cleanco
queensland

ANNUAL REPORT FY21

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ABOUT THIS REPORT

At CleanCo, we recognise that we have a responsibility to our shareholders, customers and communities to provide accurate and transparent reporting about our strategy, performance and challenges.

Our business is advancing rapidly. While our 2020 (FY20) Annual Report focused on the commencement of trading and our activities to establish CleanCo as an important participant in the Australian energy market, our FY21 report examines our first year of asset operations and our activities to grow and develop our business.

This report has been prepared based on the principles of the International Integrated Reporting Council's (IIRC) Reporting Framework to illustrate holistically the interrelated elements which enable us to create value for our shareholders, customers and communities over time.

We are still maturing and our reporting will continue to mature along with us, particularly as we establish baselines for aspects of our performance.

This report has been prepared in accordance with the provisions of the Government Owned Corporations Act 1993 (Qld) (GOC Act), incorporating relevant aspects of the Financial Accountability Act 2009 (Qld) and the Corporations Act 2001 (Cth) and is presented to the Legislative Assembly of Queensland. It contains CleanCo Queensland Limited's Financial Report for FY21 compiled in accordance with Australian Accounting Standards.

The electronic versions of our annual reports are available online at **www.cleancoqueensland.com.au**

OUR AMBITION

Our ambition is to harness Queensland's abundant natural resources to offer reliable, globally competitive low-emissions energy services to customers, catalysing a sustainable and prosperous future for all Queenslanders.

We will support our customers to harness Queensland's potential to take products like hydrogen, minerals, metals and manufactured goods to increasingly carbon-conscious global markets.

We will seek to power our customers and their industries — existing and emerging — with competitive, reliable low-emissions energy tailored to their needs.

We will increase Queensland's competitiveness and build a bridge between the economy of today and the economy of the future.

OUR STORY SO FAR

CleanCo Queensland is a state-owned energy generator and retailer dedicated to providing reliable, competitively-priced, low-emissions energy to Queensland businesses and communities.

Our mandate is to increase competition, placing downward pressure on wholesale energy prices and contributing to improved electricity affordability while integrating renewable energy sources like wind and solar. We dispatch our assets to support secure, reliable electricity generation for Queensland businesses, and we are creating new investment and jobs in regional Queensland.

For our customers, we offer tailored energy services, including access to a portfolio of renewable energy from the sun, wind and water, coupled with pumped-hydro and gas generation to deliver 24/7, low-emissions energy at competitive prices.

To benefit all Queenslanders, we use Queensland's most flexible and responsive energy generation assets to supply energy during peak demand periods in the National Electricity Market, contributing to the delivery of reliable and competitively-priced energy.

CleanCo owns and operates 1,100MW of low-emissions energy assets, including Queensland's only pumped storage hydro at Wivenhoe. We have committed to building the 103MW Karara Wind Farm, with generation expected from 2024, and have contracted to purchase a further 830MW from renewable energy projects across Queensland. In line with our mandate, CleanCo is looking to bring at least another 460MW of renewable projects to market in Queensland by 2025 through building new assets and buying offtakes from new renewable energy projects in parallel with continuing to win customers.

Our activities are contributing to achieving Queensland's 50 per cent renewable energy target by 2030 and zero net emissions by 2050.

2018

- CleanCo Queensland Limited is incorporated as a company under the Corporations Act 2001
- Inaugural directors are appointed

2019

- Permanent Chief Executive Officer (CEO) is appointed
- CleanCo takes ownership of five generating assets and commences trading in the National Electricity Market (NEM)
- Two further directors are appointed to the Board

2020

MARCH

- CleanCo announces it will build, own and operate the 103MW Karara Wind Farm
- CleanCo agrees to purchase 400MW of new renewable energy from ACCIONA's MacIntyre Wind Farm project

MAY

- CleanCo announces an agreement to purchase 320MW of new renewable solar energy from Neoen's Western Downs Green Power Hub

AUGUST

- CleanCo welcomes the asset operations teams from Barron Gorge, Kareeya and Swanbank

SEPTEMBER

- CleanCo signs an agreement to supply low-emissions energy to meet half the electricity requirements of BHP's Queensland mines
- CleanCo signs an agreement with Coles to supply 400GWh of renewables-backed electricity to power Queensland operations

OCTOBER

- CleanCo announces an agreement to purchase 110MW of new renewable wind energy from Neoen's Kaban Green Power Hub

NOVEMBER

- CleanCo welcomes the asset operations team from Wivenhoe, completing the asset operations transition

2021

APRIL

- Karara and MacIntyre wind farms receive Development Approval from the State Assessment and Referral Agency

OUR PERFORMANCE HIGHLIGHTS

We completed the transition of asset operations in November 2020, welcoming operational team members from the Barron Gorge, Kareeya, Koombooloomba, Swanbank and Wivenhoe power stations.

We generated over 1,900GWh of reliable, low-emissions energy between July 2020 and June 2021.

Since obtaining our Retailer Authorisation in February 2020, we have **contracted with large commercial and industrial customers**, including BHP and Coles.

We have **contracted 830MW of new renewable energy supply** from new renewable energy projects which will come on line from FY22.

Secured Development Approval for the Karara Wind Farm which will deliver 103MW of new renewable energy.

***MAIA SCHWEIZER** — CEO*

***JACQUI WALTERS** — CHAIR*

MESSAGE FROM OUR CHAIR AND CEO

We are proud to present CleanCo's Annual Report for the financial year ended 30 June 2021.

As we close out FY21, we approach our first anniversary as 'One CleanCo'. Over the past 12 months CleanCo has grown and evolved – we have become richer with knowledge and experience brought by our asset operations teams and many new team members across our functions. We thank our people for their passion and their contribution to CleanCo's achievements in a challenging year.

We began to form relationships with First Nations Peoples and the communities around our operations and projects. We have been listening to the aspirations of these important stakeholders so that we can direct our work toward outcomes that are meaningful to them, from local employment to recognition in our induction materials.

In a highly dynamic context caused by the pandemic and rapidly changing energy landscape, we continued our ambitious agenda, developing and implementing a customer-led strategy to help Queensland transform into a renewable energy powerhouse – supporting globally competitive industries with cheap, clean energy.

With our asset operations teams joining the company this year, we began to identify opportunities to unlock the efficiency and capabilities of our generating assets. Wivenhoe Pumped Hydro Power Station and Swanbank E Gas-fired Power Station continued to contribute more and more to reliable, affordable, low-emissions energy for Queensland during peak demand periods.

Our teams and assets demonstrated their responsiveness following the incident at Callide Power Station on 25 May 2021. CleanCo responded quickly to the change in market conditions, working with AEMO to dispatch our assets in line with demand requirements, highlighting the critical role our assets play and showing that low-emissions energy is both reliable and efficient.

We continue to see strong customer demand for our uniquely low-emissions, tailored energy products, underpinned by global commitments to decarbonisation and individual corporations charting their own paths toward net zero; for example, we commenced supplying BHP with renewables-backed, low-emissions energy for their Queensland operations.

We are able to offer these competitive contracts to customers due to the almost 1 gigawatt (GW) of new renewable energy we are supporting through offtake agreements with the MacIntyre Wind Farm, the Western Downs Green Power Hub (solar) and the Kaban Green Power Hub (wind), as well as our own Karara Wind Farm, which has continued through the development phase and is due to start construction next year. These projects support construction and operational jobs and economic activity for regional Queensland.

Queensland could be a destination of choice for industries that need competitive, clean, plentiful power. We are working with customers to develop new "load" – new uses of electricity like electric vehicles, mineral processing and renewable hydrogen production to soak up the abundant solar energy already being generated and to take advantage of falling renewable energy costs.

We will continue to develop and execute initiatives that will deliver the best sustainability and economic outcomes for Queensland. The energy transformation is progressing rapidly and CleanCo intends to be at the forefront – leading by example and proving that Queensland does have the natural resources and skills to power our global competitiveness with renewable energy.

Finally, we would like to thank our shareholding Ministers and their teams and departments for their support for CleanCo this year.

OUR PURPOSE

At CleanCo, our ambition is to ensure that Queensland translates the advantages in its bountiful renewable resources — sun, wind and water — into globally competitive energy costs, supporting our economic transformation.

As the world raises its commitments to decarbonisation, Queensland has the natural resources and skills needed to power our global competitiveness with renewable energy.

CleanCo remains focused on developing renewable energy efficiently, complemented by firming generation, to secure our competitiveness and support our customers to make Queensland's products like extracted minerals, metals, and manufactured goods competitive in increasingly carbon-conscious global markets. That's playing our part to support economic growth and transformation for Queensland's regions.

OUR STRATEGIC OBJECTIVES

Derive value from our existing assets and steward investment in new renewables

CleanCo will continue to ensure we extract the greatest value from our firming assets, including by increasing their flexibility and utilisation. We have committed to 933MW of new renewable energy to date – 830MW in contracts plus the 103MW Karara Wind Farm - and will seek to facilitate at least another 460MW to market by 2025.

We will continue to secure commercially attractive power purchase agreements, construct renewable energy assets and sell renewables-backed energy to commercial and industrial customers. There has been strong customer interest in our ability to provide low-emissions firming to complement renewable energy.

Attract and grow new industries

CleanCo is working with customers to develop new "load" opportunities to soak up the abundant solar energy Queenslanders are already generating today and take advantage of falling renewable energy costs. This includes new uses of electricity like electric vehicles, mineral processing, and renewable hydrogen production.

Support the transformation of Queensland's industrial precincts

CleanCo is supporting Queensland's industrial hubs to deliberately plan for a lower emissions energy mix over the coming decades. Regions like the North West Minerals Province could enhance their competitiveness with local, low cost energy.

OUR VALUES

At CleanCo we are:

GENUINE

- We **care** about each other's safety, health and wellbeing
- We are **trustworthy** — we do what we say we will
- We are **trusting** — we believe the best in each other
- We **greet** each other on the floor

COLLABORATIVE

- No one person has all the answers — our first instinct is to **collaborate**
- We actively **share** our knowledge with others
- We are better with **diverse** thinking
- We understand and design for our **customers' needs**

CURIOUS

- In a **changing world**, we get to the bottom of things
- We **respectfully** question inherited wisdom and the status quo
- We always seek to **learn**
- When something goes wrong, we uncover why **without blaming**

COURAGEOUS

- We focus on doing (only) what **makes a difference**
- We are happy to be the **first**
- We ask **"If not us, who? And if not now, when?"**

HOW WE CREATE VALUE

We understand that to create value, our business must enrich our stakeholders — socially, environmentally and financially. We must continue to build genuine and trusted relationships so that we can understand and deliver on the needs and expectations of our stakeholders.

OUR PERFORMANCE IN 2020/21

CleanCo's Statement of Corporate Intent (SCI) for FY21 outlined six milestones for the year. Our performance against these milestones is provided in Table 1.

Table 1: CleanCo performance against FY21 SCI milestones

MILESTONE	STATUS	DETAILS
Begin construction on the 103MW Karara Wind Farm	**Development phase delays**	State Assessment and Referral Agency Development Approval received April 2021. The project has experienced delays related to project approvals, with construction now expected to commence early 2022. Karara Wind Farm is being constructed in partnership with ACCIONA as part of the MacIntyre Wind Farm Precinct. Commercial operation is expected in the first half of 2024
Commit to the Kogan North new Development Program in line with approval by Arrow's Board and shareholders (PetroChina and Shell)	**Complete**	The Development Program was approved by the Arrow Board in late 2020
Exit the Transition Service Agreements (TSAs) and transfer site teams from CS Energy and Stanwell to CleanCo	**Complete**	Site teams from Barron Gorge, Kareeya and Swanbank E transitioned to CleanCo in August 2020 and the Wivenhoe team transitioned in November 2020
Continue to develop our pipeline of Power Purchase Agreements (PPAs) with private sector developers and owners to build our portfolio and put our assets to work firming affordable renewables while supporting regional investment and jobs	**On track**	The Western Downs Green Power Hub, Kaban Green Power Hub and MacIntyre Wind Farm projects are on track. In total, CleanCo's PPAs represent 830MW of new renewable capacity. We continue to consider further projects to support our 1,400MW target
Establish our business management systems on time and within budget, including the enterprise resource planning system (SAP), an Information Management system and the Governance, Risk and Compliance systems. Completion of these projects is fundamental to the success of the transition to full operational control of the Foundation Assets	**Systems established — some further development and optimisation required**	Modules of SAP S/4HANA went live across July and August 2020. We are now optimising the system to meet business needs. We are upgrading our Governance, Risk and Compliance system. We are harmonising and upgrading other processes and systems. Implementation of our safe work (permitting) system is complete
Continue to undertake stakeholder consultation with affected employee representatives both directly and through the Queensland Treasury-convened Industrial Relations Working Group to address CleanCo specific implementation issues	**On track**	Negotiations with union officials in relation to the Brisbane Office and Wivenhoe Power Station enterprise agreements are underway and will continue in FY22

Table 2: CleanCo performance against SCI targets

CORPORATE MEASURES			
MEASURE	**FY2021**	**FY2021 SCI**	**FY2020**
Electricity Dispatched (sent out GWh)	1,976.8	-	1,236.1
Gross Profit ($M)	141.1	84.8	51.1
EBITDA ($M)	52.0	(18.8)	(19.3)
EBIT ($M)	(25.6)	(58.5)	(69.4)
NPAT ($M)	(15.9)	(40.2)	(49.6)
Net cashflow ($M)	6.8	(66.5)	(19.8)
Capital Expenditure Cashflow ($M)	(37.8)	(97.3)	(46.1)
Full-Time Equivalent Staff	146	152.0	68.0
Total Recordable Injury Frequency Rate*	14.1	3.9	-
Reportable Environmental Breaches	0	0	-

Mild weather in Queensland led to lower than expected demand for electricity over summer FY21, averaging 6,090MW — 1 per cent lower than FY20. Maximum demand was 9,460MW— 4 per cent lower than FY20.

The average spot price over FY21 was higher than anticipated due to rapid changes in the market resulting from the incident at Callide Power Station on 25 May 2021. The impact to the market, taking into consideration units unavailable due to planned maintenance, was a loss of approximately 3,900MW of supply.

For the first 328 days of the 2021 financial year, the daily price in Queensland averaged $42.45/MWh compared to an average daily price of $233.47/MWh for the remaining 37 days from 25 May to 30 June 2021. As a result, the average price over the financial year was $61.81/MWh — 16 per cent higher compared to FY20.

