Statement of Corporate Intent

2022/23

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

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

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

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Performance Agreement

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

In accordance with Chapter 1, Part 3, Section 7 of the GOC Act, the SCI represents a formal performance agreement between the Board of Powerlink Queensland and its shareholding Ministers with respect to the financial and non-financial performance targets specified for the financial year. The SCI represents a commitment to the major activities, objectives, policies, investments and borrowings of Powerlink Queensland for 2022-23.

This SCI is consistent with Powerlink Queensland's 2022/23 – 2026/27 Corporate Plan, submitted to shareholding Ministers and agreed in accordance with Chapter 3, Part 7 of the GOC Act.

In signing this document, the Board of Powerlink Queensland undertakes to make all reasonable efforts to achieve the targets proposed in the SCI for 2022-23.

Major changes to key assumptions that underpin the performance outcomes detailed in this SCI – and which come to the Board's attention during the year – will be communicated to shareholding Ministers. Any modifications to this SCI will be dealt with in accordance with the GOC Act.

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

The Hon Cameron Dick Treasurer and Minister for Trade and Investment	Date
The Hon Mick de Brenni Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement	Date
Kathy Hirschfeld AM Chair, Powerlink Queensland	30 June 2022 Date

Financial Targets

Performance Targets	Full Year	Q1	Q2	Q3	Q4
EBIT	311.1	65.5	85.0	93.6	67.1
Net Profit After Tax (NPAT)	73.9	9.9	23.5	29.5	11.0
Capital Expenditure	524.2	175.6	113.9	106.2	128.5
Return on Assets (ROA)	3.5%	NA	NA	NA	NA
Dividends Provided *(including Special Dividends)*	233.9	-	90.0	70.0	73.9

Small differences are due to rounding to first decimal point.

Non-financial Targets

Performance Targets	Full Year	Q1	Q2	Q3	Q4
Safety [1]					
TRIFR (Total Recordable Injury Frequency Rate)	7.0	NA	NA	NA	NA
Environment					
Number of major, extreme or catastrophic incidents [2]	0	NA	NA	NA	NA
Network Performance – System Reliability					
Event in excess of 0.05 system minutes	Not more than 3	NA	NA	NA	NA
Event in excess of 0.40 system minutes	Not more than 1	NA	NA	NA	NA
Queensland Capacity Network Pty Ltd (QCN Fibre)					
Increase in total contracted capacity	>0%	NA	NA	NA	NA

1 Powerlink.
2 Material and serious harm resulting in EPA intervention.

Response to Shareholder Mandate

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

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

Key assumptions and risks

The Australian energy sector is transforming at a pace unseen since the introduction of electricity itself. In Queensland we are moving rapidly towards the government's 50% Renewable Energy Target, with renewables making up an ever-increasing share of the generation Queenslanders rely on.

The pace of new renewable connections – both large and small – has continued to accelerate. Powerlink's portfolio of forecast non-regulated capital works has increased significantly since last year, from $65 million to over $312 million TOTEX expenditure (capital and operating). TOTEX has risen from $464 million in 2017/18 to $809 million in the year ahead. On top of this, a number of large industrial loads are exploring the possibility of electrification.

The impact of this rapid change on Queensland's transmission network is immense. As well as the work required to build new connections, operating the transmission network is also becoming increasingly challenging.

System strength, minimum demand, frequency control and a range of other technical factors are becoming more difficult to manage as the magnitude of Queensland's success as a leader in renewable power impacts on our grid.

The demands of this work require a highly skilled and motivated workforce. The fact that similar transformations are happening throughout the National Electricity Market – and indeed, around the world – means competition for the best people is fierce. Powerlink is committed to developing its reputation as an employer of choice to ensure we continue to have the best and brightest in the industry working to connect Queenslanders to a world class energy future.

The future is uncertain, but there are clear signals of the challenges still to come. Rising inflation and interest rates, disrupted supply chains and materials shortages due to ongoing Covid-19 and geopolitical impacts, and an increasingly unpredictable energy demand profile will continue to put pressure on Powerlink's project delivery and operations.

In order to ensure Queensland's power system is well placed to adapt to these changes, Powerlink has made a number of least-regret decisions – like facilitating Battery Energy Storage System (BESS) projects – but more are needed, such as investments in the Central Queensland network.

Powerlink's external environment continues to experience disruption and transformation with increased complexity and change, particularly in regard to customer expectations, economic factors, renewables, technology, and market, policy and regulatory developments.

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

Regulated Assumptions

The Australian Energy Regulator (AER) released its Final Decision on 29 April 2022, which sets out Powerlink's Maximum Allowed Revenue (MAR) and operating and capital expenditure allowances for 2022/23 to 2026/27. Powerlink's 2022/23 SCI financial forecasts are based on the Final AER Decision.

Powerlink continues to progress operational efficiencies to mitigate the ongoing impact of electricity prices on customers, in line with the Final AER Decision. The SCI for the 2022/23 financial year reflects the more immediate strategic issues and goals of Powerlink, with the longer term plans outlined in the Powerlink 2022/23 – 2026/27 Corporate Plan.

