemma and its new community element, we continued our commitment to the Energy Charter. Energy prices remain a key issue for customers, and the Charter's principles focus on delivery of more affordable, reliable and sustainable energy systems in line with community expectations. Over the past 12 months, we have doubled our funding commitment to Uniting's Energy Support Program for customers in financial hardship or facing extreme vulnerabilities and we're implementing a tiered community investment approach to supporting the communities we work in.

In 2022/23, we actively engaged with customers and other stakeholders in developing our future network, with a focus on providing greater value for our customers. We remain mindful of the importance of open communication and collaboration, and through our Customer Panel and other forums we provided opportunities for customers to provide feedback and challenge our decision-making processes and forward planning.

As part of our critical role in delivering a world-class energy future for Queensland, Powerlink has taken significant steps towards growing a strong, diverse and inclusive workforce. We've implemented a range of initiatives across our workforce that celebrate diversity, attract and nurture talent, and prepare our next generation of leaders for what's ahead. Our commitment to our people continues as we enhance our workforce to deliver this once-in-a-lifetime opportunity.

Powerlink delivered a strong business performance and achieved its key financial targets as approved by the shareholding Ministers for 2022/23. Our focus remains on navigating the complex environment in which we operate to ensure Queenslanders benefit from a cost-effective transmission service.

Powerlink's underlying dividend policy is to distribute 100 per cent of the Net Profit After Tax, which was $132.1 million for 2022/23.

I welcome new Board member, Joanna Brand, who joined in 2022 as one of six independent non-executive Directors. I would like to thank all Board members for their commitment and oversight in guiding Powerlink through a period of extraordinary change to meet the expectations of our customers and stakeholders during such a critical period

On behalf of the Board, I would like to thank Powerlink's people for their commitment to maintaining a safe, reliable and high performing network through record-breaking demand and extremes of weather. Despite the challenges of change as we drive the QEJP and build the SuperGrid, Powerlink's people are working for Queenslanders, delivering value for our customers and stakeholders as we shape, enable and help to deliver the Queensland energy transformation.

KATHY HIRSCHFELD AM
CHAIR

Chief Executive's review

Powerlink is taking a leading role in the once-in-a-generation energy transformation to connect Queenslanders to a world-class energy future.

Powerlink's people and network will play a central role in delivering the Queensland Energy and Jobs Plan (QEJP) – a plan that will see us reach 80% renewables by 2035.

Key to delivering this ambitious work plan is taking a strategic approach to the business. This year, we've taken a deep look at how we work, what our workforce looks like and how we make investment decisions to increase our capacity and capability to safely and cost-effectively deliver mega projects like CopperString.

Many of our transmission projects this year have been essential preparation and early works for the rollout of the QEJP. In February, we received approval for the connection works for the first stage of the Wambo Wind Farm near Jandowae. At 250MW, it is the first connection project underpinning the Western Downs Renewable Energy Zone (REZ). This REZ will be capable of hosting ~2,000MW of renewable generating capacity when complete. It's the third REZ created by Powerlink and reinforces our central role in Queensland's renewable energy transformation.

In March, the Queensland Government announced that Powerlink would deliver the $5 billion CopperString 2032 project in North Queensland. The project will see the construction of approximately 840 kilometres (km) of electricity transmission line from south of Townsville to Mount Isa, connecting the North West Minerals Province to the electricity grid. CopperString 2032 will also connect vast renewable wind and solar resources in the Hughenden region, with the potential to become Australia's largest REZ.

Powerlink undertook preliminary activities including engagement with landholders and other stakeholders to determine the final study corridor with a view to establishing a REZ in Central Queensland. We also completed construction of more than 100 towers for the new 65km transmission line as part of works to establish our Southern Downs REZ and connect the 923MW MacIntyre Wind Farm (part of the 1,026MW MacIntyre Wind Precinct) to the transmission network.

With our growing portfolio of project work, effective engagement with Queensland communities has never been more important. We have increased our resources in our project engagement and community relations teams to ensure we actively listen and respond to community members.

We welcomed the establishment of Queensland Hydro to drive the delivery of pumped hydro assets in our state. The entity will assist the Queensland Government with feasibility studies for a series of vital pumped hydro projects including the Borumba and Pioneer-Burdekin projects. We continue to work closely with Queensland Hydro to deliver the new transmission lines needed to connect the Borumba Pumped Hydro Project to the grid.

As our workload grows, safety remains our top priority. Reflecting our innovative approach to safety and performance, this year Powerlink procured a phase lifter to limit network interruption as we manage and repair lines; implemented an in-vehicle safety system for field workers, and expanded our health and wellbeing approach to incorporate psychological safety in the workplace.

This year we undertook our third annual employee engagement survey. Our overall engagement score of 76 per cent reflected ongoing improvement in employee engagement across all divisions.

This year has also seen Powerlink expand beyond the south-east corner and establish a permanent presence in the regions. Our burgeoning project portfolio means Powerlink needs a more consistent on-ground regional presence that will help us deliver projects and engage closely with the community. In April, Powerlink's first interim Queensland SuperGrid Training Centre and Transmission Hub opened its doors in Gladstone while we finalised the acquisition of a permanent site, with construction expected to commence for the long-term facility in 2024. An interim hub has also been established at Mount Louisa, as we plan the permanent Townsville hub location including a CBD office and experience centre for CopperString 2032.

Our Reflect Reconciliation Action Plan (RAP) has been completed this year with the Innovate RAP with Reconciliation Australia for endorsement. We have supported our RAP process with expanded cultural capability training and worked collaboratively to embed reconciliation into our core business.

Powerlink will deliver on our promise to be a world-class Transmission Network Service Provider (TNSP) due to the agility and capability of our people. I sincerely thank everyone who continues to drive transformational change, guide the market, unleash their potential, and make a difference to the state's energy future.

PROF. PAUL SIMSHAUSER AM
CHIEF EXECUTIVE

Board of Directors

Kathy Hirschfeld AM

Chair (Appointed 2018) BE (Chem), HonFIEAus, FTSE, FIChemE, FAICD

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. She is currently a director of Central Petroleum Ltd, Spark Infrastructure, Victoria Power Networks and South Australian Power Networks.

Kathy was appointed a Member of the Order of Australia in 2019 for her significant contribution to engineering, women and business.

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

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

Alan Millis

Director (Appointed 2015) BE (Hons), MEngSc, BEcon, DipCompSc, GAICD

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

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

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

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

Joanna Brand

Director (Appointed 2022) BA, JD, MBA (Executive), GAICD

Joanna has more than 25 years of governance, legal and executive experience, with a record of delivering growth through developing and executing strategy, capital raisings, commercial negotiations, M&A and project management, predominantly in the infrastructure and energy and resources industries.

She is currently the Acting General Counsel of Senex Energy, and has previously been General Counsel for organisations including Iris Energy, Epic Energy, Jetstar Airways, ME Bank and Billabong International, and has worked on projects including QCLNG and PNG LNG.

Joanna was previously on the Board of Powerlink from 2015-2016 and is on the Board of the Melbourne Writers Festival.

Joanna is a Member of the Powerlink Board's People and Safety Committee.

Dr Lorraine Stephenson

Director (Appointed 2017) BSc (Hons), MBA, PhD, FTSE, GAICD

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 in response 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.

Kevin Hegarty OAM

Director (Appointed 2020) BBus (Dist), MAICD

Kevin had a 22 year career within Queensland Health, 17 years of which he was a Health Service Chief Executive.

Prior to his health sector career Kevin had 14 years in the electricity supply sector commencing in 1981 with the transmission areas of both the Queensland Electricity Generating Board and Queensland Electricity Commission and finally Capricornia Electricity.

Kevin now heads his own consultancy practice that includes clients within the health, education and infrastructure sectors.

For three years until June 2021, Kevin served as a Board member of the Queensland Government's then 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.

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

Wayne Collins

Director (Appointed 2020) BEng (Elec), BBus, MIEAust (Ret), GAICD, MICD (Canada)

Wayne has more than 42 years of experience in the power and mining industries. Prior to his retirement in June 2020, Wayne led TransAlta Corporation's global mining activity and power generation operations across all fuel types. TransAlta is a publicly traded international power business based in Calgary, Canada.

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.

His career has predominantly been in power plant operations and maintenance but also included a period developing and building new utility scale renewable power plants.

Wayne has spent more than 20 years working in associated energy commodity markets (power, coal, gas, liquid fuel).

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

Executive Team

Paul Simshauser AM

Chief Executive BEcon, BCom, MCom, PhD, FAICD, FCPA

Prof. Paul Simshauser AM brings to Powerlink more than 25 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 & Water Supply, EGM Energy Markets at Infigen Energy and Chief Economist at AGL Energy Ltd.

Paul holds a PhD in Economics, a Master's Degree in Finance and is a Professor of Economics at Griffith University's Centre for Applied Energy Economics and Policy Research.

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.

Darryl Rowell

Chief Financial Officer FCPA, MBA, BCA

Darryl is an experienced executive in both Australia and New Zealand with a background in both private and public sectors, including the energy industry.

Prior to joining Powerlink, Darryl was the Chief Financial Officer at Queensland Urban Utilities.

Darryl also recently led CleanCo Queensland as Interim Chief Executive Officer for seven months.

At Powerlink, Darryl manages all finance, tax, treasury, investment analysis, contract management, internal audit, insurance, network regulation, and legal, business and risk services.

Jacqui Bridge

Executive General Manager Energy Futures BEng (Hons), GAICD, FIEAust, CPEng, EngExec

Jacqui has more than 20 years' experience in the power sector and brings to the role a detailed understanding of the electricity supply chain, regulation and energy markets.

As Executive General Manager Energy Futures, Jacqui understands that transmission networks are a key enabler of the energy transformation.

Jacqui previously led the Energy Markets team, engaging with a broad range of stakeholders to understand customer needs and influence the development of policy and regulatory frameworks for the future power system.

Jacqui's successful energy consulting career has seen her working with electricity, gas and water utilities throughout the Australia Pacific region.

Gary Edwards

Chief Operating Officer BBus, AssocDipElecEng

Gary is an experienced senior leader with more than 40 years' experience in technical and senior leadership roles within the energy industry.

Gary has extensive experience in operations and maintenance, with a focus on delivery and asset management strategy.

Gary is responsible for Powerlink's 24/7 real-time and strategic network operations, delivery of state-wide field maintenance and transmission services, operations engineering and operational technology.

Leigh Pickering

Executive General Manager People and Corporate Services BEcon, GAICD

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.

At Powerlink, Leigh leads the people and culture, business information technology, communications and customer engagement, and health, safety and environment functions.

Stewart Bell

Executive General Manager Network and Business Development BEng, PhD (Electrical), MBA, CEng, FIET, RPEQ

Stewart is a delivery focused career professional with more than 15 years senior management experience in the electricity transmission industry.

Stewart has extensive experience in asset management and investment, project delivery and network operations and maintenance. He is responsible for leading Powerlink's business development, network portfolio and strategy functions.

Ian Lowry

Executive General Manager Delivery and Technical Services BEng (Elec) (Hons), GradDipBus

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, energy markets, innovation, and work program delivery and management.

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

Undertaking final tower assembly work as part of delivering on the Queensland Energy and Jobs Plan.

Delivering the Queensland Energy and Jobs Plan

The Queensland Energy and Jobs Plan (QEJP) outlines the transformation of the state's power system. Taking a whole-of-system planning approach, the QEJP sets out the pathways and targets that will achieve a low carbon economy in a cost-effective and efficient way.

Powerlink will play a critical role in delivering the QEJP. In four stages we will deliver a high capacity 500kV SuperGrid backbone to efficiently transport renewable energy across the state, drive coordinated and efficient development of Renewable Energy Zones (REZ), and connect long-duration storage such as pumped hydro. We will support connection of new loads such as hydrogen production and the electrification of heavy industry. Powerlink will also deliver the CopperString 2032 project in North Queensland.

We are already working closely with industry stakeholders, customers, contractors, landholders, and communities to enable delivery of the QEJP, with a particular focus on delivering local community benefits for the long term.

Driving the QEJP will significantly change how we manage and resource our operations. This includes the delivery of an interim Training Centre and Transmission Hubs in Gladstone and Townsville reflecting our commitment to rolling out major energy transformation projects with a highly skilled and expertly trained workforce around the state.

Building capacity and capability

To meet the demands of this ambitious program of works, Powerlink has grown in 2022/23 and will continue to grow sustainably over the next decade. Powerlink is committed to growing the capability of our people and the partners who support us.

Significant changes and new initiatives are underway across Powerlink to ensure we increase the capacity of our network and extract the maximum we can from our assets. These include the use of new technology such as dynamic line ratings and Wide Area Monitoring Protection and Control (WAMPAC), which maximise the utilisation of existing network capacity. Powerlink is the first transmission network service provider in Australia and only the second in the world to use this technology.

Our current projects

Powerlink continued to work closely with landholders and community members in the delivery of its projects.

Engagement for the Borumba Pumped Hydro Project focused on identifying a transmission connection with the least overall impact from a social, environmental and economic perspective. More than 40 community information sessions were held during 2022/23 and attended by 2,000 residents. Engagement continues as we work towards a final alignment in mid-2024.

Landholder engagement also occurred as part of the connections for the 480MW Banana Range Wind Farm near Biloela and the 923MW MacIntyre Wind Farm (part of the 1,026MW MacIntyre Wind Precinct) near Warwick.

In a significant milestone for the 250MW Kidston Clean Energy Hub Project in North Queensland, we achieved federal environmental approvals under the Commonwealth's *Environment Protection and Biodiversity Conservation (EPBC) Act 1999.* Site construction works have now commenced and are on track for completion in Q3 2024.

CopperString 2032

The CopperString 2032 project transitioned to Powerlink in March 2023, with construction works planned to commence in mid-2024.

The project is an 840km transmission line from south of Townsville to Mount Isa that will connect Queensland's North West Minerals Province (NWMP) to the national electricity grid. It includes a 500kV line from Townsville to Hughenden to enable access to significant renewable energy development in the region.

