

Energy Queensland Limited

Statement of Corporate Intent 2025/26

Prepared by the Directors and management of Energy Queensland Limited for shareholding Ministers



Commercial-in-Confidence

This document contains confidential information relating to the business affairs of Energy Queensland Limited. Release of its contents is subject to the provisions of the *Right to Information Act 2009*. Any unauthorised disclosure of material contained in this statement may diminish the commercial value of that information and would have an adverse effect on the business, commercial and financial affairs of Energy Queensland Limited.

Performance Agreement

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

In accordance with Chapter 1, Part 3, Section 7 of the GOC Act, the Statement of Corporate Intent represents a formal performance agreement between the Board of Energy Queensland Limited and its shareholding Ministers, with respect to the financial and non-financial performance targets major activities, objectives, policies, investments and borrowings of Energy Queensland Limited (and its subsidiaries) for 2025-26.

This Statement of Corporate Intent is consistent with Energy Queensland Limited's 2025-30 Corporate Plan, submitted to shareholding Ministers in accordance with Chapter 3, Part 7 of the GOC Act.

The Board of Energy Queensland Limited undertakes to achieve the targets proposed in the Statement of Corporate Intent for 2025-26.

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

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



Sarah Zeljko

Chair Energy Queensland Limited

19 June 2025.

Date:

Key Performance Indicators

Energy Queensland Limited (Energy Queensland or EQL) is committed to achieving its performance targets for 2025/26, as shown in Table 1. Corporate measure definitions are included in Attachment 4.

Table 1: Energy Queensland Limited's 2025/26 key financial and non-financial performance indicators

Key Result Area	Measure	2024/25 Estimated	2025/26 Plan
Safety and People	Significant Incident Frequency Rate (SIFR)	0.7	0.6
	Employee Confidence	N/A	62
Financial	Net Profit After Tax (NPAT) (\$M)	(22.9)	4.4
	Standard Control Service Total Expenditure (\$M)	3,205.8	3,270.8
	Distribution Yield %	0.0%	0.0%
	Distribution Cash Coverage (times)	N/A	N/A
	Funds from Operations on Net Debt(%)	2.1%	4.1%
	Return on Assets (ROA) ex. WIP (%)	2.7%	3.0%
	Comparison to Regulatory Allowance ¹	173%	137%
Affordability	Customer Satisfaction (CSAT)	70	71
	Customer projects on time	88.7%	90%
Customer	Operational Delivery	90%	90%
	SAIDI - EQL	171.2	150.0
	SAIFI - EQL	1.35	1.40

Response to Shareholder Expectations

Energy Queensland's Statement of Corporate Intent (SCI) represents the first year of the five-year outlook that is detailed in the associated Corporate Plan (CP) 2025/26 to 2029/30.

EQL is aligned with the following Shareholder expectations:

Focus on the reliability and safety of existing assets – EQL will continue to prioritise funding to ensure our assets are maintained to operate reliably and safely over time, and will continue to report meaningful performance indicators for personal and process safety, and asset reliability.

Focus on maintaining prudence and efficiency in all spending and investment decisions to put downward pressure on electricity prices - EQL will target our operational and capital expenditure within the regulated allowances determined by the Australian Energy Regulator (AER) or ensure that there is a reasonable and demonstrable expectation of cost recovery for any expenditure over the AER's allowance. In this respect, EQL will continue to address the concerns raised by the AER through the engagement process for the 2025-2030 proposal including in relation to governance, network capital expenditure with the AER.

Strategically prioritise and deliver projects on time and on budget - EQL will continue to ensure its investments are economically viable, represent value for money and are supported by robust business cases. EQL will continue to provide timely advice on project cost and schedule status.

Engagement with Shareholding Ministers and Departments - EQL will continue to work closely with Queensland Treasury and ensure the Government is kept informed of key matters across our operations, investments, and financial and non-financial performance.

The Queensland Government has issued a Communication protocol for unplanned outages of electricity generation units to the electricity generation GOCs. EQL will adopt equivalent principles and procedures

with regards to keeping government and the public informed about significant network outages, including impacts to generator connections.

EQL will prioritise the financial and non financial performance of its existing portfolio of assets to provide safe, secure, and reliable electricity supply.

Given current performance outcomes and shareholder priorities, the Board will review its performance payment policy with a renewed focus on transparency and commercial performance. Performance payments will be aligned to business performance, as measured against the shareholder financial and non-financial key performance indicators in the 2025–26 Statement of Corporate Intent (SCI).

Independent review of regulatory expenditure

Noting the outcome of the 2025–30 regulatory determinations for Energex and Ergon Energy on 30 April 2025, including the overspend incurred during the previous regulatory period and ex post review, EQL will commission an independent review of its regulatory expenditure by a qualified third party, with final reporting to SHMs and Queensland Treasury.

The purpose of the review will be to provide SHMs with independent assurance that EQL’s regulated expenditure plans align with the AER’s expenditure allowance, and that these expenditure plans are credible, achievable and in the long-term interests of consumers. Energy Queensland will provide its plan for this review, including timeframes and draft terms of reference, for SHM approval within six weeks of receiving the SHM expectations letter.

[REDACTED]

Investment approval thresholds

To give effect to shareholder expectations concerning increased engagement with SHMs and Queensland Treasury, EQL will lower the investment approval thresholds for non regulated investments in its 2025–26 SCI.

The threshold for non-regulated investments involving design and construction services on behalf of an external entity (i.e. Yurika projects) to be \$60 million, and the threshold for retail and isolated system investments to be \$10 million.