The final quarter was solely responsible for this higher price — average prices in the prior three quarters were one-third lower than the same period in FY20. As expected, price volatility and frequent periods of high prices since 25 May 2021 have been concentrated in the evening peak period when daily demand is typically at its highest. Unavailability of baseload plant and transmission upgrades imposing restraints on the Queensland-New South Wales interconnector (QNI) also contributed to volatility.

The flexibility and responsiveness of our assets means that CleanCo was well positioned to respond quickly to changes in market conditions resulting from the incident at Callide Power Station. We worked with the Australian Energy Market Operator (AEMO) to dispatch all our generating assets to meet demand. Our focus over this period was to assist AEMO with maintaining system security and minimising disruption in the National Electricity Market (NEM).

We are developing an environmental, social and governance (ESG) framework with performance measures and targets that will mature with us as an organisation and enable reporting on performance against ESG matters in future Annual Reports.

CLEANCO'S RAPID RESPONSE TO CHANGING MARKET CONDITIONS

On 25 May 2021 the incident at Callide Power Station triggered a significant disruption to Queensland's electricity supply, particularly when layered on top of baseload coal plant outages and ongoing works on the QNI.

At the time, CleanCo's Kareeya Hydro, Koombooloomba Hydro, Barron Gorge Hydro and Wivenhoe Pumped Storage Hydro were either online or available for dispatch by AEMO. The flexibility and fast ramping capabilities of these generation assets meant that they could quickly respond to the changes in the market and help fill the supply gap.

Swanbank E Power Station was offline undergoing unscheduled maintenance works when the disruption occurred. However, the team safely expedited the work and brought Swanbank E back online to support the evening peak.

In the period following the incident, we adjusted our portfolio operations to support Queensland's electricity supply and minimise disruption. Swanbank E safely delayed maintenance works that had been planned from 3 June 2021, and instead ran continuously for 31 days until 24 June 2021 (when it went into outage to complete the deferred works).

The Kareeya Power Station ran continuously until it went into outage on 26 July 2021 for planned maintenance. Barron Gorge and Wivenhoe power stations continued to be dispatched to supply peak demand periods.

OUR CUSTOMERS

We partner exclusively with large commercial and industrial energy customers in Queensland.

With the unique ability to ‘firm’ wind and solar energy utilising our low-emissions generation portfolio, we can incorporate the benefits of large-scale renewable projects into electricity agreements, at a competitive price for our customers.

We work with each of our customers to tailor solutions to their energy requirements.

In FY21 CleanCo entered into commercial agreements with a number of large commercial and industrial customers, including BHP and Coles. The agreements incorporate energy that will be produced either by new renewable energy projects CleanCo owns, or from which we have bought supply, combined with our own assets to provide a reliable energy profile.

CLEANCO IS SUPPORTING BHP TO TRANSITION TO MORE SUSTAINABLE ENERGY USE

BHP is among the world’s top producers of major commodities with significant mining operations in Queensland.

Through a five-year firmed renewable power purchase agreement with CleanCo, BHP will meet up to half of its electricity needs across its Queensland mines from low-emissions sources including our solar and wind projects.

For the first two years, power will be contracted from CleanCo’s low-emissions portfolio which includes hydro and gas generation assets. From late 2022, the Western Downs Green Power Hub solar farm, and later the Karara Wind Farm, are expected to progressively contribute up to half of BHP’s electricity requirements.

OUR PEOPLE

Our people are our greatest asset — their safety, wellbeing and inspiration is our priority.

We aim to be known as a purpose-led organisation with genuine, collaborative, curious and courageous people focused on a prosperous future for all Queenslanders. We are committed to reflecting Queensland's diversity in our people over time.

We are focused on attracting, developing and retaining the right people to build a safe, contemporary and outcome-driven culture to deliver for our customers and shareholders — the people of Queensland.

Over the past 12 months, the CleanCo team has more than doubled in size to 129 permanent team members. In August 2020 we welcomed asset operations teams from our Barron Gorge, Kareeya and Swanbank E power stations to CleanCo; and in November 2020 we welcomed the asset operations team from Wivenhoe Power Station.

SAFETY

COVID-19 response

As essential workers, and despite the various restrictions that have been in place during the year, our Barron Gorge, Kareeya, Swanbank E and Wivenhoe site teams have continued to work at our sites to support Queensland's electricity supply.

We re-opened our Brisbane site in August 2020. Since that time, our Brisbane team members have worked flexibly between site and remote locations. Travel between sites occurred when possible in line with Queensland Government directives.

In February CleanCo's Brisbane team moved to an office space with the capacity to accommodate the entire team in line with Queensland Government physical distancing guidelines.

The retention of flexible working arrangements supports our team members to achieve improved work-life balance. While we continue to embrace online communication and collaboration tools, we have created space for, and strongly encourage, team members to connect in person across our sites as we build our culture.

Our performance

Our HSE Fundamentals are simple commitments focused on higher order controls and apply to all CleanCo team members, contractors and visitors to our sites:

- We are fit and mentally ready for work
- We are part of and protect our environment
- We drive and operate safely
- We confirm isolations and electrical safety
- We control serious incident and fatality hazards

LEADING INDICATORS	FY21
Hazards Identified	142
Critical Control Verifications	57
Total Recordable Injury Frequency Rate (TRIFR)	14.11
Lost Time Injury Frequency Rate (LTIFR)	2.82

Five people working at CleanCo sites were injured during the year. One of those injuries resulted in lost time, and the other four were recorded as medical treatment injuries.

Four of these injuries occurred in the few months directly following the transition of the assets across to CleanCo, with the remaining injury occurring in the second half of the financial year.

Given the first four injuries were sustained within a short period of time, we conducted a safety stand down of our workforce to reflect on what was causing the incidents and to identify actions to ensure we could safely carry out our work. Following the stand down, we agreed to improve our hazard identification and risk management (identification, prioritisation and controls) - this approach underpins our Health, Safety and Environment Management System. We also took action to improve the communication of outcomes.

At CleanCo, we are building a proactive safety culture which encourages hazards to be identified and addressed so that we can avoid injuries. We also prioritise the verification that our critical controls are in place. Measuring the number of critical control verifications and hazards identified are important lead indicators of our safety performance.

In the second half of the financial year, we implemented a new safe control of work system, Electronic Permit Administration System (ePAS), at Wivenhoe. Now all CleanCo sites use ePAS, which emphasises upfront planning, hazard and control identification, and control effectiveness.

Looking forward, continuing to refine and embed a consistent safety culture, management system and tools is our priority.

OUR COMMUNITIES

The effects of COVID-19 have continued to impact the way we live, work and play.

In our communities and particularly in tourism-dependent Far North Queensland, economic hardship continues.

In line with CleanCo's purpose, we are operating our assets to place downward pressure on wholesale prices and improve electricity affordability for all Queenslanders.

Our commitments to new renewable energy projects are also supporting economic recovery in Queensland's regions.

ENGAGEMENT WITH AUSTRALIA'S FIRST PEOPLES

Throughout FY21 and particularly as COVID-19 restrictions have eased enabling travel across Queensland, we have connected with stakeholders in the communities that host our assets.

We recognise that Australia's First Peoples have wide-ranging aspirations for their community and their Country and we will seek opportunities to support these in a meaningful way.

In Far North Queensland we have begun establishing relationships with the First Peoples who are the Traditional Custodians of the land and water ways where our assets reside. The Djabugay People are the Traditional Custodians of Din Din Barron Gorge and over the past six months CleanCo and the Djabugay Aboriginal Corporations have connected, sharing stories about Country and culture, and about working together into the future.

We have also connected with the Jirrbal People who are the Traditional Custodians of the land and water of our Kareeya and Koombooloomba assets, as well as the land on which the Kaban Green Power Hub will be built.

We have established relationships with the Kambuwal People and the Githabul People, the First Peoples with an interest in the land where the Karara Wind Farm will be built. We are working closely with these groups to ensure the protection of cultural heritage, which is formalised in Cultural Heritage Management Plans. In addition to these plans, we will also work with the Kambuwal People, the Githabul People, and other First Peoples to develop and implement a community enhancement program that responds to the aspirations and needs of this community.

One of the year’s highlights for Brisbane-based team members was being welcomed to Meeanjin (Brisbane) by the Turrbal People. The ceremony took place during National Reconciliation Week and was a fitting way to ‘complete’ the move to our new Brisbane site location.

We are continuing to build cultural confidence within CleanCo. We go into FY22 with the hope that we can begin to build meaningful relationships with the Traditional Custodians of the land on which our Swanbank, Wivenhoe and Brisbane sites reside.

COMMERCIAL AND RECREATIONAL RIVER USERS

CleanCo works with commercial operators on the Barron and Tully Rivers in Far North Queensland to support ongoing tourism activities like rafting. We support access for several operators and continue to work with them to enable white water rafting in line with hydro operations. In light of COVID-19 impacts on tourism activities like these, CleanCo waived access fees in FY21 .

We have also continued the long-standing relationship between our Kareeya Hydro and the Queensland Fire and Emergency Services (QFES). By releasing water from Koombooloomba Dam, we can create ideal conditions on the Tully River to support swift water training activities. The water released is captured at the Tully Falls Weir and used for generation at the Kareeya Hydro when required by the market.

COMMUNITY SPONSORSHIPS

CleanCo sponsored or supported several community and industry events. These events provide an opportunity for CleanCo to strengthen stakeholder relationships, demonstrate commitment to supporting local communities and promote our values and aspirations to be a good corporate citizen.

CleanCo was a sponsor of the Wet Tropics Management Authority’s 2021 Cassowary Awards which celebrate and support the outstanding contributions made towards the conservation and presentation of the Wet Tropics World Heritage Area. We have also committed to sponsoring the Northern Wilderness Bike Tour in September 2021.

We plan to increase our sponsorship in FY22 as we continue to build stakeholder relationships and become more established in our local communities.

DARLING DOWNS REGION COMMUNITY

CleanCo is partnering with ACCIONA Australia to build the 103MW Karara Wind Farm in the Darling Downs region of Queensland as part of the 1026MW MacIntyre Wind Farm Precinct. A social impact assessment for the entire MacIntyre Precinct will inform our engagement with the community throughout the life of the asset. It will also provide input to the development of the Community Enhancement Program, with the objective of creating positive legacies beyond community benefits generated through the construction phase.

A Community Engagement Committee has been established to provide a forum for open dialogue between ACCIONA and representatives of the local community and stakeholder groups on issues and opportunities directly relating to the wind farm project.

The project team continues to engage with community stakeholders including host landholders, interested community members, local government, Chambers of Commerce and Australia's First Peoples to ensure stakeholder issues and opportunities form part of the project planning and execution.

JOBS AND INVESTMENT IN REGIONAL QUEENSLAND

We are committed to creating jobs and supporting investment in regional Queensland communities. This commitment is particularly significant as the Queensland economy continues to recover following the devastating impacts of COVID-19 and as the energy transformation rapidly builds momentum.

CleanCo complies with the Queensland Procurement Policy (QPP) and Best Practice Principles (BPP). This means that as far as is practicable, we seek to employ local people and procure local goods and services.
In signing PPAs, CleanCo requires that project owners agree to use reasonable endeavours to comply with the QPP and BPP to the extent possible through construction.

For example, the Western Downs Green Power Hub has a target to achieve 20 per cent local participation and 10 per cent participation by First Nations Peoples. As at 30 June 2021, the project had achieved 37.9 per cent local participation and 3.1 per cent participation by First Nations Peoples.

We will report progress on local participation outcomes as our other renewable energy projects commence construction from FY22.

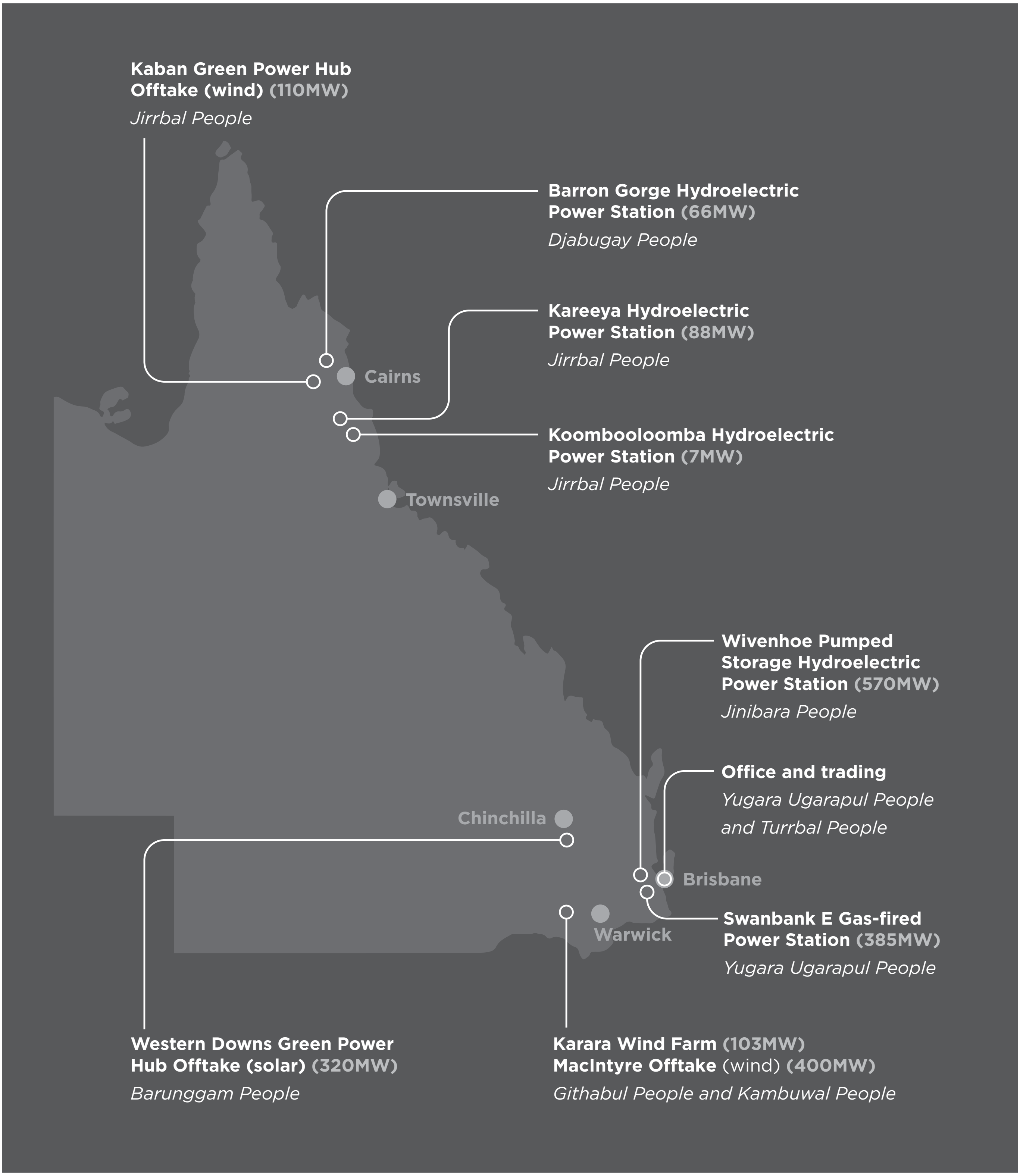
Between 2021 and 2024 the combined activities of the MacIntyre Wind Farm Precinct (including the Karara Wind Farm), Western Downs Green Power Hub and Kaban Green Power Hub will support over 1,200 construction-related jobs and create more than $1.3 billion in economic activity in Queensland through employing local contractors and purchasing from local suppliers.

