



STATEMENT OF CORPORATE INTENT

2019/20

Prepared by the Directors and management of CS Energy for shareholding Ministers

The Honourable Cameron Dick MP
Treasurer, Minister for Infrastructure and Planning

The Honourable Dr Anthony Lynham MP
Minister for Natural Resources, Mines and Energy

Commercial-in-Confidence

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Performance agreement

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

In accordance with Chapter 1, Part 3, Section 7 of the GOC Act, the Statement of Corporate Intent represents a formal performance agreement between the Board of CS Energy and our shareholding Ministers with respect to the financial and non-financial performance targets specified for the financial year.

This Statement of Corporate Intent represents agreement to the major activities, objectives, policies, investments and borrowings of CS Energy for 2019-20, and is consistent with CS Energy's 2019 – 2024 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 CS Energy undertakes to achieve the targets proposed in the Statement of Corporate Intent for 2019/20.

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 CS Energy.

The Hon Cameron Dick MP
Treasurer and Minister for Infrastructure and Planning

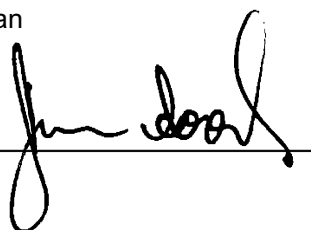
Date

Hon Dr Anthony Lynham MP
Minister Natural Resources, Mines and Energy

Date

Jim Soorley, Chairman
CS Energy Limited

Date



30/8/19.

Key performance indicators

Key performance indicators	Full Year	Q1	Q2	Q3	Q4
All Injury Frequency Rate (AIFR)	≤ 30	≤ 30	≤ 30	≤ 30	≤ 30
Significant Environmental Incidents (SEI)	0	0	0	0	0
Return on Gross Fixed Assets (%) (ROGFA) ¹	12.9	2.0	3.4	4.4	3.1
Free Cash Flow Yield (%) (FCFY) ¹	5.7	-0.6	0.4	3.1	2.7
Equivalent Availability Factor (%) (EAF)	78.3	58.7	84.9	90.1	79.4

¹ The ROGFA and FCFY target for FY19/20 are 12.9 and 5.7 respectively, which are the yearly percentages of the four-year rolling average ROGFA (15.5 per cent) and the FCFY (11.3 per cent).

Safety

CS Energy takes our safety obligations very seriously. CS Energy believes that all injuries are preventable and is committed to drive relentlessly towards an injury free workplace. Our efforts are focused on continuing the year-on-year improvement the business has achieved over the past three years.

CS Energy's Health and Safety Strategy has four focus areas: Injury Prevention; Culture and Leadership; Health and Wellbeing; and Simple Systems. As part of our strategic goals to provide an injury free workplace, CS Energy has embedded the CODE Culture Program across the business to build a safe, constructive and high-performance workforce.

Process Safety is about ensuring CS Energy's plant operates safely, keeping the hazards that can harm our people, our plant, our operations and our environment under control.

In 2019/20 CS Energy has set our AIFR to equal to or less than 30. AIFR is a rolling 12-month average of the number of injuries per million hours worked. This metric will give us a complete picture of our overall safety performance.

Environment

CS Energy manages our business to ensure that we meet all environmental obligations and seeks to maintain our social license to operate in the communities in which we work. CS Energy closely monitors environmental impacts associated with electricity generation and mining activities at our sites to ensure compliance with all relevant Queensland and Commonwealth government environmental legislation.

In 2019/20 CS Energy has set our SEI target at zero. An SEI is an incident that has a significant impact on the environment or results in enforcement action by a regulator. The Environmental Management System (EMS) in place at each site is certified to International Standard ISO 14001, and provides the basis for environmental risk management across the business.

Finance

CS Energy will monitor our financial performance through two measures that focus on investment and cash returns to shareholders:

- ROGFA = Underlying EBITDAIF / (Gross Fixed Assets + Net Working Capital); and
- FCFY = Free Cash Flow (excluding Variation Margin) / (Gross Fixed Assets + Net Working Capital).



For the 2019/20 financial year, CS Energy has set a ROGFA and FCFY target of 12.9 and 5.7 per cent respectively. CS Energy will continue to manage our financial position and maintain our strategy to transform CS Energy into a safe, profitable and sustainable business that delivers value and stable cash returns for our shareholders.

Plant performance

CS Energy will continue to measure our plant performance by focusing on the availability and capacity of our thermal plant through Equivalent Availability Factor (EAF). CS Energy's EAF for 2019/20 is 78.3 per cent, which includes major overhauls for Kogan Creek and Callide B1 and C3 units.

