POWERLINK QUEENSLAND

Note: This framework does not preclude shareholding Departments from requesting further inclusions in the 2023/24 SCI during the negotiation process.

STATEMENT OF CORPORATE INTENT 2023/24

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

The Honourable Cameron Dick MP

Deputy Premier, Treasurer and Minister for Trade and Investment

The Honourable Mick de Brenni MP

Minister for Energy and Clean Economy Jobs

MAY 2023

Contents

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 2023/24

This SCI is consistent with Powerlink Queensland's 2023/24 – 2027/28 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 2023/24

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 Deputy Premier, Treasurer and Minister for Trade and Investment	Date
The Hon Mick de Brenni Minister for Energy and Clean Economy Jobs	Date
Kathy Hirschfeld AM Chair, Powerlink Queensland	Date

Financial Targets

Performance Targets	Full Year	Q1	Q2	Q3	Q4
EBIT	309.4	61.3	80.4	94.0	73.7
Net Profit After Tax (NPAT)	71.6	3.0	21.6	34.7	12.3
Capital Expenditure	958.6	220.1	216.2	239.6	282.6
Return on Assets (ROA)	3.2%	NA	NA	NA	NA
Ordinary Dividends Provided	71.6	-	-	-	71.6
Special Dividends Provided	-	-	-	-	-

Small differences are due to rounding to first decimal point.

Non-financial Targets

Performance Targets	Full Year	Q1	Q2	Q3	Q4
Environment					
Number of major, extreme or catastrophic incidents [1]	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	>12%	NA	NA	NA	NA
Health and Safety					
Health and Safety Assurance and Learning – Delivery against plan [2]	85%	NA	NA	NA	NA

1 Material and serious harm resulting in EPA intervention.

2 Monitors progress against a defined set of health and safety assurance and learning activities for the financial year.

Strategic Priorities

Powerlink's role is to serve Queenslanders by providing safe, reliable, clean, and affordable electricity to more than five million people and 238,000 businesses Our purpose as a Government Owned Corporation (GOC) is to own, build, operate and maintain the electricity transmission network and associated services in Queensland

In September 2022, the Queensland Government released the Queensland Energy and Jobs Plan (QEJP) and the Queensland SuperGrid Infrastructure Blueprint (Blueprint) The QEJP and Blueprint outline a well thought out roadmap to transform the Queensland power system into a renewables SuperGrid by the end of the decade, with a commitment to 50 per cent renewable energy by 2030 and 80 per cent by 2035

Powerlink's transmission network is central to this transformation The QEJP applies a whole-of-system planning approach, setting out the pathways and targets that will facilitate a low carbon economy in the future and ensure an orderly, least cost transformation of Queensland's power system

In recognition of this important transformation, Powerlink's business strategy identifies three lines of business and associated investments that help facilitate an orderly transition

- Our regulated network
- Our non-regulated renewable generation and new load connections.
- Our power system transformation investments

Importantly, these business lines are integrated throughout the organisation with almost every corner of Powerlink making important contributions to all three

Regulated

Powerlink's regulated 'shared' network is the foundation of the business, and represents the backbone of our core operations in supplying electricity to our customers Every five years Powerlink lodges a Revenue Proposal with the Australian Energy Regulator (AER) as part of our revenue determination process, which historically has set approximately 70% of our annual revenue This revenue funds the capital and operating expenditure – and rates of return – needed to build regulated assets and operate and maintain the regulated transmission network It is paid for by electricity customers across Queensland In April 2022, the AER made its Final Determination on Powerlink's Revenue Proposal for the 2023-27 regulatory period, which commenced 1 July 2022 and ends 30 June 2027

Powerlink's focus in 2023/24 is to ensure the regulated network is fit-for-purpose for the current and future energy needs of Queenslanders and that investments are rigorously assessed to ensure customers pay no more than necessary as the electricity system transitions to net zero greenhouse gas (GHG) emissions In doing so we will continue to provide safe, secure, reliable, and affordable services to customers Key strategic priorities such as Next Generation Network Operations (our Energy Management System replacement project) and our Digital Engineering Program will help ensure that the future regulated business is well positioned to operate the complex and dynamic network of the future

Non-regulated

Powerlink's existing non-regulated business is responsible for engaging with the market to ensure new renewable generators (and loads) are connected in an efficient and timely manner The pace of new connections – both large and small – will continue to accelerate in 2023/24 Powerlink's forecast portfolio of non-regulated capital works has increased significantly since last year The revenue delivered through our non-regulated business represents an increasing proportion of our annual budget

The QEJP identifies the need for 25 gigawatts (GW) of transmission-scale renewable generation to be connected in Queensland by 2035 to meet the government's climate change objectives Thus far we have connected 5GW (commissioned or under construction)

The pipeline of non-regulated work continues to grow and presents significant challenges and opportunities. To ensure Powerlink remains focused on the projects most likely to achieve the QEJP objectives, we have introduced customer and project segmentation strategies whilst still meeting our National Electricity Rule obligations to all classes of customers.

Powerlink is focused on the following:

- Continuing to build visibility of the forward pipeline of renewable generation projects through close engagement with the market.
- Refining our product and service offerings to ensure they continue to be compliant and remain competitive given increased market demand.
- Promoting subscription to Queensland's Renewable Energy Zones (REZs) to meet QEJP targets.
- Partnering with large-load customers to assist in enabling their decarbonisation plans.
- Enabling new load connections, such as for hydrogen production.

Power System Transformation

Queensland's power system was designed to transport electricity from a relatively small number of coal-fired power stations in central and southern Queensland to communities throughout the state. The system consisted of mainly 'dispatchable' generation plant.

The power system of 2035 and beyond will be characterised by large quantities of dispersed variable renewable energy generation, batteries, pumped hydro and gas-fired generation. Powerlink's transmission network will be the platform of this future system and will play an integral role in developing new Renewable Energy Zones (REZs), connecting the new renewable generation and firming resources such as Pumped Hydro Energy Storage (PHES). In order to deliver these new connections, Powerlink needs to upgrade the backbone transmission network.

Together, these elements will enable the rapid decarbonisation of the electricity sector as well as parts of the broader economy through electrification. More detail on Powerlink's role and activity is provided below.