Key assumptions

Energy Queensland’s financial outlook continues to be predominantly driven by the distribution subsidiaries’ regulated revenue, as determined by the Australian Energy Regulator (AER).

Regulated revenue reflects the Final Determination (FD) published in April 2025. Revenue also includes the cost recovery for the summer 2023/24 weather events including Cyclone Jasper, Cyclone Kirrily and the Gold Coast storms. This increased the regulated revenue for both 2025/26 and 2026/27 financial years.

Planned expenditure reflects the first year of stabilisation before targeted moderation of costs over the regulatory period. Further refinement towards the FD will be incorporated into future submissions.

Retail financial projections reflect the outcomes of the Final QCA determination for 2025/26. The financial forecasts included in the SCI are based on a set of economic and operational assumptions as shown below in Table 2.

Table 2: Key annual assumptions

Consolidated Group	2024/25 Estimated	2025/26 Plan
Average interest rate	4.05%	4.41%
General cost escalation factor ¹	2.42%	3.70%
Corporate tax rate	30%	30%
Dividend payout ratio ²	100%	100%
Weighted Average Cost of Capital ³	4.63%	6.09%

1. General cost escalation is notionally applied to costs excluding labour and contractors.

2. Dividends are calculated based on 100% of NPAT less non-cash items, including gifted assets, asset impairments and mark-to-market movements.

3. WACC is estimated in accordance with AER rate of return guideline applied in the Final Determinations .

Forecast regulatory expenditure includes allowance for response to external factors impacting the network such as severe weather events. Estimates are made with reference to historical experience and observed trends. Where actual impacts differ from these estimates, EQL endeavours to recover any incremental cost through established regulatory mechanisms. Not all events qualify for recovery and planned response (and consequently expenditure and profit) may differ from these estimates.

Key Current and Emerging Risks

Table 3 below highlights the key risks facing EQL for 2025/26 and the actions EQL is taking to address and respond to these risks:

Table 3: Key Risks

Risk	Responses
Health, Safety & wellbeing The health, safety and wellbeing of EQL's employees, contractors, our customers, and the communities we serve remains our key priority	EQL's HSE Focus Areas 2024-2027 include: • Implementation of the 2024-2026 Mental Health Plan, which will focus on reinvigorating Mates in Energy during 2025, as well as the development of a mental health survey in late 2025, early 2026 to test progress. • Execution of the 3-year Safety is Defence Strategy developed in late 2023, with a focus on enhancing front-line leadership capability. • Formalising how change is managed and minimising the potential negative impacts to the front-line high-risk workforce. • Optimising the HSE & Operations assurance process, by integrating assurance, risk and incident information and moving to continuous control monitoring where possible. • Improving access and quality of HSE and Operational data to front line leaders, to assist in getting the basics right. • Implementing the Public Safety Strategy 2025-2030, with a focus on the Safety Advice process and interactions with the High Loads industry

Risk	Responses
network infrastructure and disaster response.	
Workforce & skills shortages EQL's resourcing challenges are magnified by the expansion of renewables and the industry's ambition for a more sustainable future. The pace of technological change is driving the need for new skills and capabilities for a future-fit workforce.	EQL is responding to these challenges via its industry-leading Apprenticeship Program, Engineering Graduate Program and Scholarships, along with its diverse in-house trades and professionals programs.
Disruptive technology Disruptive energy solutions and digital technology creates both opportunity and challenge through uncertainties in the cost of adoption, regulatory barriers, integration with the ageing distribution networks, and aligning existing and emerging digital platforms.	EQL's business-as-usual ICT investments and initiation programs are digitally transforming the business and providing employees the modern tools and systems to better manage the network and service our customers.

Ergon Energy Network – Western Zone

The need to repair and replace a large quantity of aged assets across the western zone (much of which the SWER network was built in the 1970s and 1980s) is also a timely opportunity to consider alternative options to traditional grid supply, while still providing equal or better safety and reliability. Ergon Energy Network is commencing a piece of work with Queensland Treasury to quantify the true cost for operating, maintaining and protecting the supply network in the western zone of Queensland. This will help guide future investment decisions, ensure the prudent maintenance of the network, and help ensure adequate funding considerations are justified in future regulatory determinations.

Sustainability

Energy Queensland is driving a smarter, safer, and more secure energy system that supports renewable energy while maintaining its social licence to operate.

EQL's sustainability framework addresses key stakeholder priorities, and is built on three core pillars:

- Financial Sustainability – Maintaining long-term financial viability.
- Sustainable Business Practices – Meeting environmental, social, and governance expectations of its stakeholders.
- Adaptation – Ensuring EQL evolves and adapts to changes in its environment, such as technological, regulatory, social and climate changes.

EQLs' material sustainability priorities are:

1. Energy Affordability & Value
2. Security & Reliability of Supply
3. Renewables & Net Zero Emissions

EQL's sustainability workplan

EQL will prepare for mandatory climate related disclosures in compliance with Australian Sustainability Reporting Standards effective for the reporting year June 2026.

EQL is enhancing its ESG data management and sustainability reporting system to support mature greenhouse gas emissions reporting and has embedded sustainability into its strategic initiatives and workplan to respond to the strategic imperatives of the organisation.

Total capital expenditure

For 2025/26, Energy Queensland's total capital expenditure is forecast at \$2,743 million, higher than current year estimated spending by \$148 million. This includes an additional \$185 million in regulated capital expenditure as the network program reprioritises from emergency and storm response operational works, following the recent weather events such as the Northern Queensland flooding and Tropical Cyclone Alfred, toward the capital investments program.

Total capital expenditure for 2025/26 is outlined in Table 4.