Enabling hydrogen and industrial electrification

Powerlink has worked closely this year with a number of large industrial customers looking to decarbonise and electrify their processes. We have guided these customers to make informed decisions about connection options, costs and necessary network augmentation and impacts.

We continue to work with hydrogen proponents in a range of locations, with early works underway at Gibson Island near the Port of Brisbane.

Battery energy storage systems

Connection of battery energy storage systems (BESS) has seen significant growth in 2022/23 with more than 40 connection requests in the connections pipeline. The Bouldercombe BESS in the Central region is in the commissioning stage.

The Greenbank battery project in partnership with CS Energy progressed to the construction phase in early 2023. With commissioning expected in 2024, the project will deliver the largest BESS to date in Queensland.

Renewable Energy Zones

Our innovative market-led Renewable Energy Zone (REZ) approach will help form the foundations of the energy transformation in Queensland and support the delivery of the QEJP.

Our approach focuses on having a foundation customer or customers to establish the REZ, enabling co-location with other generators to minimise transmission network requirements and impacts on communities and the local environment. This approach is a critical part of our commitment to keeping downward pressure on electricity prices.

This year, work continued on three key REZ projects. The Far North Queensland REZ is expected to enable connection of an additional 500MW of renewable generation capacity from mid 2023/24. Work is now completed on the Kaban Green Power Hub Connection Project and is continuing at various substation sites to improve network resilience, manage system strength and unlock regional renewable capacity.

Construction of the Southern Downs REZ has significantly advanced, anchored by development of the MacIntyre Wind Precinct. Most of the transmission line construction has been completed which will provide more than 2,000MW of renewable hosting capacity.

With the Wambo Wind Farm as foundation customer, work is now underway on delivering the Western Downs REZ. A project office has been established at Dalby with warehouse and project office space to accommodate the growing locally based workforce. Demolition works are underway on the existing 132kV transmission line to enable construction of the new 275kV transmission line connection to commence in late 2023.

Preparatory works continued across Powerlink for future Queensland REZ projects, including preparation for taking on a legislated role as the REZ Delivery Body that will support development and declaration of Queensland REZs.

SuperGrid Strategy

In November 2022, Powerlink released its initial response to the QEJP and the Queensland SuperGrid Infrastructure Blueprint. In line with our critical delivery role, our response focused on three key interdependencies – REZ development, the importance of firming and storage, and future upgrades to our existing transmission network.

The SuperGrid forms the transmission backbone required to successfully deliver the QEJP. We have developed a SuperGrid Strategy, involving an organisation-wide review of the technical parameters, planning requirements, and operational considerations to formalise Powerlink's plans for a higher voltage for Queensland, at 500kV.

To meet challenging delivery timeframes, Powerlink is working on network design standards and specifications for the new 500kV transmission assets, the selection of required transmission corridors, and early market engagement with major plant and equipment suppliers.

SuperGrid Training Centre and Transmission Hubs

One of the key outcomes of the QEJP is an energy transformation that delivers jobs in regional Queensland. The establishment of two SuperGrid Training Centre and Transmission Hubs will increase Powerlink's regional presence, our permanent local workforce, and our capacity to safely train our people.

In 2023, interim Queensland SuperGrid Training Centre and Transmission Hubs opened in Gladstone and Townsville to provide a regional base for Powerlink teams and industry partners.

The hubs promote partnerships with Powerlink for local communities in regional Queensland. Across regions, those partnerships include training and employment opportunities, community engagement, and investment in community and social infrastructure. The hubs also support emergency response, logistics management and optimise the utilisation of regional ports to reduce road haulage, emissions and costs.

The Asset Reinvestment Review working group, made up of key stakeholders and Powerlink team members, to drive continuous improvement in our decision making and planning.

Value for customers

Customers are our priority

Powerlink delivers electricity to more than five million Queenslanders and 253,000 businesses, with a strong focus on driving value for our customers.

Powerlink is aware of the impact of increasing cost of living pressures for many residential and small business customers. Our focus is to drive cost-efficiencies across all aspects of our operations while supporting the connection of new generation to help put downward pressure on electricity prices.

Transmission costs form one portion of the total delivered cost of electricity to Queensland customers. As an outcome of our 2023-27 Revenue Determination, in 2022/23 Powerlink's portion of the annual electricity bill for the typical residential and small business customer decreased by 2.5 per cent. Based on that, Powerlink's transmission costs represented about 9 per cent of the total delivered cost of electricity to a typical Queensland residential and small business electricity customer in 2022/23.

In 2022/23 we doubled our funding commitment to Uniting to help support their programs for customers in financial hardship or facing extreme vulnerabilities.

Implementation of our corporate Customer Strategy continued, with increased coordination on value creation across the organisation and providing additional pathways for the voice of the customer to inform planning and decision-making.

Our Customer Panel remains the primary customer engagement forum for Powerlink and met in September 2022 and March and June 2023 to consider a range of important topics, including Powerlink's SuperGrid Strategy.

Powerlink hosted the Transmission Network Forum in November 2022, with a record attendance of 450 participants, both in person and online. As the state's premier energy event, the forum included a welcome from the Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement, the Honourable Mick de Brenni MP, an industry panel discussion on the Queensland Energy and Jobs Plan (QEJP), and a technical session with highlights from our 2022 Transmission Annual Planning Report (TAPR).

Asset Reinvestment Review

During the revenue determination process for our 2023-27 regulatory period, the Australian Energy Regulator (AER) identified the potential for improvement in Powerlink's transmission lines asset management and replacement practices.

Powerlink is committed to seeking continuous improvement across all of our business operations and recognises that affordability is a key concern for our customers. In line with this commitment, and in response to the potential opportunities identified by the AER, we undertook to review our approach to network asset reinvestment, particularly for overhead transmission lines.

The Asset Reinvestment Review (ARR) completed in 2023 provided recommendations for endorsement and implementation based on input and feedback from external stakeholders.

The ARR focused on how Powerlink makes transmission line reinvestment decisions including when to refurbish or reinvest, when to bundle works and the timing of capital investment to optimise life cycle costs.

Supported by a working group including internal representatives and our external Customer Panel, the outcomes of this review give Powerlink more options to consider when planning line reinvestment and future works.

Connecting new generation

As the energy transformation accelerates, the volume of connection enquiries and applications has increased significantly. At the end of 2022/23, we are progressing 49 renewable project applications representing approximately 18,800MW of generation.

In 2022/23, Powerlink completed construction on five connection projects, adding 621MW of renewable generation capacity to the National Electricity Market. Connection and access agreements were finalised for a further three renewable generators and battery energy storage systems (BESS) that will add 350MW of generation capacity. We once again experienced strong interest from wind farm and battery proponents throughout 2022/23.

Early works are underway to connect future pumped hydro energy storage projects with the existing network, and the connection of the Hughenden REZ and the North West Minerals Province (NWMP) via CopperString 2032.

Positive generator feedback reflects Powerlink's enhanced responsiveness to customers, our commitment to delivering connections, and our focus on working cooperatively with project proponents.

Renewable electricity generator and battery storage connections completed in 2022/23		
Region	Project	Generation capacity
Southern	Bluegrass Solar Farm	148MW
Southern	Edenvale Solar Farm	146MW
Southern	Wandoan South Solar Farm	125MW
Northern	Kaban Wind Farm	152MW
Central	Bouldercombe BESS	50MW

Renewable electricity generator and battery storage connections committed in 2022/23		
Region	Project	Generation capacity
Southern	Wambo Wind Farm Stage 1	250MW

Load connections committed in 2022/23		
Region	Project	Generation capacity
Central	Ironbark Mine	16MW
Central	Aldoga Green Energy Manufacturing Centre	180MW

Managing system strength

Powerlink continued to work closely with customers, proponents and industry stakeholders to address system strength challenges on a fast-changing electricity network as part of the energy transformation.

The Australian Energy Market Commission (AEMC) introduced an evolved system strength framework for inverter-based resources that apply to connect to Powerlink's network. Under the new framework, parties who apply to connect on or after 15 March 2023 can choose to:

- remediate their system strength impact themselves; or
- pay for their use of system strength resources procured by Powerlink.

From 2025, Powerlink is required to procure system strength from the market. A Regulatory Investment Test for Transmission (RIT-T) is out to market to procure the additional system strength required.

From March 2023, system strength unit prices are published on the Powerlink website. We shared information on options for customers via a webinar and face-to-face workshop sessions. Powerlink will continue to work closely with customers, proponents and industry stakeholders to address these system strength challenges.

The Energy Charter

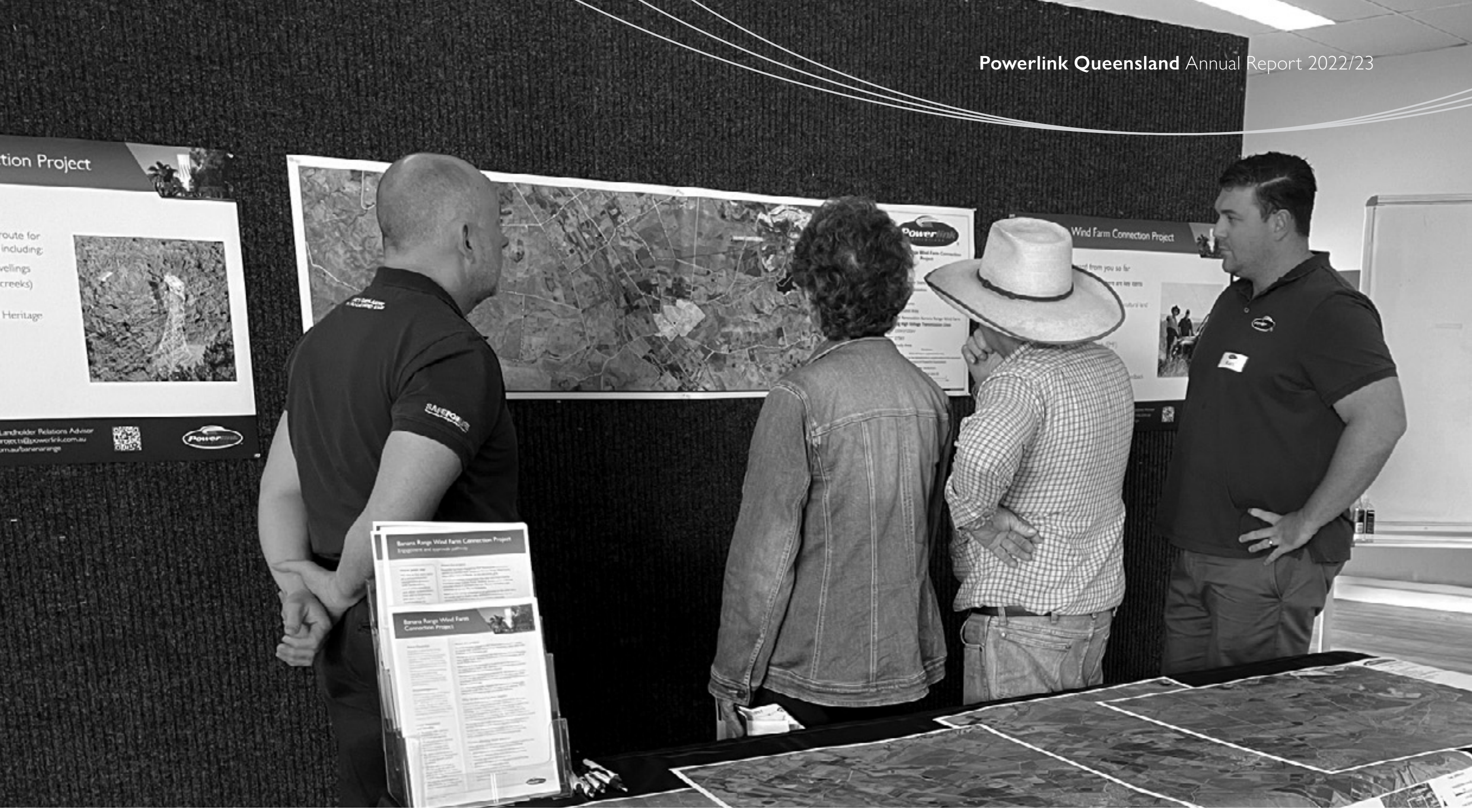
As a foundation signatory to the Energy Charter, Powerlink has a clear commitment to a cross-sector collaborative framework to deliver better outcomes for customers.

Powerlink published its 2021/22 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 continuous improvement.

Powerlink has been heavily involved in the #BetterTogether initiative to improve engagement with agricultural landholders impacted by transmission infrastructure. Market research to gain better insights into co-existence opportunities was completed in November 2022, providing tangible strategies to improve the way that farming operations and transmission infrastructure can co-exist. A formal guideline was released nationally in May 2023.

Powerlink is working with all Energy Charter signatories on current cost of living pressures on households. A key initiative will involve the development of an awareness campaign to promote rebates and concessions for applicable customers.

Powerlink is also engaging with Queensland's peak environmental bodies to discuss improvements for biodiversity outcomes associated with renewable energy development. Improvements to biodiversity mapping and a better practice guideline are key focus areas.



Engaging with community members at an information session as part of a new wind farm connection project at Biloela, in Central Queensland.

Our communities

Community engagement

Powerlink has always held a strong view that engaging with local communities is a vital part of providing its electricity transmission services. This focus on effective engagement has increased in line with our growing portfolio of projects.

We have expanded our project engagement and community relations teams to allow for earlier and more detailed engagement with community and landholders.

During the year, Powerlink established a working group of customer and stakeholder representatives to review the process by which we engage and gain approvals for transmission easements. The review was completed in June, with key recommendations including introducing a new step to gain community insights to inform community engagement, community investment and corridor selection processes.

SuperGrid Landholder Payment Framework

Powerlink has developed a new SuperGrid Landholder Payment Framework which will significantly boost payments to landholders hosting new transmission infrastructure.

Under the new framework, Queensland landholders hosting new transmission infrastructure will receive higher payments. The increase in payments is based on property-specific values and impacts, as opposed to using only a flat rate.

Powerlink will also become the first transmission company in Australia to offer payments to landholders with properties adjacent to new transmission infrastructure.

The new payment framework will see an increase in flexibility around the timing of payments, offering an annual payment option, and giving payment estimates to landholders much earlier in the process.