Response to shareholder Mandate

The shareholder Mandate, which summarises the Queensland Government's performance expectations and areas of potential growth and development for CS Energy, was issued to CS Energy by the Queensland Government in July 2016.

Over the past two years, CS Energy fulfilled our commitments set out under the shareholder Mandate including:

- Resolution of coal constraints at Callide Power Station;
- Implementation of alternative trading and risk management strategies;
- Exceeding the cost efficiency targets set in the FY16 Mid-Year Review;
- Asset management, operations and maintenance improvements; and
- Asset flexibility options.

CS Energy has continued to have discussions with departmental representatives about a new shareholder Mandate, particularly in the context of CleanCo commencing operations on 31 October 2019.

Both will be competitors within the National Electricity Market (NEM) but operating with different market strategies. CleanCo will be a low emission and renewable energy company pursuing a growth strategy while CS Energy will be firmly focused on our diversification strategy to create the most value from our existing portfolio of assets in a rapidly changing and dynamic market.

CS Energy also recognises that all three Government-owned generators will be required over the long-term to ensure that the Queensland Government achieves its energy and climate policy objectives, including the Queensland Renewable Energy Target (QRET). For CS Energy to remain viable and to help the Government meet our objectives, the business will identify opportunities to diversify, grow and actively compete in the NEM, including in some segments of the renewable energy sector.

CS Energy 2019/20 strategic priorities

CS Energy has four strategic priorities, which, in conjunction with the 2019 shareholder Mandate, will provide the business with a clear direction to develop strategies to be an effective participant in the current and new energy market.

Strengthen our foundations

Safety, people, culture, community and environment are at the core of everything we do.

Optimise our assets

Our assets must continue to provide high availability and reliability and be able to operate flexibly as energy demand changes due to renewables.

Maximise our returns

We must sharpen our focus on cost, make smart investment decisions and work to improve our profitability.

Deliver future energy

Future energy markets will be largely centred around renewables, customers and technology. We will carefully navigate this market by prioritising our activity in these areas.

Our purpose of delivering energy today and powering your tomorrow requires CS Energy to achieve our strategic goals by performing strongly today and while building towards tomorrow. CS Energy's 2019/20 business planning and budget process has focused on developing objectives and prioritising initiatives that align with our strategic goals and add measurable value to the achievement of our vision.

Key assumptions and risks

The key assumptions underpinning CS Energy's strategic planning and financials for 2019/20 include:

Key assumptions	Budget 2018/19	Budget 2019/20
Economic indices		
CPI %	1.90%	1.97%
Wage growth%	EBA	EBA
Long-term interest rate	6.24%	6.08%
Dividend payout ratio ¹	80%	80%

1. Dividend represents 80 per cent of net profit after tax (NPAT), as per Dividend Policy. Any proposed adjustments allowable under the GOC Act shall be negotiated in advance with shareholding departments.

The key risks facing CS Energy for 2019/20 are the influx of renewable energy generation, increased distributed generation, generation from non-traditional sources and increased new market entrants that will challenge CS Energy's capacity to preserve value and generate revenue from existing sources. In order for CS Energy to mitigate these key risks and remain a sustainable business, we will seek to diversify into new revenue streams that align with the shareholder Mandate and compete more aggressively in the NEM, including working with Government to explore opportunities to be part of the State's renewable energy future.

Capital expenditure

2019/20 Total estimated capital expenditure	Q1 \$M	Q2 \$M	Q3 \$M	Q4 \$M	TOTAL \$M
	96,604	37,556	8,016	38,497	180,673

Capital expenditure projects requiring shareholder approval and current approval status

Project	2019/20 \$M	Total budget	Board approved	Shareholder approved
1 Kogan Creek Power Station overhaul	55.3	81.4	Y	Y
2 Callide Power Station C3 overhaul	13.8	18.3	Y	Y
3 Callide Power Station B1 overhaul	20.6	46.1	N	N

Investment thresholds	\$M
Shareholding Minister notification	\$5m
Shareholding Minister approval	\$15m

Capital structure

A standalone credit rating is required for competitive neutrality fee purposes once every three years. CS Energy obtained an updated standalone credit rating from Fitch Ratings in May 2019.

Borrowings			
Facility	2018/19	2019/20	Change
1 Portfolio linked loan	557.4	557.4	0.0
2 Working capital	0.0	0.0	0.0
Total	557.4	557.4	0.0

In December 2018, CS Energy's Board decided to suspend further debt repayments. The Board has taken this approach until there is further clarity for it around the establishment of CleanCo and, in particular, the release of the shareholder Mandate, and the outlook for prices and future demand as increased renewables come on stream. The Board will revisit this matter towards the end of the current financial year and believes that it will have greater clarity at that time around CS Energy's cash requirements in the coming years. CS Energy currently maintains a debt to equity ratio of approximately 40 per cent.

