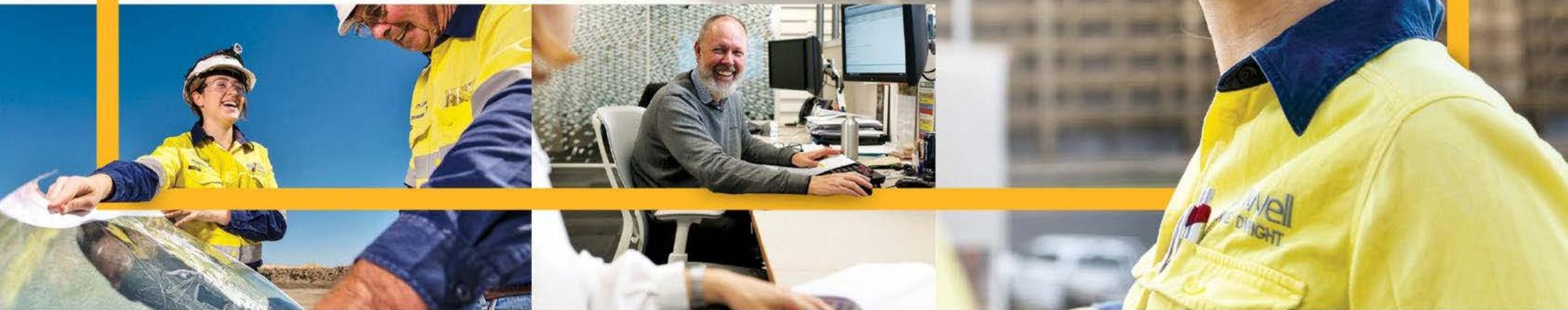


Together we create **energy solutions**

STATEMENT OF CORPORATE INTENT
2019/20

WITH DELETIONS OF COMMERCIALY SENSITIVE
MATERIAL



Prepared by the Directors and management of Stanwell Corporation Limited for shareholding Ministers:

- The Hon. Cameron Dick MP – Treasurer, Minister for Infrastructure and Planning
- The Hon. Anthony Lynham MP – Minister for Natural Resources, Mines and Energy

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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* (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 Stanwell Corporation Limited (Stanwell) and its shareholding Ministers with respect to the financial and non-financial performance targets specified for the financial year. The Statement of Corporate Intent represents agreement to the major activities, objectives, policies, investments and borrowings of Stanwell for 2019/20.

This Statement of Corporate Intent is consistent with Stanwell's Corporate Plan 2019/20 to 2023/24, submitted to shareholding Ministers and agreed in accordance with Chapter 3, Part 8 of the GOC Act.

In signing this document, Stanwell's Board undertakes to achieve the targets proposed in the Statement of Corporate Intent for 2019/20.

This document is the current version of the Statement of Corporate Intent for 2019/20 and replaces all prior versions. It reflects a transfer date of foundation assets from Stanwell to CleanCo of 31 October 2019. 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 Stanwell.

The Hon. Cameron Dick MP Date
Treasurer and Minister
Infrastructure and Planning

The Hon. Anthony Lynham MP Date
Minister for Natural Resources,
Mines and Energy

Commercial-in-Confidence

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

Karen Buckley (Company Date
Secretary(on behalf of the Stanwel
Board)

KEY PERFORMANCE INDICATORS

Indicator	2017/18 actual	2018/19 actual	2019/20			
			Sept YTD target	Dec YTD target	Mar YTD target	Full year target
Return on Gross Fixed Assets (%)	█	█	█	█	█	█
Free Cash Flow Yield (%)*	█	█	█	█	█	█

Return on gross fixed assets =

$$\frac{\text{EBITDAIF}}{\text{Fair value of fixed assets} + \text{Net additions} + \text{Net working capital}}$$

EBITDAIF = Earnings before interest, tax, depreciation, amortisation, impairment and fair value movements; and excluding coal rebate revenue.

Free cash flow yield =

$$\frac{\text{Free cash flow}}{\text{Fair value of fixed assets} + \text{Net additions} + \text{Net working capital}}$$

Free cash flow = Operating cash flow (including working capital movements but excluding coal rebate revenue) less capital cash flow. Free cash flow is defined as cash flow available to pay tax and returns to debt/equity holders.

Corporate measures	2017/18 actual	2018/19 actual	2019/20			
			Sept YTD target	Dec YTD target	Mar YTD target	Full year target
Total recordable injury frequency rate (TRIFR)	3.61	5.30	0.00	0.00	0.00	0.00
Lost time injury frequency rate (LTIFR)	0.33	0.96	0.00	0.00	0.00	0.00
Environmental enforcement actions	0	0	0	0	0	0
Operating profit (\$M)	598.5	673.0	132.8	248.1	388.6	476.5
EBIT (\$M)	757.5	1,075.4	186.1	353.2	542.5	671.0
EBITDAIF (\$M)	691.4	730.9	179.8	342.5	530.7	662.0
Net profit after tax (\$M)	490.8	736.0	127.0	240.0	367.7	453.6
Free cash flow (\$M)	489.4	579.6	108.4	167.2	337.6	414.6
Return on equity excluding Coronado (%)	34.7	36.5	30.8	30.4	29.2	32.7
Capital expenditure (\$M)	141.7	158.8	72.3	178.9	208.4	269.2

RESPONSE TO DIRECTIONS FROM SHAREHOLDING MINISTERS

Swanbank E Power Station

On 4 June 2018, shareholding Ministers issued a direction to Stanwell under the *Electricity Act 1994* directing Swanbank E Power Station to be available for dispatch into the National Electricity Market in accordance with good operating practice during peak electricity demand periods of January to March. Outside these periods, Stanwell will operate Swanbank E Power Station in flexible operating mode, ensuring it is available to respond to changing market conditions.