Community sentiment research

Powerlink completed the most comprehensive community sentiment research about renewable development undertaken by a transmission business in Australia to date.

The research indicates that there is broad support for renewable energy targets and commitments, and the need for transmission infrastructure to be developed within specific communities.

The research also showed that there are three main drivers of trust and acceptance across all three regions:

- **Distributional fairness:** the perception that the community is receiving its fair share of the benefits generated by the project
- **Procedural fairness:** the extent to which the community feels appropriately involved in decision making and that Powerlink is responsive to community concerns
- **Confidence in governance:** that checks and balances are in place to ensure that Powerlink does the right thing for the community.

While similar sentiments were recorded across the state, each region had specific ideas and thoughts unique to that area. This feedback is invaluable going forward as it helps to plan our engagement activities in a targeted way across these regions.

Community investment

Community investment helps us to better support sustainable communities, assist in regional economic development, enhance community and social capacity and build resilience in areas where existing or future transmission infrastructure is located.

Our approach divides investment into three pillars:

- **Pillar 1:** small community grants and sponsorships
- **Pillar 2:** support community capacity and resilience
- **Pillar 3:** broad scale support of larger legacy investments

The approach has been formally accepted across Powerlink, and industry and community have both been broadly supportive of this approach.

Sponsorship programs

This year we've expanded our sponsorship program with a continued focus on safety, attracting people into the energy industry, investing in local communities where projects are active and working with our customers. In particular, we continued our ongoing sponsorship to support the State Emergency Service (SES) with a major investment in vital new equipment for their volunteers across the state.

Supporting the SES to protect Queenslanders

The 2022/23 Energising Queensland SES Equipment Program saw Powerlink again partner with Energy Queensland to support the SES.

Essential equipment was supplied to 160 SES groups state-wide that support 3,466 volunteers and their communities. Equipment included generators, emergency lighting and specialist emergency packs which were then used in major flood events in the Western Downs and South Burnett areas in 2022/23.

This partnership recognises the key role of the SES in disaster recovery, and the importance of Powerlink working together with the SES to keep Queenslanders safe in times of need.

Educational partnerships

Powerlink has worked this year on expanding our educational partnerships, encouraging high school and university students to consider the energy industry as their career path of choice. For the first time, Powerlink hosted the Industry Day for University of Queensland Women in Engineering. This event saw 40 female students across Years 11 and 12 from across the state attend the Virginia office to learn about the potential of the industry. Women now make up around 25 per cent of graduate engineering students and we're excited to get as many of them as possible to work with us here at Powerlink.

We're also working collaboratively with university student societies to highlight the pathways to the energy industry for students beyond the engineering study stream.

Indigenous Partnerships

We are working with Traditional Owner groups to improve relationships. With this in mind, we established a dedicated Indigenous Partnerships Team, with a focus on developing and implementing our Indigenous Partnerships Strategy.

Our Native Title Strategy is currently under development, bringing our consideration of First Nations people, communities and connection to land into business-as-usual processes.

Reconciliation action

This year saw the completion of Powerlink's Reflect Reconciliation Action Plan (RAP), our first step in our reconciliation journey.

Powerlink's cross-enterprise RAP Governance Group and the Indigenous Partnerships Team worked together to create an aligned approach to support reconciliation and embed it into our core business. Powerlink's Innovate RAP has been submitted to Reconciliation Australia for endorsement, with finalisation of the plan expected in 2023/24.

Cultural Capability Program

This year saw the expansion of our Cultural Capability Program. Equipping our leaders with the understanding of why reconciliation is important and appreciating the importance and advantages of First Nations cultural diversity is essential to inclusion and diversity in our workplace.

This program was previously available to senior leaders but is now open to all staff given the importance of delivering on all aspects of the RAP.

Community safety

We continued to embed Powerlink's community safety capability with our Community Electrical Safety Plan being guided by an organisation-wide action group.

For the second year, we spent time at FarmFest near Toowoomba in early June 2023, engaging with rural landholders and businesses about safety and shared areas of interest.

Powerlink maintains an active Bushfire Mitigation Working Group internally and engages with external stakeholders to coordinate and cooperate with broader fire mitigation activities. We also participate in state, national and international forums to ensure we inform the continual improvement of key controls.

Undertaking insulator replacement work as part of our maintenance program on the Belmont to Bundamba transmission line.

A world-class network

Next Generation Network Operations

A world-class Transmission Network Service Provider (TNSP) requires a world-class Energy Management System (EMS). The replacement for our existing EMS is undergoing comprehensive testing prior to network commissioning. The program will test over 300,000 individual network data points throughout the Queensland transmission network, including major industry connections and direct customers. In conjunction with the testing phase, we have launched modern training and learning options to support key network operations personnel to adapt to new ways of working.

The new EMS will be the foundation from which we build technology-enabled initiatives. A focus on delivering improved network operations and process automation contributes to better service for our customers and the wider Queensland community.

Construction of an Operational Technology and Innovation Centre commenced in February 2023. The centre includes laboratories and a control room simulator to allow for assessment of new operational technologies and hardware prior to deployment in the field. This is critical for the security of our network and the safety of our workforce as the operational complexity of the network increases.

Electricity demand and forecasting

Queensland recorded a new record 30-minute electricity demand of 10,070MW on 17 March 2023 and also a record minimum demand of 3,469MW on 11 September 2022.

Planning and development of the transmission network is integral to Powerlink meeting its obligations under the National Electricity Rules (NER), Queensland's *Electricity Act 1994* and its Transmission Authority.

Powerlink's Transmission Annual Planning Report (TAPR) provides stakeholders and customers with a 10-year outlook on the existing and future transmission network in Queensland.

The TAPR provides information on energy and demand forecasts, committed generation and current projects for a 10-year period. It identifies potential future transmission network investments and non-network solutions to inform the development of Queensland's future transmission network.

The 2022 TAPR forecast an increase in Queensland's transmission delivered summer maximum demand at an average rate of 2.0 per cent per annum over the next 10 years. This would increase maximum demand on the network from 8,876MW (weather corrected) in 2021/22 to 10,819MW in 2031/32. The TAPR also forecast a decline in minimum transmission delivered demands in all scenarios over the 10-year period.

To meet our commitments to drive the Queensland Energy and Jobs Plan (QEJP) and deliver the SuperGrid, we are bringing demand and energy forecasting back in-house rather than relying on Australian Energy Market Operator (AEMO) forecasts. Due to the complexity of transformation, the expected increase in demand, and the critical need for local Queensland knowledge and capability, we are working with Energy Queensland Limited (EQL) and the Australian Energy Council (AEC) to develop our own data to complement AEMO forecasts. Powerlink is committed to working with EQL, AEMO and our customers to understand the impact of electrification on demand and energy forecasts.

Network performance

Minimising the impact of network outages on wholesale market prices remains a key focus of operating our network. Powerlink has devoted significant resources, time and planning to managing planned and unplanned outages. However, this is occurring in a more complex and dynamic operating environment than foreseeable even 12 months ago.

The changing generation mix and associated transformation has challenged well established historical operating processes and outage planning principles. In the reporting period we have seen record breaking levels of maximum operational Winter and Summer demand, maximum end user demand and sharply declining minimum operational demand.

We experienced a higher than usual number of planned outages this year to enable project work across the network. We implemented robust contingency plans to reduce customer impacts with fast restorations should an unplanned outage occur.

Powerlink welcomed the May 2023 announcement that the Australian Energy Regulator (AER) will review the Service Target Performance Incentive Scheme (STPIS), as the current scheme is not fit for purpose as the complexity of the operating environment increases.

Powerlink's network performed better than our Statement of Corporate Intent (SCI) target during 2022/23 and did not experience any unexpected loss of supply events greater than thresholds specified (see page 4).

We are proactively focused on adapting and responding to these new network operating complexities and working with our connected customers through this changing environment.

Network innovation

Wide Area Monitoring Protection and Control

Powerlink's high speed state-wide control system, Wide Area Monitoring Protection and Control (WAMPAC), rapidly detects and responds to events on the network on a post-contingent basis. As the first TNSP to implement a WAMPAC platform in Australia and the second transmission network utility in the world to do so, our strategic and staged approach continued in 2022/23 and led to an increase in the network's usable capacity and a reduction in network outages.

Phase lifter

Powerlink secured a piece of key safety equipment in another Australian first for a TNSP. The phase lifter safely removes electricity wires off a tower so live work can be undertaken without disconnecting or constraining our connected generators or Queensland customers.

The phase lifter lifts conductors away from the towers so insulators, hardware and structural steel members on structures can be safely changed while the conductors remain energised. Supporting a range of other functions, the phase lifter allows routine and unscheduled maintenance to occur without interrupting the power supply or diminishing system strength and offers new opportunities for replacing towers in situ as an alternative to tower refit projects.

Managing network voltage levels

Powerlink tested and identified solutions to address the increased frequency and impact of network voltage issues in South East Queensland. Following an initial plan to install three reactors into the network, Powerlink identified an alternative solution that installs one reactor and relies on emerging network support from batteries and other future renewable technologies.

Field Delivery Optimisation

The Field Delivery Optimisation (FIDO) system is a revolutionary change for Powerlink, developed to enhance safety, work packaging and efficiency, and provide greater visibility of future planned work.

As part of a pilot project, field workers are equipped with iPads running the FIDO system that improves the way work is packaged, reported, scheduled and managed. The system provides instant access to data to promote efficiencies in the way field teams manage their work. Following user acceptance testing, implementation is expected in late 2023.

Improving field communication and data

Based on the major projects that Powerlink must deliver to drive the QEJP, it is critical that the growth comes with a continued commitment to safety through improvements in maintenance processes.

The Starlink satellite internet trial continued as we assess improvements to telephone and internet access for field workers. The trial tested equipment in regional areas to eliminate coverage 'dead zones' without reliable telephone signals or internet coverage to keep field workers connected to Powerlink systems and improve safety and efficiency.

New Oil Laboratory facility

Powerlink's Oil Laboratory Services has a growing customer base across Australia as well as international markets like New Zealand, Singapore and Papua New Guinea.

Following a review of Powerlink's oil laboratory procedures and processes, a new facility has been approved for construction at the Powerlink Virginia site. A new facility was identified as the most economic and efficient option to address safety, workflow and technical capability.

The new laboratory provides 24/7 access to laboratory services and increases testing capacity to support customers. The facility is expected to open in October 2025.

In September 2022, auditors from the National Association of Testing Authorities (NATA) completed the ISO/17025 Testing and Calibration recertification audit of the laboratory. NATA accreditation equates to a globally recognised, peer-reviewed and government-endorsed accreditation that provides a unique level of assurance to other members, our customers and the community. The laboratory received no non-conformances from the NATA audit, and commentary that the oil laboratory was "perhaps one of the best laboratories that they have audited".

Capital works program

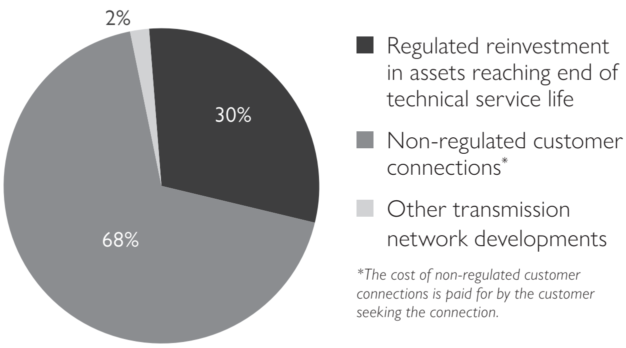
Powerlink's approach to capital expenditure supports a safe, reliable and clean transmission service delivering on our purpose of connecting Queenslanders to a world-class energy future.

We continue to prioritise security of energy supply for Queenslanders while remaining cost-effective and optimising whole-of-life cycle costs.

Powerlink's forecast total regulated capital expenditure allowance for the 2023-27 regulatory period as determined by the AER is $882.4 million (2021/22 real), which is a decrease of 3.7 per cent from the previous regulatory period.

Total capital works project expenditure in 2022/23 was $696.8 million, which was significantly above Powerlink's Statement of Corporate Intent (SCI) target of $524.2 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 $243.2 million was marginally above the SCI target due to expenditure on several projects to increase transmission line ratings in addition to projects being brought forward to optimise the capital works program.

Capital expenditure as a percentage of total network capital works 2022/23



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

Major regulated network projects

Major transmission developments and reinvestments (over $10 million) completed in 2022/23	
Region	Project name
Central Queensland	Bouldercombe 275kV Substation replacement

Major transmission developments and reinvestments (over $10 million) under construction in 2022/23	
Region	Project name
North Queensland	Cairns 132kV Substation secondary systems replacement
	Chalumbin 275kV Substation secondary systems replacement
	Eton to Alligator Creek 132kV transmission line refit
	Davies Creek to Bayview Heights 275kV 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
Central Queensland	Broadsound 275kV bus reactor
	Calvale and Callide B 275kV Substation secondary systems replacement
	Gladstone South 132kV Substation secondary systems replacement
	Kemmis 132kV Substation secondary systems replacement
	Lilyvale 132/66kV Substation transformer replacement
	Lilyvale 132kV Substation primary plant replacement
	Wurdong 275kV Substation secondary systems replacement
Southern Queensland	Abermain 110kV Substation secondary systems 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

Network maintenance

To ensure network reliability across our transmission network, we employ a range of maintenance strategies and practices for routine maintenance, inspections and repairs to ensure the risks arising from the condition and performance of our assets are appropriately managed. Powerlink utilises a range of advanced monitoring and control systems to continuously monitor the operation and performance of the network.

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 2022/23	
99.7% maintenance completed	$159.7 million Invested in maintenance

Engaging in external regulatory consultation

Powerlink contributed to a number of external regulatory consultation processes this year, in support of pragmatic regulatory change for the benefit of our customers. Powerlink has also provided robust submissions on a range of proposed regulatory changes that will affect how we plan the future network.

Key engagement activities in 2022/23 are outlined below.

Ring-fencing

The AER completed its review of the Electricity Transmission Ring Fencing Guideline in March 2023. The review included a range of new ring-fencing obligations for TNSPs.