Table 4: Statement of Capital Expenditure

Total Capital Expenditure Consolidated Group (\$M)*	2024/25 Estimated	2025/26 Plan
Augmentation (Augex)	337.5	368.2
Replacement (Repex)	989.9	1,131.3
Connections	262.4	275.4
Total Network Expenditure	1,589.7	1,774.8
Fleet	124.5	106.9
Property	121.4	76.2
Tools and Equipment	15.9	16.9
ICT	153.3	175.5
Total Non-Network Expenditure	415.1	375.5
Alternative Control Services	228.1	228.8
Unregulated	362.1	363.8
Total Other Capital Expenditure	590.2	592.6
Total Capital Expenditure	2,595.0	2,742.9

Network Resilience

Energy Queensland is conscious that its responses to emergency events, particularly those driven by weather and climate change, are delivered in an environment of continually increasing need and expectation, both from customers and community stakeholders. More than ever, Energy Queensland's response needs to consider the increasing customer dependency on electricity as technology and appliances become more sophisticated and economic activity becomes more reliant on e-commerce.

Following each severe weather season or significant disaster event, Energy Queensland takes the opportunity to conduct a full review of its disaster response operations and capabilities in order to identify any improvements that can be made to its planning, systems and processes. These reviews also present the opportunity for Energy Queensland to assess the impact of disasters on its network assets and identify potential programs and projects which will improve the resilience of the electricity network during future events. Apart from the range of asset refurbishment and replacement programs aimed at achieving the optimal service life from its assets and to help improve resilience, safety and reliability across the entire network, Energy Queensland is pursuing additional network investments to further enhance the resilience of critical network infrastructure.

In order to strengthen network resilience against bushfires, Energy Queensland is investing \$1.4 million to install Firemesh wrap on wood poles across the network in high bushfire risk areas. Additionally, Energy Queensland will access funding through the Queensland Reconstruction Authority (QRA) for Bushfire and Flood Mitigation Programs. A total program spend of \$3.9 million has been planned, with \$2.1 million in the Energex network and \$1.8 million in the Ergon network, including the Ingham South Substation Flood Mitigate Stage 1a project.

Key projects in 2025/26

The key projects in flight for 2025/26 listed in table 5 below include all specific capital works projects exceeding shareholder investment notification thresholds, specifically:

- Regulated investments above \$50 million (ICT Projects above \$20m); and
- Unregulated investments above \$20 million

Detailed project information is available in Energex's and Ergon Energy's Distribution Annual Planning Report (DAPR), which covers a rolling five-year planning cycle. This list excludes infrastructure or customer driven projects, as these projects are subject to changing customer requirements and other outside influences.

Table 5: Large projects in flight during 2025/26 exceeding Investment notification thresholds:

Project Description	Commissioning Date	Prior Year & 2024/25 Estimated Spend (\$M)	2025/26 Plan Spend (\$M)	Future Years Plan Spend (\$M)	Total Approved Spend (\$M)
ICT -Supply Chain Management System (SCM)	Dec-25	17.0	11.3	-	28.3
ICT -Outage Application & Management System (OAMS)	Mar-27	3.2	11.7	11.0	25.9 [^]
ICT- Customer Market eXperience (CMX) Program	Jun-26	61.0	22.0	5.0	88.0
ICT- SAP Transition to RISE			30.0	150.0	180.0 ^{^^}
Energy Security for Isolated Communities			71.4		71.4
Network Battery Program			128.6		128.6
Bells Creek Central - Establish 132/11 kilovolt Zone Substation	Feb-27	51.7	27.6	19.8	99.13

[^] OAMS is currently at Gate 2 stage with full investment approval planned for early 2025/26

^{^^} Pending approval

Investment Thresholds

Energy Queensland acknowledges the requirements to notify appropriate parties and obtain approval for proposed Capital Expenditure consistent with the Investment Guidelines for Government Owned Corporations (GOCs).

In 2025/26, Energy Queensland will:

- gain approval for:
 - all regulated investments above \$100 million, except for:
 - regulated investments in the Western Zone, where approval will be sought for individual investments above \$40 million; and
 - all unregulated investments above \$60 million, including those involving design and construct services undertaken on behalf of an external entity and ownership of the asset transferring to that entity upon completion of construction, except for:
 - Retail and isolated systems investments, where approval will be sought for investments above \$10 million; and
- provide notification of:
 - all regulated investments above \$50 million; and

- all unregulated investments above \$20 million, except for unregulated investment which is outside of Queensland or involves investment in new markets that Energy Queensland has not entered before, where notification will be provided for investments above \$10 million; and
- information, communication and technology investments above \$20 million.

Capital Structure and Dividend Policies

Energy Queensland's dividend policy is typically to recommend and pay a dividend amount equivalent to 100% (or the percentage approved by shareholding Ministers, if different) of the cash component of Energy Queensland's consolidated profit.

The Energy Queensland Board targets a long-term capital structure of 70% Net Debt to the Standard Control Services (SCS) Regulatory Asset Base (RAB). The target gearing ratio is balanced against Energy Queensland's commitment to maintain a stand-alone credit rating of at least BBB (the most recent rating was assessed as BBB+ by Fitch Ratings in January 2025).

Community Service Obligation

For customers in regional Queensland, the cost to supply electricity generally exceeds the price paid by customers in south-east Queensland. The Queensland Government's Uniform Tariff Policy (UTP) ensures that regional customers pay the equivalent price for electricity supply as south-east Queensland customers.

This is achieved through the Queensland Competition Authority (QCA) determining the tariffs retailers, including Ergon Retail, can charge their regional customers based on south-east Queensland network prices and its assessment of appropriate market rates for energy. The Government then pays Energy Queensland a Community Service Obligation (CSO) payment to compensate it for supplying electricity at less than cost to regional customers.