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

Operating Expenditure

Underlying operating expenditure reflects targeted productivity and efficiency improvements. This is consistent with the operating expenditure allowance in the AER Final Decision, which targets no real growth in controllable regulated operating expenditure.

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

Regulatory Pass Through Items

There are a number of cost items that are subject to regulatory “pass through” arrangements, such as Network (Grid) Support Costs, Insurance Above Cap Events and National Transmission Planner (NTP) fees.

When pass through events occur, Powerlink can (with the approval of the AER) adjust revenue collections in subsequent years.

Natural Disaster Events

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

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

Climate Change

Climate change has presented Powerlink with new challenges in operating the transmission network. Although the network is already built to withstand significant severe weather events - Powerlink's current infrastructure design standards include higher wind load ratings for transmission structures in cyclonic areas and new substations are constructed to withstand 1 in 200 year flood events - climate change has increased the risk of severe events above historical averages.

In response to this increased risk, Powerlink has put in place proactive strategies to manage potential impacts including:

- A new integrated mapping tool to determine the likelihood and risk of fires around our assets. The tool provides incident monitoring and assessment capability to help warn customers and AEMO of fire risk.
- Conducting easement vegetation management throughout the year, with a focus on the lead-up to summer.
- Preventive maintenance on systems and tools used for incident response. Routine checks are also completed on emergency spares holding.
- Processes to perform damage and impact assessment on assets after an event. The outcomes of these assessments are shared through State Disaster Centre reporting.
- Where Powerlink infrastructure is impacted in times of disaster, our staff will work with relevant local councils to brief and provide updates on the situation and any possible impacts.
- Powerlink also engages with Energy Queensland and local councils to provide temporary electricity generation and related support when appropriate.

Cyber Security

The range of cyber security threats continues to expand and recent cyber-attacks on Ukraine's power system indicate electricity networks remain a credible target. Given the critical role Powerlink plays in the delivery of electricity across the National Electricity Market and the vital part its assets play in ensuring other sectors can sustain the social and economic wellbeing of Queensland households and businesses, Powerlink has been proactive in improving its cyber security capabilities. Over the past few years, we have made substantial progress to meet requirements under Security Profile 2 (SP2) of the Australian Energy Sector Cyber Security Framework (AESCSF).

Over the past year, the Commonwealth Government has amended the Security of Critical Infrastructure Act 2018 (Cth) to place greater obligations on critical infrastructure asset owners and operators with respect to a range of hazards, including cyber security-related risks. The amendments have introduced:

- a new obligation for mandatory reporting of certain cyber security incidents to the Australian Cyber Security Centre, effective from 8 April 2022 and subject to a three-month grace period;
- requirements to develop a risk management program, including hazards related to cyber and information security, and report on the program annually through a Board-endorsed process. While this obligation has not yet commenced, we have adopted a proactive approach and formed a cross-business group to prepare for the new obligations based on well-advanced draft rules; and
- a new framework for enhanced cybersecurity obligations required for operators of systems of national significance (SoNS) – Australia's most important critical infrastructure assets.

Powerlink remains alert to terrorism-related risks – including cyber security threats – which have the potential to cause major disruptions and potentially even shut down our operations for significant periods. We will continue to keep ahead of new regulatory and legislative obligations and enact control measures to minimise and mitigate potential disruptions to our network.

Finance Charges

Forecast regulatory finance charges reflect the regulatory debt refinancing outcome for 2022/23 and forecast rates as provided by Queensland Treasury Corporation (QTC). These forecasts indicated an expected reduction in Powerlink's portfolio interest rates however this remains a key risk area given the extreme volatility in global financial markets. The lower rates are offset by higher debt levels from non-regulated investment.

Regulated Network Investments

Powerlink's regulated network investments forecast for 2022/23 is based on Powerlink's Asset Management Plan and the capital expenditure allowance in the AER Final Decision.

Resourcing

Delivery of Powerlink's program of work is based on achieving adequate resourcing in the current environment given national construction activity and the competition for resources.

Contestability

It is assumed that:

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

Non-Regulated Network Investments

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

There are currently a number of renewable energy network investment projects which are expected to become committed in 2022/23. Powerlink will seek to provide non-regulated transmission connection services to these projects where they are connecting to the transmission network. [redacted] The timing of these projects and their likelihood of reaching financial close are largely dependent on the project proponents and market conditions. Powerlink is adopting flexible resourcing arrangements for these works, both to manage the fluctuating workload and to achieve the short delivery timeframes required by proponents.

Capital Structure

In accordance with the shareholding Ministers' direction received 13 June 2017, $150 million of dividends from 2016/17 were retained by Powerlink for the purpose of the potential development of transmission infrastructure to support renewable energy generation in North Queensland. In 2020/21 Powerlink was directed to release $148.2 million as an interim special dividend, of which $147 million was returned as an equity contribution to provide financial support to fund the Genex Kidston Connection. An additional $40 million was provided to Powerlink on 30 March 2022 as contributed equity to fund the Far North Queensland Renewable Energy Zone line upgrade.