A range of reporting obligations have been implemented. Powerlink is working through these new obligations to determine next steps for the remaining new obligations to be implemented by March 2024.

Transmission Planning and Investment Review

The Stage 3 report has been published by the Australian Energy Market Commission (AEMC). The report places additional obligations on TNSPs in support of the efficient management of system strength on the power system. Powerlink is reviewing how these changes impact network planning and assessing our investments to proactively plan and develop system strength provision.

Introduction of emissions reduction to the National Energy Objectives

In 2022, Australian Energy Ministers agreed to fast-track legislation to include emissions reduction in the National Energy Objectives. Powerlink supports the change in principle, pending determination of the impacts for Powerlink, and provided a submission during legislative consultation.

System strength pricing

Powerlink submitted an amended Pricing Methodology to the AER which was approved and implemented in 2022/23. Based on new AER requirements, all TNSPs published fixed five-year unit prices for system strength in March 2023. Powerlink engaged with customers and published a user-friendly overview to help them understand what the pricing means to them, and the options to meet their requirements.

RIT-T and other network consultations

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 $7 million threshold, as defined in the NER (formerly $6 million). The RIT-T process is designed to give customers, stakeholders and other interested parties an opportunity to engage on the merits of the proposed network investment and propose alternative non-network solutions.

For the first time, Powerlink has this year undertaken an RIT-T to procure system strength following a rule change.

RIT-T assessments completed in 2022/23
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
Maintaining power transfer capability and reliability of supply at Redbank Plains

RIT-T consultations underway as at 30 June 2023
Addressing system strength requirements in Queensland from 2025
Addressing the secondary systems condition risks at Tangkam
Managing voltages in South East Queensland

Other regulated consultation processes completed in 2022/23
Augmenting the transmission network to enable hydrogen production at Gibson Island

Other regulated consultation processes underway as at 30 June 2023
Request for power system security services in central, southern and broader Queensland regions

Procurement

All Powerlink procurement is guided by the Queensland Procurement Policy 2023 (QPP) and Buy Queensland.

COVID-19 continues to impact global supply chains, and this has forced Powerlink to reconsider our inventory management approach. In 2022/23 we transitioned from operating a 'just-in-time' inventory management approach, acquiring goods and services we needed at the time to a 'just-in-case' basis that ensures we can access plant and equipment in a timely manner to safeguard continued network reliability and on-time delivery of project work.

Tier I contractor management

As uncertain global economic conditions continue to disrupt supply chains, Powerlink is seeking to be the customer of choice with contractors in an extremely competitive market for resources.

Powerlink has focused on improving our Supplier Relationship Management approach, increasing visibility of our pipeline of work, and providing greater certainty and continuity for our key suppliers' resource planning. This approach also addresses risk allocation.

A heads of agreement with construction contractors is now in place to provide a longer outlook of project work.

Ethical Supplier Mandate

In March, Powerlink was advised by the Queensland Government to apply the Ethical Supplier Mandate as far as practicable.

In line with the requirements, as defined in the QPP, updated procedures have been embedded within our procurement processes to manage any breaches identified throughout the life cycle of our contractual arrangements.

Cyber security

Cyber security is essential to Powerlink's ability to deliver safe, cost effective and reliable electricity to Queenslanders.

Powerlink invests in services, tools and resources to protect our digital systems and manage risks. We increased maturity as an organisation in alignment with the Australian Energy Sector Cyber Security Framework and increased capacity to manage external threats and compliance with relevant Australian legislation.

Collaborating with Acciona Energia, the National Association of Women in Construction and local school leavers at the MacIntyre Wind Precinct to attract the next generation of energy workers.

Our people

Powerlink's workforce is continuing to grow to ensure we have the necessary skills and capacity to help deliver the mega projects of the Queensland Energy and Jobs Plan (QEJP). Over the past year there has been a 23 per cent increase in the number of Full Time Equivalent employees across the business.

The past year saw the establishment of a team dedicated to talent and attraction to ensure Powerlink meets its future workforce needs.

We are working on a number of strategies to build a skilled workforce and make Powerlink an employer of choice. These include:

- Developing our employee value proposition to position Powerlink as an employer of choice in domestic and international markets, with opportunities not limited to the electricity industry.
- Refreshing and expanding our Development Engineer Program to encourage retention through optimal experience and support for our graduates, whilst widening opportunities for graduates outside of traditional engineering fields.
- Expanding our trade-based Apprentice Program as part of our strategy to grow our internal capability.
- Working on our reward and recognition approach, ensuring our remuneration framework is competitive and contemporary.
- Reviewing and re-aligning our third-party agency partnerships and market engagement with tertiary, vocational and school institutions to develop talent pools and pipelines for future resourcing demands.

State-wide Transformation and Resourcing Strategy

As part of Powerlink's commitment to our people, the State-wide Transformation and Resourcing (STAR) Strategy has been developed to improve Powerlink's field work delivery program, enhance state-wide planning and optimise Powerlink's facilities and workforce.

The first initiative, completed in 2022, identified and filled resource gaps, established an integrated planning process for better collaboration and control, and investigated new ways of attracting and retaining talent.

We're now focusing on growing our regional presence as we commence work on major projects across the state. We established interim Training Centre and Transmission Hubs in Gladstone and Townsville, with work underway to establish the permanent hub in both locations. These hubs allow us to attract skilled industry people to work on our network assets in those areas and train staff – including contractors – on real-life assets.

Our presence in the regions allows us to build a permanent local workforce and better connect with the community, our contractors and landholders.

Diversity and inclusion

Powerlink is committed to providing a diverse and inclusive workplace where everyone is respected. We've undertaken a number of actions in 2022/23 to strengthen diversity and inclusion (D&I) for the benefit of all employees.

To further support LGBTIQA+ inclusion, a new Gender Affirmation Guideline was developed to support transgender and gender diverse employees to affirm their gender in the workplace and provide guidance for leaders on how to support a positive gender affirmation experience.

We promoted an existing benefit under the Working at Powerlink Agreement (WAPA) and Managers' Agreement allowing employees to request the substitution of a gazetted public holiday for another day. This flexibility allows people to better align a holiday with their traditions, beliefs and values.

We implemented a Parents, Carers and Wellbeing platform with useful resources to support employees with their wellbeing and caring responsibilities as well as resources for leaders to support their employees, along with other enhancements to improve the parental leave experience.

As part of our WORK180 partnership, Powerlink participated in an Equity Audit where we were benchmarked against other endorsed employers and best practice approaches to D&I. The audit adopts an intersectional lens to highlight gaps and strengths across 10 key standards driving equity in the workplace. Powerlink's Equity Audit score is currently sitting at 54 per cent with only 10 per cent of other endorsed employers sitting above this.

Diversity Powerlink Wide	Percentage of employees
LGBTIQA+	2%
People with disability	3%
Aboriginal and/or Torres Strait Islander Peoples	1%
Australian South Sea Islander Peoples	0.2%
Culturally and linguistically diverse people	26%

Our commitment to our people and flexible working arrangements remains a priority as our workforce continues to grow.

Health and wellbeing

As we experience extraordinary change and our workforce continues to grow, our commitment to our people remains a priority.

Our Health, Safety and Environment (HSE) Strategy and Powerlink's Fit for Life Program guide our activities and focus on workforce health and wellbeing across physical, mental, organisational and social health.

We continued to offer a range of health screenings and programs including a workforce-led ergonomics approach. We implemented an early intervention physiotherapy option for employees with physically demanding roles to remain proactive in injury prevention.

We offered free flu and COVID-19 vaccination opportunities, voluntary skin checks, and other health screening including cholesterol and diabetes checks.

Psychological safety in the modern workforce

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, and introduced the SpeakSafe approach to psychological safety.

Psychological safety means you feel safe to bring up ideas in the workplace. The SpeakSafe program helps build team self-awareness and a shared understanding of what psychological safety means for the team and practices to build team unity. All staff will participate in the SpeakSafe program to ensure that we build psychologically safe environments that are part of genuine diversity and inclusive practices and cultures.

Employee engagement

The third annual employee engagement survey was held in early 2023. At 76 per cent, this year's participation rate was our second highest ever. Our engagement rate, also at 76 per cent, jumped by 5 per cent to exceed targets. This result puts Powerlink one point below the top 25 per cent of companies in Australia and reflects an improvement in employee engagement across all divisions.

Leadership capability

Effective leadership is a key driver of employee engagement and organisational performance. Powerlink is committed to recruiting, developing and retaining individuals with the capability and motivation to support the achievement of our strategic goals.

Educating leaders is one of the four strategic recommendations in Inclusion @ Powerlink – a three-year program of work to accelerate broader D&I progress and build a more inclusive workplace.

The Leadership @ Powerlink framework

This framework was refreshed in 2022 and incorporates four types of development for future and current leaders:

1. **Capability Programs:** aimed at building leadership capability across the organisation
2. **Diversity Programs:** aimed at increasing leadership diversity and accelerating women in leadership at Powerlink
3. **High Potential Programs:** accelerating leadership capability across the organisation
4. **Team Effectiveness Programs:** aimed at developing leadership, beliefs and behaviours that drive sustainable high performance within teams.

In 2022/23, the following programs were available to our people:

Powering Ahead

The Powering Ahead program was completed in November 2022, with more than 790 employees participating in this foundational cultural program for delivering our Business Strategy.

Good to Great

The Good to Great program works with positional and personal leaders to build leadership capability and create a sustainable performance culture that enables peak performance.

The program focuses on leadership, beliefs and behaviours that drive sustainable high performance within teams, recognising that good leadership can come from both a person and a formal position.

Accelerate Women in Leadership

Twenty-eight women across all divisions began the 2022/23 Accelerate Women in Leadership program. The program facilitates connection building, learning from women leaders and leadership skills that will set them up for the future.

Fifteen women from across Powerlink enrolled in the Accelerate Mentoring Program, pairing them with a leader for a 12-month mentoring relationship focused on growing and developing future leaders by providing them with opportunities, experiences and key relationships.

Workforce statistics

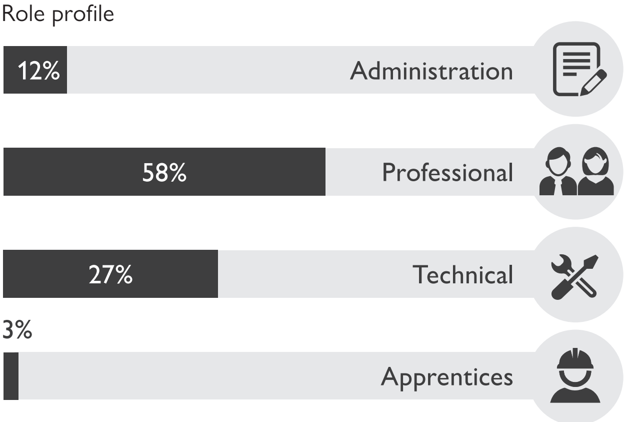
Our workforce was 1,283 Full Time Equivalent Staffing as at 30 June 2023.

Workforce demographics

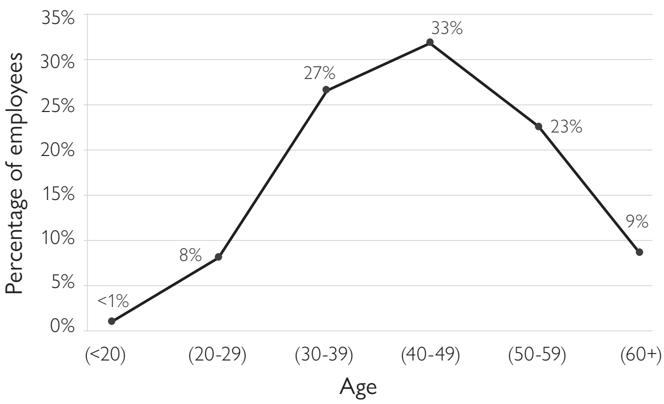
Gender profile*	
Woman	**Percentage of employees**
Powerlink wide	26%
Apprentices	18%
Leadership	27%
Executive	29%
Board	50%
Man	**Percentage of employees**
Powerlink wide	72%
Apprentices	82%
Leadership	71%
Executive	71%
Board	50%
Gender diverse	**Percentage of employees**
Powerlink wide	0%

* Note that gender profile percentages do not add to 100, reflecting that 2% preferred not to say.

Role profile



Age profile



Committed and accountable

Safety is more than a Powerlink value. It is a key component of our culture and central to the way we work.

Powerlink strives to continually improve HSE practices and outcomes to support the wellbeing of our people, customers, contractors and communities, and minimise harm to the environments where we work and operate.

In 2022/23, work continued to support our HSE Strategy and its purpose of 'healthy and engaged people enabling safe work'. Our HSE profile continues to mature, with strategic pillars underpinned by Powerlink's organisation-wide leadership and learning principles which are based on the Human and Organisational Performance (HOP) principles of: Error is normal, Blame fixes nothing, Context drives behaviour, Learning is vital and Response matters.

We commenced adapting our systems to reflect contemporary, evidence-based thinking to support the growth necessary to deliver on the QEJP. We will continue to anticipate new risks and reiterate our commitment to safety during Powerlink works, and to plan for the challenges that energy transformation will bring.

Powerlink is undertaking a range of initiatives to ensure the safety of our rapidly growing workforce as they enable new technology and expanded networks. Reflecting the scale of the energy transformation and Powerlink's commitment to safety through regional expansion, regional safety and environment advisors will be located in regional areas for the first time.

Safety commitment in action

The In Vehicle Asset Management Systems (IVAMS) is a program that uses devices in our vehicles to understand driving risks, improve the safety of our drivers and recognise positive behaviours.

Informed by industry effectiveness data, we are progressively installing IVAMS across the Powerlink fleet. Vehicles are fitted out with a duress alarm and sensors for rollover, impact and cornering. The system also supports us to manage our people's safety in case of an emergency.

Progressive HSE maturity

Powerlink's HSE Strategy focuses on building on our safety learning methodologies, improving psychological safety and a continued focus on control improvement. Our maturing HSE approach has been supported in 2022/23 by piloting the introduction of control performance intelligence tools to enable analysis and actionable insights.