EQL agreed with government officers that the principles of the current CSO deed will be rolled forward into 2026. CSO contributions assumed for this submission reflect Energy Queensland's best estimate based on anticipated tariffs and network and customer load profiles, based on the mechanics of the current CSO deed. The CSO forecasts for 2025/26 are outlined in Table 6.

For 2025/26 onwards, the CSO forecast reflects the final 2025/26 QCA regional electricity retail prices, including the effect of the standing offer adjustment for 2025/26. Further changes include updated network revenue forecasts and tariff reforms associated with the network regulatory resets effective from 1 July 2025, including the reclassification of network legacy metering from Alternative Control Services (ACS) to Standard Control Services (SCS) resulting in these costs and revenues being incorporated into the National Electricity Market (NEM) and Mt Isa CSO's.

Table 6: Community service obligation (CSO) forecasts

Consolidated Group (\$M)	2024/25 Estimated	2025/26 Plan
NEM CSO	482.1	447.1
ACS Metering CSO	23.0	-
Mt Isa CSO	29.3	34.3
Isolated CSO	109.6	119.6
Total Energy Queensland CSO	644.0	601.0

Financial statements

Statement of Profit and Loss

Table 7: Statement of Profit and Loss

Consolidated Group (\$M)*	2024/25 Estimated Actuals	2025/26 Plan
Distribution Use of System (DUoS) Revenue	3,063.3	3,232.4
Transmission Use of System (TUoS) Revenue	666.8	641.0
Retail Revenue (excluding network charges)	1,143.5	1,175.8
CSO Grant	644.0	601.0
Other SCS Revenue	26.2	22.2
ACS Revenue	451.6	380.9
Unregulated Revenue	696.2	574.3
Interest Received	19.5	13.9
Other Revenue	5.1	4.9
Total Operating Revenue	6,716.3	6,646.5
TUoS Expenditure	644.9	644.1
Energy Purchases	1,114.5	1,108.5
Solar PV Feed In Tariff	315.8	253.7
SCS Program of Work	1,057.7	958.6
ACS Program of Work (including unfunded)	299.5	266.2
Unregulated Expenditure	727.7	562.7
Other Direct Expenditure	102.8	159.7
Total Direct Operating Expenditure	4,262.9	3,953.5
Indirect Expenditure (excl Restructure)	1,313.2	1,353.3
Corporate Restructuring Costs	5.8	3.0
Depreciation & Amortisation	1,137.4	1,191.2
Overhead Allocation	(809.9)	(856.4)
Realised Earnings Before Interest & Tax	806.9	1,002.0
Mark to Market (MTM) Loss/(Gain)	(16.9)	-
Earnings Before Interest & Tax (EBIT)	823.8	1,002.0
Borrowing Costs	856.5	995.7
Income Tax Expense/(Benefit)	(9.8)	1.9
Net Profit After Tax (NPAT)	(22.9)	4.4

*Note: Amounts may not add up due to rounding.

Statement of Financial Position

Table 8: Statement of Financial Position

Consolidated Group (\$M)*	2024/25 Estimated Actuals	2025/26 Plan
Cash Assets	35.9	35.9
Current Receivables	831.9	977.2
GOC Cash Management Facility	521.0	150.0
Inventories	261.6	269.5
Financial Assets	141.5	141.5
Other Current Assets	25.8	25.8
TOTAL CURRENT ASSETS	1,817.7	1,599.9
Property, Plant and Equipment	29,110.9	31,314.5
Intangible Assets	722.0	730.5
Other Non-Current Assets	277.9	272.5
TOTAL NON-CURRENT ASSETS	30,110.8	32,317.5
TOTAL ASSETS	31,928.5	33,917.4
Current Payables	489.4	541.2
Current Interest-Bearing Liabilities	10.5	10.5
Current Provisions	644.9	536.0
Current Financial Liabilities	6.1	6.1
Other Current Liabilities	299.6	178.9
TOTAL CURRENT LIABILITIES	1,450.6	1,272.7
Non-Current Interest-Bearing Liabilities	21,970.3	23,170.1
Net Deferred Tax Liabilities	3,572.5	3,798.1
Non-Current Provisions	81.9	48.8
Other Non-Current Liabilities	120.2	88.8
TOTAL NON-CURRENT LIABILITIES	25,745.0	27,105.8
TOTAL LIABILITIES	27,195.5	28,378.6
NET ASSETS	4,732.9	5,538.9
Contributed Equity	1,165.4	1,329.4
Reserves	3,117.0	3,639.1
Retained Earnings	450.5	570.4
TOTAL SHAREHOLDER EQUITY	4,732.9	5,538.9

*Note: Amounts may not add up due to rounding.

Statement of Cash Flows

Table 9: Statement of Cash Flows

Consolidated Group (\$M)*	2024/25 Estimated Actuals	2025/26 Plan
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	6,103.9	5,968.6
Payments to Suppliers and Employees	(5,463.3)	(4,604.5)
Community Service Obligations	641.7	604.9
Borrowing Costs	(867.4)	(1,024.6)
Income Tax Equivalent Received / (Paid)	34.9	-
NET CASH PROVIDED BY/ (USED IN) OPERATING ACTIVITIES	449.9	944.4
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdraws / (advances) to QTC Investment	292.5	335.3
Payments for property, plant and equipment	(2,511.7)	(2,662.2)
Interest received	19.5	13.9
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	(2,199.7)	(2,313.0)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds / (Repayment) from Borrowings	1,630.2	1,199.8
Payment of Lease Liabilities	(36.0)	(30.9)
Dividends Paid	-	-
Equity Contribution	155.7	199.7
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	1,749.9	1,368.5
Cash at the Beginning of the Financial Period	35.9	35.9
Net Increase/ (Decrease) in Cash Held	-	-
QTC Working Capital Facility	-	-
CASH AT THE END OF THE FINANCIAL PERIOD	35.9	35.9

*Note: Amounts may not add up due to rounding.