On a broader scale we aim to supply competitive, low-emissions energy to commercial and industrial customers, making their products relevant as the world decarbonises and protecting or growing the jobs they offer across the state.

As part of CleanCo's ESG Framework, we are establishing baselines and targets to monitor our social performance and will report against these in FY22.

OUR ASSETS

Our portfolio of energy assets includes flexible, efficient power stations which can respond quickly to provide dispatchable, low-emissions energy.



CleanCo currently owns five low-emissions energy generators which transferred to CleanCo's ownership in 2019, with the operational teams and accountability transferring in late 2020.

- Barron Gorge Hydro Electric Power Station (66MW)
- Kareeya Hydro Electric Power Station (88MW)
- Koombooloomba Hydro Electric Power Station (7MW)
- Swanbank E Combined Cycle Gas-fired Power Station (385MW)
- Wivenhoe Pumped Storage Hydro Electric Power Station (570MW)

Our portfolio of dispatchable, low-emissions assets is our point of difference from other generators and retailers in Queensland. We operate our assets in line with our objective to firm renewable energy generation and put downward pressure on wholesale electricity prices, providing a reliable supply of low-emissions energy at a competitive price for our customers.

CleanCo is currently reviewing asset management strategies for our portfolio, reflecting their higher capacity factors and increased flexibility under our ownership. This review applies our Risk Management Framework to ensure that asset lifecycle plans appropriately and efficiently manage risk.

We will also identify options to further optimise and improve the flexibility of our assets, particularly Swanbank E and Wivenhoe. The flexibility and fast-ramping capabilities of these generators allows them to effectively back our customer contracts and other commitments and preserve or increase responsiveness to increasingly unpredictable market conditions.

Kogan North Joint Venture (Wari Djunben project)

The Kogan North Joint Venture (JV) was created in 2003 to provide long-term gas supply for Swanbank E. CleanCo holds a 50 per cent interest in Petroleum Lease 194. Arrow Energy CSG (Australia) Pty Ltd and Australian CBM Pty Ltd (together Arrow Energy) own the other 50 per cent share in the Kogan North JV.

Gas sourced from the Kogan North gas field, located near Dalby in Queensland's Darling Downs Region, is transported to Swanbank E via the Roma to Brisbane pipeline. Our low-emissions Swanbank E combined cycle gas turbine remains one of the most efficient gas-fired generators in the country. It plays a critical role in our portfolio, enabling CleanCo to provide reliable, low-emissions energy even when there is no sun or wind.

In October 2020 CleanCo and Arrow Energy approved a new five-year development plan under the Kogan North JV which will secure a reliable and affordable gas supply for Swanbank E.

OUR PROJECTS

We are committed to delivering up to 1,400MW of new renewable energy by 2025.

CleanCo has facilitated nearly 1,000MW of new renewables in Queensland, with generation beginning in the next four years.

KARARA WIND FARM

The 103MW Karara Wind Farm is CleanCo's first new renewable energy development project, with up to $250M committed to project construction.

It will be constructed in partnership with ACCIONA as part of the MacIntyre Wind Farm Precinct which has an estimated capital cost of approximately $2 billion and total power generation capacity of 1026MW.

The Karara Wind Farm will be built on the country of the Githabul People and the Kambuwal People. The wind farm will be located approximately 50km southwest of Warwick in the Goondiwindi and Southern Downs Regional Council areas with 18 turbines to be located on land mostly used for grazing sheep.

Electricity generated by the Karara Wind Farm is enough to power 70,000 homes and will avoid approximately 275,000 tonnes of CO_2. Electricity will be sent to the Queensland electricity network via 42 kilometres of new 330kV transmission lines being delivered by Powerlink.

Over $50 million of contracts from the project for labour, materials and professional services will be awarded to businesses and suppliers in regional Queensland. This will include support for First Nations business participation, the use of local First Nations suppliers, and direct employment and training opportunities on the project for First Nations Peoples.

Together with the MacIntyre Wind Farm Precinct, the project will also develop Queenslanders' skills in the renewable energy sector for the longer term, supporting up to 400 jobs over the life of the project plus a further 240 jobs for the new transmission lines, with approximately 15 per cent of total project hours undertaken by apprentices and trainees.

Construction is expected to commence in early 2022 and generation from the Karara Wind Farm is expected in 2024.

CONTRACTED RENEWABLES

As at 30 June 2021, CleanCo has committed to 830MW of new renewable energy generation through PPAs for the MacIntyre Wind Farm (400MW), Western Downs Green Power Hub (320MW) and the Kaban Green Power Hub (110MW). We will use these projects, combined with our own assets, to provide our customers with firmed renewable energy solutions.

	MACINTYRE WIND FARM	WESTERN DOWNS GREEN POWER HUB	KABAN GREEN POWER HUB
Project	Once built, the MacIntyre Wind Farm will be Australia's largest onshore wind farm, generating 923MW of new renewable energy for Queensland	Expected to be Australia's largest solar farm, the Western Downs Green Power Hub will generate 400MW of new renewable energy for Queensland	Critical for supporting system strength, the 157MW Kaban Green Power Hub is the cornerstone of the North Queensland Renewable Energy Zone
Location	Darling Downs	Western Downs	Far North Queensland
Capacity	923MW	400MW	157MW
Contracted Energy	400MW	320MW	110MW
Expected Generation	2024	2022	2023
Jobs	Up to 640[1] construction jobs; 12 ongoing operational jobs[2]	Over 400 construction jobs; 7–10 ongoing operational jobs	Up to 350[3] construction jobs; 5 ongoing operational jobs
Economic Benefit	Expected to generate more than $500M in economic activity	Expected to generate more than $200M in economic activity	Expected to generate more than $370M in economic activity
Community Benefit	$40,000 of community sponsorship grants committed in 2021. In addition, at least $2.5M in financial contributions will be provided to local community programs, events and initiatives within the first 10 years of the Project. Additional funds will continue to flow into the region for the lifetime of the Project	$100,000 per year over the operational life of the project will be provided through a community grants program to support community initiatives and projects	$50,000 per year over the operational life of the project will be provided through a community grants program to support community initiatives and projects

1 — Includes 240 jobs relating to the transmission network

2 — Both jobs figures are for MacIntyre Wind Farm Precinct which includes MacIntyre and Karara wind farms

3 — Includes around 97 jobs relating to the transmission network

OUR ENVIRONMENT

We are responsible for minimising our environmental footprint by conserving the environment within which our assets are located, and where possible improving it.

We also make investments which support improved environmental outcomes. Initiatives implemented in FY21 include:

- new and improved recycling procedures established at Barron Gorge and Kareeya power stations
- upgraded waste oil storage at Swanbank E Power Station
- a new water monitoring program at Wivenhoe Power Station.

We are privileged to operate our Barron Gorge, Kareeya and Koombooloomba hydros in Queensland's precious Wet Tropics World Heritage Area and we commit to meeting the strict environmental standards which allow us to continue to sustainably exist within these protected areas to generate renewable energy.

We manage controlled water flows on the Barron and Tully rivers in line with the requirements of the *Water Act 2000* and ensure strict controls are in place to minimise, and where possible eliminate, disturbance to the natural environment surrounding these assets.

CleanCo aims to establish relationships with Traditional Custodians which extend beyond the development and implementation of Cultural Heritage Management Plans. As we continue to engage with Australia's First Peoples we are exploring opportunities to increase their participation in land management activities associated with our assets.

In FY22, CleanCo is seeking to establish the baselines and targets to shape our ESG Framework and monitor our environmental performance.

Actual emissions and energy data for FY21 will be reported to the Clean Energy Regulator by 31 October 2021.

Nitrogen oxide emissions from Swanbank have remained within an acceptable operating range and complied with regulatory requirements.

OUR FINANCIAL PERFORMANCE

CleanCo's underlying earnings before interest, tax and depreciation (EBITDA) for FY21 was a profit of $52 million (FY20 loss of $19.3 million).

Subdued wholesale electricity prices for the majority of the year were reversed at the end of May 2021 when the market responded to the combined impact of the incident at Callide Power Station, baseload coal outages, and transmission constraints. This led to increased volatility for the remainder of FY21. During this time, CleanCo worked with AEMO to dispatch its assets to support reliability of supply and provide system services in the unusual trading conditions.

The net loss after tax of $15.9 million reflects a strong operating performance offset by range of non-cash accounting adjustments. These adjustments include the impact of the non-cash asset impairment of Swanbank E Power Station ($11.8 million pre-tax) and the fair value mark to market movement ($47.7 million pre-tax) on long-term power purchase agreements and hedging instruments. Overall financial performance exceeded the SCI targets for FY21.

Net cash inflow for the year was $6.8 million reflecting improved operating performance partially offset by working capital changes and capital expenditure on the development of foundation information technology systems as well as major maintenance works across the generation portfolio. The balance of CleanCo's cash and cash equivalents as at 30 June 2021 was $7.7 million.

CAPITAL INVESTMENT

Cash payments for property, plant, equipment and intangibles were $37.8 million for FY21. This included works at all sites and implementation of major enterprise resource planning systems required for start of operations.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE GUIDELINES FOR GOCS — QUEENSLAND GOVERNMENT

The CleanCo Board is committed to the highest ethical and governance standards and to act in the best interests of its stakeholders.

CleanCo's corporate governance approach is a critical foundation to success. Our governance arrangements align to Corporate Governance Guidelines for Government Owned Corporations ('the Guidelines') and we will also incorporate performance measures related to governance in our ESG framework. We are committed to full implementation of the Guidelines and have incorporated recommendations appropriate to our organisational maturity. Our governance arrangements, in reference to the Guidelines, are set out below.

PRINCIPLE 1

FOUNDATIONS OF MANAGEMENT AND OVERSIGHT

The CleanCo Board Charter and Board Handbook define roles and responsibilities of the Board and its Directors, and matters delegated to Management. These are covered under the following policies:

- Compliance Policy — covers business and operational activities and ensures compliance.
- Delegations Policy — covers matters reserved for the Board and those delegated to the CEO and CleanCo Management, including trading delegations and risk limits as set out in the Energy Markets Risk Management Policy.

The Board determines the performance targets for the CEO and senior executives, as well as the overall performance outcome and any incentive payments. The process for setting performance targets, determining performance outcomes and the payment of incentives typically occurs in the first quarter of each financial year. Performance and development conversations are held with the CEO (by the Chair) and all senior executives (by the CEO). However, in line with guidance from the Queensland Government, the CEO and senior executives were not awarded incentive payments for FY20.

PRINCIPLE 2

APPROPRIATE BOARD STRUCTURE

Board Directors are appointed by the Governor-in-Council under the GOC Act and all are independent and non-executive. The independence of Directors is regularly assessed, and all actual, potential or perceived conflicts of interest are assessed and managed in accordance with CleanCo's Conflicts of Interest Policy. The Board is required to have an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively. Directors may seek independent professional advice on matters before the Board at CleanCo's expense, with approval from the Chair. The Board conducts an annual self-evaluation of performance and independent assessment will be undertaken every two years. The first review was completed in the last quarter of FY21. The results of the first independent evaluation have been provided to shareholding Ministers.

PRINCIPLE 3

PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING

CleanCo embodies the highest standards of conduct and ethical behaviour through our employee culture and through the following policies applying to all Directors, officers, employees and contractors:

- Compliance
- Securities Trading
- Code of Conduct
- Conflicts of Interest
- Whistleblower Protection

Public Interest Disclosure Standards apply to CleanCo.

PRINCIPLE 4

INTEGRITY IN FINANCIAL REPORTING

CleanCo has formal and rigorous processes that independently verify and safeguard the integrity of our financial reporting. Appropriate systems and controls as required by the GOC Act, Corporations Act and current best practice are in place. CleanCo's auditor is the Auditor-General of Queensland and we have an Audit and Risk Committee with a minimum of three Directors. CleanCo has also appointed internal auditors and has established an audit framework.

PRINCIPLE 5

MAKE TIMELY AND BALANCED DISCLOSURES

Section 122 of the GOC Act requires the Board to:

- Keep its shareholding Ministers reasonably informed of operations, financial performance and financial position of CleanCo and its subsidiaries; and
- Immediately inform shareholding Ministers of the matters and its opinion in relation to them, if matters arise that in the Board's opinion may prevent, or significantly affect, achievement of CleanCo's objectives outlined in its Statement of Corporate Intent or targets under its Corporate Plan.

CleanCo does this through regular briefings to shareholding Ministers, including on any Code of Conduct or Securities Trading Policy breaches.

PRINCIPLE 6

RESPECT FOR SHAREHOLDERS' RIGHTS

CleanCo promotes effective communication with its shareholding Ministers as follows:

- Regular meetings with Chair and CEO
- Annual approval for the Statement of Corporate Intent (SCI) and quarterly reports to address progress on the SCI
- A corporate governance calendar tabled at each Board meeting
- Regular communication with relevant shareholding departments
- Ensuring voting members have full participation and are able to exercise their rights; and
- CleanCo's corporate governance policies available on website.

CleanCo is subject to the GOC Release of Information Arrangements and has put in place a Right to Information and Release of Information Policy and Right to Information Procedure.