Stanwell has complied with the spirit and intent of this shareholder direction.

Electricity bidding

On 29 March 2018, shareholding Ministers issued a direction to Stanwell under the *Electricity Act 1994* setting dispatch guidelines for generation capacity and pricing during [REDACTED] and [REDACTED].

On 28 September 2018, shareholding Ministers issued a further direction to Stanwell under the *Electricity Act 1994* setting dispatch guidelines for generation capacity and pricing [REDACTED] to [REDACTED].

Stanwell has complied with the spirit and intent of these shareholder directions.

These directions have required Stanwell to dispatch higher levels of generation into the National Electricity Market at a price which has provided electricity price stability and a wholesale electricity price in Queensland well below those of other states.

Burdekin Hydro Power Station business case

On 2 June 2017, the Queensland Government announced its Powering North Queensland plan that includes a \$100 million reinvestment of Stanwell dividends to help fund a proposed hydro-electric power station at Burdekin Falls Dam.

On 13 June 2017, shareholding Ministers directed Stanwell to pay a dividend for 2016/17 equivalent to 100 per cent of its audited adjusted Net Profit after Tax (NPAT), adjusting the NPAT to reflect the retention of \$100 million towards the cost of the development of the Burdekin Hydro Power Station.

Stanwell completed a pre-feasibility study in October 2017 which determined there was sufficient evidence that a hydro-electric power station could be built and operated on the Burdekin Falls Dam.

In October 2018, Stanwell wrote to shareholding Ministers advising that a business case options report had been completed, which assessed the technical, commercial and strategic viability of a range of power station designs on the spillway and auxiliary dam wall of the Burdekin Falls Dam. The options report identified a [REDACTED] hydro plant, located downstream of an auxiliary dam wall, as the best commercial option. The construction of this power station option is, however, highly dependent on the outcomes of concurrent SunWater business cases relating to the Burdekin Falls Dam.

[REDACTED]

[REDACTED]

Stanwell continues to engage with SunWater regarding the progress of SunWater's business cases. [REDACTED]

[REDACTED]

Concurrently, Stanwell is pursuing other renewable energy opportunities that would provide commercial returns to our shareholders and clean energy solutions to our customers, in line with its Shareholder Mandate.

On 7 May 2019, the Under Treasurer wrote to Stanwell regarding the proposed scope of the restructure to establish CleanCo Queensland Limited (CleanCo) and to re-prioritise funding currently allocated for the Burdekin Hydro Scheme.

The letter confirmed the scope and items in relation to the foundation portfolio to be transferred from Stanwell to CleanCo, as follows:

- all contracts (excluding financial electricity contracts), assets and liabilities (including associated liabilities other than those explicitly excluded) relating to:
 - the Swanbank Power Station complex, including the Swanbank E gas generation unit and all surrounding land and related assets;
 - Barron Gorge Power Station;
 - Kareeya Power Station, including the King Ranch timber plantation and the Tully Millstream site; and
 - Koombooloomba Power Station and Koombooloomba Dam; and
- all gas transportation and gas supply agreements and contracts, as well as ownership in all gas joint ventures relating to the Swanbank Power Station complex.

The letter requested the transfer of \$160 million from Stanwell's cash reserves to CleanCo to contribute to asset ownership costs and rehabilitation liabilities of the foundation assets.

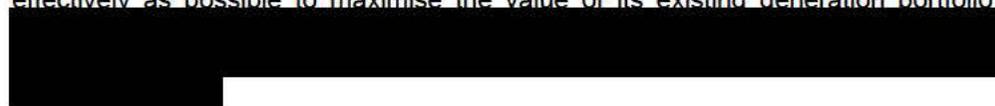
The \$160 million transfer was completed on 9 May 2019 (as requested) and its impact included in this Statement of Corporate Intent and the associated Corporate Plan.



RESPONSE TO SHAREHOLDER MANDATE

The Shareholder Mandate (received on 19 July 2016) sets out shareholders' expectations for Stanwell over the period 2015/16 to 2018/19.

Shareholders expect Stanwell to operate its generation business as efficiently and effectively as possible to maximise the value of its existing generation portfolio.



Specific areas of improvement have been identified for Stanwell. These are

1. Meeting or exceeding annual efficiency saving targets as detailed in the Shareholder Mandate. These are in addition to savings identified in the 2015/16 to 2019/20 Corporate Plan. These will be achieved through three key areas:

- reviewing and reducing corporate support roles;
- improving profitability; and
- reducing and reallocating capital.

2. Optimising support functions expenditure to a level that is commensurate with industry peers and in a manner which supports the corporate strategy.

3. Determining optimal information technology requirements to meet Stanwell's corporate strategy and establishing an information technology roadmap.

1. Exceeded efficiency saving target of \$111 million (over the years 2015/16 to 2018/19)

Stanwell delivered against the efficiency savings target as outlined in the Shareholder Mandate (as measured against the forecast budgets submitted in the 2015/16 Corporate Plan). A range of management initiatives were implemented to ensure Stanwell remained on track to deliver against the efficiency target:

- management efficiencies in mining operations to reduce fuel costs;
- a business-wide focus on reducing operating and corporate costs; and
- reductions in capital expenditure, particularly in relation to the deferral of capital projects, as well as mine related capital expenditure.