Statement of Compliance

Energy 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.

Attachments

Attachment 1	Sponsorship, advertising, corporate entertainment, donations and other activities
Attachment 2	Employment and Industrial Relations (E&IR) Plan
Attachment 3	Weighted average cost of capital (WACC) calculations
Attachment 4	Corporate measures definition table

Attachment 1 - Advertising, community investment, corporate entertainment and related activities

Energy Queensland's advertising and community investment has been increased in line with inflation, and to support specific initiatives.

Advertising investment is predominantly targeted on critical high-risk electrical safety awareness campaigns for Ergon Energy Network and Energex. These messages include how to be safe around overhead powerlines (Look up and Live), how to be safe around fallen powerlines (Report Fallen Powerlines), to report network damage (Spot It, Report It) and what to do if a car comes into contact with powerlines (Stay. Call. Wait). The spending on these campaigns aims to ensure a robust level of public safety awareness. While the spending on other marketing has been below budget, plans are in place for targeted inclusive recruitment campaigns. For Ergon Retail, there remains a strong focus on effective customer engagement.

Energy Queensland's community investment program continues to contribute value to the community – building strong local economies and resilient communities, and promoting inclusion and wellbeing, and in many cases supporting the energy transition, while strengthening brand awareness and trust, providing customer experiences and channels, and enabling community participation and employee engagement. This investment is being reviewed to ensure it is continuing to meet meaningful outcomes and aligns to shareholder expectations.

Corporate entertainment is provided for staff recognition of service, safety, apprentices and catering costs for engaging with key stakeholders in relation to important issues such as community resilience, disaster response and local issues impacting residential and business customers.

Summary of Advertising, Community Investment Partnerships, Corporate Entertainment and Other Related Activities

Activity	2024/25 Estimated	2025/26 Plan
Advertising (and Other Marketing Channels)	3,904,000	4,196,000
Community Investment	1,591,000	1,185,000
Corporate Entertainment	71,000	45,000
Related Activities	226,000	134,200
Total	5,792,000	5,560,700

Advertising

Activity	2024/25 Estimated	2025/26 Plan
Advertising over \$5,000		
Community and High Risk Electrical Safety Campaigns	2,925,000	3,033,000
General Customer and Community Engagement – Ergon Retail	136,000	237,000
Yurika Marketing*	650,000	556,000
Other Marketing Activities	193,000	25,000
Demand management advertising for PeakSmart and tariff	-	145,000
Apprenticeship / Scholarship advertising and recruitment	-	200,000
Total Advertising	3,904,000	4,196,000

*Yurika Marketing encapsulates Full brand, marketing and communications portfolio including: exhibitions, sponsorships, memberships, advertising, media (photography/videography), campaigns, print and merchandise.

Community Investment

Activity	2024/25 Estimated	2025/26 Plan
Major & Multi-market Sponsorships over \$5,000		
Queensland State Emergency Services	200,000	200,000
University-related Partnerships - Griffiths, QUT, Career Trackers, UQ, USQ, API, Dream Big	135,000	110,000
Queensland Rural Fire Service	75,000	75,000
Queensland Ballet	60,000	30,000
Queensland Theatre	55,000	50,000
Local Government - LGAQ/LGMA	35,000	30,000
JUTE Theatre	30,000	20,000
Funds not under contract¹		
Including Ergon-Energex Community Fund	200,000	300,000
Local community ² and other sponsorships	731,000	370,000
Subtotal	931,000	670,000
Total Community Investment	1,591,000	1,185,000

¹ Includes Ergon Network, Energex, Ergon Retail and Yurika. To ensure the highest standards of ethical and responsible decision-making are met across these community investments, EQL has a Board approved Sponsorship Policy and Guidelines, and for transparency EQL provides detail on any ongoing partnerships valued over \$5,000 here.

² To support its vision to 'energise Queensland communities', across the Group, each year EQL also makes a significant investment in other partnerships not under contract at the time of this document. This includes funds distributed via the Ergon-Energex Community Fund (which has increased a further \$100,000 to seed fund the community benefit sharing associated with the community battery programs) and the \$10,000 allocated to each of EQL's 17 operational areas for smaller local community support (under \$5,000: total \$170,000), as well as a new allowance to recognise the use of the sponsorship governance framework to support the benefit sharing associated with our Isolated Network's energy security projects, and other planned community investment and business development sponsorships.

Corporate Entertainment

Activity	2024/25 Estimated	2025/26 Plan
Ignite Awards	21,000	-
Other Entertainment below \$5,000	50,000	45,000
Total Corporate Entertainment	71,000	45,000

Other related activities

Activity	2024/25 Estimated	2025/26 Plan
Other Related Activities - Memberships over \$5,000		
Energy Charter	60,000	40,000
Townsville Enterprise	25,000	15,000
Capricorn Enterprise	22,000	22,000
Mt Isa to Townsville Economic Development Zone Inc (MITEZ)	8,500	15,750
Committee for Economic Development of Australia (CEDA)	8,000	11,000
Unallocated Funds	20,000	30,450
Total Other Related Activities	226,000	134,200

Attachment 2 - Employment and Industrial Relations Plan

People and Culture

The Energy Queensland People Strategy articulates the workforce priorities and culture required to deliver on Energy Queensland's vision to energise Queensland communities. The purpose of the People Strategy is to create a future fit workforce by developing a diverse mix of capable and high-performing people to deliver the best results for our customers and community.