Renewable Energy Zones

The Queensland Government has committed to delivering at least three Renewable Energy Zones (REZs) in Queensland. To support this commitment, the government allocated $145 million for REZs and supporting initiatives, as well as an additional $2 billion to establish the Queensland Renewable Energy and Hydrogen Jobs Fund. Powerlink was tasked with providing government with a REZ development recommendation which was delivered on schedule.

Powerlink continues to work with government to develop REZs across the state. Initial activities include market sounding, community engagement in the proposed renewable zones, initial land access investigations, development of suitable regulatory and legal frameworks, and support for battery connections. The government has approved and provided $40 million for the Northern QREZ (due to be complete by late 2023) and recently announced the Southern QREZ.

Powerlink continues to progress work for the establishment of the Southern and Central QREZs.

Dividend Policy

In line with shareholding Ministers' expectations, Powerlink's policy is to payout 100% of Net Profit After Tax (NPAT) as an ordinary dividend and additional special dividends based on specific metrics as detailed in the Shareholder Mandate.

For 2022/23 the Powerlink Board has agreed to retain the 2021/22 ordinary dividend for the purpose of the potential development of transmission infrastructure that supports Queensland's energy transformation. A letter has been provided to the shareholding Ministers dated 6 May 2022, seeking approval for the retention of this dividend. Consequently, the forecast assumes the 2021/2022 ordinary dividend will not be declared, provided for, or paid in 2022/23.

The 2022/23 forecast does assume a special dividend payment of $70 million. In addition, the 2021/22 special dividend of $90 million is assumed to be paid in 2022/23.

Electricity Demand

Powerlink observed mostly moderate demand over the transmission network during the 2021/22 summer, although a period of high temperatures did lead to a new maximum operational (as generated) demand of 10,058 MW on 8 March 2022. The previous peak demand of 10,044 MW occurred on 14 February 2019.

Energy delivered through the transmission network continues its slight decline due to the ongoing customer uptake of solar photovoltaic (PV) rooftop installations and technology development. A minimum system demand of 3,897 MW was recorded on 27 September 2020. Powerlink is focused on delivering transmission services to meet this changing pattern of demand while putting downward pressure on its component of electricity costs to consumers. The increasing challenge of managing contemporary demand profiles will require investment in large scale batteries and synchronous condensers in the very near future.

Financial Metrics	**2021/22 Budget**	**2022/23 Target**
Primary		
Distribution Yield (1)	6.2%	2.4%
Controllable Opex on Fixed Assets	3.3%	3.0%
Secondary		
Distribution Cash Coverage (2)	1.4 times	4.4 times
Net Debt / Fixed Assets	66%	66%
Return on Assets	4.4%	3.5%
FFO on Net Debt	9.4%	8.5%
Net Debt / RAB	76.4%	80.0%

Economic Assumptions	**2021/22 Budget**	**2022/23 Target**
CPI (June Year)	1.6%	2.8%
Interest Rate – Core	4.1%	3.9%
Regulated Rate of Return (WACC)	5.67%	5.08%
Ordinary Dividend Payout Ratio(3)	100%	100%
Average Wage Growth(4)	3.0%	4.6%
Shareholder Equity Injections(5) (6)	Nil	Nil
Shareholder Equity Withdrawals(5)	Nil	Nil

1 Distribution Yield reflects the ordinary and special dividend related to that financial year and so adjusts for timing issues related to prior year payments. 2022/23 reflects the retention of the 2021/22 ordinary dividend of $149.1 million.

2 Distribution Cash Coverage for 2022/23 reflects the retention of the 2021/22 ordinary dividend.

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

4 2022/23 reflects wage increases delayed from prior year due to COVID-19 pandemic, with two wage increases made in 2022 (March and September). The increase does not include superannuation.

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

6 $40 million equity injection was received on 30 March 2022 relating to the Northern QREZ. This was not in the original 2021/22 budget.

Capital Expenditure

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

Total Capital Expenditure	Estimated Expenditure 2022/23 ($M)
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
Total Capital Expenditure[1]	524.2

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

Small differences are due to rounding to first decimal point.

Significant Projects	2022/23 ($M)	Approved Total Cost($M)	Expected Completion Date	Board Approved	Shareholder Approved
Regulated					
Advanced Energy Management System	6.2	65.5	Mar 2024	Y	NA
Strathmore Transformer Reinforcement	3.2	24.3	May 2023	Y	NA
Bouldercombe Primary Plant Replacement	8.4	40.4	Jun 2023	Y	NA
Calvale & Callide B Secondary Systems Replacement	2.9	21.8	Aug 2023	Y	NA
DWDM Replacement	11.9	33.8	Oct 2023	Y	NA
Nebo Primary Plant Replacement	2.5	26.8	Jun 2024	Y	NA
Nebo Secondary Systems Replacement	3.4	31.5	Jun 2024	Y	NA
Lilyvale Transformers Replacement	2.5	21.5	Aug 2022	Y	NA
Lilyvale Selected Primary Plant Replacement	6.2	27.9	Oct 2024	Y	NA
Davies Creek to Bayview Heights 275kV Refit	1.7	44.7	Jul 2025	Y	NA
Ross 275kV Primary Plant Replacement	4.9	28.8	Nov 2025	Y	NA
Gladstone South Secondary Systems Replacement	0.5	20.8	May 2026	Y	NA
Regulated (not yet fully committed)					
SEQ 275kV Bus Reactors	1.3	Future (>$30M)	Jun 2026	Y	NA