CopperString 2032

The Queensland Government had been working with CuString Pty Ltd (CuString), a private consortium, to develop a project to construct a high voltage transmission line from Townsville to Mt Isa, ultimately connecting the Northwest Minerals Province (NWMP) to the existing transmission network. This project formed part of the QEJP and has now been purchased by the Queensland Government. In accordance with the Project Transfer Agreement between CuString and the State, shares in Copperstring Electricity Transmission Corporation Pty Ltd (CTC) were transferred to Powerlink on 31 March 2023, along with all key project assets. Powerlink has been requested by shareholding Ministers to take carriage of the CopperString 2032 project which includes the following activities:

- The progression of project early works to de-risk the project.
- Developing the project to investment proposal stage.

It is expected that the investment proposal will be completed October 2023. Progressing the project beyond the investment decision will be contingent on the Queensland Government's investment decision and funding arrangements being finalised.

Queensland SuperGrid

The SuperGrid identified in the QEJP will form the transmission backbone of Queensland's future network. Planning is now well underway for how the SuperGrid will interact with – and enhance – the existing transmission network.

Powerlink has developed a SuperGrid Strategy which accommodates the development of large Pumped Hydro Energy Storage (PHES), an increase in transmission-scale renewable generation to a total of 25GW by 2035, and the progressive reduction of coal-fired generation. Pursuant to this

strategy, preparatory work in relation to easement activities and preliminary design development is underway

This strategy reflects four large infrastructure components of the major transmission reinforcement initiatives outlined in the Blueprint Those four components (subject to approvals) are

- CopperString 2032, which includes a connection to unlock the wind resource in the Hughenden area.
- Connecting Borumba PHES to the transmission network
- Building a connection from Gympie to Gladstone, the Central Queensland connection network
- Connecting the Pioneer-Burdekin PHES to the transmission network and building the Northern Queensland connection between Gladstone and Townsville

Queensland Renewable Energy Zones (QREZs) and the REZ Delivery Body (RDB)

Powerlink supports the Queensland Government in establishing Queensland Renewable Energy Zones (QREZ) in order to connect renewable generation in a way that minimises costs for Queensland households and businesses.

The process for QREZ development has been outlined in the Queensland Government's QREZ technical design paper Under this process, it is proposed that Powerlink will be the REZ Delivery Body (RDB) responsible for development of the declared QREZ

Powerlink's key priorities in 2023/24 for REZs and the RDB include

- Development of a 25GW, and ultimately a 50GW REZ Roadmap. This will be informed by an assessment of the adequacy of the shared network (including the development of an analysis methodology and tools to support a greater understanding of the impacts of new renewables on network performance) This will also be supported by a multi-criteria assessment of other factors such as land, network capacity, environmental, community and social impacts as well as investor interest
- Developing the strategy, frameworks, and processes to support the RDB function in Powerlink Five work streams (Co-ordination, Legal and Governance, Community, Market and Technical) have been established, with work milestones aligned with an expected first REZ declaration in late 2023
- Making recommendations on the QREZ infrastructure to be progressed for further development The Queensland Minister for Energy would then declare each REZ, from which point the QREZ framework will be applied to the nominated area, with information released in a REZ Management Plan
- Implementing the RDB functionality and release up to three REZ Management Plans and commencement of associated engagement activities in 2023/24

Enabling activities

- Resourcing - Powerlink will focus on a range of different recruitment attraction and sourcing methods to ensure sufficient resources are employed to meet current and future workloads
- SuperGrid Training and Transmission Hubs – the operation and maintenance of high voltage transmission involves specialist skills within the broader electrical skills and competency matrix To proactively meet the future workforce demands, Powerlink is establishing SuperGrid Training and Transmission Hubs in Gladstone and Townsville These hubs represent the first permanent physical presence for Powerlink outside of South-East Queensland The hubs have been located in Central and North Queensland to also provide additional logistics and warehousing support in areas where renewable energy projects are rapidly developing Activities are already under way to develop partnerships with training providers, industry, Traditional Owners, and local communities
- Market modelling – future energy flows will be impacted by weather variability, market events and the development of renewable generation, storages (including pumped hydro and batteries) and transmission Future iterations of the Blueprint, Annual Market Snapshots, REZ and network developments will require sophisticated information, insights, and analysis To support these requirements, Powerlink is continuing to develop and enhance our market modelling and analytics function This will increase and refine Powerlink's capability to scrutinise a wide range

of model inputs, assumptions, and methods to better understand and highlight key drivers of the power system transformation. Powerlink plans to work closely with shareholding departments and Queensland Treasury Corporation (QTC) to develop a Community of Excellence / Practice for market modelling in the Queensland Government.

- Community Engagement Strategy – Powerlink is committed to developing a best-practice strategy to guide the development of REZ Management Plans and ongoing engagement with the community. Community engagement will become an even greater focus for Powerlink in 2023/24. We will use the Energy Charter as a central plank in our approach to maintain and grow our social licence to operate.
- Development of an 'Indigenous Participation and Partnerships Framework' and a 'Native Title Strategy' in support of Powerlink's future network development. This framework and strategy will help prioritise First Nations engagement and inclusion in project development and form trusted relationships and meaningful partnerships with First Nations stakeholders.
- The review of Powerlink's Network Development Process and Compensation Framework for transmission infrastructure delivery will be completed by the end of 2022/23, with implementation and application stages commencing in 2023/24.
- Supply chain approach – a key strategic priority to support the increased investment activity is to build and strengthen the resilience of our supply chain. This includes further developing strong supplier relationships, maintaining higher levels of inventory and the development of a new Warehouse Strategy.
- Future network operations - the focus in 2023/24 will remain on optimising the provision of access to the transmission network across maintenance activities, capital projects and the connection of new customer loads and generation to support the QEJP. Planning will continue to identify the most efficient way of delivering system strength services to support planned access to the network and to ensure a reliable and operable transmission network. High voltage live works remains a critical technical capability now and in the future.

  Key enabling priorities are the ongoing resource uplift of critical Network Operations roles which are highly skilled and have long lead times. Two pieces of strategic work centred around network risk appetite and understanding the options for future network operating models are both critical to shape how we operate the new dynamic transmission network of the future.
- Powerlink is engaging with Queensland's peak environmental bodies to discuss improvements for biodiversity outcomes associated with renewable energy development. Two key focus areas in 2023/24 include improving data and access to biodiversity mapping and the development of a best-practice guideline for renewable development/biodiversity interfaces.