The four key pillars of Talent, Culture, Capability and Leadership are focused on delivering tactical five-year priorities and driving long term aspirational goals to achieve against 2032 ambitions.

Energy Queensland recognises the importance of developing workforce capacity and capability for the future energy sector.

The implementation of the People Strategy is supported by a strong EQL culture journey, embedded by Values represented as We're Safe, We Belong, We Grow and We Deliver. Key strategic initiatives that underpin the four pillars are:

1. Delivering Talent

Building on workforce planning insights is a key focus to ensure that we have clear forecasts for key groups driven by analytics and Energy Queensland's works program.

2. Embedding a Desired Culture

EQL is continuing the culture journey via key culture shifts and embedding the Values. Our approach to employee engagement evolves to create continuous feedback and empower teams.

3. Enhancing Capability

An enhanced capability framework to uplift workforce capability and support operational excellence. Embedding a new performance management framework focussed on developing high performance teams which is supported by a new talent framework appropriate to Energy Queensland.

4. Growing Leadership

Continue to enhance Energy Queensland Leadership through delivery of the Leadership Roadmap, creation of leadership pipelines, and building leadership practices that build confident and effective leaders.

Workplace Health and Safety

There is no greater priority than safety and it remains our key value. We put the safety and well-being of our people and communities first.

The Energy Queensland Health, Safety and Environment Strategy 2021-23 focussed on decluttering of HSE and Operational processes, as well as embedding of new programs such as Safety is Defence, Mates in Energy and Learning Teams as just a part of how we do business. Safety performance has continued to improve over this time in key metric areas such as Significant Incident Frequency Rate (SIFR) and Total Recordable Injury Frequency Rate (TRIFR).

The 2024-2027 HSE Strategy focuses on the maturing and continuous improvement of existing processes, as past focus areas have proven successful and the right path forward. The main focus areas include:

- Implementation of the 2024-2026 Mental Health Plan, which will focus on reinvigorating Mates in Energy during 2025, as well as the development of a mental health survey in late 2025, early 2026 to test progress.
- Execution of the 3-year Safety is Defence Strategy developed in late 2023, with a focus on enhancing front-line leadership capability.
- Formalising how change is managed and minimising the potential negative impacts to the front-line high-risk workforce.
- Optimising the HSE & Operations assurance process, by integrating assurance, risk and incident information and moving to continuous control monitoring where possible.
- Improving access and quality of HSE and Operational data to front line leaders, to assist in getting the basics right.

Remuneration for CEO and Senior Executives

The remuneration provided in the table below reflects CEO and Senior Executives at 31 May 2025.

CEO / Senior Executives	Base salary	Employer superannuation contributions ¹	Total remuneration (excluding performance pay)	Performance Payment ²	Total Remuneration
Peter Scott Chief Executive Officer	\$1,179,364.80	\$29,932.20	\$1,209,297.00	\$105,126.00	\$1,314,423.00
Armand Mahne³ Acting Chief Financial Officer	\$568,533.60	\$29,932.20	\$598,465.80	\$37,781.25	\$636,247.05
Paul Jordon Chief Operating Officer	\$651,676.26	\$65,167.63	\$716,843.89	\$68,764.04	\$785,607.93
Todd Reynolds Executive General Manager People Property and Safety	\$496,740.20	\$29,932.20	\$526,672.40	\$22,105.92	\$548,778.32
Jason Hall⁴ Acting Chief Engineer	\$623,019.20	\$29,932.20	\$652,951.40	\$39,847.50	\$692,798.90
Sharyn Scriven Chief Information Officer	\$494,067.80	\$29,932.20	\$524,000.00	\$45,000.00	\$569,000.00
Ayesha Razzaq Executive General Manager Retail	\$550,130.49	\$29,932.20	\$580,062.69	\$52,551.87	\$632,614.56
Belinda Watton Executive General Manager Yurika	\$559,694.61	\$29,932.20	\$589,626.81	\$52,239.36	\$641,866.17
Michael Dart Executive General Manager Customer	\$492,813.97	\$29,932.20	\$522,746.17	\$47,381.62	\$570,127.79
Benn Barr⁵ Executive General Manager Regulation, Risk & Strategy	\$535,067.80	\$29,932.20	\$565,000.00	-	\$565,000.00

1 Superannuation application is capped at the maximum superannuation contribution base (MSCB) limit in line with the Australian Taxation Office requirements (except for Paul Jordon who is a member of a Defined Benefit Superannuation Fund).

2 Performance Payment is for the period 1 July 2023 to 30 June 2024. Note, acting incumbents Armand Mahne, and Jason Hall's incentive outcomes are based on their substantive position contractual and policy arrangements.

3 Armand Mahne is acting Chief Financial Officer from 2 September 2024 (with a Total Fixed Remuneration of \$591,156).

4 Jason Hall is acting Chief Engineer from 1 March 2025 (with a Total Fixed Remuneration of \$645,188).

5 Benn Barr commenced employment on 19 May 2025 in the role of Executive General Manager Regulation, Risk and Strategy (with a Total Fixed Remuneration of \$565,000).

Employment Conditions

As a GOC covered by federal industrial relations legislation, Energy Queensland will continue to meet its obligations consistent with the guidelines and policies provided by the Queensland Government and under the *Fair Work Act 2009* (Cth).