Significant Connection Projects (Non-Regulated) – Committed Projects[1]
Kaban Green Power Hub Connection
Edenvale Solar Farm Connection
Northern QREZ Establishment
Wandoan South Solar Farm Connection
Bouldercombe BESS Connection
Clarke Creek Wind Farm Connection
MacIntyre Wind Farm Connection
Genex Kidston 275kV Connection

Significant Projects (Non-Regulated) – Completed Projects in FY2021/22[2]
QCN 100GBit NBN Connectivity
Columboola Solar Farm
Moura Solar Farm Connection
Western Downs Green Power Hub
Woolooga Solar Farm Connection
Blue Grass Solar Farm Connection
Wandoan South BESS

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

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

Capital Structure

Borrowings			
Facility	**2021-22 ($M)**[1]	**2022-23 ($M)**	**Change**
1	4,244.2	4,244.2	---
2	287.8	287.8	---
3	54.2	49.7	(4.5)
4	147.7	141.7	(6.0)
5	480.5	467.7	(12.8)
6[2]	10.7	182.6	172.0
Total	5,225.1	5,373.8	148.7

Small differences are due to rounding to first decimal point.

1 2021-22 numbers relate to the approved budget as per 2021-22 SCI.

2 [redacted]

Queensland Capacity Network Pty Ltd (QCN Fibre)

QCN Fibre (jointly owned by Powerlink and Energy Queensland) commenced operations in 2019. QCN Fibre's mission is to break down the digital divide in Queensland.

QCN Fibre will achieve its mission by utilising, extending and upgrading the telecommunications infrastructure owned by Powerlink and Energy Queensland in order to improve telecommunications coverage, capacity and competition in Queensland, particularly in regional areas.

QCN Fibre has completed its commercialisation phase and is actively participating in the Queensland telecommunications market by providing high capacity backhaul services to telecommunications carriers and resellers.

Future capital works programs include:

- further expansion and upgrades to the "Edge Network";
- interconnection with the TransGrid telecommunications network providing a new inter-capital backhaul path between Queensland and NSW and beyond;
- connecting Maryborough to the QCN Fibre network; and
- delivering improved connectivity to regional towns in the Central Highlands region via the Federal Government's Regional Connectivity Program grant.

QCN Fibre will be able to deliver additional high capacity backhaul as a result of the Powerlink backbone telecommunications network upgrade scheduled for the 2021/22 and 2022/23 financial years.

Despite constraints with existing network capacity and the effects of COVID-19, QCN Fibre's target of achieving greater than 0% increase in contracted capacity has been easily met with a total increase since inception of 33.3%.

Community Service Obligations

No community service obligations have been identified by Powerlink in 2022/23.

Procurement Policy

As a Queensland Government Owned Corporation Powerlink supports the Queensland Government's economic development priorities, as enunciated in the Queensland Procurement Policy (QPP) and Buy Queensland.

As a business we work closely with our industry partners to maximise the participation of Queensland businesses in Powerlink projects. An example of this commitment is the series of local supplier workshops held in Charters Towers, Ingham and Townsville for the Genex Kidston Connection. These workshops have been run jointly with principal contractor UGL to ensure local providers in North Queensland are given every opportunity to bid for – and win – work on the project. Although the project is still in the very early stages of delivery, already eight North Queensland businesses have been awarded contracts on the project.

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

As a GOC, Powerlink is responsible and accountable to the Queensland Government and ultimately the people of Queensland to ensure that it achieves value for money, however we also recognise our clear obligation to ensure Queensland businesses are encouraged and empowered to participate in Powerlink work programs.

Statement of Compliance

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

Financial Statements

Profit and Loss Statement	Actual 2020-21 ($M)	Budget 2021-22 ($M)	Forecast 2021-22 ($M)	Budget 2022-23 ($M)
Operating Revenue				
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Operating Revenue	**975.0**	**1,000.9**	**1,061.8**	**979.3**
Operating Expenses				
Controllable Operating Expenses	235.4	250.7	245.4	254.7
Depreciation	384.5	376.0	373.2	383.6
Other [2]	23.5	15.0	29.9	29.9
Total Operating Expenses	**643.5**	**641.7**	**648.5**	**668.1**
Earnings Before Interest and Tax (EBIT)	**331.5**	**359.3**	**413.3**	**311.1**
Net Finance Charges [3]	207.1	213.4	200.3	205.6
Income Tax Equivalent Expense	37.4	43.8	63.9	31.7
Net Profit After Tax (NPAT)	**87.0**	**102.1**	**149.1**	**73.9**
Dividends Provided for [4] (includes Special Dividend)	**330.0**	**192.1**	**80.0**	**233.9**

Small differences are due to rounding to first decimal point.