As Stanwell has met this target, the business will no longer report progress in its quarterly reports.

Efficiency saving target (\$m)	2015/16 actual	2016/17 actual	2017/18 actual	2018/19 actual	Total
Fuel savings (Meandu Mine)	█	█	█	█	█
Operation and corporate cost savings	█	█	█	█	█
Capital expenditure	█	█	█	█	█
Cost savings	27.1	51.0	17.2	16.3	111.6
Wesfarmers settlement	N/A	█	N/A	N/A	█
Coal rebate revenue price uplift		█	█	█	█
Tarong North insurance settlement	N/A	█	N/A	N/A	█
Coronado Coal Supply Agreement	N/A	N/A	N/A	█	█
Total efficiency savings	27.1	101.0	29.2	262.2	419.5

Note: Operating and capital impacts from the return to service of Swanbank E Power Station as well as revenue (measured as Gross Profit) have been excluded.

2. Optimise support function expenditure

In 2016/17, Stanwell undertook a review of corporate support functions at its corporate offices and operational sites to ensure alignment with the corporate strategy. █

Stanwell continues to review and optimise its resourcing capability as part of its annual business planning process.

3. Determining optimal information technology requirements

The Information and Communication Technology (ICT) Strategy delivered in 2016 in response to the Shareholder Mandate is progressing as planned. The ICT Strategy provides strategic clarity, prioritising the delivery of key enterprise projects while improving efficiency of technology service delivery.

The ICT Roadmap was revised in October 2018 to reflect investment priorities. This was necessary for Stanwell to respond to changing market rules such as the Five Minute Settlement and Gas Capacity Trading.

Stanwell has achieved major milestones of simplifying its ICT landscape. This includes the consolidation of three Enterprise Resource Planning systems to one and three Safe Works Systems to one. Stanwell has established effective cyber security governance and improved detect and response capability. Stanwell participated in the industry wide cyber security maturity assessment facilitated by the Australian Energy Market Operator. Our maturity is on par with other generators.

KEY ASSUMPTIONS AND RISKS

The key assumptions underpinning Stanwell's strategic planning and key performance indicators for 2019/20 include:

Demand and supply

Generator revenue is determined by dispatch, physical price and financial market outcomes. Physical market prices are determined by the interaction of demand and supply.

On the supply side, generator behaviour is modelled taking underlying costs and other constraints (e.g. fuel availability, outages) into consideration.

Liddell Power Station is expected to retire in 2021/22 in line with recent statements made by AGL.

In order to manage revenue risk, Stanwell hedges a portion of its output for current and future periods.

Other constraints

Revenue modelling assumes that Stanwell's plant will be fully available during key periods of the year. It also assumes that fuel will be available for generation and sales in line with contractual entitlements and current mine plans.

Failure to achieve planned plant or fuel availability (or major plant or fuel supply failure during critical supply periods, particularly the summer months) may impact on Stanwell's ability to achieve its revenue forecasts.

Stanwell retains a strong focus on plant availability, in particular adopting a 'summer readiness' program. Stanwell works closely with external fuel suppliers and its internal mine operations group to ensure that production expectations are aligned and that sufficient fuel is available at key times.

Carbon reduction policy

Federal and state energy policies have been the topic of public debate in recent times, in light of high prices and system security issues. This debate is expected to

continue, as policy makers attempt to deal with affordability, reliability and sustainability of the energy market into the future.

With the Federal Government no longer pursuing an Emissions Obligation under the National Energy Guarantee the only Federal Policy considered in modelling is the Renewable Energy Target.

Statement of Corporate Intent 2019/20

Assumptions and outputs	2018/19	2019/20
Economic indices		
Escalation (%) ¹	1.7	2.6
Wages growth (%) ²	3.0	3.0
Long term interest rates (%) ³	6.44	6.09
Dividend payout ratio (%) ⁴	100	100
Weighted average cost of capital - post-tax ⁵ nominal	█	█
Weighted average cost of capital - post-tax nominal (CoCP ⁶)	█	█
Electricity revenue		
Average realised price (\$/MWh) ⁷	█	█
Time-weighted annual pool price (\$/MWh) ⁸	█	█
<i>Revenue:</i>		
Net pool sales (\$M)	█	█
Contract revenue/(expense) (\$M)	█	█
<i>Volume of contracts:</i>		
Swap contracts (GWh)	█	█
Face value of swap contracts (wholesale and retail) (\$)	█	█

1 Source: Deloitte Access Economics and BIS Shrapnel

2 Stanwell will comply with the Government Owned Corporations Wages Policy as existing EBAs expire and require renegotiation

3 Long term interest rates are sourced from Queensland Treasury Corporation

4 The dividend forecast represents 100 per cent of net profit after tax. However, the dividend paid may be adjusted to exclude any unrealised gains from the revaluation of Stanwell's financial instruments, any year end asset impairment adjustments that may arise during the testing of asset carrying values, any adjustments relating to rehabilitation and any other relevant adjustments resulting in unrealised gains that may arise.