Key Risks

Transformation

The Australian energy sector is transforming at a pace unseen since the introduction of the National Electricity Market in the 1990s. The increase in capital investment to $959 million for the 2023/24 SCI represents a significant increase compared with $679 million in the 2022/23 SCI This consists of the following

- Investment in Queensland's SuperGrid will ramp up with over $68 million of transformation capital expenditure in 2023/24.

[redacted]

- Capital Investment to maintain the existing shared network and investment in non-network assets will continue with $381 million of spend in 2023/24
- The current inflationary environment, combined with unprecedented levels of renewable development across Australia and the world, is resulting in overall costs escalating faster than anticipated in the 2022/23 SCI
- The 2023/24 costs *exclude* any capital expenditure for CopperString to connect the North West Minerals Province Early works for Copper String is included as operating expenditure

Resourcing

Over the past three years, Powerlink Full Time Equivalent roles have increased from ~870 to 1150, an increase of 32% Workforce growth is expected to continue Recruitment and retention of staff, especially in high demand trades and professions, is therefore expected to be a significant challenge over the medium term Extremely low unemployment, combined with existing shortages in key skill areas such as lines people, riggers and electrical engineers has led to a renewed focus on innovative approaches to human resource management.

The QEJP provides a blueprint of work for Powerlink over the next two decades. The industry workforce required to meet these commitments is expected to be much larger than today In preparation, Powerlink has significantly uplifted workforce capacity and capability, particularly in critical job functions, and is also working closely with industry partners to plan for and ensure the availability of a skilled pipeline of future talent.

Improvements to integrated workforce demand modelling, innovative attraction methods, international recruitment, cross-industry transitional training, and significant investment in future talent pathways are examples of sustainable workforce resourcing investments currently in progress to better prepare Powerlink and the Queensland energy industry to meet future workforce demands

Communities and Social Licence to Operate

Powerlink's social licence to operate will be a key factor in the delivery of the QEJP Effective community engagement will become an even greater focus for Powerlink in 2023/24 To ensure that Powerlink meets rising community expectations, there will be increased resourcing and training for staff who will be engaging directly with landholders and community members

The increase in resources and skills will also support the health and well-being of Powerlink people who are on the front lines of this community engagement Formal risk assessments have been completed by the Health, Safety and Environment team to ensure that appropriate controls are in place

Participation in The Energy Charter (of which Powerlink was a foundation signatory) is a key plank of our approach to social licence. The Energy Charter is a CEO-led initiative that brings together like-minded energy organisations with a shared purpose to deliver better outcomes for customers and communities

Powerlink is heavily involved in a Better Together initiative to improve engagement with agricultural landholders impacted by transmission infrastructure Market research to gain better insights into co-existence opportunities was completed by KPMG in November 2022, providing tangible strategies to improve the way that farming operations and transmission infrastructure can co-exist

Supply Chain Congestion

Since the beginning of the COVID-19 global pandemic in 2020, international supply chains have experienced severe disruptions. The war in Ukraine has exacerbated these disruptions – particularly across energy supply chains.

Building and strengthening our resilience to supply chain impacts is a key strategic priority to manage this risk. Fundamental to building resilience is changing our procurement philosophy for critical and long lead equipment from "Just-in-Time" to "Just-in-Case". Powerlink is using our Supplier Relationship Framework to build stronger relationships with key suppliers to secure the pipeline of delivery of key plant and equipment. To support the change in procurement philosophy we are developing a Warehouse Strategy that will assist in ensuring adequate warehouse space for the future needs of the business. However, mitigating risks is not possible in all cases, particularly given emerging queues for critical transmission equipment.

Climate Change Physical Impacts

Climate change physical impacts present Powerlink with new challenges in operating the transmission network. Although the network is already built to withstand significant severe weather events – for example 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 physical 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 the Australian Energy Market Operator (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 completed on emergency spares holdings.
- 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 in the recovery stage of natural disasters.

Cyber Security

The range of cyber security threats continues to expand and recent cyber-attacks on power systems around the globe indicate electricity networks remain credible targets. Given the critical role Powerlink plays in the delivery of electricity across the National Electricity Market (NEM) and the vital part our assets play in ensuring other sectors can sustain the social and economic well-being of Queensland households and businesses, we have been proactive in improving our cyber security capabilities.

Over the past few years, Powerlink has made substantial progress in the maturity of our cyber security practices based on the Australian Energy Sector Cyber Security Framework (AESCSF).

In 2022, the Commonwealth Government amended the *Security of Critical Infrastructure Act 2018 (Cth)* (SoCI Act) to place greater obligations on critical infrastructure asset owners and operators with respect to a range of hazards, including cyber security-related risks.

[redacted]

Powerlink remains alert to risks and stakeholder requirements related to current and emerging cyber security threats, which have the potential to cause major disruptions and potentially shut down operations for significant periods Powerlink will endeavour to keep ahead of new regulatory and legislative obligations and enact control measures to minimise and mitigate potential disruptions to our network

Transmission Ring-fencing

As a provider of prescribed (regulated) electricity transmission services, Powerlink is subject to the Australian Energy Regulator's (AER's) Electricity Transmission Ring-fencing Guideline Ring-fencing is intended to prevent cross-subsidisation between the provision of prescribed and contestable services and to address discrimination that may favour Powerlink (or affiliates) over a competitor in the provision of contestable transmission market services (e g non regulated connections) During 2022/23 the AER undertook a review of its Electricity Transmission Ring-fencing Guideline

The new Guideline expands the requirement for legal separation of activities to include all non-transmission services Any new agreements with third parties who provide services to Powerlink, such as our Service Level Agreement (SLA) with Ergon Energy, must contain provisions that mirror the non-discrimination and information access and disclosure requirements applicable to Powerlink

Following commencement of the new guidelines in March 2023, key immediate obligations require Powerlink to report breaches of obligations in the current Ring-fencing Guideline (Version 3) to the AER, and to comply with new reporting obligations on leasing arrangements for batteries and annual reporting Powerlink has 12 months to implement appropriate arrangements to ensure compliance with the new Electricity Transmission Ring-fencing Guideline

It is important that we can leverage our market knowledge and regulated network expertise to maximise value for both electricity customers and connecting renewable generators whilst ensuring appropriate allocation of costs and maintaining confidentiality

Planning and Procurement of System Strength

In October 2021 the Australian Energy Market Commission (AEMC) made significant changes to the National Electricity Rules (NER) in respect of the way in which system strength is planned and procured, to meet the needs of the changing power system Under the new arrangements, Powerlink was designated as the System Strength Service Provider for Queensland and will be responsible for procuring the system strength needed to meet forecast requirements set by AEMO The new arrangements are being progressively implemented, with forecast requirements for system strength to be fully met by Powerlink by December 2025

During 2023/24 Powerlink will progress and finalise the Regulatory Investment Test for Transmission (RIT-T) assessment to identify the least cost portfolio of system strength providers that meet AEMO's forecast and commence arrangements for these services to be available to AEMO to maintain power system security.