Engagement with our staff is a key element of testing our HSE maturity. In 2022/23, we focused on upskilling our teams to identify HSE improvements for normal work, in response to events, and to meet increasing environmental requirements for upcoming greenfield projects.

These insights are supported by the recent results of the 2023 employee engagement survey, ensuring we're meeting HSE performance expectations as we manage our ongoing operations and head into a period of growth.

Adopting new tools and technology will be critical to the next phase of our Data Strategy.

Electrical safety

Safely delivering electricity to the people of Queensland is our core business.

The energy transformation will see more work undertaken on the network than ever before, including across greenfield and brownfield sites and emerging technologies. Powerlink is committed to ensuring electrical safety across all aspects of the operation of our network.

In 2022/23 our Electrical Safety Management System (ESMS) underwent a modification audit undertaken by auditors accredited by the Electrical Safety Office. The ESMS details our approach to planning, designing, constructing and operating a safe network. The ESMS retained certification under the *Electrical Safety Act 2002*. The audit also provided valuable opportunities for Powerlink to interrogate critical control and risk management processes for network safety management, and to engage with the regulator, the Electrical Safety Office.

The Final Report of the Review of Queensland's *Electrical Safety Act 2002* was published in December 2021 and final consultation on the recommendations ended in August 2023. 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. We actively participated in the Reviewer's Industry Reference Group and continue to engage with industry partners and stakeholders.

Safety performance

Our business-wide commitment to HSE performance improvement is reflected by our Board, executive and senior leadership teams, and our people – and is informed by a robust system of monitoring and reporting against our HSE targets.

In 2022/23, we have matured our leading measurement of HSE performance towards proactive learning by implementing a program of HSE risk inspections focused on understanding how our controls are performing. We also focused on improvements to controls for hazardous manual tasks, seeking to take a preventative approach to injuries.

A key change for Powerlink is how we measure safety performance with a focus on Lead Indicators rather than Lag Indicators such as Total Recordable Injury Frequency Rate (TRIFR). Contemporary research continues to indicate the limitations of TRIFR as a valid safety performance indicator. Lead Indicators include injury reduction, control review and lessons learnt. This provides more useful data on our organisational performance and identifies both issues and opportunities.

Powerlink's combined employee and contractor TRIFR has remained stable over the 12 month period to 30 June 2023.

Using artificial intelligence to hack safety innovation

As part of Powerlink's strategic partnership with Microsoft, in 2022/23 our teams collaborated at a two-day Artificial Intelligence (AI) Hackathon event focused on safety. With exclusive access to new tools and technology, Powerlink developed a series of working prototypes, including a safety bot centred on real-time safety data and control documentation. AI is central to the next phase of Powerlink's Data Strategy.

Environmental, social and governance

At Powerlink, we understand that our success is measured not only by the value we deliver, but also by how we deliver it. That is why corporate social responsibility is an important part of our business.

Powerlink is committed to achieving sustainable outcomes across environmental, social, and governance (ESG) factors.

As we drive the Queensland Energy and Jobs Plan (QEJP) and deliver the SuperGrid we are mindful of the targets important to all Queenslanders to achieve renewable energy targets and Net Zero emissions by 2050.

As part of managing the transition to a low carbon future, the Queensland Government recognises that the protection of our lifestyle and the continued growth of our economy are linked to responsible governance, protection of the natural environment and respect for human rights.

Issue	Key Measures/Initiatives/Actions	Target/metric and alignment with Government targets
Environment (e.g. carbon emissions, environmental impacts)		
Climate	Scope 1 & 2 emissions reduction.	Assist Government to achieve 30 per cent emissions reduction below 2005 levels by 2030.[1]
	Monitor technology development for suitable alternatives to SF6 filled electrical equipment.	Monitor only.
	Reduction of emissions associated with energy use in corporate buildings.	Baseline data 2023/24 in preparation for setting reduction target from 2024-25 onwards.[2]
Natural Capital	Optimise vegetation clearing on new asset development (transmission lines) to reduce impacts on biodiversity.	Baseline data 2023/24 in preparation for setting project targets for 2024-25 onwards.[2]
Social (e.g. health and safety, human capital)		
Human Capital	Workforce Diversity	Proportion of women who permanently occupy an Executive, GM or Manager level leadership position at Powerlink. 2023/24 Target 30[2] per cent.
Social	Reconciliation Action Plan Implementation	Achievement of Innovate Reconciliation Action Plan deliverables[2]
Governance (e.g. governmental and legislative objectives, board diversity)		
Financial Risk Management	Ensure that Powerlink's standalone credit risk profile is investment grade quality.	A minimum long-term standalone credit rating or opinion of BBB- as issued by Standard & Poor's or Fitch Ratings or the equivalent long-term standalone credit rating issued by Moody's Investors Service.[1]
Governance	Well-articulated Risk appetite statements and delegated authority that support responsible, risk based and ethical decision making.	Material governance failures/FY3
	High levels of integrity and supporting behaviours and processes.	• Number of CCC referrals/FY3 • Per cent of Complaints adequately resolved to stakeholders' expectations[3] • Code of Conduct training completion rate[3]
	Contemporary systems of Internal Control as reflected in robust and effective management systems that comply with Standards (both mandatory and select voluntary obligations).	• Per cent of significant level adverse findings vs total adverse findings[3] • Currency of management system documents above 3 per cent
	Assessment of insurable risks with appropriate levels of insurance fully placed and with reputable insurers.	• No material gaps in cover within and across policies[2] • Minimum long-term standalone credit rating of participating underwriters at A- with A.M. Best and / or BBB+ with Standard and Poor's[3]

[1] Direct application of Queensland Government Target or Requirement
[2] Powerlink Queensland target based on Queensland Government general policy direction
[3] Other ESG practice

Environmental management

As Powerlink delivers the SuperGrid and implementation of the QEJP, the number of greenfield projects is increasing. Environmental risk management is at the forefront of Powerlink planning, consultation and delivery throughout the energy transformation.

Powerlink proactively analyses environmental risks against the Queensland Electrical Supply Industry (QESI) *Code of Practice – Maintenance of Electricity Corridors and Infrastructure* and Wet Tropics Management Authority Permit where applicable.

Powerlink continued our support for industry environmental events in 2022/23 including the Wet Tropics Management Authority's Cassowary Awards and the Queensland Environmental Law Association conference.

In 2022/23, we had no reportable serious environmental incidents.

Biodiversity

As part of our environmental management, we have focused on biodiversity initiatives to support commitments to a transformation that supports high value areas and environments.

During 2022/23, Powerlink worked with key environmental groups and other energy providers – including the Cairns and Far North Queensland Environment Centre (CAFNEC), Queensland Conservation Council and Beyond Zero Emissions – on how renewable development interacts with areas of high biodiversity.

A better practice guideline for renewables and a mapping tool to identify key areas of conservation are under development to support industry and community to understand our planning and decision making.

Reflecting our support for biodiversity, we provided practical support to several community organisations, including the donation of GIS computer equipment to the Pine Rivers Catchment Association (PRCA).

Sustainable maintenance

In 2022/23 we introduced the use of satellite imagery for a whole-of-state perspective on vegetation density and network growth rates under and around transmission lines, to inform risk management and work management prediction.

A contract was awarded for ongoing aerial services including inspection of lines via helicopter. This enables development of long-term relationships with the vegetation aerial services management providers to support both cost-efficiencies and high performance, sustainable maintenance.

Easement agreement for koala corridor

In late 2022, Powerlink signed a co-use agreement for several of our easements with the Moreton Bay Regional Council. In support of their Koala Conservation Partnership Project (KCPP), the agreement allows for planting of koala fodder plantations for use by wildlife carers in three easements in the north Brisbane area. Ensuring ongoing protection of the network alongside supporting koala habitat is a win-win outcome reflecting Powerlink's commitment to environmental risk management.

Making a practical impact in communities where we live, work and operate

Mount Fox is a small community located approximately 100km north west of Townsville and the site of the Guybal Munjan Switching Station. It is a key traffic route for Powerlink teams working on the Genex Kidston Connection Project.

As part of the project's Environmental Management Plan (EMP), in 2022/23 we worked with Charters Towers Regional Council to minimise potential impacts on surrounding properties, the environment and the community. This includes commissioning a Traffic Assessment Report delivered in February 2023 that included a range of road safety improvements to ensure safety for all throughout construction. This approach reflects our aim to minimise disruption to landholders and the community.

Climate change and greenhouse gas emissions

Climate change remains a strategic issue for Powerlink given our key role in the transition to a low carbon future. It is a risk monitored by Powerlink's Board and Executive Team.

In 2022/23 we continued to develop our capability and capacity to address risks and impacts with a focus on Powerlink's efficient emissions approach across work streams.

We submitted our 2022 annual report to the Clean Energy Regulator under the National Greenhouse and Energy Reporting Scheme (NGERS) on energy and greenhouse gas emissions. An independent limited assurance audit verified the report, and we remain compliant with the *National Greenhouse and Energy Reporting Act 2007.*

From 2024/25, Powerlink expects to report against the International Sustainability Board standards, as advised by the Queensland Government.

Powerlink continued to facilitate connections of renewable generators and large-scale batteries throughout 2022/23, which reduces the emissions intensity of electricity supply in Queensland and in turn has the effect of reducing greenhouse gas emissions from transmission losses. Powerlink investigated other options to reduce our carbon footprint consistent with both Queensland and national targets, and routinely assessed existing and proposed operational facilities to ensure continued resilience to climate change risks and impacts.

Modern slavery

We published the 2021/22 Powerlink Modern Slavery Statement in October 2022 in accordance with the requirements of the Commonwealth *Modern Slavery Act 2018*. The annual Statement describes the actions taken to date by Powerlink and its consolidated subsidiary entities to address the risks associated with modern slavery and human trafficking within our business and supply chain.

The MacIntyre Wind Precinct, under development south-west of Warwick, anchors the Southern Downs Renewable Energy Zone.

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

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 2022/23 were:

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 2022/23.

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.

The Powerlink Board is responsible for the overall corporate governance of the corporation, setting the strategic direction articulated in Powerlink's Statement of Corporate Intent (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 2022/23 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 2023.

Board balance	Board tenure		Board diversity	
1 Non-Executive Chair	4-6 years	1		
5 Non-Executive Directors	0-2 years	1	Female	50%
	2-4 years	2	Male	50%
	4-6 years	1		
	6-8 years	1		

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 2023, 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 2022/23, 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.

Executive Committees

Accountable to Chief Executive:

- Executive Committee for Health, Safety and Environment
- Executive Committee for Enterprise Resilience
- Executive Committee for Network Investment
- Digital Technologies Executive Committee

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 2023, the Board comprised six independent non-executive Directors. All Directors are appointed by the Government in accordance with the GOC Act. There was one new Director appointed, Joanna Brand in 2022/23. Additionally, two Directors departed in 2022/23.

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		•	•	•	•	
Lorraine Stephenson	12 October 2017		•	•	•	•	
Wayne Collins	1 October 2020	•	•	•	•	•	•
Kevin Hegarty OAM	1 October 2020	•	•	•	•		•
Joanna Brand	13 October 2022			•	•	•	•

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 2022/23, 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 2022/23 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 2022/23, 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 Dealing in Securities 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 as outlined in the Board Conflict of Interest Policy, 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 2023 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:	Wayne Collins (appointed 1 October 2020, appointed to Committee Chair in October 2022)
Members:	Kathy Hirschfeld AM (appointed 1 December 2018) Joanna Brand (appointed 25 October 2022)

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 2022/23 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	11	12	5	5	4	5
Alan Millis	12	12	4	5	*	*
Sarah Zeljko	3	3	*	*	2	2
Lorraine Stephenson	12	12	5	5	*	*
Kevin Hegarty OAM	11	12	4	5	*	*
Wayne Collins	12	12	*	*	5	5
Kara Keys	3	4	*	*	0	1
Joanna Brand	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 2022/23 meeting dates has also been included below.

Full meetings of Directors	Meetings of Committees	
	Audit, Risk and Compliance	People and Safety
27 July 2022 31 August 2022 28 September 2022 26 October 2022 30 November – 1 December 2022 14 December 2022 25 January 2023 22-23 February 2023 29 March 2023 26 April 2023 23-24 May 2023 28 June 2023	24 August 2022 31 August 2022 01 December 2022 28 March 2023 28 June 2023	19 August 2022 13 September 2022 25 October 2022 17 February 2023 20 April 2023

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 key strategic and operational priorities. 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 Enterprise Resilience has governance over the development, approval and improvement of Powerlink's approaches to security management and the management of significant emergencies.

The Digital Technologies Executive Committee provides overarching governance and shapes strategic direction for digital technology, including both information technology and operational technology.

The Executive Committee for Network Investment provides strategic oversight to the proposed network investment program (regulated, non-regulated and power system transformation investments), to enhance decision transparency and ensure alignment with business priorities and objectives across the three lines of business.

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

Powerlink received direction under section 257 of the *Electricity Act 1994* to provide full cooperation and assistance to the State and its advisors in establishing a new entity to plan, deliver, operate and maintain State-owned large-scale, long-duration pumped hydro energy storage in 2022/23.

Corporate entertainment and hospitality

The GOC Corporate Entertainment and Hospitality Guidelines establish reporting requirements for GOCs. Powerlink's corporate entertainment and hospitality expenditure for 2022/23 totalled $23,820. 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.

Statistical summary

Substations/switching stations and transformers added in 2022/23

Voltage	Substations		Transformers		
	Total number	Location	Total number	Total Rating (MVA)	Location
330kV	0		0	0	
275kV	1	Tumoulin	1	375	Strathmore 2TX (+375)
132kV	0		0	285	Bouldercombe 4TX (=65), Cameby 1TX (+200), Dysart 1TX (-70), Dysart 2TX (-70), Lilyvale 3TX (-80), Lilyvale 4TX (-80), Lilyvale 8TX (+160), Lillyvale 9TX (+160)
110kV	0		0	0	
Total	1		1	660	

Substations/switching stations and communication sites as at 30 June 2023

Voltage	Substations	Cable transitions	Communication sites
330kV	4	0	
275kV	49	1	
132kV	81	3	
110kV	13	5	
66kV*	0	0	
Total	147	9	36†

* equal to or less than 66kV.
† 1 communication site is decommissioned (Mt Glorious Repeater).