The majority of employees (with the exception of some employees on contract arrangements) are employed under the following enterprise agreements (both of which nominally expire on 29 February 2028):

- Energy Queensland Union Collective Agreement 2024; and
- Energy Queensland Retail Union Collective Agreement 2024.

The following industry unions are party to either or both of the enterprise agreements:

- The Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical Division (ETU);
- Australian Municipal, Administrative, Clerical and Services Union (The Services Union);
- The Association of Professional Engineers, Scientists and Managers, Australia (Professionals Australia); and
- Automotive, Metals, Engineering, Printing and Kindred Industries Union of Employees (AMWU).

Types of Employment

At 31 December 2024, the total number of Energy Queensland employees in each Employment Category are listed below:

Employment Category	Number of Employees
Permanent Employees	8,695
Fixed Term Employees ¹	224
Senior Executive Contract	8
Apprentices (In House)	480
Trainees (In House)	44
Casual Employees	110
Total Directly Employed Workforce	9,561
Total Workforce	9,561

As at 31 December 2024, the total number of Energy Queensland employees were employed under the following industrial instruments and contractual arrangements:

¹. Includes all fixed-term employees and Vacation Students.

Business	Type	Number of Employees
Enterprise Agreements		
Energy Queensland	• Energy Queensland Union Collective Agreement 2024	8,984
	• Energy Queensland Retail Union Collective Agreement 2024	390
	Total Enterprise Agreements	9,374
Contractual Arrangements*		
Energy Queensland	• Total Fixed Remuneration and Total Employment Cost	187
	Total Contract Arrangements	187
	Total Number of Employees	9,561

*Includes contracts for employees outside the coverage and application of the respective Enterprise Agreements.

Enterprise Agreements

The Energy Queensland Union Collective Agreement 2024 (EQ UCA 2024) and the Energy Queensland Retail Union Collective Agreement 2024 (EQ RUCA 2024) were operative from 9 July 2024 and will nominally expire on 29 February 2028, however they will continue in force after their nominal expiry date until such time as they are replaced or terminated by law.

The current Enterprise Agreements include 4.5% pay increases on 1 March 2024 and 1 March 2025; a 3.5% pay increase on 1 March 2026; and a 3% pay increase on 1 March 2027 (aligned to the addendum to the Government Owned Corporations Wages and IR Policy 2015) as well applicable allowances that are indexed by annual wage increase each year.

Redundancy Provisions

The following redundancy and retrenchment provisions are common to the current Enterprise Agreements:

- 'No forced retrenchment' for employees provided they do not unreasonably refuse redeployment to suitable alternative employment within a 50-kilometre radius of their original location;
- Salary maintenance at the employee's base rate of pay while they remain in their redeployed position;
- Commitment to take all reasonable steps to determine what suitable alternative employment exists within the business;
- An ex-gratia retrenchment payment of three weeks per year of service, together with a proportionate amount for an incomplete year of service. The minimum and maximum retrenchment payment will be four weeks and 75 weeks respectively;

- Annual Leave: Payment for annual leave includes an employee's accumulated balance as well as the pro-rata balance. Pro-rata annual leave is paid to the date of termination;
- Long Service Leave: A long service leave payment of 1.3 weeks for each completed year of service will be made; and
- Employees may also be eligible for an Early Separation Incentive Payment (ESIP) of 13 weeks' pay where applicable. Approval of ESIP is at the discretion of Energy Queensland.

OTHER EMPLOYMENT CONDITIONS

Above Enterprise Agreement employees

Above agreement employees are employed under a common law contract arrangement (Individual Contract Agreement) that is outside the coverage of an Enterprise Agreement. Employees that are covered by these contractual arrangements have the ability to receive up to a maximum performance payment of 15% of salary. Performance is assessed relative to pre-determined objectives using a balanced scorecard system, with measures that are directly or indirectly linked to Energy Queensland's Statement of Corporate Intent and achievement of business and stretch targets. The Financial measure of Realised EBIT is recognised as the gateway measure which determines the application of the performance scheme. In 2024-25 there will be no performance payments as the Realised EBIT target has not been achieved.

Superannuation

Under the current Enterprise Agreements, Energy Queensland has made superannuation contributions on behalf of employees to the employees' existing choice Superannuation Fund, Stapled Superannuation Fund or the default Superannuation Fund operated by Brighter Super.

As required by legislation, Energy Queensland's new Enterprise Agreements will provide full choice of superannuation fund for existing and for new employees (acknowledging legislation on Superannuation Stapling rules means new employees will keep their Superannuation Fund from their former employment on commencing at Energy Queensland unless they choose another Superannuation Fund). Energy Queensland's current employer Superannuation Contributions are 14.75% on Ordinary Time Earnings (OTE) as per the *Energy Queensland Union Collective Agreement 2024* and the *Energy Queensland Retail Union Collective Agreement 2024*.

The Defined Benefit funds are now closed to new employees across Energy Queensland and its subsidiaries. Although existing Defined Benefit Fund employees will have that fund maintained while they remain employed with Energy Queensland.

At 31 December 2024, the number of people in each Superannuation Fund is as follows:

Type	Number of Employees
Brighter Super Defined Contribution Fund	6,934
Brighter Super Defined Benefit Fund	755
Other – own choice of fund	1,872
Total	9,561

Consultation

The Energy Queensland E&IR Plan is developed in accordance with the terms of section 149 of the GOC Act 1993, including consultation with:

- Industry Unions;
- Office of Industrial Relations;
- GOC Policy & Governance, Queensland Treasury; and
- Department of Premier and Cabinet.