Once the expected costs for provision of system strength over the remainder of the current regulatory period (to 30 June 2027) have been identified, Powerlink will apply to the AER to pass through these costs via an adjustment to our 2023-27 Powerlink revenue determination The costs of providing system strength will be recovered from all parties who consume system strength, which includes both generators and loads

Natural Disaster Events

Powerlink's transmission structures are 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 self-insurance is based on annualised long-term actuarial allowances, variances between the actual cost of events and annual allowances may impact profitability in individual years.

Powerlink is focused on the following activities to enhance our preparedness for major emergencies:

- Continued evolution of emergency scenarios as training tools, including a focus on increased complexity mimicking the more complex nature of the current and future operational environment.
- Closer collaboration with generators in exercises to ensure an end-to-end electricity network is considered.
- Commencement of small agile cooperative events with Energy Queensland to explore emerging and future challenges and opportunities such as black start scenarios.
- Updating continuity plans to reflect the stronger focus on emerging and future threats and challenges.

Regulated Network Investments

The investments identified in the QEJP add a new level of complexity to Powerlink's forecast regulated network investment and associated Asset Management Plans for 2023/24. In particular, the newly identified projects add a significant quantum of work across all three lines of Powerlink's business (i.e. regulated, non-regulated, transformational) and are likely to challenge delivery capacity in terms of both resources and network access.

Preliminary forecasts for regulated network capex suggest the AER allowance may be exceeded in the latter years of the current regulatory period if the prevailing higher input costs persist into the future, and if certain additional projects (not foreseen during the 2020-2021 preparation period) materialise. If this were to occur, it would give rise to an ex-post assessment of all capital expenditure during the period. The AER may review the prudency and efficiency of capex and moderate what remains within the Regulatory Asset Base (RAB) as 'appropriate'. There is thus some risk that Powerlink will be unable to earn a commercial return on all of this investment in the future.

Network Operations

Powerlink continues to see an increase in the operational complexity of the transmission network. New challenges (including system strength) are being experienced in coordinating specific network configurations, including to support new generator performance testing.

Assumptions historically used to model and predict power flows on the transmission network are no longer reflecting the dynamics of the transitioning network. Functions that have typically been only required for market operations are now becoming important to enable the transmission network to be operated effectively (for example with planned maintenance work confirmed in advance). The operational dynamics of the network are no longer influenced solely by time-of-day consumer usage patterns and ambient temperatures. Influences now include solar irradiance, wind outlook, gas price, stored energy, and variable loads dependent on spot price. Operational forecasting and visibility of these factors is increasingly required to operate the network. Exploration of new tools, capability, and skills to support the forecast of these influences will continue.

Similarly, the number of network outages required to support the surge in non-regulated projects (i.e. renewable generator connections) and ongoing regulated projects (i.e. network maintenance, augmentations, and replacement) is increasing significantly. This will increase the load at risk compared to historical trends, with contingency planning in place to help mitigate such risks.

Service Target Performance Incentive Scheme

Powerlink operates under an incentive-based regulatory framework where the business is able to retain, for a time, any benefits of underspend against capital and operating expenditure allowances. To mitigate incentives to cut costs to the point where service to customers deteriorates, the Service Target Performance Incentive Scheme (STPIS) is designed to incentivise Powerlink to improve or maintain a high level of service for the benefit of participants in the NEM and electricity consumers.

To assist in setting the efficient allowances for capital and operating expenditure, the AER uses economic benchmarking to allow comparison of a Transmission Network Service Provider's (TNSP's) productivity performance over time, as well as comparison across TNSP's

Given the rapid changes occurring through the energy transformation, it has become apparent that the current designs of the STPIS and economic benchmarking are no longer appropriate The AER has stated that it intends to review both the design of the STPIS and the economic specification, to ensure they remain relevant During 2023/24 Powerlink will engage with the AER, our customers, and other TNSPs to ensure any updates to these regulatory tools provide long term benefits to Queensland electricity consumers

Assumptions

Contestability

It is assumed that:

- Powerlink will continue to be a monopoly owner of regulated transmission assets in Queensland.
- Powerlink will continue to access required debt funding to pursue approved non-regulated investments in Queensland's transmission network.

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 for the shared network. Powerlink's 2023/24 SCI financial forecasts are based on the AER Final Decision.

Powerlink continues to progress operational efficiencies to mitigate the ongoing impact of electricity prices on customers, in line with the AER Final Decision. The SCI for the 2023/24 financial year reflects the more immediate strategic issues and goals of Powerlink, with the longer-term plans outlined in the Powerlink 2023/24 – 2027/28 Corporate Plan.

Regulated revenue reflects the forecast of billings and collections. There is no recognition in revenue 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. As already noted, the efficient costs of meeting the new System Strength requirements will also be subject to pass-through, once determined.

Finance Charges

Forecast regulatory finance charges reflect the regulatory debt refinancing outcome for the current year and forecast rates as provided by Queensland Treasury Corporation (QTC). These forecasts indicate an expected increase in Powerlink's portfolio interest rates and are a key risk area given the volatility in global financial markets. The increase in finance charges is a combination of the increase in interest rates on the existing debt portfolio, which is based on a trailing 10-year average and increases in debt required to fund the Queensland SuperGrid which are at forecasted interest rates.

Queensland SuperGrid

Expenditure of $68 million has been included in 2023/24 for the SuperGrid as Regulated Capital Expenditure. We assume the expenditure will be included in the Regulated Asset Base from 2027/28 onwards and so factored into network charges from that time. This does not include any allowance for the CopperString project.