PRINCIPLE 7

RECOGNISE AND MANAGE RISK

CleanCo's risk management system is overseen by the Board's Audit and Risk Committee and includes an Enterprise Risk Management Framework and Risk Appetite Statement, which are reviewed annually. Risk management and internal control systems are implemented by senior management and incorporate planning for business continuity and disaster recovery. Market risk is governed by the Energy Market Risk Management Policy and overseen by the Energy Risk Market Committee.

PRINCIPLE 8

REMUNERATE FAIRLY AND RESPONSIBLY

CleanCo meets requirements for public accountability while satisfying the need to attract and retain high quality employees from competitive labour markets. Directors receive set fees as determined by the Governor-in-Council and do not receive performance-based remuneration. There is no equity-based remuneration for Directors or executives. Further details on remuneration are provided in the Finance Report.

On 14 August 2020 the shareholding Ministers provided notice that the public service policy entitled *Building and construction Code of Practice 2000*, as amended from time to time, is to apply to CleanCo Queensland Limited and, as far as practicable, to all of its subsidiaries.

CleanCo did not receive any other directions or notifications from shareholding Ministers in FY21.

GOVERNMENT OWNED CORPORATIONS ACT REQUIREMENTS

Government directions and notifications

Section 120(1) (e) of the GOC Act requires CleanCo to provide the particulars of any directions and notifications given to the CleanCo Board by shareholding Ministers for the financial year being reported. CleanCo did not receive any directions or notifications from shareholding Ministers in FY21.

Dividend policy

The Board recommends whether CleanCo will pay a dividend for each financial year, after considering the funding required for maintenance of CleanCo's approved capital structure and for ensuring the continuing financial viability of the business. This will include consideration of licensing requirements of an Australian Financial Services Licence (AFSL), Australian Securities Exchange (ASX) collateral trading requirements, CleanCo's mandate from the Queensland Government and other requirements as they may arise. The Board will also consider any current dividend policies of the Government.

The CleanCo Board recommended to shareholding Ministers that no dividend be paid for FY21.

Overseas travel

No overseas travel was undertaken on behalf of CleanCo in the 2020–21 financial year.

Corporate entertainment and hospitality (individual events over $5,000)

CleanCo held no events costing over $5,000 in the 2020-21 financial year.

FINANCIAL STATEMENT CONTENTS

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors present their report on CleanCo Queensland Limited (hereafter referred to as the "Company" or "CleanCo") for the period ended 30 June 2021.

The Company was incorporated on 11 October 2018 and later became a Government Owned Corporation on 17 December 2018 under the Government Owned Corporations (CleanCo Queensland Limited) Amendment Regulation 2018. CleanCo was established to improve competition in the wholesale electricity market by lowering wholesale electricity prices and to support growth of Queensland's renewable energy industry through the management of a portfolio of low and no emission electricity generation assets.

DIRECTORS

JACQUELINE WALTERS
BOARD CHAIR

Audit and Risk Committee
People, Health, Safety and Environment Committee

An experienced Senior Executive and non-executive Director with a strategy and growth focus, Ms Walters has held leadership roles in the transport, infrastructure and professional services sectors. She is a Director of Slater & Gordon, Development Victoria and Pathways to Resilience, and a member of the Queensland Advisory Committee of not-for-profit organisation, Second Bite. She is a founder and partner of Era Innovation with a focus on investing in and supporting entrepreneurs in the food and agriculture sectors. Ms Walters has a Bachelor of Commerce, is an AICD graduate, held a CPA qualification for 12 years, is a trustee of CEDA and a SheEO activator. She brings strong international experience in business establishment and performance to her role as CleanCo Chair.

IVOR FRISCHKNECHT
NON-EXECUTIVE DIRECTOR

Chair People, Health, Safety and Environment Committee

Mr Frischknecht was inaugural CEO of the Australian Renewable Energy Agency overseeing a $2.1 billion portfolio and more than 350 new clean energy investments. He has international experience in the clean technology sector in Silicon Valley and led cleantech investing at Melbourne venture capital firm Starfish Ventures. Mr Frischknecht is an advisory board member for Elliott Green Power and Kilara Capital, Chair of the Victorian Industry and Consumer Reference Group for the $1.3 billion Solar Homes Program and is on the Board of RACE for 2030 CRC. He has degrees in Economics and Law, an MBA and Public Management Certificate and is an AICD graduate.

TRACY DARE
NON-EXECUTIVE DIRECTOR

Chair Audit and Risk Committee

A Chartered Accountant and former KPMG Partner, Ms Dare was a founding CleanCo Director and a former CS Energy Director. She has senior executive and non-executive Director experience across a range of industries, specialising in energy, health and ageing, retirement and affordable housing, and the broader capital-intensive property sector. She is a leader in strategy, governance, business growth and performance, risk and financial management, capital/property strategy, development and asset management. Currently a General Manager of Business Strategy and Development with the National Affordable Housing Consortium and a Director of Springfield Community Services Club, she has a Bachelor of Business (Accountancy), a Graduate Diploma in Advanced Accountancy, is an AICD graduate, a Fellow of the Institute of Managers and Leaders, and a Registered Real Estate Agent.

PAUL VENUS
NON-EXECUTIVE DIRECTOR

Audit and Risk Committee

Bringing expertise as a practising lawyer and Queensland Managing Partner of national law firm Holding Redlich, Paul Venus has over 25 years' experience in governance and risk management, litigation and commercial law advice across different sectors.

A former Director of Metro South Hospital and Health Service, Mr Venus has also served as a Director of the PA Hospital Research Foundation and is currently the Chair of the City of Logan Mayor's Charity Trust. He has a Bachelor of Commerce and a Bachelor of Laws, a Masters of Law, and a Certificate of Arbitration and Mediation.

LAURENE HULL
NON-EXECUTIVE DIRECTOR

People, Health, Safety and Environment Committee

With a legal and policy background, Ms Hull brings extensive experience in industrial relations, workplace health and safety and environment, and employment, skills and training, including from roles with Telstra and as Executive Director and Electrical Safety Regulator of WorkSafe NT. A long-term resident of North Australia and currently based in Far North Queensland, she brings a particular understanding of regional and remote communities and her commitment to the environment has seen her serve as a lawyer with the Environmental Defender's Office. She has served on the Boards of Safe Work Australia, the Community and Public Service Union and the Working Women's Centre. Ms Hull has a Bachelor of Laws (Hons), a Diploma in OHS and qualifications in Assessment and Training and Mediation.

LEADERSHIP TEAM

MAIA SCHWEIZER
CHIEF EXECUTIVE OFFICER

Dr Schweizer brings global experience in the energy and infrastructure industries to her role as CEO of CleanCo. With a passion for customer-centricity and innovation in the clean energy transformation, she has experience from former roles in Origin Energy and as a management consultant in McKinsey & Company's London, Houston, Shanghai and Sydney offices. She is a current member of the Queensland Leaders Council of the Queensland Futures Institute, a forum contributing to public policy on economic and social growth. Dr Schweizer earned a DPhil (PhD) from the University of Oxford as a Marshall Scholar, and a Masters from the California Institute of Technology in geobiology.

SALLY FRAZER
COMPANY SECRETARY, GENERAL MANAGER LEGAL AND GOVERNANCE

An experienced lawyer and governance practitioner, Ms Frazer is experienced in environment and planning, property law, policy design and law reform, litigation, resources management and advising on major infrastructure projects. Her experience traverses the private and public sectors including roles in Indonesia and Australia working for Seqwater, SunWater, LinkWater Projects and the Australian Water Recycling Centre of Excellence. She was a Board Director of North Queensland Bulk Ports Corporation and is currently a State Councillor at the Governance Institute of Australia. Ms Frazer holds Bachelors of Arts and Laws (Hons), Masters of Laws, Masters of Business Administration, and is both an AICD and GIA graduate.

GRAHAM YERBURY
CHIEF FINANCIAL OFFICER

A finance executive and business strategist with extensive experience, Mr Yerbury has worked widely across the energy sector, having managed finance and risk-related functions for a range of companies including Cardno, Arrow Energy and BP. With recent senior management roles at QMetco as Group CFO and as the CFO of Senex Energy, he brings particular expertise in the areas of investor relations, business planning, IT strategy and Risk Management. A Chartered Accountant, Mr Yerbury has a Masters of Business and a Bachelor of Commerce.

JULIE WHITCOMBE
GENERAL MANAGER STRATEGY AND DEVELOPMENT
(appointed June 2021)

Ms Whitcombe has a wealth of experience in strategy and operational leadership roles across a range of industries. Experience includes eight years as an executive with Australian gas developer and producer Senex Energy, as well as two years as CEO of RDO Australia, the Australian arm of the world's largest John Deere and Vermeer dealership business. Ms Whitcombe studied engineering and is also a Chartered Accountant, having spent her early career working in strategy and advisory services with PwC and AT Kearney in Australia and the UK.

TANYA MILLS
GENERAL MANAGER CUSTOMER AND ENERGY MARKETS

An electricity markets specialist, Ms Mills brings a strong customer focus and wide-ranging experience in energy trading, energy market restructures, corporate strategy and industry reforms to her role at CleanCo. She held an executive management role in Energy Markets and Commercial Strategy at Stanwell where she led business development, operations and sales functions and was also the General Manager of Portfolio Trading. Ms Mills was a founding member of the CleanCo executive team. She has an Honours Degree in Economics and an Advanced Diploma in Financial Services.

TIM HOGAN
GENERAL MANAGER ASSET OPERATIONS

A senior Electrical Engineer by background, Mr Hogan has wide-ranging experience in both operations and asset management including in the renewable energy sector. He brings more than 20 years of expertise across different types of energy generation assets. Based in Cairns and from North Queensland, Tim previously led Engineering and Operations teams for Stanwell Corporation as their Manager for Hydro's and Renewables. Starting his career as an electrical apprentice Mr Hogan went on to earn a Bachelor of Engineering majoring in Electrical and Electronic Engineering (Hons).

NATASHA PATTERSON
GENERAL MANAGER REPUTATION
(appointed March 2021)

With a legal background, Ms Patterson brings more than 20 years' wide-ranging experience across Government in the areas of environment and heritage, and in private sector roles mostly in major project development and upstream oil and gas. With Origin Energy she worked as Head of Legal and General Manager Communities and Access, and more recently she was a Partner with global management consultancy Integrated Global Partners. Her expertise is in stakeholder engagement and she has a particular interest in building strong community partnerships, particularly with First Nations Peoples. She has a Bachelor of Laws and a Graduate Certificate in Public Sector Management.

PRINCIPAL ACTIVITIES

CleanCo owns and operates five low and no-emission generation assets in Queensland, supporting the development of new renewable energy supply whilst improving competition in the wholesale electricity market. CleanCo optimises the use of its assets and agreements with renewable generators to deliver low-emissions, reliable energy to large scale commercial and industrial customers.

DIVIDENDS

No dividends were paid during the financial period.

REVIEW OF OPERATIONS

The loss from ordinary activities after income tax amounted to $15.9 million (2020: $49.6 million loss). The transition of asset operations was completed in November 2020 and CleanCo continued to build capability within the organisation. As anticipated, subdued electricity prices in the market and lower peak demand continued to impact revenue for most of FY21. In the final six weeks of the year volatility increased due to the combined impact of CS Energy's Callide coal-fired power station, baseload coal outages and transmission constraints. During this period CleanCo worked with AEMO to dispatch its assets to close the supply gap and meet demand on the network. The flexible and responsive nature of its assets meant that AEMO often called on CleanCo to supply energy in high-price intervals.

For most of the year lower gas and energy costs for pumped hydro storage partially offset the lower revenue. In line with CleanCo's energy market trading policy lower realised energy prices were partially offset by an effective hedging strategy providing gross margin and cash flow support. In this challenging environment the loss from ordinary activities after income tax amounted to $15.9 million (2020: $49.6 million loss), which includes a pre-tax non-cash impairment charge of $11.8 million for Swanbank E power station and a non-cash $47.7 million fair value downward adjustment on forward energy contracts.

In line with its mandate to support the growth of renewable energy in Queensland CleanCo has continued to explore opportunities to invest in new renewable energy projects, signing a Capacity Purchase Agreement with Neoen for 100 per cent offtake from the 157MW Kaban Green Power Hub which will allow CleanCo to dispatch wind energy as part of its portfolio. CleanCo markets long-term energy products to commercial and industrial customers and entered into agreements with BHP and Coles to supply low-emissions energy to support their sustainability targets.

At 30 June 2021 CleanCo was debt free, had cash and cash equivalents of $7.7m million and net working capital of $114.1 million. Capital expenditure for the development of the Karara Wind Farm will be funded by previously sanctioned equity contributions of $250 million from the shareholders.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company was incorporated on 11 October 2018 and declared a Government Owned Corporation on 17 December 2018. The Company was formed under the Government Owned Corporations (CleanCo Queensland Limited) Amendment Regulation 2018 on 17 December 2018. Other than already disclosed, there has been no significant changes in the state of affairs of the Company during the period.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

CleanCo Board and management team continue to monitor and adapt to COVID-19 pandemic impacts.

On 12 July 2021 CleanCo commenced a planned major maintenance outage at Wivenhoe Hydroelectric Power Station with one unit offline for a period of approximately 100 days.

In August 2021 CleanCo executed a revised agreement with Neoen for 100 per cent of the energy generated by the Kaban Green Power Hub, instead of the original 110MW Power Purchase Agreement (PPA). Under the new Capacity Purchase Agreement (CPA) Neoen will appoint CleanCo as the market intermediary for the wind farm, meaning CleanCo will control the bidding and dispatch of the wind farm energy into the electricity grid when generation commences.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

ENVIRONMENTAL REGULATION

Following the expiration of the Transitional Service Agreements with CS Energy Limited and Stanwell Corporation Limited, the Company became responsible for complying with the *Wet Tropics World Heritage Protection and Management Act 1992 (Qld)* and a range of obligations under the *Environmental Protection Act 1994 (Qld)*. The Company has become the holder of various approvals that authorise the carrying out of the electricity generation activities on conditions that seek to avoid or minimise impacts on the environment. CleanCo has identified "failure to respond to changing climate" as a strategic risk and will continue to evaluate the vulnerability of its assets and operating model to climate effects.