1 [redacted]

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

3 Includes Interest Income and AASB15 impact.

4 Dividends Provided for:

- 2022/23 forecast includes special dividends for 2021/22 and 2022/23.
- 2021/22 forecast includes the deferred special dividend from 2020/21 and reflects the retention of 2021/22 ordinary dividend to help support transformational investment in the Queensland's transmission network.
- 2020/21 actual dividends includes an additional special dividend of $148.2 million released from the Clean Energy Hub fund of which $147 million was returned to provide financial support to fund the Genex Kidston Hydro Project.

Financial Statements

Balance Sheet	Actual 2020-21 ($M)	Budget 2021-22 ($M)	Forecast 2021-22 ($M)	Budget 2022-23 ($M)
Current Assets				
Cash	14.0	24.9	24.9	24.9
Cash Advances	344.8	341.9	445.1	360.5
Receivables	94.5	81.9	86.2	81.0
Other	64.7	54.0	64.7	64.7
Total Current Assets	**518.0**	**502.7**	**620.9**	**531.1**
Non-Current Assets				
Property, Plant & Equipment	7,769.3	7,725.6	8,005.9	8,389.0
Other	20.4	16.1	20.4	20.4
Total Non-Current Assets	**7,789.7**	**7,741.6**	**8,026.3**	**8,409.4**
Total Assets	**8,307.6**	**8,244.4**	**8,647.2**	**8,940.5**
Current Liabilities				
Creditors	41.2	63.0	51.7	61.1
Borrowings	25.4	26.6	27.0	28.0
Other	199.8	191.1	89.8	159.0
Total Current Liabilities	**266.4**	**280.7**	**168.4**	**248.1**
Non-Current Liabilities				
Borrowings	5,216.8	5,198.5	5,244.7	5,345.8
Other	968.5	982.6	1,063.6	1,139.3
Total Non-Current Liabilities	**6,185.4**	**6,181.1**	**6,308.3**	**6,485.0**
Total Liabilities	**6,451.8**	**6,461.7**	**6,476.7**	**6,733.2**
Net Assets	**1,855.8**	**1,782.6**	**2,170.4**	**2,207.3**
Shareholders' Equity				
Share Capital	401.0	401.0	401.0	401.0
Other Equity (1)	154.6	154.2	194.5	194.5
Reserves	1,167.1	1,227.4	1,425.8	1,462.7
Retained Earnings (2)	133.2	0.0	149.1	149.1
Total Shareholders' Equity	**1,855.8**	**1,782.6**	**2,170.4**	**2,207.3**

Small differences are due to rounding to first decimal point.

(1) 2021/22 forecast includes the $40 million equity contribution received on 30 March 2022 associated with the Northern QREZ line upgrade.

(2) 2021/22 forecast reflects the retention of the 2021/22 ordinary dividend of $149.1 million.

Financial Statements

Cash Flow Statement	Actual 2020-21 ($M)	Budget 2021-22 ($M)	Forecast 2021-22 ($M)	Budget 2022-23 ($M)
Cash Flows from Operating Activities				
Cash Receipts in the course of Operations	961.6	1,053.3	1,126.5	1,022.2
Cash Payments in the course of Operations	(258.4)	(244.8)	(259.5)	(273.5)
Interest Received	2.8	1.7	2.1	1.0
Interest Paid	(206.1)	(208.8)	(207.6)	(200.4)
Tax Equivalent Payments	(52.2)	(73.5)	(94.4)	(52.7)
Net Cash Provided by Operating Activities	**447.6**	**527.8**	**567.0**	**496.5**
Cash Flows from Investing Activities				
Payments for Property, Plant and Equipment	(246.0)	(247.9)	(358.7)	(524.2)
Proceeds from Sale of Non-Current Assets	3.6	1.4	1.5	1.0
Net Cash used in Investing Activities	**(242.4)**	**(246.5)**	**(357.2)**	**(523.2)**
Cash Flows from Financing Activities				
Net Proceeds from Borrowings	147.3	(15.1)	29.5	102.1
Dividends Paid	(331.6)	(164.9)	(168.1)	(160.0)
Other	(23.0)	-	40.0	-
Net Cash from Financing Activities	**(207.2)**	**(180.0)**	**(98.7)**	**(57.9)**
Net Increase/(Decrease) in Cash Held	**(2.0)**	**101.4**	**111.2**	**(84.7)**
Cash at the Beginning of the Financial Year	360.8	265.5	358.8	470.0
Cash at the End of the Financial Year[1]	**358.8**	**366.8**	**470.0**	**385.4**

Small differences are due to rounding to first decimal point.