Non-Regulated Network Investments

[redacted]

A number of renewable generation projects are expected to reach the commitment phase in 2023/24 Powerlink will seek to provide non-regulated transmission connection services to these projects where they are connecting to the transmission network The timing of these projects and their likelihood of reaching financial close are dependent on project proponents and market conditions Powerlink is increasing resourcing for these works to manage fluctuating workloads and delivery timeframes required by proponents

Dividend Policy

In line with shareholding Ministers' expectations, Powerlink's policy is to pay out 100% of Net Profit After Tax (NPAT) as an ordinary dividend No special dividends are forecast for FY24 Any dividend recommended will be subject to satisfying Corporations Act 2001 requirements

Electricity Demand

Powerlink observed moderate demand over the transmission network during a mild 2022/23 summer, with a recorded maximum operational (as generated) demand of 10,070 MW on 17 March 2023 The previous peak demand of 10,058 MW occurred on 8 March 2022

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 3,469 MW was recorded on 11 September 2022

Longer term, new and electrification loads along with large-scale storage will help address the minimum load challenge Powerlink is focused on delivering transmission services to meet this changing pattern of demand while putting downward pressure on our component of electricity costs to consumers Negotiating flexibility around the operation of this new load is important in delivering on the objective

Financial Metrics	Budget 2022/23	Forecast 2023/24
Primary		
Distribution Yield	2 4%	3 4%
Controllable Opex on Fixed Assets	3 0%	3 0%
Secondary		
Distribution Cash Coverage	4 4x	2.6x
Net Debt / Fixed Assets	66%	63%
Return on Assets	3 5%	3.2%
FFO on Net Debt	8 5%	7 9%
Net Debt / RAB	80 0%	81 7%

Economic Assumptions	Budget 2022/23	Target 2023/24
CPI (June Year)	2.8%	3.6%
Interest Rate – Core	3.9%	3.9%
Regulated Rate of Return (WACC)	5.08%	5.18%
Ordinary Dividend Payout Ratio[1]	100%	100%
Average Wage Growth[2]	4.6%	4.5%
Shareholder Equity Injections[3]	-	-
Shareholder Equity Withdrawals[3]	-	-

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

2 The 2023/24 Target reflects projections for the new Enterprise Agreement (EA) due to start in March 2024 and excludes increases in superannuation and potential Cost of Living adjustments outlined in the EA.

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

Capital Expenditure

Investment Thresholds	$M
Shareholding Minister Notification	35
Shareholder Minister Approval – Regulated Investment	120
Shareholder Minister Approval – Non-regulated Investment	120

Total Capital Expenditure	Estimated Expenditure 2023/24 ($M)
Significant Projects (Regulated)	[redacted]
Super Grid (Regulated)	[redacted]
Total Other Projects (Regulated)[1]	[redacted]
Connection Projects (Non-Regulated)	[redacted]
Total Other Projects (Non-Regulated)[2]	[redacted]
Total Capital Expenditure[1]	**958.6**

Small differences are due to rounding to first decimal point

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

[2] Includes replacement capex on the existing non-regulated network

Significant Projects	2023/24 ($M)	Approved Total Cost($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

Significant Projects	2023/24 ($M)	Approved Total Cost($M)	Expected Completion Date	Board Approved	Shareholder Approved
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]
Northern QREZ Establishment
Bouldercombe BESS Connection
Clarke Creek Wind Farm Connection
MacIntyre and Karara Wind Farm Connection
Genex Kidston 275kV Connection
Aldoga GEM Connection
Ironbark Mine Connection
Western Downs BESS Connection
Anglo Line Relocation
Meandu Line Relocation
Chinchilla BESS Connection
Wambo Wind Farm Connection

Significant Projects (Non-regulated) – Completed Projects in FY2022/23[2]
Kaban Green Power Hub Connection
Edenvale Solar Farm Connection
Wandoan South Solar Farm Connection
Blue Grass Solar Farm Connection

[1] Committed projects are those with an executed agreement for the full scope of works, 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	2022/23 ($M)	2023/24 ($M)	Change
1	[redacted]	[redacted]	[redacted]
2	[redacted]	[redacted]	[redacted]
3	[redacted]	[redacted]	[redacted]
4	[redacted]	[redacted]	[redacted]
5	[redacted]	[redacted]	[redacted]
6 [2]	[redacted]	[redacted]	[redacted]
7 [3]	[redacted]	[redacted]	[redacted]
Total	**5,373.8**	**5,692.9**	**319.1**

Small differences are due to rounding to first decimal point

1 2022-23 numbers relate to the approved budget as per the 2022-23 SCI

2 [redacted]

3 [redacted]

Queensland Capacity Network Pty Ltd (QCN Fibre)

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

QCN 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.

During 2022-23, QCN incorporated the management of Powerlink's tower co-location business into its core activities, giving QCN access to over 20,000 towers for telecommunications co-location opportunities across Queensland.

With the full commissioning of the core DWDM network and the commercialisation phase of the tower co-location business unit now complete, will enable QCN to increase its profile and further expand its reach as a Queensland telecommunications carrier and wholesaler.

Key strategic initiatives for QCN in 2023-24 include:

- delivering improved connectivity to regional towns west of Mackay via the Federal Government's Regional Connectivity Program (Round Two) grant and seeking further funding under Round Three of the program
- expanding our network (both fibre and towers) by leveraging a range of existing and planned infrastructure projects, both private and public, within Queensland
- capitalising on the DWDM upgrade, our significant tower infrastructure and network expansion opportunities to re-engage with the Tier 1 Carriers via a multi-pronged approach
- further building relationships and brand awareness with international telecommunications carriers to target large, long-term capacity contracts.

Despite constraints with existing network capacity, QCN's target of achieving a greater than 12% increase in contracted capacity during 2022-23 was exceeded with a total increase of 24%.

Community Service Obligations

No community service obligations have been identified by Powerlink in 2023/24.

Procurement Policy

As a Queensland Government Owned Corporation, 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.

Powerlink supports the Queensland Government's economic development priorities including those set out 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 186km 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 early stages of delivery, 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 Subject Matter Expert Participation Scheme.