Statement of compliance

As part of our performance agreement with shareholding Ministers, the Board provides the following additional undertakings.

Prudential financial information

The Board will ensure CS Energy takes full responsibility to ensure that prudent financial practices are applied both within the corporation and within our subsidiaries (whether fully controlled or otherwise). Without limiting the obligations imposed on the Board and the Chief Executive by the GOC Act and, where applicable, the *Corporations Act 2001*, this includes a commitment to:

- Abide by the *Code of Practice for Government Owned Corporations' Financial Arrangements* (Code of Practice), as issued by the Queensland Government; and
- Establish, maintain and implement appropriate financial risk management practices and policies as specified in the Code of Practice.

Capital structure

The Board will prudently manage the financing of the CS Energy group. As an integral part of the financing of the company, overall debt will be managed with Queensland Treasury Corporation (QTC) to ensure that CS Energy maintains the appropriate credit rating or other rating as determined by shareholding Ministers.

Weighted average cost of capital

The Board will ensure that CS Energy reviews its weighted average cost of capital (WACC) on an annual basis.

Dividend policy and payment

While the dividend process is governed by the GOC Act and the *Corporations Act 2001*, the Board will also ensure that CS Energy's dividend policy considers the return its shareholders expect on their investments.

CS Energy's policy is to recommend and pay a dividend of 80 per cent (or the percentage otherwise agreed with shareholding Ministers) of CS Energy's adjusted consolidated profit subject to the requirements of Section 254T of the *Corporations Act 2001*.

Corporate Governance Guidelines for Government Owned Corporations

CS Energy has adopted all the recommendations in the *Corporate Governance Guidelines for Government Owned Corporations* (Corporate Governance Guidelines).

Risk management

The CS Energy Board has ultimate responsibility for ensuring the impacts of all potential internal and external risks of the company are managed. The company's risk identification and management process is monitored by the Audit and Finance Committee, which is a subcommittee of the Board and which reports to the Board on a regular basis.

CS Energy has developed a Critical Risk Program to proactively manage the risks that have the potential to cause harm or damage to people, plant and the environment.

Compliance with government policies

The Board will ensure that the CS Energy group complies with the relevant government policies and guidelines, in particular, the approval, notification, reporting and other requirements of those policies and guidelines.

Sponsorship, advertising, corporate entertainment, and donations

Consistent with the shareholders expectations, the *Corporate Entertainment and Hospitality Guidelines 2008* and CS Energy's Corporate Entertainment and Hospitality Policy, sponsorships, advertising, entertainment and donations are detailed in **Appendix A**.

Employment and Industrial Relations Plan

An Employment and Industrial Relations Plan meeting the requirements of Section 149 of the GOC Act is included as **Appendix B**. The remuneration arrangements for the Directors, the Chief Executive Officer and all Senior Executives of CS Energy are detailed in the E&IR Plan.

Community Service Obligations (CSOs)

CS Energy has no Community Service Obligations as defined by section 112 of the GOC Act.

Financial statements

Statement of Income Group (Consolidated)

Sep	Budget Dec	2019/20 Mar	Jun		2017/18 Actual	2018/19 Budget	2018/19 Forecast	2019/20 Budget
\$M	\$M	\$M	\$M		\$M	\$M	\$M	\$M
175.8	204.1	233.6	186.0	Sales of electricity	1,060.7	874.3	1,002.9	799.6
50.7	85.1	110.3	74.4	Underlying EBITDA	441.4	364.6	465.9	320.6
(2.2)	(2.2)	(2.2)	(2.2)	Gladstone onerous contract unwind	13.3	15.5	(15.4)	(8.8)
(0.7)	(0.7)	(0.7)	(0.7)	Rehabilitation provision	(4.9)	(4.7)	(5.1)	(2.9)
0.0	0.0	0.0	0.0	Oxyfuel Project	(20.1)	0.0	0.0	0.0
0.0	0.0	0.0	0.0	Other accounting adjustments	21.5	0.0	(0.2)	0.0
47.8	82.2	107.4	71.4	EBITDA (excluding Mark to Market)	451.1	375.5	445.2	308.9
(32.5)	(38.9)	(40.5)	(40.5)	Depreciation and amortisation	(139.7)	(147.4)	(139.1)	(152.5)
15.3	43.3	66.9	30.9	Earnings Before Interest and Tax (excluding Mark to Market)	311.4	228.1	306.1	156.4
(6.6)	1.3	(3.1)	(0.8)	Mark to Market	83.5	13.3	3.9	(9.2)
(7.5)	(8.1)	(8.4)	(8.1)	Interest expense (net)	(66.5)	(49.1)	(40.7)	(32.1)
(0.4)	(11.0)	(16.6)	(6.6)	Income tax (expense)/benefit	(97.4)	(57.7)	(80.8)	(34.5)
0.9	25.6	38.8	15.4	Profit/(Loss) After Tax	231.0	134.6	188.5	80.6