1 Includes Cash and Cash Advances.

Financial Metrics Definitions

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

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

Non-Financial Metrics Definitions

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

Attachment 1 - Employee Relations

Employee Relations

1. Employment and Industrial Relations Approach

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

Powerlink aims to ensure that its business operations:

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

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

Industrial Relations Framework:

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

- The Powerlink Managers Enterprise Agreement 2021 covers approximately 4% of the workforce. It is aligned to the organisational architecture of Powerlink and recognises the important role of middle-level leadership in driving business outcomes. This agreement commenced on 22 January 2021 with a nominal expiry date of 21 January 2024. The agreement contains wage deferral arrangements consistent with the Temporary Addendum to the GOC Wages Policy 2015; and
- The Working at Powerlink 2020 - Union Collective Agreement (WAPA) covers approximately 91% of Powerlink's staff. It provides the majority of their terms and conditions of employment. It commenced on 28 October 2020 with a nominal expiry date of 28 February 2024. It also contains wage deferral arrangements consistent with the Temporary Addendum to the GOC Wages Policy 2015.

2. Significant and Emerging Issues

Significant challenges exist in the current labour market, especially in critical skill sets required for transmission line construction. Powerlink is working closely with government and industry to maximise available resources and ensure those resources are deployed in the most efficient way possible.

Powerlink is currently examining its strategic workforce needs throughout Queensland to ensure it is able to continue to increase capability to meet the growing demands being placed on the Powerlink workforce.

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

- Factors in the external environment, including the regulatory review process and other rule changes, challenges in the non-regulated business environment, and the changing nature of the energy sector and the role that transmission plays;
- The variability of the non-regulated business coupled with a continued focus on maintenance for the existing transmission network remains a major driver in workforce planning and resourcing; and

- The growth of renewable energy generation and changes in technology, which necessitates the on-going training and upskilling of our workforce.

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

- Embed the productivity initiatives negotiated as part of the Working at Powerlink Union Collective Agreement 2020. A major focus is the implementation of new technologies for our field workers;
- Support programs of work which are aimed at ensuring future transmission resourcing and skillsets, and associated approaches for planning, partnering and delivery;
- Continue to increase our ability to resource Powerlink's work appropriately and flexibly through re-skilling and ease of movement of people across the business;
- Increase business productivity by continuing to improve staff engagement levels and lift culture to be more accountable, innovative, customer-focused and constructive;
- Continue to increase leadership capability to manage industrial relations issues at an early stage to avoid unnecessary disputation; and
- Support staff with flexible working arrangements to ensure that they are able to work safely and productively.

Employment and Industrial Relations Plan

1. Employment Conditions

Enterprise Agreements

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

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

The Working at Powerlink Agreement is Powerlink's primary enterprise agreement covering approximately 91% (936) of employees.

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

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

The key features of the current Powerlink Managers Agreement, which covers approximately 4% (45) of employees, include:

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

2. Workforce

Powerlink forecasts workforce resource numbers using a variety of in-house tools, taking into account the forward plan of works across regulated and non-regulated programs and ongoing operational requirements.

Recent investment in Strategic Workforce Planning is improving Powerlink's ability to understand and forecast future skill and capability needs as well as workforce size, informing the establishment of targeted skill and capability development training to ensure a workforce that is equipped and able to deliver to world class standards.

To keep pace with ongoing change, regular reviews are performed to ensure an optimal balance of internal labour supplemented by external assistance. For example, Powerlink's capital program includes work undertaken by external construction companies, with design services being delivered both "in-house" and by external contractors.

Workforce FTEs [1]	**31 January 2022**
Employment Category: Permanent (including Part-time)	875
Senior Executive	7
Apprentices (In House)	27
Trainees (In House)	3
Casual and Fixed Term Employees	91
Total Directly Employed Workforce:	1003
Labour hire	11
Total Workforce (including labour hire):	1014

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

3. Redundancy Provisions

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

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

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

There are currently two redeployees at Powerlink.

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

4. Remuneration Arrangements

The remuneration details for Powerlink's Chief Executive Officer and other Senior Executives applying on 31 January 2022 are:

CEO / Senior Executives	Base Salary [1]	Employer Superannuation Contributions	Total Fixed Remuneration	Performance Payment made in 2020/21
Paul Simshauser Chief Executive	$764,165	$76,417	$840,582	-
Leigh Pickering Acting Chief Financial Officer	$374,885	$37,489	$412,374	-
Leigh Pickering Substantive Role – Executive General Manager People and Corporate Services	$330,379	$33,038	$363,417	
Jacqui Bridge Executive General Manager Energy Futures	$352,704	$35,270	$387,974	-
Stewart Bell Executive General Manager Network and Business Development	$421,528	$42,153	$463,681	-
Gary Edwards Chief Operating Officer	$356,889	$35,689	$392,578	-
Ian Lowry Executive General Manager Delivery and Technical Solutions	$327,236	$32,724	$359,960	-
Des Kluck Acting Executive General Manager People and Corporate Services	$274,315	$27,432	$301,747	

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

Performance pay for individuals employed under Senior Executive contracts was not paid for the 2020/21 financial year, as required by the temporary addendum to the Policy for Government Owned Corporations Chief and Senior Executive Employment Arrangements.