Attachment 3 - Weighted average cost of capital calculations

Energy Queensland's WACC calculations are based on the Government Owned Corporations Cost of Capital Principles. Energy Queensland will apply a separate WACC calculated for each key business activity with different risk profiles. The WACC method establishes rates that are applied to nominal cash flows and are used for project evaluation purposes.

The WACC for the electricity network businesses relates to investments under the national electricity regulation framework and is outlined in the WACC calculations below.

WACC Calculations	2024/25	2025/26
	Approved WACC ¹	Estimated WACC ²
Vanilla WACC (Nominal)	4.63%	6.09%
Return on Debt (Kd) (Nominal Pre-tax)	4.60%	4.69%
Return on Equity (Ke) (Post-tax Nominal)	4.69%	8.19%
- Risk Free Rate	1.03%	4.47%
- Market Risk Premium	6.1%	6.2%
- Equity Beta	60.0%	60.0%
- Gamma	58.5%	57.0%
Effective Tax Rate (T)	30.0%	30.0%
Benchmark Capital Structure		
- Proportion of Equity Funding	40.0%	40.0%
- Proportion of Debt Funding	60.0%	60.0%

1. WACC reflects the updated return on debt determined by the AER as assumed in the Energex and Ergon Energy Pricing Proposals.

2. WACC is based on trailing average cost of debt approach and reflects assumptions released by the AER in the Final Determinations.

Capital asset pricing model

The Capital Asset Pricing Model is used to calculate the cost of equity as follows:

$$K_e = R_f + \beta_e \times MRP$$

Where: K_e = Required rate of return on equity

R_f = Required rate of return on a risk-free investment

MRP = Market risk premium

β_e = Equity beta (correlation between the asset's risk and overall market risk)

Attachment 4 - Corporate measures definition table

Financial Measure	Definition
Net Profit After Tax (NPAT)	Provides a measure of Energy Queensland's profitability after debt servicing costs and income tax.
Standard Control Service Total Expenditure (SCS Totex)	Total expenditure relating to standard control services, encompassing operating expenditure and capital expenditure. Standard Control services are the basic building blocks of charges for use of the distribution network. The services are price regulated distribution services provided to all customers connected to the electricity distribution network.
Distribution Yield %	$\frac{\text{Shareholder Distribution}}{\text{Property, Plant and Equipment (ex WIP) + Specific Inclusions - Net Debt}}$ Shareholder distribution to be the dividend(s) declared / intended to be recommended to the shareholding Ministers for the current financial year. Specific Inclusions: assets which are not PPE, but required for income generation/risk management or running core business including Right of Use Assets and Offtake Agreements Net Debt includes working capital and leases <i>Rationale: Measures cash returns to equity as a proportion of equity funded assets, recognising the importance of GOCs operating commercially and contributing to public finances where consistent with other KPIs.</i>
Distribution Cash Coverage (times)	$\frac{\text{Net Operating Cash Flows} - \text{Net Investing Cash Flows (ex externally funded, QTC cash advances)}}{\text{Shareholder Distribution}}$ Exclude portions of Investing Cash Flows which are externally funded (i.e. via equity contribution or associated debt) or specifically repay debt (e.g. non-core asset sale) also exclude QTC cash management flows (in either direction). <i>Rationale: Measures business capacity to pay dividends from ongoing business cash flows.</i>
Funds from Operations on Net Debt(%)	$\frac{\text{Net Operating Cash Flows}}{\text{Net Debt}}$ Net Operating Cash Flows as per the Statement of Cashflows. Net Debt includes working capital and leases <i>Rationale: Measures business capacity to service debt.</i>

Financial Measure	Definition
Return on Assets (ROA) ex. WIP (%)	$\frac{\text{Earnings Before Interest and Tax}}{\text{Property, Plant and Equipment (ex WIP) + Specific Inclusions}}$ Specific Inclusions: assets which are not PPE, but required for income generation/risk management or running core business including Right of Use Assets and Offtake Agreements
Non-Financial Measure	Definition
Significant Incident Frequency Rate (SIFR)	Significant Incident Frequency Rate (SIFR) captures: - events that have an actual or potentially fatal outcome for employees/contractors working for Energy Queensland - work-related Dangerous Electrical Events (DEEs) or Serious Electrical Incidents (SEIs) which have the actual or potential outcome of a fatality or serious injury to employees/contractors working for EQL or members of the public The KPI measures the rate of significant incidents per million hours worked in the reporting period.
Affordability: Comparison to Regulatory Allowance	$\frac{\text{Regulated SCS TOTEX}}{\text{AER SCS allowance}}$ Regulated Total Expenditure versus AER allowance (%) <i>Rationale: Supports the Government's pursuit of affordable electricity (balanced with reliable electricity measured by non-financial KPIs)</i>
Employee Confidence	The Employee Confidence Score measures the confidence level of employees in the achievement of the leader Action Plans.
Customer Satisfaction (CSAT)	Provides a measure of customer sentiment and satisfaction with the services provided by Energy Queensland by brand (Energex, Ergon Energy Network; Ergon Energy Retail and Yurika) benchmarked against other companies across a range of sectors. The metric tracks the value being delivered to customers against their needs and expectations.
Customer Projects Delivered on Time	Measures the completion of electrical work for customer projects against the Work Request Required by date.
Operational Delivery	The delivery measure provides a holistic and comprehensive view of the Energex and Ergon Energy Network Program of Work. It comprises measures to track efficiencies and effectiveness in the delivery of Network investments
SAIDI and SAIFI	System average interruption duration index (average outage duration (in minutes) per customer) and System average interruption frequency index (number of outages per customer) measures network reliability performance.