MEETINGS OF DIRECTORS

The Audit and Risk Committee and the People, Health, Safety and Environment Committee were formed in February 2020. The numbers of meetings of the Company's Board of Directors held during FY21, and the numbers of meetings attended by each Director were:

	CLEANCO BOARD		AUDIT AND RISK COMMITTEE#		PEOPLE, HEALTH, SAFETY AND ENVIRONMENT COMMITTEE#	
Directors	**Member**	**Attended**	**Member**	**Attended**	**Member**	**Attended**
Jacqueline Walters	11	11	6	6	6	5
Tracy Dare	11	11	6	6	-	1
Ivor Frischknecht	11	11	-	4	6	6
Paul Venus	11	10	6	6	-	1
Laurene Hull	11	11	-	3	6	6

Each committee has three appointed members only but all Directors are entitled to attend.

DIRECTOR SHAREHOLDING

No Directors held any beneficial interest in the shares of the Company. All issued shares are held by the Shareholding Ministers on behalf of the State of Queensland. CleanCo's Shareholding Ministers are The Honourable Cameron Dick MP, Treasurer and Minister for Investment, and The Honourable Mick de Brenni MP, Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement.

INSURANCE OF OFFICERS AND INDEMNITIES

For the 2021 financial year, CleanCo paid a premium of $108,750 (2020: $73,186) to insure the Directors and officers of the Company. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Company and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 97.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report.

Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar. This report is made in accordance with a resolution of Directors.

Jacqui Walters

Jacqueline Walters
CHAIR

Brisbane
27 August 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 $'000	2020 $'000
REVENUE			
Revenue from contracts with customers	2.1	249,271	102,243
Finance income / other income	2.2	4,344	4,532
EXPENSES			
Electricity and energy services expense	3.1	(84,969)	(41,774)
Fuel		(51,777)	(44,304)
Raw materials and consumables		(3,980)	181
Establishment costs	3.2	-	(5,802)
Contractor expenses		(9,632)	(3,300)
Employee benefits expense	3.5	(27,679)	(11,879)
Lease expenses		(2,112)	(1,090)
Finance costs	3.3	(1,976)	(4,531)
Other expenses	3.4	(18,914)	(11,347)
Fair value gain/(loss) through profit/(loss)	5.1	1,172	(2,968)
Depreciation and amortisation	5.2, 5.3	(19,402)	(19,671)
Asset impairment (expense)/reversal	5.2, 5.3	(11,800)	(35,450)
Non hedge accounted change in fair value of derivative financial instruments		(47,740)	7,971
Loss before income tax equivalent		**(25,194)**	**(67,189)**
Income tax benefit equivalent	12.1	9,277	17,592
Loss after income tax equivalent for the period		**(15,917)**	**(49,597)**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:			
Changes in fair value of cash flow hedges	6.6	(25,862)	10,923
Actuarial gain / (loss) from defined benefit plan, net of tax		1,069	(25)
Other comprehensive loss for the year, net of tax		**(24,793)**	**10,898**
Total comprehensive loss for the year attributable to the owners of CleanCo Queensland Limited		**(40,710)**	**(38,699)**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 (1/2)

	Notes	2021 $'000	2020 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.1	7,712	923
Receivables	4.3	184,468	163,840
Inventory	4.4	13,275	7,882
Other current assets		26	21
Derivative financial assets	6.1	1,020	25,899
Income tax refund due	12.2	-	2,237
Total current assets		**206,501**	**200,802**
NON-CURRENT ASSETS			
Property, plant and equipment	5.2	136,449	140,405
Right-of-use assets	5.3	3,498	236
Intangible assets	5.4	19,515	7,808
Deferred tax assets	12.3	79,112	47,763
Derivative financial assets	6.1	315	4,250
Employee benefit asset	14.1	1,080	-
Other non-current assets	5.1	18,204	17,032
Total non-current assets		**258,173**	**217,494**
Total assets		**464,674**	**418,296**

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 (2/2)

	Notes	2021 $'000	2020 $'000
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9.1	44,155	43,950
Lease liabilities	11.1	21	54
Current tax liabilities	12.2	12,624	-
Provisions	10.1	8,019	27,318
Other current liabilities		4,082	9,249
Derivative financial liabilities	6.1	23,505	7,293
Total current liabilities		**92,406**	**87,864**
NON-CURRENT LIABILITIES			
Lease liabilities	11.1	4,821	202
Deferred tax liabilities	12.3	2,497	3,096
Employee benefit obligation	14.1	-	442
Provisions	10.2	82,813	51,848
Other non-current liabilities		183	-
Derivative financial liabilities	6.1	55,019	6,262
Total non-current liabilities		**145,333**	**61,850**
Total liabilities		**237,739**	**149,714**
Net assets		**226,935**	**268,582**
EQUITY			
Contributed equity	13.1	307,412	308,349
Accumulated losses		(65,538)	(50,690)
Reserves	6.6	(14,939)	10,923
Total equity		**226,935**	**268,582**

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

			Contributed equity	Accumulated losses	Reserves	Total equity
		Notes	$'000	$'000	$'000	$'000
Balance at 1 July 2019			**180,000**	**(1,068)**	**-**	**178,932**
Losses after income tax equivalent expense for the period			-	(49,597)	-	(49,597)
Actuarial (loss)/gain on defined benefit plan			-	(25)	-	(25)
Other comprehensive income for the period, net of tax		6.6	-	-	10,923	10,923
Total comprehensive loss for the period			**-**	**(49,622)**	**10,923**	**(38,699)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:						
Contributions of equity	1(c)	13.1	128,349	-	-	128,349
Balance at 30 June 2020			**308,349**	**(50,690)**	**10,923**	**268,582**
Balance at 1 July 2020			**308,349**	**(50,690)**	**10,923**	**268,582**
Losses after income tax equivalent expense for the period			-	(15,917)	-	(15,917)
Actuarial (loss)/gain on defined benefit plan				1,069	-	1,069
Other comprehensive income for the period, net of tax		6.6	-	-	(25,862)	(25,862)
Total comprehensive loss for the period			**-**	**(14,848)**	**(25,862)**	**(40,710)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:						
Contributions of equity	1(c)	13.1	(937)	-	-	(937)
Balance at 30 June 2021			**307,412**	**(65,538)**	**(14,939)**	**226,935**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2021

	Notes	2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of government grant		-	248
Receipts from customers		183,063	114,740
Payments to suppliers and employees		(202,899)	(108,327)
Receipts from other revenues		4,624	736
Interest received		730	2,681
Income tax equivalent received/(paid)		2,237	(195)
Net cash (outflow)/ inflow from operating activities	**4.2**	**(12,245)**	**9,883**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(23,440)	(46,101)
Payments for intangible assets		(14,435)	(1)
Cash advances		56,967	16,400
Net cash inflow from/(used in) investing activities		19,092	(29,702)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments	11 .1	(58)	(35)
Net cash outflow from financing activities		**(58)**	**(35)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,789	(19,854)
Cash and cash equivalents at the beginning of the financial year	4.1	923	20,777
Cash and cash equivalents at the end of the financial year	**4.1**	**7,712**	**923**

The above statement of cashflows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

CleanCo Queensland Limited is a company domiciled in Australia. Its registered office and principal place of business is level 18, 140 Creek Street, Brisbane, Queensland 4000. The Company is primarily involved in the generation of electricity from pumped storage hydro power stations, run of river hydro power stations and a combined-cycle gas fired generator.

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the *Corporations Act 2001* and the *Government Owned Corporations Act 1993* (GOC Act). CleanCo is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are presented in Australian dollars ($), which is the Company's functional and presentation currency. Amounts in the financial statements have been rounded off in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 to the nearest thousand dollars, except as otherwise stated.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

i) Historical cost convention

The financial statements have been prepared on a historical cost basis except for, where applicable, financial assets and liabilities at fair value through profit and loss.

ii) New and amended standards adopted by the Company

Configuration or Customisation Costs in a Cloud Computing Arrangement

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, *Configuration or Customisation Costs in a Cloud Computing Arrangement*. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Company's accounting policy has historically been to capitalise all costs related to cloud computing arrangements as intangible assets in the Statement of Financial Position. The adoption of this agenda decision could result in a reclassification of these intangible assets to either a prepaid asset in the Statement of Financial Position and/or recognition as an expense in the Statement of Comprehensive Income, impacting both the current and/or prior periods presented.

As at 30 June 2021, the Company has not adopted this IFRIC agenda decision. The impact of the change could not be reasonably estimated as the Company is still currently assessing of the impact of the IFRIC agenda decision. The Company expects to adopt this IFRIC agenda decision in its annual financial statements ending on 30 June 2022.

There are no other new standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

iii) Comparative figures

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

(b) Going concern

The financial report has been prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company's net asset position as at 30 June 2021 is $226.9 million (2020: $268.6 million).

The Directors in their consideration of the appropriateness of the preparation of the financial statements on a going concern basis have prepared cash flow forecasts and revenue projections for a period of not less than 13 months from the date of this report. These cash flow projections show that CleanCo Queensland Limited can pay its debts as and when they fall due. The ability of CleanCo Queensland to continue as a going concern is dependent upon:

- continued access to debt facilities with QTC; and
- the continued support of the Queensland Government.

(c) Formation of the Company

The Government Owned Corporations (Generator Restructure – CleanCo) Regulation 2019 (the Regulation) became effective on 26 April 2019 and facilitated the transfer of the foundation assets from CS Energy Limited and Stanwell Corporation Limited (collectively "the Transferors") to the Company. The legal title and ownership of the foundation assets and related liabilities were transferred to the Company on 31 October 2019. In accordance with the Regulation, all transfers of assets and liabilities to facilitate the transaction are undertaken at the carrying amounts recorded in the Transferors' accounts immediately prior to the transfer and recorded as transactions with owners (in equity) in accordance with Interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities (AASB 1038).

On 20th August 2019, the Honourable Jackie Trad MP, then Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships and the Honourable Dr Anthony Lynham, Minister for Natural Resources, Mines and Energy issued a direction pursuant to section 257 of the *Electricity Act 1994* requiring CleanCo to enter into Transitional Services Agreements (TSAs) with CS Energy Limited and Stanwell Corporation Limited for the provision of the operations, maintenance and corporate support services for the Swanbank E, Barron Gorge, Kareeya, Koombooloomba and Wivenhoe Power Station generation assets.

The TSAs enabled CleanCo to take ownership and dispatch rights of these generation assets while facilitating the continued safe and reliable operation and maintenance of the assets until such time as CleanCo was equipped to fulfil those responsibilities. The TSAs expired on 29 August 2020 (Barron Gorge, Kareeya, Koombooloomba and Swanbank power stations) and 31 October 2020 (Wivenhoe Power Station). The employees and associated benefits transferred on 30 August 2020 and 1 November 2020 respectively.

The following table sets out the assets and liabilities transferred as part of the restructure and the associated impacts recorded in equity:

	30 Aug 2020 and 1 Nov 2020	31 Oct 2019
	$'000	**$'000**
Transfers in		
ASSETS:		
Cash and cash equivalents	-	106,814
Inventory	2,429,944	2,109,762
Other current assets	-	69,213
Property, plant & equipment	-	149,397,602
Intangible assets	-	585,866
Deferred tax assets	2,208,259	37,538,151
Other non-current assets	-	20,000,000
LIABILITIES:		
Lease liabilities	-	(144,176)
Other current liabilities	-	(351,899)
Deferred tax liabilities	(1,814,165)	(8,251,853)
Provisions	(3,760,569)	(72,710,518)
Net increase in transactions with owners	**(936,531)**	**128,348,962**
TRANSFERS IN FROM:		
Stanwell Corporation Limited	(363,389)	77,431,737
CS Energy Limited	(573,142)	50,917,225
Net decrease in transactions with owners	**(936,531)**	**128,348,962**

(d) Use of estimate and judgements

The preparation of financial statements requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes to the financial statements.

2. REVENUE

Note 2.1: Revenue from contracts with customers

	2021	2020
	$'000	**$'000**
Sale of electricity to the National Electricity Market	198,131	72,856
Net realised gain on electricity contracts designated as cash flow hedges	4,404	23,281
Total sales of electricity — wholesale	202,535	96,137
Sales of electricity to retail customers	31,649	-
Total sales of electricity — retail	31,649	-
Gas sales	15,087	6,106
	249,271	**102,243**

The Company recognises revenue on the transfer to the customer of the goods or services promised in the contract in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. Revenue from contracts with customers is recognised using the five-step model in AASB 15 *Revenue from Contracts with Customers* and generally occurs when control of the goods or service is transferred to the customer.

REVENUE STREAM	REVENUE RECOGNITION
Sale of electricity to the National Electricity Market	Most of the revenue recognised by the Company arises from contracts for the supply of electricity to the National Electricity Market (NEM). Revenue is recognised using the electricity spot price at the point in time when electricity is dispatched to the NEM.
Net realised gain on electricity contracts designated as cash flow hedges	To reduce the volatility of cash flow earnings, a portion of the Company's available energy is hedged through the use of various electricity contracts such as swaps and options. The settlement amount for both effective and ineffective cash flow hedges is recognised in trading revenue in the period to which the contract settlement relates.
Sale of electricity to retail customers	Revenue is recognised separately for retail contracts. Retail contract revenue is calculated based on the terms of the individual contracts. Revenue from the sale of electricity to customers is recognised at the point in time the performance obligation is satisfied and the energy has been dispatched to the customer. Revenue is also recognised in relation to the recharge of transmission, network charges and other operating costs directly attributable to delivery of electricity to retail customers. Revenue is recognised over time when performance obligations are satisfied when energy services are delivered.
Gas sales	The Company sells and makes available gas for delivery to the customer at the delivery point specified in the agreement. The Company has assessed these arrangements as the transfer of a series of goods that represent one performance obligation and recognises the gas sales revenue, at a point in time, when the performance obligation is met, i.e. the gas is successfully delivered to the customer.

Note 2.2: Finance income / other income

	2021	2020
	$'000	$'000
Government grants	-	248
Interest income	805	2,643
Other income	3,539	1,641
	4,344	**4,532**

Grants that are non-reciprocal in nature are recognised as revenue when the Company obtains control over them. This is considered to be achieved at the time of receipt.
The Company received a grant in 2020 to assist with final establishment costs prior to starting trading during the year.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

3. EXPENSES

Note 3.1: Electricity and energy services expense

	2021	2020
	$'000	$'000
Wholesale energy	26,164	19,831
Market and transmission fees	634	609
Ancillary services	6,754	2,410
Environmental charges	6,839	693
Transitional services agreement charges	5,972	17,700
Retail energy	35,727	-
Other electricity and energy services expenses	2,879	531
	84,969	**41,774**

Other electricity and energy services comprise of costs directly related to participation in the National Electricity Market as well as costs associated with supplying electricity to retail customers.