Statement of Financial Position Group (Consolidated)

Sep \$M	Quarter	2019/20	Jun \$M		2017/18	2018/19	2018/19	2019/20
	Dec \$M	Mar \$M			Actual \$M	Budget \$M	Forecast \$M	Budget \$M
				ASSETS				
40.3	40.3	40.3	40.3	Cash and other equivalents	36.2	53.0	40.3	40.3
218.7	61.5	63.8	116.7	Cash Advances to QT	235.0	24.5	249.0	116.7
120.8	134.2	148.2	137.3	Trade and other receivables	144.6	152.5	138.0	137.3
32.3	22.6	13.1	8.8	Variation margin	6.1	0.0	38.1	8.8
21.2	10.5	0.0	0.0	Derivative financial instruments	45.1	(0.0)	39.4	0.0
105.6	101.9	98.6	96.1	Inventories	91.1	98.7	99.7	96.1
538.9	371.0	364.0	399.3	Total current assets	558.1	328.7	604.4	399.3
38.8	38.8	30.4	19.5	Derivative financial instruments	82.6	83.3	38.8	19.5
1,477.8	1,476.4	1,443.9	1,441.8	Property, plant & equipment	1,488.4	1,560.2	1,469.3	1,441.8
0.0	0.0	0.0	0.0	Deferred tax asset	0.0	0.0	0.0	0.0
28.4	28.4	28.4	28.4	Retirement benefit assets	28.4	23.6	28.4	28.4
1,544.9	1,543.5	1,502.7	1,489.8	Total non-current assets	1,599.4	1,667.0	1,536.4	1,489.8
2,083.8	1,914.5	1,866.7	1,889.0	TOTAL ASSETS	2,157.4	1,995.7	2,140.9	1,889.0
				LIABILITIES				
121.4	95.0	83.4	99.8	Trade and other Payables	124.7	214.9	98.7	99.8
0.0	0.0	0.0	0.0	Borrowings	207.7	0.0	0.0	0.0
58.1	26.2	0.0	0.0	Derivative financial instruments	90.9	0.0	96.8	0.0
50.3	50.6	(13.8)	0.0	Current Tax Payable	0.0	35.0	75.8	0.0
21.3	21.3	21.3	21.7	Provisions	149.7	28.5	21.3	21.7
157.4	0.0	0.0	74.6	Dividends	0.0	91.6	157.4	74.6
408.4	193.0	90.9	196.0	Total current liabilities	573.0	369.9	450.0	196.0
0.0	0.0	0.0	0.0	Other payables	0.1	0.0	0.0	0.0
82.1	82.1	73.5	51.7	Derivative financial instruments	15.7	16.5	82.1	51.7
557.4	557.4	557.4	557.4	Borrowings	435.0	435.2	557.4	557.4
347.2	349.7	352.1	354.1	Provisions	324.7	293.2	344.8	354.1
106.2	110.4	118.8	106.7	Deferred tax liability	131.7	146.1	86.4	106.7
0.0	0.0	0.0	0.0	Other liabilities	0.0	0.0	0.0	0.0
1,093.0	1,099.6	1,101.7	1,069.9	Total non-current liabilities	907.1	891.1	1,070.7	1,069.9
1,501.4	1,292.6	1,192.6	1,265.9	TOTAL LIABILITIES	1,480.1	1,261.0	1,520.7	1,265.9
582.4	621.9	674.1	623.1	NET ASSETS	677.3	734.7	620.2	623.1
				Shareholders' equity				
1,056.8	1,056.8	1,056.8	1,056.8	Issued Share capital	1,114.4	1,114.4	1,114.4	1,056.8
(49.8)	(35.9)	(22.5)	(14.3)	Deferred (gains) losses on derivatives	19.4	35.9	(68.8)	(14.3)
(424.6)	(399.0)	(360.2)	(419.4)	Retained earnings	(456.5)	(415.6)	(425.4)	(419.4)
582.4	621.9	674.1	623.1	TOTAL EQUITY	677.3	734.7	620.2	623.1

Statement of Cash Flows Group (Consolidated)