5 The WACC calculation was updated in May 2019.

6 Applying 'Cost of Capital Principles – Government Owned Corporations' approach.

7 Average realised price per MWh is: 'Total Operating Revenue' (Pool Sales and CFDs)/Energy sold (node)

8 Queensland Node Prices (real \$)

Assumptions and outputs	2018/19	2019/20
Other revenue		
Coal exports for sale (kt)	█	█
Coal export sales (\$M)	█	█
Gas for sale (TJ)	█	-
Gas sales (\$M)	█	-
Coal rebate revenue		
Exchange rate US\$	0.72	0.75
Average reference price (AUD\$/tonne)	█	█
Volume (million tonnes)	9.1	8.0
Total coal rebate revenue (\$M)	█	█
NEM energy⁹		
Energy generated (GWh)	█	█
Energy sent out (GWh)	█	█
Energy used (GWh)	█	█
Energy sold (GWh)	█	█
Contract volume sold (GWh) (includes cap position)	█	█
NEM operational		
Fuel costs (\$/MWh sold)	█	█
Greenhouse gas emissions (KtCO ₂ e)	17,811	17,175
Greenhouse gas intensity portfolio (CO ₂ kg/MWh sent out)	881	918

9 NEM Portfolio excludes Mica Creek Power Station

CAPITAL EXPENDITURE

Budgeted capital expenditure for 2019/20 (for projects greater than \$15 million):

Project	2019/20 (\$M)	Total project budget (\$M) ¹⁰	Board approved	Shareholder approved
Stanwell Power Station Unit 1 Major Overhaul 2019	19.0	27.2	Y	Y
Tarong Power Station Unit 2 Major Overhaul 2020	27.8	27.8	Y	N
Stanwell Power Station Unit 2 Major Overhaul 2020	2.6	27.4	Y	N
Tarong Power Station Unit 4 Major Overhaul 2019	29.9	29.9	Y	Y
Meandu Mine Dragline Major Overhaul	6.5	20.5	Y	Y
Tarong Power Station Ash Offtake Project	16.2	16.6	Y	Y
Five Minute Settlement	8.4	21.4	Y	Y
Stanwell Power Station Control System Upgrade Unit 1	8.4	23.3	Y	Y
King 2 East Extension*	2.6	40.3	N	N

* Part of Mine Development Program

Investment thresholds	\$M
Shareholding Minister notification	10.0
Shareholding Minister approval	15.0

¹⁰ Total project budget represents project inception to date costs plus future year forecast

Capital expenditure

Project	September YTD target (\$M)	December YTD target (\$M)	March YTD target (\$M)	Full year target (\$M)
Overhauls				
Stanwell Power Station	19.0	19.0	19.5	21.6
Tarong Power Station	3.5	30.0	30.2	57.9
Stanwell Turbine Overhaul Program	5.0	9.5	10.8	11.
Tarong Turbine Overhaul Program	1.7	5.2	5.2	11.4
Meandu Mine	0.0	0.0	4.0	6.5
Total overhauls	29.2	63.6	69.7	108.9
Major projects/capital expenditure				
Stanwell Power Station – Control System Upgrade	2.9	7.7	8.3	8.4
Tarong Ash Offtake Project	1.6	6.0	12.2	16.2
Mine – Fleet ancillary equipment programs	0.2	0.3	0.3	0.3
Mine - Dozer Replacement Program	-	-	-	3.5
Mine – Development program	1.3	2.0	2.5	3.3
Five Minute Settlement	2.1	4.2	6.3	8.4
Total Major projects	8.1	20.2	29.6	40.1
Other Projects < \$10M				
Hardware and software upgrades	3.3	6.3	9.8	13.1
Corporate – Other	0.1	0.3	0.4	0.5
Generation – Coal	9.6	17.2	22.0	26.6
Generation – Other	0.3	0.6	0.8	1.0
Mining	7.2	12.8	18.0	20.9
Total other projects	20.5	37.2	51.0	62.1
Exploration and Evaluation	0.1	0.1	0.2	0.3
Total capital expenditure for Stanwell continuing assets	57.9	121.1	150.5	211.4

CleanCo foundation assets pre-transfer capital expenditure

Project	September YTD target (\$M)	December YTD target (\$M)	March YTD target (\$M)	Full year target (\$M)
Overhauls				
Swanbank Power Station ¹¹	-	37.9	37.9	37.9
Major Projects				
Gas Supply Strategy	11.5	15.6	15.6	15.6
Other Projects < \$10M				
Swanbank Power Station	0.9	1.8	1.8	1.8
Hydro Power Stations	2.0	2.5	2.5	2.5
Total capital expenditure for transferring assets	14.4	57.8	57.8	57.8

11 Expenditure for Swanbank C4 Overhaul incurred from 1 July 2019 will be fully reimbursable.

Capital summary

Project	September YTD target (\$M)	December YTD target (\$M)	March YTD target (\$M)	Full year target (\$M)
Total capital expenditure for Stanwell continuing assets	57.9	121.1	150.5	211.4
Total capital expenditure for assets transferring to CleanCo	14.4	57.8	57.8	57.8
Total capital expenditure	72.3	178.9	208.3	269.2

CAPITAL STRUCTURE

Borrowings			
Facility	2018/19* (\$M)	2019/20* (\$M)	Change (\$M)
QTC Client Specific Pool	821.1	821.9	0

* Estimated book value

COMMUNITY SERVICE OBLIGATIONS

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

STATEMENT OF COMPLIANCE

Stanwell, including its subsidiaries, will comply with all relevant policies and guidelines as issued by shareholders and Government, and formal directions as received from time to time.