Note 3.2: Establishment costs

	2021	2020
	$'000	$'000
Program management	-	-
Trading function	-	825
Corporate function	-	508
Information technology and systems	-	2,512
Human resources and recruitment	-	793
Other establishment costs	-	1,164
	-	**5,802**

Establishment costs were incurred in connection with activities to establish the Company including processes, policies and procedures to support full operations. Establishment costs relate to professional consultancy costs, implementation of ICT managed service agreements, recruitment placements, shortlist and retainer fees which have been allocated over relevant program set up activities.

Note 3.3: Finance costs

	2021	2020
	$'000	$'000
Finance costs	403	411
Rehabilitation provision	1,573	4,120
	1,976	**4,531**

Finance costs comprise interest on lease liabilities, administration fees and the unwinding of the discount on the rehabilitation provision. Interest costs pertaining to the rehabilitation provision represents the change in the time value of money attributed to the carrying amount of expected future cash flows.

Note 3.4: Other expenses

	2021	2020
	$'000	$'000
Services and consultants	3,002	1,812
Insurance premiums	3,432	2,217
Legal fees	2,044	1,218
Human resources and recruitment costs	420	1,683
Audit costs	387	321
IT licences and subscriptions	5,444	1,642
Other IT costs	3,706	2,270
Other administration costs	479	184
	18,914	**11,347**

During the financial year $387,000 (2020: $321,000) was paid to the Queensland Audit Office, for the audit of the financial statements. No other services were provided by the auditor.

Other IT costs relate to low-value IT assets which have been expensed, maintenance of IT systems and IT software costs which have not been capitalised.

Administration costs relate to general operational expenses including advertising and marketing, training, stationery, telecommunication not directly related to participation in the NEM. All administration costs are expensed when incurred.

Note 3.5: Employee benefits expense

	2021	2020
	$'000	$'000
Wages and salaries expense	23,033	10,628
Defined contribution superannuation expense	1,897	803
Defined benefit plan expense	297	448
Employee performance expenses/bonuses	2,452	-
	27,679	**11,879**

The Company recognises a liability and an expense for bonuses based on a range of performance indicators for the period to which the performance bonus relates.
The liability is recognised when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4. CURRENT ASSETS

Note 4.1: Cash and cash equivalents

	2021	2020
	$'000	**$'000**
Cash at bank and in hand	6,886	719
Other cash and cash equivalents	826	204
	7,712	**923**

Cash and cash equivalents comprise cash balances held with financial institutions. Other cash and cash equivalents also includes CleanCo's 50% share of cash and cash equivalents related to the joint operation of Kogan North Joint Venture (note 15). They are highly liquid, subject to an insignificant risk of change in value and have a maturity of three months or less.

Cash at bank is bearing an interest rate of 0.60% (2020: 0.75%). The carrying amount for cash and cash equivalents reasonably equates to their fair value. The Company's exposure to interest rate risk is discussed in note 8. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 4.2: Reconciliation of profit after income tax to net cash inflow from operating activities

	2021	2020
	$'000	$'000
Loss for the period	**(15,917)**	**(49,597)**
ADJUSTMENTS FOR:		
Interest expense	17	5
Interest income	(70)	-
Depreciation and amortisation	19,402	19,671
Impairment of non-current assets	11,800	35,450
Non-cash retirement benefits expense	297	448
Unwinding of discount on provision	1,573	4,120
Fair value adjustment to derivatives	47,742	(31,252)
Fair value (gain)/loss on financial assets at fair value through profit and loss	(1,172)	2,968
Non-cash rehabilitation expense	(1,812)	-
Non-cash stock obsolescence	768	(44)
Fair value losses/(gains) on environmental certificates	-	484
Other non-cash movement	309	(1,655)
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
(Increase) in current receivables	(83,812)	(10,281)
Decrease/(increase) in financial assets	28,811	(28,212)
(Increase) in inventories	(6,161)	(6,212)
(Increase) in deferred tax assets	(29,381)	(9,347)
Decrease/(increase) in prepayments	649	(1,539)
Increase in financial liabilities	(10,615)	76,172
Increase/(decrease) in trade and other payables	2,560	(151)
(Decrease)/increase in employee benefit obligations	(12,528)	1,552
Increase/(decrease) in current tax equivalent liabilities	14,860	(2,477)
(Decrease) in deferred tax equivalent liabilities	(2,413)	(5,335)
Increase in other current liabilities	22,848	15,115
Net cash flow from operations	**(12,245)**	**9,883**

Note 4.3: Receivables

	2021	2020
	$'000	$'000
Trade receivables	72,958	10,474
Advance facility	87,260	144,157
Prepayments	1,095	1,744
Other receivables	23,150	7,394
Restricted cash	5	71
	184,468	**163,840**

Under the Queensland Government's cash management regime, Government Owned Corporations (GOCs) advance surplus cash to Queensland Treasury. Access to the advances is generally subject to notification periods of 24 to 48 hours. The advances facility yielded floating interest rates between 0.51% to 1.05% during the year ended 30 June 2021 (2020: 0.88% to 2.36%).

Receivables are recognised on the date that they originated and when the Company has the legal right to receive the economic benefit. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Receivables that are classified and measured at amortised cost include trade receivables, collateral, advances facility and other receivables. They are initially measured at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method, less impairment allowance. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

Application of accounting estimates and judgements

The allowance for expected credit losses is based on management's estimate of the prospect of recovering the debt.

Financial risk management
Credit Risk

Impairment allowance for expected credit losses on all receivables at amortised cost is assessed and measured at each reporting date.

The Company has no receivables that are past due and not impaired (2020: nil).

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any provisions for expected credit losses.

No collateral is held as security and no credit enhancements relate to receivables held by the Company.

In considering lifetime expected credit losses the Company has segmented trade receivables into the following categories:

WHOLESALE OPERATIONS

CleanCo transacts spot electricity and ancillary services with AEMO, which is a company limited by guarantee. Wholesale receivables are assessed for impairment using the simplified approach.

Credit risk with AEMO is not considered significant. The lifetime expected credit loss on wholesale receivables is $nil as at 30 June 2021 (2020: $nil).

COMMERCIAL AND INDUSTRIAL (C&I) RETAIL

The Company has entered into retail contracts with large commercial and industrial customers. These customers have ongoing credit reviews on their financial conditions to ensure credit exposures remain within approved levels. C&I retail receivables are assessed for impairment using the simplified approach. The lifetime expected credit loss on C&I retail receivables is $nil as at 30 June 2021 (2020: $nil).

QTC ADVANCES FACILITY

The Advance Facility is held with Queensland Treasury Corporation (QTC) rated as AA to AA+. Credit risk of the Advance Facility is considered low due to low risk of default and the counterparty's strong capacity to meet contractual cashflow obligations. An impairment assessment was performed at 30 June 2021 and no allowance for expected credit loss has been recognised as the amount was not material.

See note 8 for further information on the Company's financial risk management.

Note 4.4: Inventory

	2021	2020
	$'000	$'000
Spare parts and consumables	7,243	2,457
Less: Provision for obsolescence	(2,420)	(97)
	4,823	**2,360**
Fuel	2,367	5,149
Environmental certificates at cost	6,085	373
	13,275	**7,882**

The inventory balances that were transferred on 30 August 2020 as part of the TSA included an inventory balance of $6.0 million and a provision for obsolescence of $3.6 million. During the period, CleanCo has undertaken a stocktake and written off $2.0 million of any obsolete inventory which had been provided for at the time of the TSA. As part of the inventory obsolescence assessment undertaken during the year, the provision was increased by $0.8 million due to ageing inventory.

Inventories expensed during the year ended 30 June 2021 were $64.5 million (2020: $37.0 million).

Inventories comprise stores, fuel and environmental certificates, which are stated at the lower of cost and net realisable value.

Cost comprises the cost of purchase, which is assigned to individual items of inventory based on the weighted average cost. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are consumed, the carrying amount of those inventories is recognised as an expense in the period in which the associated revenue is recognised.

Environmental certificates

The Company is subject to various regulatory environmental schemes and as such accrues environmental liabilities as part of its normal business operations. To meet these liabilities, the Company acquires environmental certificates on the wholesale market and surrenders these to the scheme administrators periodically. A number of the Company's operating assets are also accredited to create environmental certificates which are used to either acquit the mandatory renewable energy liability of the Company or sold to customers through long term retail contracts.

Provision for obsolescence

The Company provides for inventory obsolescence based on the ageing of stock items held.

5. NON-CURRENT ASSETS

Note 5.1: Other non-current assets

	2021	2020
	$'000	**$'000**
Investments — Financial assets at fair value through profit and loss	18,204	17,032
	18,204	**17,032**

As part of the Transfer of Ownership between Stanwell Corporation Ltd and CleanCo on 31 October 2019, a 5% interest in an option deed in the Mahalo Gas Project was transferred to CleanCo. This option deed allows for CleanCo at the Final Investment Decision to either enter into a long-term gas sale agreement with Comet Ridge Mahalo Pty Ltd or receive an exit payment of $20 million.

A fair value assessment was performed during the year using a discounted cashflow technique and a discount rate of 7% was implied. A fair value increase of $1,172,435 (2020: a decrease of $2,968,357) has been recognised in the statement of comprehensive income.

Application of accounting estimates and judgements

Investments are tested for impairment annually. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 5.2: Property plant and equipment

	2021	2020
	$'000	$'000
GENERATION ASSETS		
Generation assets — cost or recoverable amount	130,119	121,030
Less: Accumulated depreciation	(30,464)	(15,837)
Less: Accumulated impairment	(6,846)	(487)
	92,809	**104,706**
LAND AND BUILDINGS		
Land and buildings — cost or recoverable amount	22,351	19,337
Less: Accumulated depreciation	(2,659)	(1,206)
Less: Accumulated impairment	(159)	(126)
	19,533	**18,005**
CAPITAL WORK IN PROGRESS		
Capital Work in Progress — cost or recoverable amount	56,584	46,858
Less: Accumulated impairment	(39,735)	(35,139)
	16,849	**11,719**
OTHER PLANT AND EQUIPMENT		
Other plant and equipment — cost or recoverable amount	5,999	6,715
Less: Accumulated depreciation	(1,145)	(1,383)
Less: Accumulated impairment	(984)	(173)
	3,870	**5,159**
EXPLORATION ASSETS		
Exploration assets — cost or recoverable amount	6,979	2,081
Less: Accumulated amortisation	(3,591)	(1,265)
	3,388	816
Total	**136,449**	**140,405**

MOVEMENT IN CARRYING AMOUNTS	Capital work in progress	Land and buildings	Generation assets	Other plant and equipment	Exploration assets	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net book value at 1 July 2019	**392**	**-**	**-**	**-**	**-**	**392**
Equity transfers from Government	6,366	18,895	117,383	5,194	1,560	**149,398**
Additions	42,737	-	1,750	24	1,316	**45,827**
Total additions	**49,103**	**18,895**	**119,133**	**5,218**	**2,876**	**195,225**
Disposals	-	-	-	-	-	**-**
Impairment of assets	(35,139)	(126)	-	(172)	-	**(35,437)**
Rehabilitation assets adjustment	-	-	818	-	(795)	**23**
Transfers in/(out)	(2,637)	442	528	1,497	-	**(170)**
Depreciation expense	-	(1,206)	(15,773)	(1,384)	(1,265)	**(19,628)**
Net book value at 30 June 2020	**11,719**	**18,005**	**104,706**	**5,159**	**816**	**140,405**
Additions	16,942			1,153	4,898	**22,993**
Disposals	(110)	-	(82)	(12)	-	**(204)**
Impairment of assets	(4,596)	(33)	(6,359)	(812)	-	**(11,800)**
Rehabilitation assets adjustment	-	-	4,267	-	-	**4,267**
Transfers in/(out)	(7,106)	3,079	4,446	(419)	-	**-**
Depreciation expense	-	(1,518)	(14,169)	(1,199)	(2,326)	**(19,212)**
Net book value at 30 June 2021	**16,849**	**19,533**	**92,809**	**3,870**	**3,388**	**136,449**

Property, plant and equipment are stated at historical cost less accumulated depreciation/amortisation and accumulated impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Subsequent costs of replacing part of an item of property, plant and equipment are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced asset is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Capital work in progress is recorded as property, plant and equipment and depreciated from the point at which the asset is installed and ready for use. At 30 June 2021, the capitalised work in progress is not yet available for use.

The Company has established a program of major overhauls providing cyclical maintenance works on the generation and operating assets. Capitalised overhaul expenditure is depreciated over the period in which the Company expects to derive the benefits of the overhaul.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit or loss.

Depreciation

Depreciation is recorded over the useful life of the asset, or over the remaining life of the power station if shorter.

Assets are depreciated from the date they become available for use. Land is not depreciated.

Straight-line basis

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

The estimated useful lives for each class of depreciable assets are:

Buildings	4 — 40 years
Generation assets (including overhauls)	3 — 63 years
Motor vehicles	5 — 14 years
Other plant and equipment	3 — 20 years

Exploration assets include CleanCo's 50% share of exploration assets related to the joint operation of Kogan North Joint Venture (note 15). These assets are depreciated under the units of production method. The depreciation charge per unit is calculated based on a forecasted gas supply output from the Kogan North Joint venture. This charge per unit is applied to actual gas supply output to calculate depreciation expense each month.

Estimates of residual values and remaining useful lives are assessed annually, and any change in estimate is considered in the determination of future depreciation charges. The estimation of the useful lives of assets has been based on historical experience as well as the manufacturers' design life.

Impairment

Assets are reviewed and tested at each reporting date for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's value in use or fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

The Company assesses impairment annually by evaluating conditions that might indicate an impairment of assets exists. The recoverable amounts of assets, or Cash Generating Unit (CGU), have been determined on a value in use basis for all assets. The value in use calculations are based on financial forecasts covering the lives of the assets up to 63 years.

Impairment – Swanbank Power Station

In 2021 the impairment loss of $11,800,000 (2020: $35,450,000) represents a write down of Swanbank Power Station (Swanbank) to its estimated recoverable amount. Swanbank is a 385MW combined cycle gas fired plant in South East Queensland.