Sep \$M	Quarter Dec \$M	2019/20 Mar \$M	Jun \$M		2017/18 Actual \$M	2018/19 Budget \$M	2018/19 Forecast \$M	2019/20 Budget \$M
				Cash flows from operating activities				
303.2	293.2	312.5	297.0	Cash receipts in the course of operations	1,239.5	1,231.8	1,244.4	1,206.0
(242.8)	(201.2)	(212.1)	(202.4)	Cash payments in the course of operations	(822.0)	(829.7)	(818.2)	(858.5)
0.0	0.0	0.0	0.0	Investment in futures market	149.7	0.0	(46.6)	0.0
(7.8)	(7.5)	(8.1)	(8.4)	Net financing costs paid	(66.3)	(52.6)	(43.4)	(31.7)
(14.2)	(12.4)	(78.4)	(8.4)	Income tax paid	(1.0)	(16.7)	(16.0)	(113.4)
38.4	72.1	13.9	77.9	Net cash provided by operating activities	500.0	332.8	320.2	202.3
				Cash flows from investing activities				
(68.6)	(72.0)	(11.6)	(25.0)	Payments for Property, Plant & Equipment	(68.0)	(211.0)	(109.0)	(177.1)
30.2	157.2	(2.3)	(52.9)	Net Cash Advances to Queensland Treasury	(235.0)	125.8	3.9	132.3
(38.4)	85.3	(13.9)	(77.9)	Net cash provided by/(used in) investing activities	(303.0)	(85.3)	(105.1)	(44.9)
				Cash flows from financing activities				
0.0	0.0	0.0	0.0	Proceeds / (repayments) from borrowings	(169.4)	(207.8)	(85.4)	0.0
0.0	(157.4)	0.0	0.0	Dividends paid	(122.9)	(125.8)	(125.7)	(157.4)
0.0	(157.4)	0.0	0.0	Net cash provided by/(used in) financing activities	(292.3)	(333.5)	(211.1)	(157.4)
0.0	0.0	0.0	0.0	Net increase/(decrease) in cash held	(95.3)	(86.0)	4.0	0.1
40.3	40.3	40.3	40.3	Cash at the beginning of the period	131.5	139.0	36.2	40.3
40.3	40.3	40.3	40.3	Cash at the end of the period	36.2	53.0	40.3	40.3

Appendix A: Sponsorship, advertising, donations, corporate entertainment

Activity	Description	2019/20 Budget (\$)
SPONSORSHIP AND GRANTS		
TOTAL Sponsorships and Grants	Includes discretionary sponsorships and grants from Brisbane and the Callide and Kogan Creek power stations to raise CS Energy's profile.	190,000
ADVERTISING ¹		
TOTAL Advertising	Site-based, non-campaign advertising for sponsorship and grants programs.	10,000
CORPORATE ENTERTAINMENT		
TOTAL Corporate entertainment		0
DONATIONS		
TOTAL Donations	Discretionary donations to community events and activities at Brisbane, Callide and Kogan Creek.	30,000
TOTAL ²		230,000

1. Does not include recruitment advertising.

2. All expenditure is GST exclusive.

CS Energy aims to deliver long-lasting benefits to the communities that host our operations. The Community Investment Program provides financial or in-kind support to projects, events or activities that benefit the local community. Community groups or organisations can apply for a community sponsorship to assist with expenses attributed to their project or event. CS Energy prioritises projects that create lasting change and address an area of need. CS Energy supports partnerships and sponsorships that have a clear benefit for the local communities that host our operations and align with our values.

Appendix B: Employment and Industrial Relations Plan

CS Energy's Employment and Industrial Relations Plan (Plan) has been developed to support the company in driving business improvement safely, efficiently and responsibly to deliver our purpose of *delivering energy today, powering your tomorrow*.

Fundamental to the Plan is CS Energy's commitment to build a high-performance, constructive workplace culture. It is achieving this change by consistently communicating our leadership expectations, grounded in behaviours that are reflective of this culture.

The Plan provides for an aligned approach to employee relations across the company based on a constructive, high-performance culture that leverages value from collective bargaining at each site.

This approach balances shareholder objectives, employee participation and the organisation's commitments to:

- safety, driven by genuine care and concern for people and the environment;
- accepting accountability and acting with integrity; and
- creating and sustaining value for our owners through operational excellence, being productive, and exercising sound commercial judgement.

CS Energy employees and enterprise agreements

Consistent with the *Government Owned Corporations – Wages and Industrial Relations Policy 2015*, (IR Policy) almost all CS Energy employees are covered by collective agreements (Chief Executive Officer and senior executives and a number of site management roles are excluded). The *Fair Work Act 2009 (Cth)* (FW Act) applies to CS Energy employees and the agreement-making process takes place in accordance with this legislation, including good faith bargaining requirements.