FINANCIAL STATEMENTS

Income statement

Escalated (\$M)	2017/18 actual	2018/19 target	2018/19 actual	2019/20			
				September YTD target	December YTD target	March YTD target	Full year target
Electricity pool sales revenue							
Contract revenue/(payments)							
Fuel costs							
Water Costs							
NEM electricity gross profit	947.1	951.9	1,040.5	227.2	433.4	668.0	845.3
Coal export sales							
Gas sales							
Environmental certificates							
Other revenue/(expenses)							
NEM gross profit	965.0	942.9	1,036.7	224.6	427.9	659.4	833.8
Net Mica Creek gross profit	16.8	17.6	27.7	7.8	15.6	23.3	31.1
GROSS PROFIT	981.8	960.5	1,064.4	232.4	443.5	682.7	864.9
Operations and site support costs							
Corporate support costs							
Depreciation and amortisation							
OPERATING EXPENSES	(388.3)	(409.4)	(394.7)	(98.8)	(196.4)	(293.4)	(390.7)
Net mining expenses							
Other operating revenue							
OPERATING PROFIT	598.5	552.3	673.0	132.8	248.1	388.6	476.5
Non operating revenue/(expenses)							
Fixed Water Grid Costs							
Restructure costs							
Coal rebate							
Fair value movement – derivatives							
EARNINGS BEFORE INTEREST AND TAX	757.5	683.9	1,075.4	186.1	353.2	542.5	671.0
Net interest expense	(59.6)	(52.8)	(25.6)	(4.7)	(10.5)	(17.2)	(23.0)
Income tax	(207.1)	(189.4)	(313.8)	(54.4)	(102.7)	(157.6)	(194.4)
NET PROFIT AFTER TAX	490.8	441.7	736.0	127.0	240.0	367.7	453.6
Dividends provided for current year ¹²	(494.1)	(441.7)	(550.2)	(119.7)	(224.8)	(345.2)	(423.0)

¹² Excludes Coronado interest

Balance sheet

Escalated (\$M)	2017/18 actual	2018/19 target	2018/19 actual	2019/20			
				September YTD target	December YTD target	March YTD target	Full year target
ASSETS							
Cash and cash equivalents	63.3	47.8	78.1	42.9	40.8	41.9	43.1
Receivables - Cash Management	829.3	545.4	697.4	709.8	107.8	246.8	313.8
Trade and other receivables	258.0	168.5	319.0	312.2	314.2	296.4	269.8
Inventories	204.0	189.7	147.5	231.4	235.2	224.9	237.1
Other current assets	12.6	180.2	60.6	61.6	59.2	57.0	54.7
Derivative financial assets	106.4	139.9	185.1	203.5	203.5	203.5	203.5
Total current assets	1,473.6	1,271.5	1,487.7	1,561.4	960.7	1,070.5	1,122.0
Derivative financial instruments	111.0	61.5	91.9	86.7	86.7	86.7	86.7
Available for sale assets	-	26.9	20.0	20.0	-	-	-
Property, plant and equipment	2,224.5	2,255.1	2,253.7	2,274.7	2,198.2	2,190.4	2,200.0
Intangible assets	96.5	105.3	25.2	98.9	100.5	102.2	102.7
Exploration and evaluation	11.7	9.4	9.0	11.5	9.0	9.0	9.0
Retirement benefit surplus	21.2	17.8	11.8	21.2	21.2	21.2	21.2
Other non-current assets	26.6	9.9	235.1	239.1	246.4	253.8	261.5
Total Non-Current Assets	2,491.5	2,485.9	2,646.7	2,752.1	2,662.0	2,663.3	2,681.1
TOTAL ASSETS	3,965.1	3,757.4	4,134.4	4,313.5	3,622.7	3,733.8	3,803.1
LIABILITIES							
Trade and other payables	(274.9)	(172.3)	(286.8)	(339.3)	(347.6)	(331.2)	(323.3)
Derivative financial instruments	(102.6)	(245.8)	(310.0)	(230.6)	(230.6)	(230.6)	(230.6)
Current tax liabilities	(105.1)	(12.4)	(96.3)	(120.0)	(22.2)	(22.4)	(14.5)
Current Borrowings	-	-	-	(3.2)	(3.2)	(3.2)	(3.2)
Provisions	(526.3)	(466.0)	(611.9)	(615.5)	(29.2)	(29.2)	(452.2)
Other current liabilities	(6.9)	(2.4)	(6.9)	(9.6)	(9.3)	(9.3)	(9.3)
Total current liabilities	(1,015.8)	(898.9)	(1,311.9)	(1,318.2)	(642.1)	(625.9)	(1,033.1)
Borrowings	(821.9)	(822.1)	(821.1)	(841.7)	(841.7)	(841.7)	(841.7)
Derivative financial instruments	(78.3)	(68.4)	(103.6)	(143.8)	(143.8)	(143.8)	(143.8)
Other Non Current Liabilities	(5.6)	-	(5.5)	-	-	-	-
Deferred tax liabilities	(253.9)	(248.5)	(159.1)	(194.8)	(219.3)	(216.7)	(214.1)
Provisions	(350.9)	(341.8)	(440.9)	(356.3)	(283.9)	(285.8)	(287.7)
Total non-current liabilities	(1,510.6)	(1,480.8)	(1,530.2)	(1,536.6)	(1,488.7)	(1,488.0)	(1,487.3)