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

5. Superannuation

Powerlink superannuation conditions meet Your Future, Your Super legislative requirements known as 'stapling' or 'stapled funds'. This enables new employees commencing 1 November 2021 onwards to remain with their existing 'stapled' superannuation fund. All Powerlink employees covered by the Working at Powerlink Agreement and who commenced prior to this date remain with the Energy Super Superannuation Scheme until at least the expiry of the Agreement on 28 February 2024. Designated managers covered by the Powerlink Managers Agreement and senior staff who are outside of the agreements have Super Choice.

6. Consultation

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

7. Workplace Health & Safety

Safety is one of Powerlink's values and a key part of our culture. It continues to be a Board-sponsored value owned by all employees and Powerlink strives to continually improve safety practices and outcomes. Powerlink is committed to the safety and wellbeing of our people, customers, contractors and communities, and to the prevention or minimisation of harm to the environment.

Powerlink systemically monitors its compliance obligations and business requirements. It has systems in place to develop, resource, monitor and make continuous improvement to progress its health, safety and environmental commitments and objectives. This includes planning, design, construction, operation and maintenance of an electrically safe network.

Attachment 2 - Sponsorship, Advertising, Corporate Entertainment and Donations

Sponsorships

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

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

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

Any sponsorship greater than $5,000 must be reviewed and endorsed by the Powerlink Chief Executive and sponsorships greater than $15,000 must be reviewed and endorsed by the Powerlink Board.

Advertising

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

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

Activity	Description / Benefit	Budget 2021/22 ($)	Budget 22/23	2022/23 – Quarter ($)			
				Sept	Dec	Mar	Jun
SPONSORSHIPS [1]							
Engineers Australia	EA Branch Program	5,000	6,000	---	---	---	6,000
Energy Users Assoc. of Aust.	Conference and Qld Forum	30,000	35,000	---	---	35,000	---
Country Universities Centre	Regional sponsor	20,000	20,000	20,000			
Qld State Emergency Service	Statewide equipment sponsor	50,000	50,000	---	---	---	50,000
Qld Environmental Law Society	Conference	5,000	5,000	---	---	5,000	---
Environmental Sponsorship	Program sponsorship	8,000	5,000	---	5,000		---
Women in Engineering Sponsorship	Industry partnership program	10,000	10,000	10,000	---	---	---
Uniting Care	Community support program	---	20,000		20,000		
Total over $5,000		**128,000**	**151,000**	**30,000**	**25,000**	**40,000**	**56,000**
Other (total) below $5,000		40,000	40,000	10,000	10,000	10,000	10,000
Total Sponsorship (1):		**168,000**	**191,000**	**40,000**	**35,000**	**50,000**	**66,000**
DONATIONS [2]		**10,000**	**10,000**	**Nil**	**Nil**	**10,000** [2]	**Nil**
Other (total) below $5,000		---	---	**---**	**---**	**---**	**---**
Total Donations (2):		**10,000**	**10,000**	**Nil**	**Nil**	**10,000**	**Nil**
ADVERTISING [3]							
Total over $5,000		---	---	**---**	**---**	**---**	**---**
Other (total) below $5,000		---	---	**---**	**---**	**---**	**---**
Total Advertising (3):		**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

1 Subject to review prior to SCI final approval.
2 Powerlink conducts an annual donation program for a charity in conjunction with staff. The 2021/22 beneficiary was Hummingbird House.
3 As a general policy, Powerlink only undertakes advertising that is directly associated with its operational activities and as such, no details are included.

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

[redacted]				[redacted]			
CORPORATE ENTERTAINMENT **Total over $5,000**		40,000	40,000	10,000	10,000	10,000	10,000
Other (total) below $5,000		---	---	---	---	---	---
Total Corporate Entertainment (4):		**40,000**	**40,000**	**10,000**	**10,000**	**10,000**	**10,000**
OTHER **Total over $5,000**		---	---	---	---	---	---
Other (total) below $5,000		---	---	---	---	---	---
Total Other (5):		**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
TOTAL (1)+(2)+(3)+(4)+(5)		**218,000**	**241,000**	**50,000**	**45,000**	**70,000**	**76,000**

Attachment 3 – Financial Statements

Financial Statements

Profit and Loss Statement	Full Year ($M)	Q1 ($M)	Q2 ($M)	Q3 ($M)	Q4 ($M)
Operating Revenue					
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Operating Revenue	**979.3**	**234.2**	**243.4**	**254.8**	**246.9**
Operating Expenses					
Controllable Operating Expenses	254.7	69.2	55.7	55.6	74.2
Depreciation	383.6	93.3	95.5	97.2	97.5
Other [2]	29.9	6.3	7.2	8.4	8.1
Total Operating Expenses	**668.1**	**168.7**	**158.4**	**161.2**	**179.8**
Earnings Before Interest and Tax (EBIT)	**311.1**	**65.5**	**85.0**	**93.6**	**67.1**
Net Finance Charges [3]	205.6	51.4	51.4	51.4	51.4
Income Tax Equivalent Expense	31.7	4.2	10.1	12.7	4.7
Net Profit After Tax (NPAT)	**73.9**	**9.9**	**23.5**	**29.5**	**11.0**
Dividends Provided for [4] (includes Special Dividend)	**233.9**	**0.0**	**90.0**	**70.0**	**73.9**

Small differences are due to rounding to first decimal point.