CS Energy is presently party to four enterprise agreements, each negotiated at site level with relevant union representatives and voted on by employees. A total of 538 employees (as at 31 March 2019) are covered by enterprise agreements. The unions party to our agreements are the Construction, Forestry, Mining and Energy Union (CFMEU); Electrical Trades Union Branch (ETU) of the Communications, Electrical and Plumbing Union (CEPU); The Services Union (TSU); Australian Manufacturing Workers Union (AMWU); Australian Institute of Marine and Power Engineers (AIMPE) (Wivenhoe site only); and Professionals Australia, (Association of Professional Engineers, Scientists and Managers Australia). Further details of the current agreements are set out in the following table:

	Scope	Reference	Expiry
CS Energy Ltd Corporate Office Enterprise Agreement 2016 Covers 168 employees	Employees of CS Energy Ltd at Corporate Office	AG2016/7379	26 February 2020
Callide Power Station Enterprise Agreement 2018 Covers 251 employees	Employees of CS Energy Ltd at Callide Power Station	AG2018/1970	28 February 2021
Kogan Creek Power Station Enterprise Agreement 2017 Covers 106 employees	Employees employed in the classifications within the Agreement	AG2017/5468	31 July 2020
CS Energy Ltd Wivenhoe Power Station Enterprise Agreement 2016 Covers 13 employees	Employees of CS Energy at Wivenhoe Power Station	AG 2019/527	29 July 2021

Each enterprise agreement is tailored to the different technologies, characteristics of the specific site and workforce.

The current *CS Energy Corporate Office Agreement 2016* (Corporate EA) was formally approved by the Fair Work Commission (FWC) on 20 February 2017. It will nominally expire on 26 February 2020. Initial planning for a new enterprise agreement has commenced and the Bargaining Framework has been submitted to the Cabinet Budget Review Committee (CBRC) for approval prior to commencement of formal negotiations on or by 1 December 2019¹.

Remuneration arrangements

Chief Executive Officer and senior executives

Remuneration details for the Chief Executive Officer and senior executives are provided in the following table. These arrangements are reviewed annually in accordance with company procedure and Government policy. Performance payments are capped at 15 per cent of Total Fixed Remuneration (TFR) for the Chief Executive Officer and senior executives.

The base salaries shown below are those applicable as at 31 March 2019.

CEO / Senior executives	Base salary ¹	Employer Superannuation contributions ²	Motor Vehicle ³	Car park ⁴	Total fixed remuneration ⁵	Other non-personal benefits	Performance payment made 2017/18 ⁶
Chief Executive Officer Andrew Bills	\$675,070	\$25,000	Nil	Nil	\$739,202	Nil	Nil
Executive General Manager Revenue Strategy Darren Busine	\$463,487	\$25,000	Nil	Nil	\$488,487	Nil	\$48,716
Executive General Manager Asset Management Colin Duck	\$394,016	\$25,000	Nil	Nil	\$419,016	Nil	\$11,656
Chief Financial Officer Malcolm Wilson	\$417,040	\$25,000	Nil	Nil	\$442,040	Nil	Nil
Executive General Manager Corporate Services Andrew Varvari	\$410,500	\$25,000	Nil	Nil	\$435,500	Nil	\$45,492

1. Includes salary sacrifice items.
2. Employer contributions to superannuation (other than by salary sacrifice).
3. Any motor vehicle is provided in accordance with the Queensland Government's SES Policy.
4. A car park is provided and a nominal allowance is paid and then deducted as a salary sacrifice amount.
5. Total Fixed Remuneration sum of base salary and employer superannuation contributions.
6. Performance payments includes 9.5 per cent superannuation component

Executive performance incentive payments are capped at 15 per cent of TFR comprising of Enterprise and Individual Performance Incentives (IPIs). Enterprise IPIs are stretch targets outlined in the SCI that have been agreed with shareholding Ministers. IPIs are set annually in Individual Achievement Plans and are formally reviewed mid-yearly and at year-end. The IPIs describe expectations that require the individual to demonstrate a level of performance above and beyond business as usual resulting in the achievement of CS Energy objectives.

¹ Clause 1.6 of the Corporate EA requires commencement of negotiations for a future agreement no later than three months prior to the nominal expiry date of the agreement.

Employment conditions

General conditions of employment are provided in the various enterprise agreements made under the *Fair Work Act 2009 (Cth)* (FW Act) and CS Energy human resources policies and procedures. Rates of pay, including productivity payments, are included in enterprise agreements and all-purpose allowances, where applicable (for example, power house allowance, disability allowances, etc) are incorporated in all-up rates within those industrial instruments. The *Electrical Power Industry Award 2010* is the modern award applying to the power generation industry and enterprise arrangements leave CS Energy employees better-off-overall when compared to this award. Employment conditions are also governed by the GOC Act and Regulations, the *Electricity Act 1994 (Qld)* the FW Act and *Fair Work Regulation 2006 (Cth)*.