Statement of Compliance

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

Financial Statements

Profit and Loss Statement	Actual 2021/22 ($M)	Budget 2022/23 ($M)	Forecast 2022/23 ($M)	Budget 2023/24 ($M)
Operating Revenue				
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Operating Revenue	**1,115.8**	**979.3**	**1,021.6**	**1,090.6**
Operating Expenses				
Controllable Operating Expenses	228.5	254 7	253 1	291 6
Other [2]	31 0	29 9	32 7	96.5
Total Operating Expenses	**259.5**	**284.6**	**285.8**	**388.1**
Earnings Before Interest, Tax and Depreciation (EBITDA)	**856.3**	**694.7**	**735.8**	**702.5**
Depreciation	373 1	383 6	376 5	393 1
Earnings Before Interest and Tax (EBIT)	**483.2**	**311.1**	**359.3**	**309.4**
Net Finance Charges [3]	200 1	205 6	179 1	207 0
Income Tax Equivalent Expense	84 1	31.7	54.1	30 7
Net Profit After Tax (NPAT)	**199.0**	**73.9**	**126.2**	**71.6**
Ordinary Dividends Provided	199 0	73 9	126 2	71 6
Special Dividends Provided [4]	243 0	160 0	160 0	-
Total Dividends Provided	**442.0**	**233.9**	**286.2**	**71.6**

Small differences are due to rounding to first decimal point

1 [redacted]

2 Includes Cost of Disposal of Non-Current Assets, External Customer Services Expenses [redacted]

3 Includes Interest Income and AASB15 impact

4 No special dividends have been included in 2023/24 as part of the Balance Sheet Strategy

Balance Sheet	Actual 2021/22 ($M)	Budget 2022/23 ($M)	Forecast 2022/23 ($M)	Budget 2023/24 ($M)
Current Assets				
Cash	468.4	385.4	150.7	37.9
Receivables	136.5	81.0	83.0	91.1
Other	72.6	64.7	105.0	105.0
Total Current Assets	**677.5**	**531.1**	**338.6**	**234.0**
Non-Current Assets				
Property, Plant & Equipment	8,033.5	8,389.0	8,909.6	9,857.5
Other	40.8	20.4	40.8	40.8
Total Non-Current Assets	**8,074.3**	**8,409.4**	**8,950.4**	**9,898.3**
Total Assets	**8,751.9**	**8,940.5**	**9,289.1**	**10,132.3**
Current Liabilities				
Creditors	168.1	61.1	148.3	188.1
Borrowings	26.0	28.0	26.0	29.0
Other	120.9	159.0	235.4	183.5
Total Current Liabilities	**315.0**	**248.1**	**409.6**	**400.6**
Non-Current Liabilities				
Borrowings	5,190.9	5,345.8	5,166.3	5,663.9
Other	1,035.0	1,139.3	1,232.3	1,291.2
Total Non-Current Liabilities	**6,225.8**	**6,485.0**	**6,398.6**	**6,955.1**
Total Liabilities	**6,540.8**	**6,733.2**	**6,808.2**	**7,355.7**
Net Assets	**2,211.0**	**2,207.3**	**2,480.9**	**2,776.5**
Shareholders' Equity				
Share Capital	401.1	401.1	401.1	401.1
Other Equity (1)	194.6	194.6	194.6	194.6
Reserves	1,301.1	1,462.6	1,686.3	1,981.9
Retained Earnings	314.1	149.1	199.0	199.0
Total Shareholders' Equity	**2,211.0**	**2,207.3**	**2,480.9**	**2,776.5**

Small differences are due to rounding to first decimal point.

(1) 2022/23 forecast reflects the retention of the 2021/22 ordinary dividend of $199.0 million.

Cash Flow Statement	Actual 2021/22 ($M)	Budget 2022/23 ($M)	Forecast 2022/23 ($M)	Budget 2023/24 ($M)
Cash Flows from Operating Activities				
Cash Receipts in the course of Operations	1,068.9	1,022 0	1,132 7	1,070 7
Cash Payments in the course of Operations	(144 8)	(273 3)	(310 0)	(348 3)
Interest Received	2 4	1 0	7 4	3 5
Interest Paid	(198 2)	(200 4)	(187 8)	(219 0)
Tax Equivalent Payments	(82 5)	(52 7)	(98 0)	(50 9)
Net Cash from Operating Activities	**645.8**	**496.5**	**544.3**	**455.9**
Cash Flows from Investing Activities				
Payments for Property, Plant and Equipment	(384 6)	(524 2)	(678 3)	(943 3)
Proceeds from Sale of Non-Current Assets	0 6	1 0	0 8	0 1
Other	(108 8)	-	-	-
Net Cash used in Investing Activities	**(492.8)**	**(523.2)**	**(677.5)**	**(943.2)**
Cash Flows from Financing Activities				
Net Proceeds from Borrowings	40 0	102.1	(24 6)	500 6
Dividends Paid	(168 1)	(160 0)	(160 0)	(126 2)
Other	(25 4)	-	-	-
Net Cash from Financing Activities	**(153.5)**	**(57.9)**	**(184.6)**	**374.5**
Net Increase/(Decrease) in Cash Held	**(0.5)**	**(84.7)**	**(317.7)**	**(112.8)**
Cash at the Beginning of the Financial Year[1]	468 9	470.0	468 4	150 7
Cash at the End of the Financial Year[1]	**468.4**	**385.4**	**150.7**	**37.9**

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

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.*
Health and Safety Assurance and Learning	*Delivery against planned health and safety assurance and learning activities.*

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 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
- 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 55 employees 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 2020 Temporary Addendum to the GOC Wages Policy 2015
- The Working at Powerlink 2020 - Union Collective Agreement (WAPA) covers 1069 employees 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 2020 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 currently examining our strategic workforce requirements throughout Queensland to ensure it is able to continue to increase capability to meet the growing demands being placed on our 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 (e g. QEJP and Revenue Reset commitments), challenges in the non-regulated business environment, and the changing nature of the energy sector and the role that transmission plays
- The variability of the non-regulated business coupled with a continued focus on maintenance for the existing transmission network remains a major driver in workforce planning and resourcing

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

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

- Renegotiate the Working at Powerlink Union Collective Agreement 2020 (WAPA) and the Powerlink Managers' Agreement 2021 (Managers Agreement).
- 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.
- Support staff with flexible working arrangements to ensure that they are able to work safely and productively.
- Implement federal and state legislative changes and directives.

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).