1 [redacted]

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

3 Includes Interest Income and AASB15 impact.

4 2022/23 forecast dividends includes special dividends for 2021/22 and 2022/23 financial years.

Financial Statements

Balance Sheet	2022-23 ($M)	Q1 ($M)	Q2 ($M)	Q3 ($M)	Q4 ($M)
Current Assets					
Cash	24.9	24.9	24.9	24.9	24.9
Cash Advances	360.5	464.7	383.2	361.9	360.5
Receivables	81.0	77.6	83.2	90.4	81.0
Other	64.7	64.7	64.7	64.7	64.7
Total Current Assets	**531.1**	**631.9**	**556.0**	**541.9**	**531.1**
Non-Current Assets					
Property, Plant & Equipment	8,389.0	8,148.2	8,229.0	8,297.6	8,389.0
Other	20.4	20.4	20.4	20.4	20.4
Total Non-Current Assets	**8,409.4**	**8,168.6**	**8,249.4**	**8,318.0**	**8,409.4**
Total Assets	**8,940.5**	**8,800.5**	**8,805.4**	**8,859.9**	**8,940.5**
Current Liabilities					
Creditors	61.1	64.8	51.8	68.1	61.1
Borrowings	28.0	27.3	27.5	27.8	28.0
Other	159.0	87.6	90.1	89.8	159.0
Total Current Liabilities	**248.1**	**179.7**	**169.4**	**185.7**	**248.1**
Non-Current Liabilities					
Borrowings	5,345.8	5,270.0	5,295.3	5,320.6	5,345.8
Other	1,139.3	1,128.4	1,141.0	1,152.4	1,139.3
Total Non-Current Liabilities	**6,485.0**	**6,398.4**	**6,436.3**	**6,472.9**	**6,485.0**
Total Liabilities	**6,733.2**	**6,578.1**	**6,605.7**	**6,658.6**	**6,733.2**
Net Assets	**2,207.3**	**2,222.4**	**2,199.7**	**2,201.2**	**2,207.3**
Shareholders' Equity					
Share Capital	401.0	401.0	401.0	401.0	401.0
Other Equity (1)	194.5	194.5	194.5	194.5	194.5
Reserves	1,462.7	1,467.9	1,421.6	1,393.6	1,462.7
Retained Earnings (2)	149.1	159.0	182.5	212.1	149.1
Total Shareholders' Equity	**2,207.3**	**2,222.4**	**2,199.7**	**2,201.2**	**2,207.3**

Small differences are due to rounding to first decimal point.

(1) Includes $147 million equity contribution associated with the Genex Kidston Hydro Project received in 2020/21 and $40 million equity contribution for Far North Queensland Renewable Energy Zone upgrade received on 30 March 2022.

(2) Retained Earnings of $149.1 million reflects the retention of the 2021/22 ordinary dividend.

Financial Statements

Cash Flow Statement	Full Year ($M)	Q1 ($M)	Q2 ($M)	Q3 ($M)	Q4 ($M)
Cash Flows from Operating Activities					
Cash Receipts in the course of Operations	1,022.2	290.0	234.9	244.8	252.6
Cash Payments in the course of Operations	(273.5)	(62.2)	(75.8)	(47.4)	(88.1)
Interest Received	1.0	0.4	0.3	0.3	0.0
Interest Paid	(200.4)	(50.0)	(50.2)	(50.2)	(50.1)
Tax Equivalent Payments	(52.7)	(8.6)	(12.5)	(18.1)	(13.5)
Net Cash Provided by Operating Activities	**496.5**	**169.6**	**96.7**	**129.4**	**100.8**
Cash Flows from Investing Activities					
Payments for Property, Plant and Equipment	(524.2)	(175.6)	(113.9)	(106.2)	(128.5)
Proceeds from Sale of Non-Current Assets	1.0	-	0.1	0.0	0.9
Net Cash used in Investing Activities	**(523.2)**	**(175.6)**	**(113.8)**	**(106.2)**	**(127.7)**
Cash Flows from Financing Activities					
Proceeds from Borrowings	102.1	25.6	25.5	25.5	25.5
Dividends Paid	(160.0)	-	(90.0)	(70.0)	-
Net Cash from Financing Activities	**(57.9)**	**25.6**	**(64.5)**	**(44.5)**	**25.5**
Net Increase/(Decrease) in Cash Held	**(84.7)**	**19.6**	**(81.5)**	**(21.3)**	**(1.4)**
Cash at the Beginning of the Financial Year	470.0	470.0	489.6	408.1	386.8
Cash at the End of the Financial Year[1]	**385.4**	**489.6**	**408.1**	**386.8**	**385.4**

Small differences are due to rounding to first decimal point.

[1] Includes Cash and Cash Advances.

Contact us

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