As required by the FW Act, each enterprise agreement contains a flexibility provision, allowing the company and employees to put in place individual arrangements provided that the employee is not disadvantaged compared to the collective agreement. These flexibility arrangements include Alternative Individual Agreements (AIAs) and are offered where roles require special skills or employment flexibility, to ensure that CS Energy can attract and retain quality employees to compete effectively in the electricity market. An employee is free to move from AIA arrangements back to enterprise agreement conditions simply by giving notice of the change to CS Energy in accordance with the timeframe contained within the relevant enterprise agreement.

As at 31 March 2019, 57 per cent of employees are engaged directly on enterprise agreement terms and conditions, 41 per cent work under an AIA as provided by their site's enterprise agreement and two per cent of employees are engaged on common law contracts including the Chief Executive Officer, senior executives and a number of site management positions.

Type of employment and workforce planning

CS Energy is committed to investing in the development of our employees to build a capable, adaptable and diverse workforce now and for the future. The Strategic Workforce Plan details CS Energy's methodology, challenges and implications, current workforce demographics, and the plan to address workforce requirements to meet the business's short and long-term strategic objectives.

Employment category	31-Mar-19	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23
	Actual	Budget	Budget	Budget	Budget	Budget
Permanent full time	457.00	430.00	471	465	462	457
Permanent part time (FTE)	11.74	17.70	15	15	15	15
Other Contracts ¹	27.55	58 ²	28	24	17	14
Senior Executive contract	6	6	6	6	6	6
Apprentices (in house)	23	22	26	26	26	26
Trainees (in house)	7	11	10	10	10	10
Casual employees (FTE)	1.66	1.70	2	2	2	2
Total directly employed workforce³	533.95	546.40	558.00	548.00	538.00	530.00
Apprentices (Group) ⁴	1	2	0	0	0	0
Trainees (Group)	0	0	0	0	0	0
Contractor employees (trade/technical)	20	20	20	20	20	20
Contractor employees (professional / administrative / clerical)	10	10	10	10	10	10
Labour hire (trade/technical - FTE)	See note below	n/a	n/a	n/a	n/a	n/a
Labour hire (professional / administrative / clerical)	See note below	n/a	n/a	n/a	n/a	n/a
s457 Temporary Visa ⁵	0	0	0	0	0	0
Total workforce	564.95	578.40	588	578.4	568	560

1. Temporary employees including graduates.
2. The 'Other Contracts' figure decreases and the 'Permanent full time' figure increases between FY19 and FY20. At the time of submitting the FY19 SCI the number of permanent or temporary FTEs required to support the Operations Review (DRIVE) and Trading Operating Model (TOM) projects were not finalised. An estimate of 'Permanent full time' (430) and 'Other Contracts' FTEs was provided (58), reflected in the 30 June 2019 budget figure above. The FY20 figures align with the final structures (471 and 28 respectively).
3. Total directly employed workforce figures correspond to the approved labour budgets.
4. Apprentices and Trainees are now directly employed by CS Energy as per the relevant Enterprise Agreement.
5. Included in temporary employee figures.

CS Energy has used contractors and labour hire from time to time for a variety of reasons, including the need to address short-term, *ad hoc* labour requirements or to deliver a short-term, high-intensity project.

Workplace health and safety

CS Energy complies with all relevant health and safety legislation, including the *Work Health and Safety Act 2011 (Qld)* and related standards, *Electrical Safety Act 2002 (Qld)*, codes of practice, Australian standards and industry guidelines.

Inclusion and Diversity (I&D)

CS Energy's *Inclusion and Diversity (I&D) Policy* (I&D Policy) outlines our commitment to create a workplace culture that builds respect, fosters inclusiveness, promotes diversity and embraces the unique skills and qualities of all our employees. CS Energy's Board approved I&D targets are aimed at increasing female and Aboriginal and Torres Strait (ATSI) participation and are closely aligned to the targets agreed by the Queensland Government's Leadership Board of Directors-General. The Policy and targets are supported by an annual I&D plan, which comprises of various initiatives to be rolled out in FY20 including implementation of a Reconciliation Plan (RAP) which will have a key focus on improving ATSI engagement and strengthening our existing relationships with Traditional Owners in the regions in which we operate. I&D at CS Energy is critical to CS Energy's ability to attract and retain diverse talent to ensure it has the right people to run and grow. I&D is supported by CS Energy's robust Equal Employment Opportunity (EEO) and recruitment and selection principles.

EEO and recruitment and selection

CS Energy aims to provide a workplace that is free from unlawful discrimination, sexual harassment, bullying, victimisation and vilification. All employees have access to the CS Energy *Procedure for Equal Employment Opportunity and Appropriate Workplace Behaviour* and the *Fair Treatment and Grievance Resolution System Procedure*.