The carrying amount of Swanbank Power Station (excluding the carrying value of land) was reduced to nil reflecting a negative value in use and fair value less costs of disposal as a standalone generating asset.

In determining the value in use of Swanbank, the cashflows included the following considerations:

- Updated revenue and cost of goods sold based on updated market assumptions of the electricity market;
- A reduction of Swanbank's useful life in line with an updated life cycle plan due to a new operating profile;
- Operating and capital expenditure commitments associated with the gas field development project;
- Major overhauls required for the continuation of the asset until the end of the asset's useful life.

The Swanbank power station is a core asset in CleanCo's plans to provide firmed renewable energy to commercial and industrial customers. Swanbank's low-emissions fast start capability enables CleanCo to manage both volume and price risks associated with the supply of variable solar and wind generation. It is anticipated that continued expansion of its retail portfolio and the commencement of renewable energy power purchase agreements that CleanCo has secured will demonstrate the value of Swanbank in its portfolio and mitigate future impairment charges.

The following table outlines the key inputs and assumptions and their relationships to value in use considered in the discounted cash flow methodology to determine recoverable amounts under the value in use approach:

UNOBSERVABLE INPUTS	NATURE AND RANGE OF INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS IN VALUE IN USE
Revenue cash flows	The cash flow projections have been performed to consider the prevailing supply and demand conditions and physical dispatch of electricity and spot price outcomes. Scenarios are also modelled to take account of future expected clean energy projects and their impact on supply and demand outcomes.	A higher expected electricity generation or an increase in the electricity prices through increased demand would increase the value in use.
Operating expenditure	Operating expenditures for electricity generation have been determined based on the most recent management forecasts available at the time of valuation.	A lower operating expenditure increases the value in use.
Life of plant	Cash flows have been projected to the life of plants.	Any increases in the projections of the life of the generating plant under certain scenarios increases the value in use.
Weighted Average Cost of Capital (WACC) discount rate	A nominal WACC of 9.9% pre-tax (or 6.9% post-tax) has been employed in the valuation. The WACC discount rate has been determined in consultation with independent experts based on a long-term view of the market cost of capital.	The higher the nominal WACC, the lower the value in use.
Fuel cost	Fuel cost has been determined based on existing supply contracts and projected average gas prices.	A lower fuel cost expenditure increases the value in use.
Capital expenditures	Capital expenditures has been determined based on current life cycle plans and current overhaul and maintenance schedules.	A lower capital expenditure increases the value in use.

Application of accounting estimates and judgements

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount.

Note 5.3: Right-of-use assets

	Land and buildings	Motor vehicles	Total
	$'000	$'000	$'000
Balance at 1 July 2019	**19**	**-**	**19**
Additions	198	75	273
Disposals	-	-	-
Impairment of assets	-	(13)	(13)
Depreciation expense	(10)	(33)	(43)
Net book value at 30 June 2020	**207**	**29**	**236**
Additions	3,535	-	3,535
Disposals	(61)	(22)	(83)
Depreciation expense	(183)	(7)	(190)
Net book value at 30 June 2021	**3,498**	**-**	**3,498**

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs;
- restoration costs.

Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

Depreciation

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets are depreciated from the date they become available for use. Land is not depreciated.

Straight-line basis

Depreciation is calculated on a straight-line basis to write off the net cost of each right-of-use asset (excluding land) over their expected useful lives as follows:

The estimated useful lives for right-of-use assets are:

Right of use assets	3 — 18 years

Note 5.4: Intangible assets

	2021	2020
	$'000	$'000
INTANGIBLES — CAPITAL WORK IN PROGRESS		
Intangibles Capital Work in Progress — cost or recoverable amount	19,515	7,808
Total	**19,515**	**7,808**

Movement in carrying amounts

	Capital works in progress
	$'000
Net book value at 1 July 2019	**151**
Equity transfers from Government	586
Additions	7,071
Total additions	**7,657**
Amortisation expense	-
Net book value at 30 June 2020	**7,808**
Equity transfers from Government	-
Additions	11,707
Total additions	**11,707**
Transfers in/(out)	
Amortisation expense	-
Net book value at 30 June 2021	**19,515**

Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and services as well as direct payroll and payroll related costs of employees' time spent on the project.

After initial recognition, any intangible assets are carried at their cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives for intangible assets are:

Software	2 — 5 years

Amortisation

Amortisation is recognised on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The useful lives of intangible assets are reviewed annually and adjusted if appropriate.

Impairment

Impairment of intangible assets is considered along with property, plant and equipment. Refer to note 5.2.

Application of accounting estimates and judgements

Any change in estimation of useful lives is considered in the determination of future amortisation charges. Adjustments to useful life are made when considered necessary.

6. DERIVATIVES

Note 6.1: Derivative financial instruments

	2021	2020
	$'000	$'000
CURRENT ASSETS		
Electricity contracts — cash flow hedges	1,017	23,692
Electricity contracts — held for trading	3	2,207
Total current derivative financial instrument assets	**1,020**	**25,899**
NON-CURRENT ASSETS		
Electricity contracts — cash flow hedges	315	2,543
Electricity contracts — held for trading	-	1,707
Total non-current derivative financial instrument assets	**315**	**4,250**
CURRENT LIABILITIES		
Electricity contracts — cash flow hedges	(22,021)	(6,938)
Electricity contracts — held for trading	(1,484)	(355)
Total current derivative financial instrument liabilities	(23,505)	(7,293)
NON-CURRENT LIABILITIES		
Electricity contracts — cash flow hedges	(2,981)	(350)
Electricity contracts — held for trading	(52,038)	(5,912)
Total non-current derivative financial instrument liabilities	**(55,019)**	**(6,262)**
Net derivative financial instrument assets/(liabilities)	**(77,189)**	**16,594**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The accounting for subsequent changes in fair value depends on whether the derivative is classified as held for trading or is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as held for trading unless they are designated as hedges of a particular risk associated with highly probable forecast transactions (cash flow hedges). Certain derivatives do not qualify for hedge accounting but have been entered into for the risk management objective of economically hedging a risk. These derivatives are classified as held for trading and recognised through profit or loss.

Derivative financial instruments spanning both current and non-current periods are split into their current and non-current components prior to valuation. The fair value of these components is then classified as a current asset or liability when the maturity profile is less than 12 months, including realised but not settled components, and classified as a non-current asset or liability when the maturity profile is greater than 12 months.

Change in fair value recognised in the profit and loss

Gains and losses that are recognised in the statements of profit or loss and other comprehensive income from remeasuring the fair value of derivatives that do not qualify as effective hedging instruments are classified as “non-hedge accounted change in fair value of derivative instruments”.

Hedge Accounting

The Company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items, there is an economic relationship between the hedged items and the hedging instruments, and the terms of the contracts match the terms of the expected highly probable forecast (i.e., nominal amount, expected settlement date and no additional accounting for credit risk). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the contracts are identical to the hedged risk components (electricity price or exchange rate). To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge accounted change in fair value of derivatives instruments

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity reserves. An ineffective portion is recognised immediately in profit or loss within “non-hedge accounted change in fair value of derivative instruments”.

The hedge ineffectiveness can arise from:

- Differences in the periodic volumes of the hedging instruments and hedged items;
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments; and
- Changes to forecast timing of the cash flows of the hedged items and the hedging instruments.

Amounts accumulated in equity are reclassified to profit or loss within "Net realised gain on electricity contracts designated as cash flow hedges" in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place).

The gain or loss is recognised in profit or loss as other income. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, plant and equipment) the gain or loss previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the asset. This transfer does not affect other comprehensive income. The deferred amounts are ultimately recognised in profit or loss as depreciation or impairment in the case of non-financial assets.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria. This includes when a hedging instrument expires, is sold, or is terminated. The discontinuance is accounted for prospectively.

Any gain or loss accumulated in equity reserves at that time remains in equity and is reclassified to profit or loss as other income when the forecast transaction occurs. However, when a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity reserves is immediately reclassified to profit or loss within "non-hedge accounted change in fair value of derivative instruments".

The impact of the hedging instruments (electricity swaps) on the balance sheet is, as follows:

Note 6.2: Derivatives — highly probable movements

	Nominal amount	Carrying amount
	MWH	**$'000**
30 June 2021		
HIGHLY PROBABLE FORECAST ELECTRICITY SALES		
Current assets	42,450	356
Non-current assets	13,800	294
Current liabilities	352,410	(21,923)
Non-current liabilities	111,635	(2,981)
Total	**520,295**	**(24,254)**
HIGHLY PROBABLE FORECAST ELECTRICITY PURCHASES		
Current assets	99,978	660
Non-current assets	8,832	21
Current liabilities	37,700	(97)
Non-current liabilities	-	-
Total	**146,510**	**584**
30 June 2020		
HIGHLY PROBABLE FORECAST ELECTRICITY SALES		
Current assets	582,755	14,230
Non-current assets	162,560	2,544
Current liabilities	102,165	(1,358)
Non-current liabilities	20,250	(17)
Total	**867,730**	**15,399**
HIGHLY PROBABLE FORECAST ELECTRICITY PURCHASES		
Current assets	10,920	3
Non-current assets	-	-
Current liabilities	207,385	(3,542)
Non-current liabilities	16,100	(333)
Total	**234,405**	**(3,872)**

Note 6.3: Derivatives designated as hedging instruments

	Asset carrying value		Liabilities carrying value		Nominal hedge volume	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	MWh	MWh
12 months or less	1,017	23,692	(22,021)	(6,938)	257,182	466,615
1 — 5 years	315	2,543	(2,981)	(350)	116,603	166,710
Total	**1,332**	**26,235**	**(25,002)**	**(7,288)**	**373,785**	**633,325**

Note 6.4: Derivatives — highly probable forecast transactions

	Change in fair value during the year of the hedged items used for recognising hedge ineffectiveness	Balances in the cash flow hedge reserve at year end for continuing hedges	Balances remaining in the cash flow hedge reserve at year end for which hedge accounting is no longer applied to the hedge relationship	Change in fair value of hedging instrument used for measuring ineffectiveness for the period
	$'000	$'000	$'000	$'000
30 JUNE 2021				
Highly probable forecast electricity sales	26,183	24,081	(478)	(26,579)
Highly probable forecast electricity purchases	(290)	(46)	(1,407)	1,070
Hedging reserve — cash flow hedges	**25,893**	**24,035**	**(1,885)**	**(25,509)**
30 JUNE 2020				
Highly probable forecast electricity sales	(12,036)	(12,036)	(4,098)	15,399
Highly probable forecast electricity purchases	2,367	2,367	(56)	(3,872)
Hedging reserve — cash flow hedges	**(9,669)**	**(9,669)**	**(4,154)**	**11,526**

The effect of the cashflow hedge in the statement of profit and loss and other comprehensive income is as follows:

Note 6.5: Cash flow hedge reserve — movement

	Total hedging gain/ loss recognised in OCI	Ineffectiveness gains/ losses recognised in profit or loss	Gain/loss reclassified from OCI to profit or loss
	$'000	**$'000**	**$'000**
YEAR ENDED 30 JUNE 2021			
Highly probable forecast electricity sales	(28,953)	(445)	(10,784)
Highly probable forecast electricity purchases	1,739	(1,895)	2,025
Hedging reserve — cash flow hedges	**(27,214)**	**(2,340)**	**(8,759)**
YEAR ENDED 30 JUNE 2020			
Highly probable forecast electricity sales	(8,219)	(4,340)	24,353
Highly probable forecast electricity purchases	(1,239)	1,487	(1,072)
Hedging reserve — cash flow hedges	**(9,458)**	**(2,853)**	**23,281**

The reserve is used to recognise the effective portion of the gains and losses on derivatives designated as cash flow hedges:

Note 6.6: Cash flow hedge reserve — reconciliation

	2021	2020
	$'000	**$'000**
Balance at the beginning of the year	(10,923)	-
Effective portion of changes in fair value of cash flow hedges of electricity swaps	27,214	9,458
Net changes in fair value of cash flow hedges of electricity swaps transferred to other revenue	8,759	(23,281)
Income tax equivalent relating to these items	(10,111)	2,900
Current year change in cashflow hedge reserve	25,862	(10,923)
Balance at the end of the year	**14,939**	**(10,923)**

Master netting arrangements – not currently enforceable

Agreements with derivative counterparties are based on an International Swaps and Derivatives Association (ISDA) Master Agreement and similar agreements. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Company does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet but have been presented separately in the following tables. The net amount of financial assets summarised in the following tables best represent the Company's current exposure to credit risk on those derivatives at the reporting date.

Note 6.7: Master netting arrangements

	Amounts presented in the balance sheet	Amounts subject to master netting arrangements	Financial instrument collateral	Net amount
	$'000	**$'000**	**$'000**	**$'000**
30 June 2021				
FINANCIAL ASSETS				
Derivative financial assets	1,335	(766)	-	**569**
Cash collateral	10,666	-	(3,608)	**7,058**
Total assets	**12,001**	**(766)**	**(3,608)**	**7,627**
FINANCIAL LIABILITIES				
Derivative financial liabilities	(78,524)	766	-	**(77,758)**
Cash collateral	(3,532)	-	3,608	**76**
Total liabilities	**(82,056)**	**766**	**3,608**	**(77,682)**
30 June 2020				
FINANCIAL ASSETS				
Derivative financial assets	30,149	(3,780)	-	**26,369**
Cash collateral	6,696		(6,696)	**-**
Total assets	**36,845**	**(3,780)**	**(6,696)**	**26,369**
FINANCIAL LIABILITIES				
Derivative financial liabilities	(13,555)	3,780	-	**(9,775)**
Cash collateral	(20,372)		6,696	**(13,676)**
Total liabilities	**(33,927)**	**3,780**	**6,696**	**(23,451)**

Application of accounting estimates and judgements

The fair value of derivative financial instruments must be estimated for recognition, measurement, and disclosure purposes. Valuation policies and procedures are developed by Trading Risk, approved by the Energy Risk Management Committee and subject to internal and external audit review. The changes in fair value of Level 1 and Level 2 financial instruments are reported daily to management and level 3 monthly. All changes in fair value are reported to the Board monthly.

7. FAIR VALUE MEASUREMENT

The fair value of derivative financial instruments must be estimated for recognition and measurement or for disclosure purposes.