Powerlink will be aiming to commence renegotiation of the Working at Powerlink Agreement (WAPA) and the Powerlink Managers' Agreement (Managers Agreement) in mid-2023. Powerlink will negotiate the Agreements in accordance with GOC Wages Policy and the Temporary Addendum issued 9 November 2022.

The current WAPA is Powerlink's primary enterprise agreement covering 1069 employees.

The key features of the current WAPA 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 2020 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 well-being and mental health initiatives.
- All other key terms and conditions of the previous Agreement were maintained.

The key features of the current Managers Agreement, which covers approximately 4% (55) 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 2020 Temporary Addendum to the GOC Wages Policy 2015
- 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

Improvements to integrated workforce demand modelling, innovative attraction methods, international recruitment, cross-industry transitional training, and significant investment in future talent pathways are examples of sustainable workforce resourcing investments currently in progress to better prepare Powerlink and the Queensland energy industry to meet future workforce demands Powerlink's workforce is as follows

Workforce FTEs [1]	**31 January 2023**
Employment Category:	
Permanent (including Part-Time)	1026
Senior Executive	7
Apprentices (In House)	25
Trainees (In House)	5
Casual and Fixed Term Employees	92
Total Directly Employed Workforce:	1155
Labour Hire	9
Total Workforce (including labour hire):	1164

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

3. Redundancy Provisions

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

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

The WAPA provides a commitment to 'no forced redundancies', subject to employees accepting reasonable redeployment and retraining

There are currently no redeployees at Powerlink

The Managers Agreement provides substantially similar redundancy benefits to the WAPA

4. Remuneration Arrangements

The remuneration details for Powerlink's Chief Executive and other Senior Executives applying on 31 January 2023 are

CEO / Senior Executives	Base Salary [1]	Employer Superannuation Contributions	Total Fixed Remuneration	Performance Payment made for 2021/22 [2]
Paul Simshauser Chief Executive	$784,291	$99,997	$884,288	$58,812
Darryl Rowell Chief Financial Officer	$405,976	$51,761	$457,737	$40,487
Gary Edwards Chief Operating Officer	$367,710	$46,883	$414,593	$27,446
Ian Lowry Executive General Manager Delivery and Technical Solutions	$337,973	$43,091	$381,064	$28,787
Jacqui Bridge Executive General Manager Energy Futures	$364,276	$46,445	$410,721	$31,027
Stewart Bell Executive General Manager Network and Business Development	$436,408	$55,641	$492,049	$41,713
Leigh Pickering Executive General Manager People and Corporate Services	$341,220	$43,505	$384,725	$25,893

1 Excludes any salary sacrifice items (e.g. motor vehicle, superannuation, and other benefits).
2 Paid in October 2022

5. Superannuation

Powerlink's 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 WAPA and who commenced prior to this date remain with the Brighter Super Superannuation Scheme until at least the expiry of the Agreement on 28 February 2024. Designated managers covered by the Managers Agreement and senior staff who are outside of the agreements have Super Choice.

In December 2022, Powerlink was advised by the Queensland Government that it had approved superannuation contributions of 12.75 per cent per annum to be paid by Government Owned Corporations to employees from 1 July 2022. Employer contribution are to be calculated on ordinary time earnings (at a minimum), as defined by the *Superannuation Guarantee Administration Act 1992 (Cth).*

6. Workplace Health and 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 well-being of our people, customers, contractors, and communities, and to the prevention or minimisation of harm to the environment.

Powerlink systemically monitors our compliance obligations and business requirements. We have systems in place to develop, resource, monitor and make continuous improvement to progress our 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
- Supporting safety and well-being

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

Any sponsorship greater than $10,000 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

With the breadth of change coming for the new energy future, Powerlink is developing a Community Investment Program designed to provide financial support to activities intended to improve and sustain social, economic, and environmental conditions in communities throughout Queensland Powerlink is particularly focused on areas where our projects and operations are currently – or will in the future – have an impact This financial support is largely derived from individual project budgets and will not form part of sponsorship investment or budgets

In addition, sponsorship funding from key projects or programs within Powerlink might also be allocated at various points in the financial year on an as-needed basis as part of QEJP priorities These items will be reported in quarterly SCI reporting, as required, and noted as being additional to existing budgets

Advertising

Powerlink undertakes very limited advertising Advertising undertaken generally relates to operational requirements and includes items such as consultation arrangements for environmental impact assessments, 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 2022/23 ($)	Budget 23/24	2023/24 – Quarter ($)			
				Sept	Dec	Mar	Jun
SPONSORSHIPS [1]							
Engineers Australia	EA Branch Program	6,000	----	---	---	---	---
Energy Users Assoc. of Aust.	Conference and Qld Forum	35,000	35,000	---	---	35,000	---
Country Universities Centre	Regional sponsor	20,000	20,000	20,000			
Qld State Emergency Service	State-wide equipment sponsor	50,000	50,000	---	---	---	50,000
Qld Environmental Law Society	Conference	5,000	5,000	---	---	5,000	---
Environmental Sponsorship	Program sponsorship	8,000	8,000	---	8,000		---
Women in Engineering Sponsorship	Industry partnership program	10,000	10,000	10,000	---	---	---
Uniting	Community support program	20,000	40,000		40,000		
RE-Alliance	Community partnership	---	25,000	25,000			
Total over $5,000		**154,000**	**193,000**	**55,000**	**48,000**	**40,000**	**50,000**
Other (total) below $5,000		40,000	60,000	15,000	15,000	15,000	15,000
Total Sponsorship (1):		**194,000**	**253,000**	**70,000**	**63,000**	**55,000**	**65,000**
DONATIONS [2]		**10,000**	**10,000**	**Nil**	**Nil**	**10,000** [2]	**Nil**
Other (total) below $5,000		---	---	---	---	---	---
Total Donations (2):		**10,000**	**10,000**	**Nil**	**Nil**	**10,000**	**Nil**
ADVERTISING [3]							
Total over $5,000		---	---	---	---	---	---
Other (total) below $5,000		---	---	---	---	---	---
Total Advertising (3):		**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

1 Subject to review prior to SCI final approval.

2 Powerlink conducts an annual donation program for a charity in conjunction with staff. The 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)