The *Recruitment and Selection Procedure* provides direction for all CS Energy recruitment and selection activities to be based on using fair, open and transparent processes to select the best person for the job within an efficient and effective process. These documents are available on the intranet or in hard copy from the Human Resources team. Our recruitment practices are aligned with the I&D policy objectives and have recently been enhanced resulting in a number of benefits including an uplift in supervisor capability (through education on effective recruitment processes), improved data capture and monitoring systems and new and innovative ways of attracting candidates into the business.

CS Energy has a proud history of hiring talent and offering career pathways through our apprenticeship and trainees programs and this will continue to be a focus in the coming years.

In accordance with Section 31 of the *Public Service Act 2008 (Qld)*, CS Energy reports EEO statistical data to the Public Service Commission on an annual basis. CS Energy submitted its last report in July 2018.

Joint Venture projects

CS Energy (through its wholly owned subsidiary, Callide Energy Pty Ltd) remains in a joint venture with IG Power (Callide) Limited at Callide C Power Station. Operations and maintenance services for Callide C Power Station are provided by CS Energy under a contract to the joint venture entity. CS Energy employees and some contractors are undertaking work for the joint venture. Relevant CS Energy employees are primarily covered by the Callide Power Station Certified Agreement 2018.

Management of the relationship between GOCs and unions

CS Energy as a matter of course consults with its employees and their union representatives regarding matters affecting employees. Enterprise agreements set out the parties' consultative obligations, particularly in respect of workplace change. More formal consultative forums include site consultative committees and the Peak Consultative Committee, which comprises CS Energy senior management and senior union officials.

CS Energy recognises that the various unions we work with are key stakeholders in our business. As with all key stakeholders, CS Energy works to ensure that our interactions with unions are mutually beneficial – that is, will improve the working environment for CS Energy employees as well as support the company's long-term sustainability. CS Energy is working to improve and better harness the opportunities for unions (as well as employees generally) to provide feedback on a number of issues and will look to do this through the forums already in place as well as additional forums as appropriate.

Redundancy provisions

Consistent with the IR Policy's approach to employment security, CS Energy's collective agreements provide that voluntary redundancy could occur as a last resort, and prioritise redeployment, retraining and relocation in preference to retrenchment. Severance payments include three weeks' pay for every year of service, to a maximum of 75 weeks, plus an early separation payment of 13 weeks, pro-rata long service leave and a re-training and outplacement support costing \$1,000 - \$2,000 per employee, depending on the site.

Employment security

All four current CS Energy enterprise agreements do not contemplate involuntary redundancies. In addition, the Kogan Creek EA only recognises the offering of voluntary redundancies as an option if the unions party to the agreement agree. The other three EAs allow for CS Energy to offer voluntary redundancies in accordance with the provisions of the respective EA. CS Energy applies the employment security policy of the Queensland Government.

Contracting out

CS Energy complies with enterprise agreements, the IR Policy and any applicable legislation on the use of contractors.

Superannuation

In accordance with *Superannuation Guarantee (Administration) Act 1992 (Cth)*, CS Energy offers membership of and contributes to a number of approved superannuation funds, as requested by employees. Under CS Energy policy, Energy Super is the default fund for new defined contribution fund members.

The Energy Super Defined Benefit Fund, which closed to new employees in 2002, has an employee contribution rate of five per cent post tax or 5.88 per cent pre-tax and an employer contribution rate of nil. This rate is reviewed every two years by the fund actuary. Presently, 12.6 per cent of the CS Energy workforce remains in this plan.

The remainder of the workforce are members of a number of defined contribution funds, with 54.8 per cent of the workforce in the Superannuation Guarantee Contribution (SGC) employer fund (currently 9.5 per cent contribution) and the remaining 32.6 per cent of the workforce are in the contributory defined contribution fund where the employee contribution is five percent post tax or 5.88 per cent pre-tax with CS Energy contributing 10 per cent.

Union encouragement

CS Energy provides all new employees with a list of union representatives prior to their commencement with the company and makes payroll deductions of union dues available to employees. In addition, CS Energy regularly provides new starter details to unions. The company's enterprise agreements include provision for workplace union representatives to be released from normal duties on pay, so that they can provide support to union members during grievance and dispute settling procedures, including attendance at Fair Work Commission proceedings. Employee representatives are also provided with paid time off to participate in education activities relevant to their representative roles and may also be granted paid leave to participate in union conferences or management committee meetings where such attendance is a requirement of their office.

Consultation

Employees, unions and representatives of Queensland Treasury, Department of Natural Resources, Mines and Energy, and Office of Industrial Relations have been consulted in the preparation of this Plan. The consultation process has included provision of draft documents, face to face meetings and written feedback from these stakeholders.



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