Statement of Corporate Intent 2019/20

Escalated (\$M)	2017/18 actual	2018/19 target	2018/19 actual	2019/20			
				September YTD target	December YTD target	March YTD target	Full year target
TOTAL LIABILITIES	(2,526.4)	(2,379.7)	(2,842.1)	(2,854.8)	(2,130.8)	(2,113.9)	(2,520.4)
NET ASSETS	1,438.7	1,377.7	1,292.3	1,458.7	1,491.9	1,619.9	1,282.7
EQUITY							
Contributed equity	(1,214.7)	(1,214.7)	(1,054.7)	(1,054.7)	(975.2)	(975.2)	(975.2)
Retained earnings	(199.6)	50.6	(380.0)	(480.1)	(592.8)	(720.8)	(383.6)
Deferred (Gains) / Losses on Derivatives	(24.4)	(213.6)	142.4	76.1	76.1	76.1	76.1
TOTAL EQUITY	(1,438.7)	(1,377.7)	(1,292.3)	(1,458.7)	(1,491.9)	(1,619.9)	(1,282.7)
Net derivative assets (liabilities)	(36.5)	(112.8)	(136.6)	(84.2)	(84.2)	(84.2)	(84.2)

Cashflow statement

Escalated (\$M)	2017/18 actual	2018/19 target	2018/19 actual	2019/20			
				September YTD target	December YTD target	March YTD target	Full year target
Cash flows from operating activities							
Cash receipts in the course of operations	3,329.8	2,615.0	4,276.7	676.7	1,418.4	2,128.8	2,762.7
Cash payments in the course of operations	(2,297.3)	(1,760.7)	(3,206.2)	(473.2)	(970.4)	(1,442.3)	(1,890.0)
Net financing costs paid	(41.2)	(37.4)	(32.9)	(8.3)	(16.5)	(27.8)	(38.5)
Income tax paid	(255.7)	(250.9)	(343.4)	(57.8)	(206.6)	(263.9)	(311.2)
Net cash provided by operating activities	735.6	566.0	694.2	137.4	224.9	394.8	523.0
Cash flows from investing activities							
Advances paid ¹³	(829.3)	(545.1)	131.9	(65.0)	537.0	398.0	331.1
Payments for property, plant and equipment	(132.0)	(208.6)	(156.7)	(73.6)	(179.3)	(209.1)	(269.2)
Net cash used in investing activities	(961.2)	(753.7)	(24.9)	(138.6)	357.7	188.9	61.9
Cash flows from financing activities							
Dividends paid	(260.8)	(519.0)	(654.4)	-	(585.9)	(585.9)	(585.9)
Net cash provided by/(used in) financing activities	(260.8)	(519.0)	(654.4)	-	(585.9)	(585.9)	(585.9)
Net increase/(decrease) in cash held	(486.4)	(706.7)	14.8	(1.2)	(3.3)	(2.2)	(1.0)
Cash at the beginning of the period	549.7	754.5	63.3	130.6	257.0	380.5	44.1
Cash at the end of the period	63.3	47.8	78.1	129.4	253.7	378.3	43.1

13 Under the Queensland Government's cash management regime, Government Owned Corporations (GOCs) are required to advance surplus cash to Queensland Treasury Corporation.

APPENDIX A: STANWELL EMPLOYMENT AND INDUSTRIAL RELATIONS PLAN 2019/20

This Employment and Industrial Relations Plan applies to Stanwell and its subsidiary companies.

1. Employment and industrial relations philosophy and direction

Industrial relations strategy

Stanwell's vision is 'together we create energy solutions'. This vision informs our strategic focus, which in the short term is to deliver secure and affordable energy for consumers and maintain market share, by running our low cost power stations at sustainable high capacity factors. Longer-term, by evolving our products and services, we will meet the changing needs of consumers.

To deliver on these objectives, Stanwell has structured its strategic approach around four themes:

- To deliver innovative energy products;
- Operate a flexible and competitive portfolio;
- Back a low carbon future; and
- Enable the business to deliver by providing a safe workplace; engaging and retaining a high performing workforce; ensuring compliance with applicable laws, regulations and company policies; and securing support for our operations and business direction.

Enterprise agreements

Enterprise agreements remain the principal source of terms and conditions for employees. There are seven enterprise agreements currently operating at Stanwell. All enterprise agreements include productivity increases, incentive payments and effective training systems to ensure a focus on Stanwell's strategic outcomes. All enterprise agreements have been approved by the Fair Work Commission.

Stanwell is in the process of renegotiating six of its seven enterprise agreements. In principle agreement has been reached in the Corporate Offices, Tarong Power Stations, Kareeya, Barron Gorge, Mica Creek and Stanwell Power Stations enterprise agreements. The Swanbank Power Station enterprise agreement does not expire until March 2020.

2. Remuneration arrangements

Chief Executive Officer and senior executives' remuneration as at 1 January 2019

Senior executive remuneration complies with senior executive remuneration guidelines.

Chief Executive Officer / Senior Executives	Base salary ¹	Employer superannuation contributions ²	Other allowances included in TFR ³
Richard Van Breda (Chief Executive Officer)	\$662,906	\$66,291	\$0
Jenny Gregg (Executive General Manager Business Services)	\$355,818	\$35,582	\$0
Michael O'Rourke (Chief Financial Officer)	\$355,818	\$35,582	\$0
James Oliver (Acting Chief Operating Officer effective 9 November 2018)	\$260,073	\$26,007	\$53,482
Steve Quilter (Executive General Manager Trading and Commercial Strategy)	\$355,664	\$35,566	\$0