Power transformers as at 30 June 2023

Voltage	Total	MVA
330kV	5	4975
275kV	80	24085
132kV	95	7667
110kV	29	2470
66kV*	0	0
Total	209	39197

* equal to or less than 66kV.

Capacitor banks, shunt reactors and Static Var Compensators added in 2022/23

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 Static Var Compensators as at 30 June 2023

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	15	763.0	8	2510.0
132kV	35	1555.0	0	0.0	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	20	925.4	23	4391.0

* equal to or less than 66kV
† Data correction: Neutral earth reactors that were previously miscounted as shunt reactors removed: Woree 275kV 1REA (-24MVAr), Woree 275kV 2REA (-24MVAr), Bundoora 132kV 1REA (-24MVAr).

Circuit breakers as at 30 June 2023	
Voltage	Total number
330kV	30
275kV	518
132kV	555
110kV	267
66kV*	23
Total	1393

* equal to or less than 66kV

Circuit breakers added in 2022/23 (net)		
Voltage	Circuit breakers	Location
330kV	0	
275kV	6	Bouldercombe (+3-2=+1), Nebo (+2-4=-2), Orana (+1), Ross (+2-2=0), Strathmore (+2), Tumoulin (+3), Wandoan South (+1), Western Downs (+1), Wurdong (-1)
132kV	2	Bouldercombe (+4-2=+2), Chinchilla (-2), Dysart (-2), Eagle Downs (-1), Lilyvale (+2-2=0), Ross (+2-1=+1), Strathmore (+4)
110kV	-1	Abermain (+1-1=0), Belmont (-1)
66kV*	0	
Total	7	

* equal to or less than 66kV

Transmission lines and underground cables added in 2022/23				
Voltage	Transmission line		Underground cable	
	Route km	Circuit km	Route km	Circuit km
330kV	0.0	0.0	0.0	0.0
275kV	1.0	1.0	1.1	1.1
132kV	-0.3	0.5	0.0	0.0
110kV	0.0	-0.1	0.0	0.0
66kV	-0.6†	0.0	0.0	0.0
Total	0.1	1.4	1.1	1.1

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

Five-year history of transmission lines and underground cables as at 30 June 2023										
Voltage^	2019		2020		2021		2022		2023	
	Route km	Circuit km	Route km	Circuit km	Route km	Circuit km	Route km	Circuit km	Route km	Circuit km
Transmission lines										
330kV	354	695	354	695	427	838	427	838	427	838
275kV	6724	9800	6722	9801	6649	9658	6655	9664	6656	9665
132kV	2773	4399	2773	4401	2774	4407	2776	4411	2776	4412
110kV	222	417	220	416	220	416	220	416	220	416
66kV*	5	5	2	2	1	2	2	2	1	2
Total lines	10078	15316	10071	15315	10071	15321	10080	15331	10080	15333
Underground cables										
275kV	10	10	10	10	10	10	10	10	11	11
132kV	4	4	5	5	6	6	6	6	6	6
110kV	8	8	8	8	8	8	8	8	8	8
66kV*	1	1	0	0	0	0	0	0	0	0
Total cables	23	23	23	23	24	24	24	24	25	25
Total lines and cables	10101	15339	10094	15338	10095	15345	10104	15355	10105	15358

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

Index and abbreviations

Powerlink Queensland

2022/23 Financial Statements

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 2023 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
Kevin Hegarty OAM	1 October 2020	n/a
Wayne Collins	1 October 2020	n/a
Joanna Brand	13 October 2022	n/a
Sarah Zeljko	20 December 2016	30 September 2022
Kara Keys	1 October 2021	29 November 2022

Please refer to the 'Board of Directors' section of the Company's annual report 2022/23 for details of Directors' qualifications, experience and special responsibilities.

Company Secretary

Mrs Joanne Barrett was appointed to the position of Company Secretary effective 1 September 2022 with Mr Darryl Rowell (Chief Financial Officer) and Mr Paul Reynolds (General Manager Finance) as alternate Company Secretaries.

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Dividends - Powerlink Queensland

The proposed 2022/23 final dividend of $132.1M is based on 100% of the operating profit after income tax equivalent expense after excluding non-controlling interest (2021/22: $Nil). During the year the Consolidated Entity paid a special/interim dividend of $90.0M (2021/22: $80.0M). The dividends were not franked.

Review of Operations

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

Significant Changes in the State of Affairs

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

Matters Subsequent to the End of the Financial Year

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

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 regulation under State and Federal Government legislation with regard to its acquisition and development of transmission line easements, its 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 2021/22 were independently reviewed.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 2023, and the number of meetings attended by each Director were:

Directors	Full meetings of directors		Meetings of Committees			
			Audit, Risk & Compliance		People & Safety	
	A	B	A	B	A	B
Kathy Hirschfeld AM	11	12	5	5	4	5
Alan Millis	12	12	4	5	**	**
Dr Lorraine Stephenson	12	12	5	5	**	**
Kevin Hegarty OAM	11	12	4	5	**	**
Wayne Collins	12	12	**	**	5	5
Joanna Brand	8	9	**	**	2	2
Sarah Zeljko	3	3	**	**	2	2
Kara Keys	3	4	**	**	0	1

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 2023

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
30 August 2023

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 2023, 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.

mluwinga

30 August 2023

Martin Luwinga
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 2023

	Notes	2023 $'000	2022 $'000
REVENUE			
Revenue from contracts with customers	2	**1,069,524**	1,128,543
Other gains/(losses)	3(a)	**220**	(3,442)
EXPENSES			
Expenses from continuing operations excluding finance costs expense	3(b)	**(674,954)**	(628,570)
Finance costs	3(c)	**(206,144)**	(213,432)
PROFIT BEFORE INCOME TAX EQUIVALENT		**188,646**	283,099
Income tax equivalent expense	4	**(56,536)**	(84,070)
PROFIT FOR THE PERIOD		**132,110**	199,029
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified to profit or loss			
Cash flow hedges, net of tax	18	**4,104**	11,813
Items that will not be reclassified to profit or loss			
Gain on revaluation of property, plant and equipment, net of tax	18	**402,788**	179,720
Actuarial (losses)/gains on defined benefit superannuation fund, net of tax	19	**(1,921)**	4,619
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**404,971**	196,152
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**537,081**	395,181
Profit/(loss) is attributable to:			
Owners of Powerlink Queensland		**132,143**	198,984
Non-controlling interests		**(33)**	45
		132,110	199,029
Total comprehensive income/(loss) for the period is attributable to:			
Owners of Powerlink Queensland		**537,114**	395,136
Non-controlling interests		**(33)**	45
		537,081	395,181

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 2023

	Notes	2023 $'000	2022 $'000
CURRENT ASSETS			
Cash and cash equivalents	5	**36,898**	14,762
Advances	6	**212,145**	453,677
Trade and other receivables	7	**184,614**	140,100
Inventories	8	**62,240**	53,932
Derivative financial instruments	20(a)	**1,366**	1,873
Current tax equivalent assets		**52,780**	-
Other current assets		**5,362**	13,168
Total current assets		**555,405**	677,512
NON-CURRENT ASSETS			
Defined benefit fund asset	15	**20,879**	24,557
Derivative financial instruments	20(a)	**21,701**	15,331
Property, plant and equipment	9	**8,935,556**	8,033,538
Other non-current assets		**350**	920
Total non-current assets		**8,978,486**	8,074,346
Total assets		**9,533,891**	8,751,858
CURRENT LIABILITIES			
Trade and other payables	10	**267,620**	168,141
Interest bearing loans and borrowings	11	**26,662**	25,994
Current tax equivalent liabilities		**-**	36,876
Provisions	13	**188,163**	51,545
Other current liabilities	14	**130,013**	32,477
Total current liabilities		**612,458**	315,033
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	11	**5,165,636**	5,190,852
Deferred tax equivalent liabilities	12	**949,911**	748,743
Provisions	13	**4,171**	2,283
Other non-current liabilities	14	**276,622**	283,935
Total non-current liabilities		**6,396,340**	6,225,813
TOTAL LIABILITIES		**7,008,798**	6,540,846
Net assets		**2,525,093**	2,211,012

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

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2023

	Notes	2023 $'000	2022 $'000
EQUITY			
Share capital	16	**401,000**	401,000
Other equity	17	**192,397**	193,384
Other reserves	18	**1,647,546**	1,301,248
Retained earnings	19	**282,790**	314,136
Capital and reserves attributable to owners of Powerlink Queensland		**2,523,733**	2,209,768
Non-controlling interests	30(b)	**1,360**	1,244
Total equity		**2,525,093**	2,211,012

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 2023

		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 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		-	40,000	-	-	40,000	-	40,000
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 CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

		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 2023								
Balance at 1 July 2022		401,000	193,384	1,301,248	314,136	2,209,768	1,244	2,211,012
Profit for the period		-	-	-	132,143	132,143	(33)	132,110
Other comprehensive income		-	-	406,892	(1,921)	404,971	-	404,971
Transfers between reserves and retained earnings		-	-	(60,594)	60,594	-	-	-
Total comprehensive income for the period		-	-	346,298	190,816	537,114	(33)	537,081
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:								
Contributions of equity, net of transaction costs and tax	17	-	(987)	-	-	(987)	-	(987)
Non-controlling interests share of intangible asset		-	-	-	-	-	149	149
Currency Adjustment		-	-	-	(19)	(19)	-	(19)
Dividends provided for or paid	23	-	-	-	(222,143)	(222,143)	-	(222,143)
Total transactions with owners for the period		-	(987)	-	(222,162)	(223,149)	149	(223,000)
BALANCE AT 30 JUNE 2023		**401,000**	**192,397**	**1,647,546**	**282,790**	**2,523,733**	**1,360**	**2,525,093**

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 2023

	Notes	2023 $'000	2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**1,102,146**	1,068,915
Payments to suppliers and employees		**(215,669)**	(144,812)
Finance costs paid		**(192,980)**	(198,211)
Income tax equivalent paid		**(118,582)**	(81,155)
Interest received		**13,922**	2,435
Net goods and services tax received/(paid)		**3,444**	(1,325)
NET CASH INFLOW FROM OPERATING ACTIVITIES	5(e)	**592,281**	645,847
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	9	**(697,757)**	(384,602)
Proceeds from sale of property, plant and equipment		**332**	624
Advances from/(to) Queensland Treasury Corporation (QTC)		**241,532**	(108,833)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(455,893)**	(492,811)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to company's shareholders	23	**(90,000)**	(168,134)
Repayment of borrowings		**(24,548)**	(25,382)
Proceeds from issue of equity to owners of Powerlink Queensland		**-**	40,000
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES		**(114,548)**	(153,516)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**21,840**	(480)
Cash and cash equivalents at the beginning of the year		**14,762**	13,973
Effects of exchange rate changes on cash and cash equivalents		**296**	1,269
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	**36,898**	14,762

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 2023

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 consolidated financial statements were authorised for issue by the Directors on 30 August 2023. The Directors have the power to amend and reissue the consolidated financial statements.

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

(b) New or Revised Standards or Interpretations

The Consolidated Entity has reviewed all new accounting standards and interpretations effective from 1 July 2022 and concluded that there will be no material impact on the consolidated financial statements.

(c) Basis of Preparation

These general purpose consolidated 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) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. Furthermore, there are no material uncertainties related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: BASIS OF PREPARATION (CONTINUED)

(ii) 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 consolidated financial statements. Amounts in the consolidated 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.

(iii) Historical Cost Convention

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

- revaluation at fair value, through the Consolidated Statement of Profit or Loss and Other Comprehensive Income, of derivative instruments, and

- revaluation of certain classes of property, plant and equipment.

(iv) 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.

(v) Critical Accounting Estimates

The preparation of consolidated 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 consolidated financial statements, are disclosed in the notes to which they relate.

NOTE 2: REVENUE

	2023 $'000	2022 $'000
REVENUE		
REVENUE FROM CONTRACTS WITH CUSTOMERS		
Grid sales revenue	**996,109**	1,082,823
Total Grid sales revenue	**996,109**	1,082,823
OTHER REVENUE		
Interest	**14,767**	2,633
Other items	**58,648**	43,087
TOTAL REVENUES FROM CONTRACTS WITH CUSTOMERS	**1,069,524**	1,128,543

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 2: REVENUE (CONTINUED)

ACCOUNTING POLICIES

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

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

Grid Sales Revenue

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

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

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)

	2023 $'000	2022 $'000
OTHER GAINS/(LOSSES)		
Net gain/(loss) on disposal of property, plant and equipment	**220**	(3,442)
TOTAL OTHER GAINS/(LOSSES)	**220**	(3,442)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 3: OTHER INCOME AND EXPENSE ITEMS (CONTINUED)

(b) Expenses from Continuing Operations Excluding Finance Costs Expense

	2023 $'000	2022 $'000
Continuing operating expenses		
Network operations	**27,501**	19,890
Network maintenance	**132,295**	129,791
Corporate/business support	**96,549**	78,342
Other	**48,476**	27,416
Depreciation and amortisation expense	**370,133**	373,131
TOTAL EXPENSES FROM CONTINUING OPERATIONS EXCLUDING FINANCE COSTS EXPENSE	**674,954**	628,570

Employee benefits included in total expenses from continuing operations excluding finance costs expense		
Employee benefit expense through profit or loss	**137,692**	137,840

(c) Finance Costs

	2023 $'000	2022 $'000
FINANCE COSTS		
Interest expense	**134,464**	134,426
Other	**71,680**	79,006
TOTAL FINANCE COSTS EXPENSED	**206,144**	213,432

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 to capitalise finance costs associated with the qualifying capital projects. All borrowing costs are expensed as incurred.