Activity		Budget 2022/23 ($)	Budget 23/24	2023/24 – Quarter ($)			
				Sept	Dec	Mar	Jun
CORPORATE ENTERTAINMENT							
Total over $5,000		40,000	40,000	10,000	10,000	10,000	10,000
Other (total) below $5,000		---	---	---	---	---	---
Total Corporate Entertainment (4):		**40,000**	**40,000**	**10,000**	**10,000**	**10,000**	**10,000**
OTHER							
Total over $5,000		---	---	---	---	---	---
Other (total) below $5,000		---	---	---	---	---	---
Total Other (5):		**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
TOTAL (1)+(2)+(3)+(4)+(5)		**244,000**	**303,000**	**80,000**	**73,000**	**75,000**	**75,000**

Attachment 3 – Financial Statements

Profit and Loss Statement	Full Year 2023-24 ($M)	Q1 2023-24 ($M)	Q2 2023-24 ($M)	Q3 2023-24 ($M)	Q4 2023-24 ($M)
Operating Revenue					
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Operating Revenue	**1,090.6**	**275.7**	**263.9**	**275.7**	**275.4**
Operating Expenses					
Controllable Operating Expenses	291.6	75.3	66.5	68.5	81.3
Other [2]	96.5	39.1	17.9	15.5	24.1
Total Operating Expenses	**388.1**	**114.4**	**84.4**	**84.0**	**105.4**
Earnings Before Interest, Tax and Depreciation (EBITDA)	**702.5**	**161.3**	**179.5**	**191.7**	**170.0**
Depreciation	393.1	100.0	99.1	97.6	96.4
Earnings Before Interest and Tax (EBIT)	**309.4**	**61.3**	**80.4**	**94.0**	**73.7**
Net Finance Charges [3]	207.0	50.9	51.4	52.1	52.7
Income Tax Equivalent Expense	30.7	7.4	7.4	7.2	8.7
Net Profit After Tax (NPAT)	**71.6**	**3.0**	**21.6**	**34.7**	**12.3**
		171.0	176.8	188.0	174.9
Ordinary Dividends Provided	71.6	-	-	-	71.6
Special Dividends Provided [4]	-	-	-	-	-
Total Dividends Provided	**71.6**	**-**	**-**	**-**	**71.6**

Small differences are due to rounding to first decimal point.

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

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

3 Includes Interest Income and AASB15 impact

4 No special dividends have been included in 2023/24 as part of the Balance Sheet Strategy

Balance Sheet	2023-24 ($M)	Q1 ($M)	Q2 ($M)	Q3 ($M)	Q4 ($M)
Current Assets					
Cash	37 9	147 5	144 5	135 8	37 9
Receivables	91 1	88 9	86 7	91 1	91 1
Other	105 0	105 0	105 0	105 0	105.0
Total Current Assets	**234.0**	**341.4**	**336.2**	**331.9**	**234.0**
Non-Current Assets					
Property, Plant & Equipment	9,857.5	9,127 4	9,338 8	9,576 6	9,857 5
Other	40 8	40 8	40 8	40 8	40 8
Total Non-Current Assets	**9,898.3**	**9,168.2**	**9,379.6**	**9,617.4**	**9,898.3**
Total Assets	**10,132.3**	**9,509.6**	**9,715.9**	**9,949.3**	**10,132.3**
Current Liabilities					
Creditors	188 1	174 7	167.5	194.0	188 1
Borrowings	29 0	27 3	27 5	27 8	29 0
Other	183 5	236 1	111 3	111 5	183.5
Total Current Liabilities	**400.6**	**438.1**	**306.3**	**333.3**	**400.6**
Non-Current Liabilities					
Borrowings	5,663 9	5,269 7	5,501 3	5,583 0	5,663 9
Other	1,291.2	1,252 8	1,273 0	1,295 1	1,291 2
Total Non-Current Liabilities	**6,955.1**	**6,522.5**	**6,774.2**	**6,878.1**	**6,955.1**
Total Liabilities	**7,355.7**	**6,960.6**	**7,080.5**	**7,211.4**	**7,355.7**
Net Assets	**2,776.5**	**2,549.0**	**2,635.3**	**2,737.9**	**2,776.5**
Shareholders' Equity					
Share Capital	401 1	401 1	401 1	401 1	401 1
Other Equity [1]	194 6	194 6	194 6	194.6	194 6
Reserves	1,981 8	1,751.2	1,815 9	1,883 9	1,981 8
Retained Earnings [2]	199.0	202 0	223 6	258 4	199 0
Total Shareholders' Equity	**2,776.5**	**2,549.0**	**2,635.3**	**2,737.9**	**2,776.5**

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

Financial Statements

Cash Flow Statement	2023-24 ($M)	Q1 ($M)	Q2 ($M)	Q3 ($M)	Q4 ($M)
Cash Flows from Operating Activities					
Cash Receipts in the course of Operations	1,070.7	243.6	274.7	283.7	268.6
Cash Payments in the course of Operations	(348.3)	(70.6)	(104.2)	(70.6)	(102.9)
Interest Received	3.5	1.0	0.9	0.9	0.7
Interest Paid	(219.0)	(51.7)	(54.5)	(56.2)	(56.6)
Tax Equivalent Payments	(50.9)	(13.9)	(13.1)	(12.6)	(11.3)
Net Cash from Operating Activities	**455.9**	**108.4**	**103.8**	**145.2**	**98.6**
Cash Flows from Investing Activities					
Payments for Property, Plant and Equipment	(943.3)	(216.3)	(212.4)	(235.8)	(278.8)
Proceeds from Sale of Non-Current Assets	0.1	-	-	-	0.1
Other	-	-	-	-	-
Net Cash used in Investing Activities	**(943.2)**	**(216.3)**	**(212.4)**	**(235.8)**	**(278.7)**
Cash Flows from Financing Activities					
Net Proceeds from Borrowings	500.6	104.7	231.8	82.0	82.2
Dividends Paid	(126.2)	-	(126.2)	-	-
Other	-	-	-	-	-
Net Cash from Financing Activities	**374.5**	**104.7**	**105.6**	**82.0**	**82.2**
Net Increase/(Decrease) in Cash Held	**(112.8)**	**(3.2)**	**(3.0)**	**(8.7)**	**(97.9)**
Cash at the Beginning of the Financial Year	150.7	150.7	147.5	144.5	135.8
Cash at the End of the Financial Year[1]	**37.9**	**147.5**	**144.5**	**135.8**	**37.9**

Small differences are due to rounding to first decimal point.

[1] Includes Cash and Cash Advances.