1. Includes cash salary plus salary sacrifice items.

2. Employer superannuation contribution is 10 per cent of base salary.

3. Secondment Allowance (including superannuation of 10 per cent) is currently paid per annum for acting arrangement.

Chief Executive Officer /Senior Executives	Total fixed remuneration ⁴	Other benefits ^{5 6}	2017/18 performance payment made ⁷
Richard Van Breda (Chief Executive Officer)	\$729,197	\$9,755	\$100,884
Jenny Gregg (Executive General Manager Business Services)	\$391,400	\$7,430	\$52,440
Michael O'Rourke (Chief Financial Officer)	\$391,400	\$6,687	\$51,585
James Oliver (Acting Chief Operating Officer effective 9 November 2018)	\$339,562	N/A	\$34,321
Steve Quilter (Executive General Manager Trading and Commercial Strategy)	\$391,230	\$4,918	\$51,597

4. Total Fixed Remuneration (TFR) is the sum of columns 1 to 3.

5. Other benefits paid including, but not limited to, Private Health Insurance reimbursement.

6. All senior executives have access to a pool car park, associated costs for this are not included in this table.

7. This is the actual payment made in September 2018, relating to performance in the preceding financial year. Employer superannuation (10 per cent) is paid in addition to these incentives.

3. Employment conditions and workforce planning

Sources of employment conditions

Employment conditions for employees are derived from a number of sources. These include:

- Legislation, for example: the Fair Work Act 2009 (Cth), s149 of the Government Owned Corporations Act 1993 (Qld) and the Electricity Act 1994 (Qld),
- Enterprise Agreements,
- Alternative Employment Arrangements which are provided for under Enterprise Agreements,

- The Electrical Power Industry Award 2010,
- Common law contracts, and
- Stanwell policies and procedures.

Workforce numbers

The workforce numbers below are as at 1 January 2019.

Employment Category (full time equivalent):	1 January 2019
Standard Hour Permanent Full Time*	614
Permanent Part-time	44
Other Contract **	53
Senior Executive Contract	4
Graduates (In House)**	2
Apprentices (In House)	0
Trainees (In House)	0
Casual Employees	0
Total Directly Employed Workforce:	717
Apprentices (Group)****	37
Trainees (Group)	4
Total (full time equivalent):	696.08

* Note: this total includes Alternate Employment Arrangement employees

** Note: this total de-notes fixed term contracts

*** Note: two additional graduates commenced in January.

**** Note: this total includes apprentice numbers following the 2019 intake in late January and early February 2019.

Enterprise agreements

The table below sets out the awards or enterprise agreement applying to Stanwell and the number of employees covered by each enterprise agreement:

Award/ agreement	Scope (as at 1 January 2019)	Expiry date	Jurisdiction	Current status
Electrical Power Industry Award	Employees classified	Not applicable	Federal	The modern award is currently used to apply the “Better Off Overall Test” for the approval of the enterprise agreements.
Tarong Power Stations Enterprise Agreement 2015	Tarong Power Station and Tarong North Power Station (234 employees)	1 August 2018	Federal	Stanwell commenced negotiations for a replacement to this enterprise agreement in January 2018. In-principle agreement was reached on 14 December 2018.
Stanwell Corporation Limited Corporate Offices Enterprise Agreement 2015	Corporate Office employees (239 employees)	18 August 2018	Federal	Stanwell commenced negotiations for a replacement to this enterprise agreement in January 2018 and reached in-principle agreement on 7 August 2018. The new agreement is with the Fair Work Commission for approval.

Award/ agreement	Scope (as at 1 January 2019)	Expiry date	Jurisdiction	Current status
Stanwell Power Station Enterprise Agreement 2015	Stanwell Power Station employees (163 employees)	1 March 2019	Federal	Negotiations to replace the current agreement commenced in late 2018. In-principle agreement was reached on 29 March 2019.
Mica Creek Enterprise Agreement 2015	Mica Creek Power Station mechanical and technical employees, trades and water treatment (7 employees)	1 March 2019	Federal	Negotiations to replace the agreement commenced in January 2019. In-principle agreement was reached on 29 March 2019.
Kareeya Power Station – Enterprise Agreement 2015	Kareeya Power Station employees (12 employees)	1 April 2019	Federal	Negotiations to replace the agreement commenced in late 2018. In-principle agreement was reached on 23 April 2019.
Barron Gorge Power Station – Enterprise Agreement 2015	Barron Gorge Power Station employees (11 employees)	1 April 2019	Federal	Negotiations to replace the agreement commenced in late 2018. In-principle agreement was reached on 23 April 2019.

Award/ agreement	Scope (as at 1 January 2019)	Expiry date	Jurisdiction	Current status
Swanbank Power Station Enterprise Agreement 2016	Swanbank Power Station (24 employees)	11 March 2020	Federal	A new enterprise agreement was negotiated and approved in 2016. Negotiations to replace the agreement will commence in late 2019.

Productivity initiatives

Each of the seven enterprise agreements contains productivity initiatives. Stanwell reports to the relevant Shareholding Ministers on a quarterly basis with respect to the outcome of each enterprise agreement’s productivity initiatives.

Other employment conditions

The following work practices are also available to employees of Stanwell and may provide employees with the flexibility to manage the balance between work, family and lifestyle:

Part-time arrangements	Employees have the ability to apply for reduced working hours following parental leave under their applicable enterprise agreement and the National Employment Standards.
Flexible work hours	Compressed hours are available so that employees are able to work a nine-day fortnight or a four-day week, depending on the enterprise agreement applicable to the employee. Further flexible work arrangements are provided through Stanwell procedures. Employees may also manage their own start and finish times with the agreement of management.
Reduced working year	Purchased leave arrangements are provided in Stanwell purchased leave procedures with the ability to purchase leave (between two and four weeks per year).