Employee Benefits

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 4: INCOME TAX EQUIVALENT EXPENSE

(a) Income Tax Equivalent Expense

	Notes	2023 $'000	2022 $'000
INCOME TAX EQUIVALENT EXPENSE			
Current tax		**28,927**	102,559
Deferred tax		**27,609**	(18,489)
TOTAL INCOME TAX EQUIVALENT EXPENSE		**56,536**	84,070
DEFERRED INCOME TAX (BENEFIT)/EXPENSE			
(Increase)/decrease in deferred tax equivalent assets	12(a)	**(3,777)**	(4,433)
(Decrease)/increase in deferred tax equivalent liabilities	12(b)	**31,386**	(14,056)
TOTAL DEFERRED TAX (BENEFIT)/EXPENSE		**27,609**	(18,489)

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

	2023 $'000	2022 $'000
Profit from continuing operations before income tax equivalent expense	**188,679**	283,054
Tax equivalent at the Australian tax rate of 30.0% (2022: 30.0%)	**56,603**	84,916
INCREASE/(DECREASE) IN INCOME TAX EQUIVALENT EXPENSE DUE TO:		
Other differences	**41**	(21)
Prior year adjustments	**(108)**	(825)
TOTAL INCOME TAX EQUIVALENT EXPENSE	**56,536**	84,070

(c) Amounts Recognised Directly in Equity

	2023 $'000	2022 $'000
DEFERRED TAX EQUIVALENT RECOGNISED DIRECTLY IN EQUITY		
Net deferred tax equivalent - debited (credited) directly to equity	**173,558**	84,064

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

	Notes	2023 $'000	2022 $'000
Gains on revaluation of property, plant and equipment	18	**172,623**	77,022
Cash flow hedges	18	**1,759**	5,062
Remeasurement of defined benefit fund asset		**(824)**	1,980
TOTAL TAX EXPENSE/(BENEFIT) RELATING TO ITEMS OF OTHER COMPREHENSIVE INCOME		**173,558**	84,064

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 4: INCOME TAX EQUIVALENT EXPENSE (CONTINUED)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 4: INCOME TAX EQUIVALENT EXPENSE (CONTINUED)

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 2020/21 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.

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

	2023 $'000	2022 $'000
CURRENT ASSETS		
Bank balances	**4,964**	5,636
Cash on deposit with Queensland Treasury Corporation	**31,934**	9,126
TOTAL CASH AND CASH EQUIVALENTS	**36,898**	14,762

(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 $3.9M (2022: USD $4.5M) which is used for operational purposes, and which has 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 5: CASH AND CASH EQUIVALENTS (CONTINUED)

(c) Fair Value

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

(d) Risk Exposure

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

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

	2023 $'000	2022 $'000
Profit for the period	**132,110**	199,029
ADJUSTMENT FOR:		
Depreciation and amortisation	**370,133**	373,131
Net (gain)/loss on sale of non-current assets	**(220)**	3,442
Net exchange differences	**(296)**	(1,269)
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
(Increase)/decrease in trade receivables	**(44,514)**	(41,998)
(Increase)/decrease in inventories	**(8,308)**	4,584
(Increase)/decrease in deferred tax equivalent assets	**(3,777)**	(4,433)
(Decrease)/increase in trade and other payables	**189,756**	112,584
(Decrease)/increase in provision for income tax equivalent payable	**(89,656)**	21,404
(Decrease)/increase in deferred tax equivalent liabilities	**31,386**	(14,056)
(Decrease)/increase in other provisions	**6,363**	2,984
(Increase)/decrease in other assets	**9,304**	(9,555)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**592,281**	645,847

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 6: ADVANCES

	2023 $'000	2022 $'000
CURRENT ASSETS		
Advances to Queensland Treasury Corporation	**212,145**	453,677
TOTAL ADVANCES	**212,145**	453,677

ACCOUNTING POLICIES

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

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

NOTE 7: TRADE AND OTHER RECEIVABLES

	2023 $'000	2022 $'000
CURRENT ASSETS		
Trade receivables	**169,991**	133,518
Prepayments	**13,465**	6,269
Other	**1,158**	313
TOTAL TRADE AND OTHER RECEIVABLES	**184,614**	140,100

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). The company follows the requirements of AASB 9 Financial Instruments 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 8: INVENTORIES

	2023 $'000	2022 $'000
CURRENT ASSETS		
Maintenance and Construction Stock	**62,240**	53,932
TOTAL INVENTORIES	**62,240**	53,932

Inventories of $12.6 million (2022: $8.8 million) were recognised as an expense during the year.

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.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Work in Progress $'000	Freehold Land and Easements $'000	Freehold Buildings $'000	Supply System Assets $'000	Other Property, Plant and Equipment $'000	Total $'000
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
Depreciation charge	-	-	(3,419)	(340,527)	(29,126)	(373,072)
Transfers	(223,757)	4,363	3	192,675	26,716	-
Disposals	-	(28)	-	(3,828)	(210)	(4,066)
CLOSING NET BOOK AMOUNT	639,624	745,703	75,843	6,495,250	77,118	8,033,538
AT 1 JULY 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 2023

NOTE 9:PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

YEAR ENDED 30 JUNE 2023						
Opening net book amount	639,624	745,703	75,843	6,495,250	77,118	8,033,538
Revaluation surplus	-	58,318	5,953	511,140	-	575,411
Additions	697,757	-	-	-	-	697,757
Disposals	-	(904)	-	(97)	(28)	(1,029)
Depreciation charge	-	-	(3,501)	(341,243)	(25,377)	(370,121)
Transfers from work in progress	(285,352)	21,144	605	232,935	30,668	-
CLOSING NET BOOK AMOUNT	**1,052,029**	**824,261**	**78,900**	**6,897,985**	**82,381**	**8,935,556**

AT 30 JUNE 2023						
Cost or fair value	1,052,029	824,261	130,981	11,983,787	275,072	14,266,130
Accumulated depreciation	-	-	(52,081)	(5,085,802)	(192,691)	(5,330,574)
NET BOOK AMOUNT	**1,052,029**	**824,261**	**78,900**	**6,897,985**	**82,381**	**8,935,556**

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:

	2023 $'000	2022 $'000
Freehold land and easements	**488,863**	468,221
Buildings	**57,092**	59,215
Supply system assets	**4,812,868**	4,830,619

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 2023 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 9:PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- 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 5% and 6%, along with a +/-1% sensitivity to reflect the higher variability in key inputs.

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 post tax nominal discount rate, along with a +/-1% sensitivity to reflect the higher variability in key inputs.

An increase/(decrease) in the discount rate can result in a significantly lower/(higher) valuation.

Asset carrying values are within the valuation range developed using these assumptions and approach.

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 consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 9:PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 10: TRADE AND OTHER PAYABLES

	2023 $'000	2022 $'000
CURRENT LIABILITIES		
Trade payables	**81,479**	65,147
Deposits	**149,946**	76,719
Other payables	**36,195**	26,275
TOTAL TRADE AND OTHER PAYABLES	**267,620**	168,141

ACCOUNTING POLICIES

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

NOTE 11: INTEREST BEARING LOANS AND BORROWINGS

	2023			2022		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
UNSECURED						
Queensland Treasury Corporation	**26,662**	**5,164,176**	**5,190,838**	25,994	5,190,852	5,216,846
Clean Energy Finance Corporation	**-**	**1,460**	**1,460**	-	-	-
TOTAL UNSECURED BORROWINGS	**26,662**	**5,165,636**	**5,192,298**	25,994	5,190,852	5,216,846

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 2023 and 2022 reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 11: INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

(b) Fair Value

With the exception of Queensland Treasury Corporation borrowings, the carrying amount of financial liabilities measured at amortised cost approximates their fair value at reporting date.

	2023		2022	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Queensland Treasury Corporation	**5,190,838**	**4,793,196**	5,216,846	4,868,107
TOTAL	**5,190,838**	**4,793,196**	5,216,846	4,868,107

(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.

(d) Risk Exposures

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

ACCOUNTING POLICIES

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in 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 2023

NOTE 12: DEFERRED TAX EQUIVALENT BALANCES

(a) Deferred Tax Equivalent Assets

	Notes	2023 $'000	2022 $'000
THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:			
Accruals		**277**	1,991
Provisions		**22,059**	17,916
Contract liabilities		**12,620**	11,372
Other		**100**	-
TOTAL DEFERRED TAX EQUIVALENT ASSETS		**35,056**	31,279
Set-off of deferred tax liabilities pursuant to set-off provisions	12(b)	**(35,056)**	(31,279)
NET DEFERRED TAX EQUIVALENT ASSETS		**-**	-
MOVEMENTS:			
Opening balance		**31,279**	26,846
Credited/(charged) to profit or loss		**3,777**	4,433
Closing balance		**35,056**	31,279
Deferred tax assets expected to be recovered within 12 months		**21,014**	19,183
Deferred tax assets expected to be recovered after more than 12 months		**14,042**	12,096
CLOSING BALANCE		**35,056**	31,279

(b) Deferred Tax Equivalent Liabilities

	Notes	2023 $'000	2022 $'000
THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:			
Property, plant and equipment		**961,230**	757,954
Receivables		**1,599**	773
Prepayments		**57**	37
Cash and term deposit		**89**	381
Defined benefit fund surplus		**6,264**	7,367
Inventories		**8,810**	8,349
Cash flow hedges		**6,918**	5,161
TOTAL DEFERRED TAX EQUIVALENT LIABILITIES		**984,967**	780,022
Set-off of deferred tax liabilities pursuant to set-off provisions	12(a)	**(35,056)**	(31,279)
NET DEFERRED TAX EQUIVALENT LIABILITIES		**949,911**	748,743

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 12: DEFERRED TAX EQUIVALENT BALANCES (CONTINUED)

	2023 $'000	2022 $'000
MOVEMENTS:		
Opening balance	**780,022**	710,014
Charged/(credited) to profit or loss	**31,386**	(14,056)
Charged/(credited) to equity	**173,559**	84,064
Closing balance	**984,967**	780,022
Deferred tax liabilities expected to be settled within 12 months	**10,964**	10,102
Deferred tax liabilities expected to be settled after more than 12 months	**974,003**	769,920
CLOSING BALANCE	**984,967**	780,022

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 13: PROVISIONS

	2023			2022		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Dividends	**132,143**	**-**	**132,143**	-	-	-
Employee benefits	**53,924**	**4,171**	**58,095**	49,496	2,283	51,779
Unresolved Easement Compensation	**2,045**	**-**	**2,045**	1,948	-	1,948
Other	**51**	**-**	**51**	101	-	101
TOTAL PROVISIONS	**188,163**	**4,171**	**192,334**	51,545	2,283	53,828

(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 $28.1M (2022: $41.4M) of the current provision for employee entitlements will be settled more than 12 months after the reporting date.

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.

(b) Movements in Provisions

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

	Dividends $'000	Unresolved Easement Compensation $'000	Other $'000	Total $'000
Opening balance	-	1,948	101	2,049
Additional provisions recognised	132,143	-	-	132,143
Unwinding of discount	-	-	5	5
Amounts used	-	-	(65)	(65)
Charged to profit or loss	-	97	10	107
CLOSING BALANCE	132,143	2,045	51	134,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 13: PROVISIONS (CONTINUED)

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

	2023			2022		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Unearned Revenue	**122,582**	**-**	**122,582**	25,430	-	25,430
Contract Liability	**7,421**	**276,384**	**283,805**	7,047	283,805	290,852
Other	**10**	**238**	**248**	-	130	130
TOTAL OTHER LIABILITIES	**130,013**	**276,622**	**406,635**	32,477	283,935	316,412

ACCOUNTING POLICIES

Unearned Revenue

Unearned revenue 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 15: SUPERANNUATION COMMITMENTS

(a) Superannuation Plan

The Consolidated Entity contributes to an industry multiple employer superannuation fund, known until 1 July 2022 as Energy Super. On 1 July 2022, Energy Super changed its name to Brighter Super, following its merger with LGIA Super and the acquisition of Suncorp Super. Members of the fund, after serving a qualifying period, are entitled to benefits 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 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).

The defined benefit account of the industry 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.

(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:

	2023 $'000	2022 $'000
Fair value of defined benefit plan assets	**76,279**	72,651
Present value of the defined benefit obligation	**(55,400)**	(48,094)
NET SURPLUS IN THE CONSOLIDATED BALANCE SHEET	**20,879**	24,557

(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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 15: SUPERANNUATION COMMITMENTS (CONTINUED)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 16: SHARE CAPITAL

	Notes	2023 Shares	2022 Shares	2023 $'000	2022 $'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 2023.

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

	2023 $'000	2022 $'000
Other equity	**192,397**	193,384
TOTAL OTHER EQUITY	**192,397**	193,384

Other equity reflects contributions received from or paid to the owner (Queensland Government).

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 2023

NOTE 18: OTHER RESERVES

	2023 $'000	2022 $'000
RESERVES		
Revaluation surplus - property, plant and equipment	**1,631,399**	1,289,205
Cash flow hedges	**16,147**	12,043
TOTAL RESERVES	**1,647,546**	1,301,248

(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	2023 $'000	2022 $'000
MOVEMENTS:			
Revaluation surplus - property, plant and equipment			
Opening balance		**1,289,205**	1,166,866
Revaluation - gross		**575,411**	256,741
Deferred tax	4(d)	**(172,623)**	(77,022)
Transfer to retained earnings		**(60,594)**	(57,381)
Closing balance		**1,631,399**	1,289,205
Cash flow hedges			
Opening balance		**12,043**	231
Revaluation - gross		**5,863**	16,874
Deferred tax	4(d)	**(1,759)**	(5,062)
Closing balance		**16,147**	12,043
TOTAL RESERVES		**1,647,546**	1,301,248

During the year the Consolidated Entity transferred from the revaluation reserve to retained earnings a revaluation surplus of $60.6M (2022: $57.4M). This surplus reflects the difference between depreciation based on the revalued carrying amount of assets and depreciation based on the assets' original costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 19: RETAINED EARNINGS

Movements in retained earnings were as follows:

	Notes	2023 $'000	2022 $'000
Opening balance		**314,136**	133,152
Net profit for the period		**132,143**	198,984
Dividends	23	**(222,143)**	(80,000)
Actuarial gains/(losses) and tax on remeasurement of defined benefit plan assets		**(2,570)**	5,404
Defined benefit fund contributions tax		**649**	(785)
Currency adjustment		**(19)**	-
Transfer from revaluation surplus		**60,594**	57,381
CLOSING BALANCE		**282,790**	314,136

NOTE 20: FINANCIAL RISK MANAGEMENT

Risk management is carried out by the Company under a policy 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

	2023 $'000	2022 $'000
CURRENT ASSETS		
Foreign currency exchange - cash flow hedges	**1,366**	1,873
NON-CURRENT ASSETS		
Interest rate swaps - cash flow hedges	**21,701**	15,331
TOTAL DERIVATIVES	**23,067**	17,204

In the prior year, foreign currency hedges were reported as part of Other Current Assets. For increased transparency they have now been separately disclosed.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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 at fair value.

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 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 with the critical terms of the hedge instrument, the hedge relationship is no longer effective and the related fair value changes are transferred to the consolidated 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 exposures to foreign currency risk at the end of the reporting period, expressed in the foreign currency, were as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market Risk (continued)

	2023			2022		
	USD $'000	EURO €'000	CHN ¥'000	USD $'000	EURO €'000	CHN ¥'000
Foreign currency forwards						
- buy foreign currency (cash flow hedges)	**16,328**	**3,746**	**3,239**	23,862	966	-

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 2021/22 financial year, also entered into a hybrid Clean Energy Finance Corporation / 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.

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 2023

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 2023, trade receivables of $2.2M (2022: $1.1M) 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:

	2023 $'000	2022 $'000
Up to 3 months	**1,907**	1,106
3 to 6 months	**280**	20
Greater than 6 months	**50**	5
TOTAL TRADE RECEIVABLES PAST DUE BUT NOT IMPAIRED	**2,237**	1,131

(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. 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 borrowings beyond the approved amounts be necessary to maintain liquidity and/or meet operational requirements, approval for the additional borrowings 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 2023 table reflect the position at that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk (continued)

Contractual maturities of financial liabilities At 30 June 2023	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	267,620	-	-	267,620	267,620
Interest bearing loans and borrowings	77,472	716,779	5,438,289	6,232,540	5,192,298
TOTAL NON-DERIVATIVES	**345,092**	**716,779**	**5,438,289**	**6,500,160**	**5,459,918**

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

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 (e.g. over-the-counter derivatives) is determined using valuation techniques that 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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.

There have not been any material changes in strategy or policy subsequent to the year ended 30 June 2022.

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 2023, the Consolidated Entity had both short and long term borrowings.

	2023 $'000	2022 $'000
Total debt	**5,192,298**	5,216,846
Property, plant and equipment	**8,935,556**	8,033,538
Gearing ratio	**58.1 %**	64.9 %

Powerlink Queensland has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 23: DIVIDENDS

	2023 $'000	2022 $'000
ORDINARY SHARES		
Unfranked special/interim dividend	**90,000**	80,000
Unfranked final dividend proposed	**132,143**	-
TOTAL DIVIDENDS	**222,143**	80,000

The proposed 2022/23 final dividend is based on 100% of operating profit after income tax equivalent expense after excluding non-controlling interest. The 2021/22 final dividend of $Nil reflects the Consolidated Entity's retention of its net profit, with the agreement of shareholding Ministers, in order to help fund strategically important transformational growth initiatives in the Queensland transmission network.

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, at 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 September 2022 were related to the 2021/22 financial year.

	2022/23	2021/22
Aggregate at-risk performance remuneration paid	**$4.4M**	$3.0M
Number of employees receiving performance payments	**1006**	915
Total salaries and wages paid	**$215.6M**	$165.3M

(b) Number of Employees

Number of employees (full time equivalents excluding labour hire) at year end: 1272 (2022: 1025).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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 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 Mick 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 Trade and Investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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
Sarah Zeljko	Non-Executive Director	20 December 2016	30 September 2022
Dr Lorraine Stephenson	Non-Executive Director	12 October 2017	30 September 2023
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	29 November 2022
Joanna Brand	Non-Executive Director	13 October 2022	30 September 2025

(c) Other Key Management Personnel

Remuneration of Other Key Management Personnel

The People and Safety 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 and Safety 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 25:KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Other Key Management Personnel (continued)

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

(d) Details of Remuneration

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

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	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
DIRECTORS' REMUNERATION						
Kathy Hirschfeld AM	**99**	99	**10**	10	**109**	109
Alan Millis	**51**	51	**5**	5	**56**	56
Dr Lorraine Stephenson	**50**	50	**5**	5	**55**	55
Sarah Zeljko	**13**	51	**1**	5	**14**	56
Kevin Hegarty OAM	**50**	50	**5**	5	**55**	55
Wayne Collins	**51**	50	**5**	5	**56**	55
Kara Keys	**21**	37	**2**	4	**23**	41
Joanna Brand	**37**	-	**4**	-	**41**	-
TOTAL	**372**	388	**37**	39	**409**	427

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 2023

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 KMP of both Powerlink Queensland and the Consolidated Entity, inclusive of performance payments are:

2023	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	894	53	29	23	-	999
Darryl Rowell - Chief Financial Officer [6]	339	37	27	8	-	411
Gary Edwards - Chief Operating Officer	382	25	49	11	-	467
Stewart Bell - Executive General Manager Network and Business Development	430	38	85	13	-	566
Ian Lowry - Executive General Manager Delivery and Technical Solutions[7]	360	26	46	10	-	442
Jacqui Bridge - Executive General Manager Energy Futures	386	28	49	11	-	474
Leigh Fleming - Executive General Manager People & Corporate Services[8]	391	23	47	11	-	472
Desmond Kluck - Acting Executive General Manager People and Corporate Services[9]	74	31	7	2	-	114
TOTAL	**3,256**	**261**	**339**	**89**	**-**	**3,945**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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] 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] Other 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 resumed his role as the Chief Financial Officer on 27 September 2022 after serving as the Acting Chief Executive Officer for Cleanco. To support the progress of major projects, on 12 June 2023 Darryl was appointed as the Acting Executive General Manager Delivery and Technical Solutions.

[7] Ian Lowry was appointed as the temporary Executive General Manager Major Projects, effective from 12 June 2023. This role entails overseeing the delivery of major projects.

[8] Leigh Fleming resumed her role as the Executive Manager People and Corporate Services on 27 September 2022. To support the progress of major projects, on 12 June 2023 in addition to undertaking her normal role, Leigh was appointed as the Acting Chief Financial Officer.

[9] Desmond Kluck's appointment as the Acting Executive General Manager People and Corporate Services ended 27 September 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 25:KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(d) Details of Remuneration (continued)

2022	Short Term					
	Short Term Benefits[1] $'000	Performance Payments[2] $'000	Post-Employment Benefits[3] $'000	Other Long Term Benefits[4] $'000	Termination Benefits[5] $'000	Total $'000
Paul Simshauser - Chief Executive	873	-	27	21	-	921
Darryl Rowell - Chief Financial Officer[10]	166	-	10	4	-	181
Gary Edwards - Chief Operating Officer[11]	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 - Executive General Manager People & Corporate Services[12]	314	-	29	8	-	351
Kevin Kehl - Acting Executive General Manager People & Corporate Services[13]	164	-	7	342	161	674
Desmond Kluck - Acting Executive General Manager People and Corporate Services[14]	170	-	17	5	-	191
TOTAL	**3,137**	**-**	**262**	**421**	**161**	**3,980**

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

[11] 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 the role.

[12] 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 the Acting Chief Financial Officer.

[13] 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.

[14] 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 2023

NOTE 25:KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(d) Details of Remuneration (continued)

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

NOTE 26: REMUNERATION OF AUDITORS

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

Amounts received or due and receivable by the auditors:

	2023 $	2022 $
QUEENSLAND AUDIT OFFICE		
Audit of financial statements	**293,431**	270,850
TOTAL REMUNERATION FOR AUDIT AND OTHER SERVICES	**293,431**	270,850

NOTE 27: CONTINGENCIES

(a) Contingent Assets

The Consolidated Entity had no contingent assets of a material nature as at 30 June 2023 (2022:NIL)

(b) Contingent Liabilities

The Consolidated Entity had no contingent liabilities of a material nature as at 30 June 2023 (2022: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:

	2023 $'000	2022 $'000
CAPITAL EXPENDITURE COMMITMENTS		
Property, plant and equipment	**278,229**	101,674
TOTAL CAPITAL EXPENDITURE COMMITMENTS	**278,229**	101,674

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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.

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:

	2023 $'000	2022 $'000
SALES OF GOODS AND SERVICES (INCLUDES GST)		
Entities controlled by the State of Queensland	**843,794**	786,223
PURCHASES OF GOODS AND SERVICES (INCLUDES GST)		
Entities controlled by the State of Queensland	**96,851**	84,815
INTEREST REVENUE		
Entities controlled by the State of Queensland	**14,527**	2,633
OTHER TRANSACTIONS		
Dividends to the Shareholders	**222,143**	168,134
Borrowing costs - entities controlled by the State of Queensland	**190,709**	198,218
TOTAL OTHER TRANSACTIONS	**412,852**	366,352

Refer to Note 4 for details of income tax transactions with the ultimate parent entity in accordance with the National Tax Equivalent Regime.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 29: RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Outstanding Balances

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

	2023 $'000	2022 $'000
ENTITIES CONTROLLED BY THE STATE OF QUEENSLAND		
Trade and other receivables (sales of goods and services)	**122,804**	61,197
Trade and other payables (purchases of goods and services)	**(114)**	-
Cash and cash equivalents	**31,934**	9,125
TOTAL RELATED PARTY OUTSTANDING BALANCE	**154,624**	70,322

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

(f) Cash Advances to Related Parties

	2023 $'000	2022 $'000
CASH ADVANCES TO THE ULTIMATE PARENT ENTITY		
Advances	**213,303**	453,991

(g) Loans from Related Parties

	2023 $'000	2022 $'000
LOANS FROM ULTIMATE PARENT ENTITY		
Opening balance	**5,216,846**	5,242,228
Finance costs charged	**190,709**	198,218
Finance costs expensed	**(190,709)**	(198,218)
Loan repayment made	**(26,007)**	(25,382)
CLOSING BALANCE	**5,190,839**	5,216,846

(h) Terms and Conditions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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 ** 2023 %	2022 %
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
Copperstring 2.0 Electricity Transmission Corporation Pty Ltd*	Australia	Ordinary	**100**	-

* 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.

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 Queensland 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.

On 31 March 2023, Powerlink Queensland acquired 100% of the ordinary shares in Copperstring 2.0 Electricity Transmission Corporation Pty Ltd, an entity set up for the purpose of providing electricity transmission services in North Queensland.

During the year Powerlink Queensland established 239 George Pty Ltd (subsequently renamed Queensland Hydro) being an entity set up for the purpose of planning, delivering, operating and maintaining State-owned large-scale, long-duration Pumped Hydro Energy Storage. This entity was subsequently transferred to the Under Treasurer to hold on trust for the State.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 30: INTERESTS IN OTHER ENTITIES (CONTINUED)

(b) Non-controlling Interests (NCI)

Summarised balance sheet	Queensland Capacity Network 2023 $'000	2022 $'000
Current assets	**9,868**	6,486
Current liabilities	**4,026**	739
CURRENT NET ASSETS	**5,842**	5,747
Non-current assets	**7,752**	6,697
NON-CURRENT NET ASSETS	**7,752**	6,697
NET ASSETS	**13,594**	12,444
Accumulated NCI	**1,360**	1,244

Summarised statement of comprehensive income	Queensland Capacity Network 2023 $'000	2022 $'000
Profit/(loss) for the period	**(337)**	452
Total comprehensive income	**(337)**	452
Profit/(loss) allocated to NCI	**(33)**	45

Summarised cash flows	Queensland Capacity Network 2023 $'000	2022 $'000
Cash flows from operating activities	**(720)**	(73)
Cash flows from investing activities	**(874)**	(1,512)
Net increases/(decrease) in cash and cash equivalents	**(1,594)**	(1,585)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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 2023 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 (2022:NIL).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 32: PARENT ENTITY (POWERLINK QUEENSLAND) FINANCIAL INFORMATION

(a) Summary Financial Information

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

Summarised balance sheet	Powerlink Queensland 2023 $'000	2022 $'000
Balance Sheet		
Current assets	**491,843**	671,225
Non-current assets	**8,983,432**	8,077,594
TOTAL ASSETS	**9,475,275**	8,748,819
Current liabilities	**556,132**	314,519
Non-current liabilities	**6,397,250**	6,225,959
TOTAL LIABILITIES	**6,953,382**	6,540,478
SHAREHOLDERS' EQUITY		
Issued capital	**401,000**	401,000
Other Equity	**193,390**	194,228
Revaluation surplus - property, plant and equipment	**1,631,399**	1,289,205
Cash flow hedges	**16,147**	12,043
Retained earnings	**279,957**	311,865
TOTAL EQUITY	**2,521,893**	2,208,341
Profit or loss for the year	**131,582**	**198,217**
Total comprehensive income	**536,553**	**394,369**

(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 consolidated 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 2023 and of its performance for the year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Kathy Hirschfeld AM
Director
Brisbane
30 August 2023

Queensland Audit Office
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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 2023, 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 2023, 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 supply system assets ($6.9 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 supply system assets 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.

Useful lives estimated for depreciation expense ($370 million)

Refer to note 3b in the financial report.

Key audit matter	How my audit addressed the key audit matter
The straight-line depreciation method used by Powerlink requires significant judgements for: • identifying the significant parts of the supply system assets that have different useful lives • estimating the remaining useful lives of those significant parts.	My procedures included, but were not limited to: • Evaluating management's approach for componentising supply system assets into parts with different useful lives, and changes to useful life assessments for components within the supply system for reasonableness, having regard to recent replacement projects and long-term asset management plans. • Evaluating remaining useful life estimates for reasonableness with reference to historical disposal rates, condition assessments for older assets, and long-term asset management plans and budgets.

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Other information

Other information comprises financial and non-financial information (other than the audited financial report) included in Powerlink Queensland's annual 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 2023 was the directors' report.

Those charged with governance are responsible for the other information.

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

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

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

Responsibilities of the 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,

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- 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 forming 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.

mluwinga

30 August 2023

Martin Luwinga
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

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