Paid maternity/ paternity/adoption leave	Employees are able to apply for periods of paid and unpaid leave under the National Employment Standards and under their applicable enterprise agreement with 14 weeks paid maternity leave (separate to the Federal Government paid 18 weeks).
Telecommuting (work from home)	Stanwell provides the ability to work from home with the agreement of management.
Domestic and Family Violence (DFV)	Stanwell provides Domestic and Family Violence leave with pay (with a minimum of ten days) to employees who are experiencing DFV. Further leave with or without pay may be granted if required.

Other policies and practices include:

- job-sharing;
- time off in lieu of payment for overtime;
- paid part-time study leave;
- leave without pay at the discretion of the company;
- a range of special leave arrangements based on individual circumstances at the discretion of the company; and
- phased-in retirement.

4. Workplace health and safety

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

5. Equal employment opportunity and anti-discrimination

Stanwell complies with the equal employment opportunity and anti-discrimination provisions in accordance with *Public Service Act 2008* (Qld) through its various policies and procedures, such as procedures detailing the recruitment, selection and promotion of staff and formal and informal processes for resolving issues of discrimination and harassment.

6. Redundancy provisions

All of Stanwell's enterprise agreements contain redundancy provisions. Stanwell currently has a redundancy agreement that focuses on redeployment and retraining but provides for the following in case of retrenchment:

- a minimum of between one and four weeks notice of retrenchment depending on continuous service (plus an additional week notice depending on age and continuous service);
- three weeks per year of service severance payment limited to 75 weeks;
- 13 weeks early separation payment;
- pro rata long service leave for each year of service;
- payment of accrued annual leave; and
- outplacement and retraining support.

The Tarong Power Stations Enterprise Agreement 2015 provides for a further four weeks' pay in addition to the above.

Stanwell's enterprise agreements provide for 'no forced retrenchments'.

7. Superannuation

Stanwell contributes a minimum of 9.5 per cent of Ordinary Time Earnings in accordance with current Superannuation Guarantee legislation. Stanwell will ensure that further increases in the minimum Superannuation Guarantee will be passed on to employees.

Standard contribution rates into Defined Contribution funds may be higher than the minimum 9.5 per cent depending on underpinning employment contract arrangements and enterprise agreements.

For employees covered under a Stanwell Alternative Employment Arrangement contract and legacy Tarong employees, SCL Northwest Common Law contract and General Manager Common Law contract, the standard employer contribution is 10 per cent. For legacy Stanwell and CS Energy Swanbank employees who contribute pre or post tax 5 per cent or more (prior to July 2014), the employer contribution is 10 per cent. For Mica Creek Enterprise Agreement employees, legacy SCL Northwest Common Law contract and Alternative Individual Agreement employees who contribute pre or post tax 4 per cent or more (prior to 1 July 2014), the employer contribution is 11 per cent.

The defined benefit fund, which is now closed to new members, provides lump sum benefits to its members based on years of service and average salary. Stanwell manages its contributions to this fund in accordance with the long term projected

financial position of the fund. Stanwell may vary its contribution rates and it is also prepared to provide lump sum contributions to the fund in periods of low investment returns. Any surplus from defined benefit funds that may arise from time to time remains within the fund. The company will continue to follow advice as received from actuarial reviews. The fund is regulated by the Australian Prudential Regulation Authority under the *Superannuation Industry (Supervision) Act 1993*.

8. Consultation

Stanwell has undertaken consultation on this plan with employees, relevant unions, Shareholder and Structural Policy Division within Queensland Treasury, the Department of Natural Resources, Mines and Energy and the Office of Industrial Relations.

The Employment and Industrial Relations Plan is supported by the relevant Government agencies.

APPENDIX B: SPONSORSHIP, ADVERTISING AND CORPORATE ENTERTAINMENT

Activity	Description/benefit	2018/19 actual	2019/20			
			September YTD target	December YTD target	March YTD target	Full year target
SPONSORSHIPS						
Community partnership funds/sponsorships	Support for community projects and activities that contribute to a vibrant, prosperous, inclusive community that make a genuine quality of life contribution to the communities that host Stanwell assets	288,824	85,000	170,000	255,000	340,000
Employee engagement	Support for employees to engage with one another while participating in charity fundraising events that benefit our local communities	602	2,500	5,000	7,500	10,000
TOTAL SPONSORSHIPS¹¹		289,426	87,500	175,000	262,500	350,000
ADVERTISING						
Other (total) advertising below \$5,000		2,719	1,400	2,800	4,200	5,600
TOTAL ADVERTISING		2,719	1,400	2,800	4,200	5,600
CORPORATE ENTERTAINMENT						
Events over \$5,000						
Energy Trading and Commercial Strategy Bowls Day	Industry networking event (Queensland)	7,241	0	10,000	10,000	10,000
Energy Trading and Commercial Strategy Retail	Promotional and marketing activities/events	10,859	2,557	5,115	7,672	10,229
Total over \$5,000		18,100	2,557	15,115	17,672	20,229
Other (total) below \$5,000		9,448	3,145	6,291	9,436	12,581
TOTAL CORPORATE ENTERTAINMENT		27,548	5,702	21,406	27,108	32,810
Corporate entertainment other (total) below \$5,000						
Staff and stakeholder functions		4,258	725	1,450	2,175	2,900
Business development		5,190	2,420	4,841	7,261	9,681
Total below \$5,000		9,448	3,145	6,291	9,436	12,581

¹¹ Stanwell does not provide donations.