Fair value hierarchy

The following fair value hierarchy is based on the degree to which fair value is observable:

LEVEL 1: The fair value of derivative financial instruments traded in active markets (publicly traded derivatives) is based on quoted market prices at the end of the reporting period. The quoted market price used for these derivatives is the last settled price.

LEVEL 2: The fair value of derivative financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and either directly (i.e., as prices) or indirectly (i.e., derived from prices). All significant inputs required to fair value an instrument is observable.

LEVEL 3: One or more of the significant inputs is unobservable.

The following tables present the fair value of the Company's financial asset and liabilities into the three levels:

Note 7.1: Fair value measurement - categories

	Level 1	Level 2	Level 3	Total
	$'000	**$'000**	**$'000**	**$'000**
30 June 2021				
Recurring fair value measurement				
ASSETS				
Current derivative financial assets	549	-	471	**1,020**
Non-current derivative financial assets	20	-	295	**315**
Non-current financial assets at fair value through profit and loss	-	-	18,204	**18,204**
Total assets	**569**	**-**	**18,970**	**19,539**
LIABILITIES				
Current derivative financial liabilities	(2,191)	-	(21,314)	**(23,505)**
Non-current derivative financial liabilities	(1,885)	-	(53,134)	**(55,019)**
Total liabilities	**(4,076)**	**-**	**(74,448)**	**(78,524)**
30 June 2020				
Recurring fair value measurement				
ASSETS				
Current derivative financial assets	19,005	6,894	-	**25,899**
Non-current financial assets at fair value through profit and loss	-	-	17,032	**17,032**
Non-current derivative financial assets	2,482	1,727	41	**4,250**
Total assets	**21,487**	**8,621**	**17,073**	**47,181**
LIABILITIES				
Current derivative financial liabilities	(494)	(6,799)	-	**(7,293)**
Non-current derivative financial liabilities	(549)	(350)	(5,363)	**(6,262)**
Total liabilities	**(1,043)**	**(7,149)**	**(5,363)**	**(13,555)**

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1 and 2 for derivative financial instruments for year ended 30 June 2021.

Note 7.2: Fair value measurement — level 3

LEVEL 3 NET ASSETS/(LIABILITIES)	$'000
Balance at 1 July 2019	**-**
Losses recognised in profit or loss	(8,290)
Gains recognised in other comprehensive income	-
Purchases	20,000
Sales	
Settlements	
Balance at 30 June 2020	**11,710**
Losses recognised in profit or loss	(43,665)
Gains recognised in other comprehensive income	(23,523)
Purchases	-
Sales	-
Settlements	-
Transfers out of level 3 into level 2	-
Balance at 30 June 2021	**(55,478)**

Total unrealised losses for the current year included in profit or loss that relate to level 3 assets held at the end of the current year are $43,665,000 (2020: $8,290,000).
The significant valuation techniques and processes used to value derivative financial instruments categorised within level 2 and level 3 are:

Description	Valuation Method	Significant unobservable inputs	Inter-relationship between significant unobservable inputs, fair value measurement and sensitivities
Derivative financial instruments	• Forward curve decomposition methodology using historic settled electricity prices to interpolate over-the-counter forward prices to a greater level of granularity.	• Long-term Electricity Prices • Forecast Generation	The estimated value of the derivative instruments would: • Increase by $62.0m (2020: $47.1m) if the forward curve was increased by 10%. • Decrease by $62.0m (2020: $47.3m) if the forward curve was decreased by 10%. • Decrease by 4.3m (2020: $0.57m) if forecast generation was increased by 10%. • Increase by $5.0m (2020: $0.49m) if forecast generation was decreased by 10%.
Investments at fair value through profit and loss	• Discounted cash flow model was used to value the investment.	• Discount rate	The estimated fair value would increase/(decrease) if the discount rate was lower/ (higher).

The significant inputs used in these valuation techniques are:

- Published over-the-counter forward prices;
- Exchange traded market prices;
- Extrapolation rates;
- Scalar and translation factors;
- Market volatilities;
- Forecast generation;
- Electricity settled prices; and
- Discount rates.

8. FINANCIAL RISK MANAGEMENT

The Company has the following categories of financial assets and financial liabilities:

Note 8.1: Financial Risk Management

	2021	2020
Financial Assets	**$'000**	**$'000**
Cash and cash equivalents	7,712	923
Receivables	184,468	163,840
Derivative financial instrument assets	1,335	30,149
Other non-current assets	18,204	17,032
Total financial assets	**211,719**	**211,944**

	2021	2020
Financial Liabilities	**$'000**	**$'000**
Trade and other payables	44,155	43,950
Derivative financial instrument liabilities	78,524	13,555
Lease liabilities	4,842	256
Other liabilities	4,265	9,249
Total financial liabilities	**131,786**	**67,010**

Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk (including commodity price risks, interest rate risk and foreign currency risk), credit risk and liquidity risk. The Company's overall risk management program focuses mainly on the unpredictability of the energy and financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed.

These methods include earnings at risk and sensitivity analyses in the case of energy price risks and interest rates, cash flow at risk for liquidity risk and counterparty credit exposure at risk modelling with individual counterparty credit analysis and credit ratings assigned for credit risk.

Energy market and financial risk management is governed by Board approved risk polices and delegations. The Customer and Energy Markets team are responsible for the direct management of exposures to energy market risks with adherence to these policies. The Chief Financial Officer's team are responsible for the development of the risk policies and the subsequent risk measurement, monitoring, control and reporting of energy market and financial risks to the Energy Risk Management Committee, CEO, Audit & Risk Committee and Board.

Market risk

INSTRUMENTS USED BY THE COMPANY

The Company uses derivative financial instruments to hedge certain risk exposures, primarily exposure to fluctuations in the spot and forward price of electricity.

Commodity price risk

ELECTRICITY CONTRACTS

The Company is exposed to electricity price movements in the National Electricity Market (NEM). To manage its electricity price risk, the Company has entered into electricity sales contracts and several electricity derivatives (including over-the counter and exchange traded swaps, caps and option contracts) in accordance with the Board-approved Energy Market Risk Management Policy. For most of these derivatives, the Company receives from counterparties a fixed price per megawatt hour and in return pays the actual observed pool price. These contracts and derivatives assist the Company to provide certainty in relation to revenue received and are required to manage risk within Board approved levels.

Electricity price risk exposures are measured daily through the use of at-risk measures and the process of marking to market the Company's exposure of the net derivative asset and liability position.

Swaps currently in place are timed to settle as each cash flow is received from the NEM. For electricity contracts designated as hedging instruments, the cash flows of the hedged electricity sales and purchases are expected to occur as described in the table under Liquidity Risk, with the hedge reserve reclassifications to the profit or loss within the same financial years as the cash flows.

The electricity swap contracts designated as cash flow hedges of CleanCo's electricity sales are to receive fixed cash flows for prices between $34.42 and $120 (520,295 MWh), the electricity swap contracts designated as cash flow hedges of CleanCo's electricity purchases are to pay fixed cash flows for prices between $39 and $75.75 (146,510 MWh).

ENVIRONMENTAL CONTRACTS

The Company is exposed to environmental certificate price movements through their requirement to comply with various regulatory environmental schemes as part of their normal business operations. The Company also creates environmental certificates which are used to either acquit the mandatory renewable energy liability of the Company or sold to customers through long-term retail contracts.

To manage its environmental certificate price risk, the Company buys and sells these certificates in the spot and forward markets as and when required. These certificates are classified as inventory. The Company is exposed to environmental certificate price movements through their requirement to comply with various regulatory environmental schemes as part of their normal business operations.

SENSITIVITY ANALYSIS

The following commentary and table summarise the sensitivity of the Company's derivative financial instruments to electricity price risk. Analysis is performed on a pre-tax basis using similar information to that which would be provided to management and reflects the impact on the Company's financial position should certain price movements occur.

The sensitivity in the mark-to-market of the electricity derivative portfolio to movements in the forward prices of electricity at balance date were investigated. The analysis assumes upward and downward movements of electricity prices of 10%, which reflects a reasonably possible scenario in the economic environment over the next period.

Note 8.2: Electricity sensitivity analysis

	Average price increase			Average price decrease		
	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
		$'000	$'000		$'000	$'000
Electricity price — 2021	**10%**	**67,381**	**(5,966)**	**-10%**	**(67,381)**	**5,965**
Electricity price — 2020	10%	46,873	(3,947)	-10%	(46,833)	3,988

Interest rate risk

The Company's only exposure to interest rate risk is in relation to cash and cash equivalents and the QTC Advances Facility. The Company has no other financial assets or liabilities with variable interest rates. Whilst these facilities are exposed to movements in interest rates, the Company believes that the impact of the risk is not significant.

Credit risk

Credit risk exposure refers to the situation where the Company may incur financial loss as a result of another party to a financial instrument failing to fulfil their contractual obligation. Concentrations of credit risk exist for counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Derivative counterparty credit risk exposures are predominantly to financial institutions and energy market participants.

The Company manages counterparty credit risk through the credit risk policy and associated framework, the policy defines credit risk limits and operational controls and procedures to mitigate credit exposure. The Company utilises industry practice credit review processes and security instruments to manage its credit risks. The Company's credit risk exposure for derivatives is managed by trading with energy industry counterparties under ISDA agreements where possible or contracts with credit risk mitigation clauses. The credit exposure of derivatives is calculated utilising a value at risk methodology which takes into account the current market value, duration of exposure, likelihood of default of the counterparty, the expected loss given default, credit collateral and the volatility of market prices. The Company manages its exposure to credit risk for certain derivatives on a net position basis for each of the counterparties.

Please refer to Note 4.3 Receivables for credit risk assessment of outstanding receivables.

A summary of the credit quality of derivative financial assets that are neither past due nor impaired is assess by external credit ratings as reflected in the following table:

Note 8.3: Credit ratings

	2021	2020
	$'000	**$'000**
AA+ to AA-	(5,806)	(1,637)
A+ to A-	(5,903)	20
BBB	(11,814)	3,467
Total	**(23,523)**	**1,850**

Liquidity risk

The Company is subject to cash flow volatility and manages a substantial portion of that risk by entering into over-the-counter hedges. The Company measures liquidity exposures daily using a cash flow at risk methodology.

REMAINING CONTRACTUAL MATURITIES

The following tables analyse the Company's remaining contractual maturity for its non-derivative financial instrument liabilities and derivative financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows and the earliest date on which they are required to be paid.

Note 8.4: Derivatives — liquidity sensitivity analysis

	1 year or less	Between 1 and 5 years	Remaining contractual maturities	Discounting	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Derivative financial instrument liabilities — 2021	**(22,021)**	**(27,695)**	**(29,489)**	**681**	**(78,524)**
Derivative financial instrument liabilities — 2020	(5,259)	(1,383)	(5,699)	(1,214)	(13,555)

Note 8.5: Trade payables — liquidity sensitivity analysis

	1 year or less	Between 1 and 5 years	Remaining contractual maturities	Discounting	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other payables — 2021	**(44,155)**	**-**	**-**	**-**	**(44,155)**
Trade and other payables — 2020	(43,950)	-	-	-	(43,950)

Note 8.6: Other liabilities — liquidity sensitivity analysis

	1 year or less	Between 1 and 5 years	Remaining contractual maturities	Discounting	Total
	$'000	$'000	$'000	$'000	$'000
Other liabilities — 2021	**(4,103)**	**(5,274)**		**270**	**(9,107)**
Other liabilities — 2020	(9,304)	(202)	-	-	(9,506)

Capital Risk Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to maintain the required credit rating for a Government Owned Corporation generator operating in a deregulated electricity market, to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of its gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as total lease liabilities. Total capital is calculated as 'equity' as shown in the statement of financial position plus debt.

At 30 June 2021 the Company has a lease liability of $4.8 million (2020: $0.26 million) and its gearing ratio is 2% (2020: 0%).

9. CURRENT LIABILITIES

Note 9.1:

Trade and other payables

	2021	2020
	$'000	$'000
Trade payables	12,883	193
Accrued expenses	18,650	22,907
Other payables	12,622	20,850
	44,155	**43,950**

Trade payables are unsecured and are usually paid within 30 days of recognition. Accrued expenses are recognised for expenses incurred but not yet invoiced.

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period, are measured at the amounts expected to be paid when the liabilities are settled. They are measured at undiscounted amounts based on remuneration rates at reporting date including related on-costs. The liabilities for wages and salaries are presented as other payables in the statement of financial position.

Due to the nature of over-the-counter electricity contracts (OTC), the settlement is performed on a net basis with the respective counterparty. The net amount payable is included in trade payables.

10. PROVISIONS

Note 10.1:

Current provisions

	2021	2020
	$'000	$'000
Employee benefits	7,268	1,423
Restoration, rehabilitation and decommissioning	751	25,895
	8,019	**27,318**

Note 10.2:

Non-current provisions

	2021	2020
	$'000	$'000
Employee benefits	252	119
Restoration, rehabilitation and decommissioning	82,561	51,729
	82,813	**51,848**

A provision is recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Short term employee benefits

The leave obligations cover the Company's liabilities for long service leave and annual leave which are classified as either long-term benefits or short-term benefits.

The entire amount of the annual leave provision is presented as current since the Company does not have an unconditional right to defer settlement for any of this obligation. However, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and where employees are entitled to pro-rate payments in certain circumstances.

Long term employee benefits

The Company also has liabilities for long service leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Note 10.3:
Total restoration, rehabilitation and decommissioning

	2021	2020
	$'000	$'000
Total balance at the beginning of the year	77,624	-
Equity transfers from Government	-	72,711
Movement in estimates	5,926	939
Unwinding of discounts	1,573	4,120
Unused amounts reversed	(1,811)	(146)
Total balance at the end of the year	**83,312**	**77,624**

Future costs associated with the rehabilitation of power station sites are estimated and provided for. Provisions for restoration and rehabilitation costs do not include additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments and are subject to formal review at regular intervals.

As at 30 June 2021, the balance of provisions for restoration and rehabilitation includes

$10.79 million (2020: $11.01 million) for the Company's share of provisions in the joint operation of Kogan North Joint Venture.

When provisions for restoration and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost is amortised over the estimated economic life of the operation. The value of the provision is progressively increased over time as the effect of the discounting unwinds, creating an expense which is recognised as a finance cost. The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the profit or loss in each accounting period. The amortisation of the discount is shown as a financing cost, rather than as an operating cost.

Application of accounting estimates and judgements

Employee Benefits

Non-current provision for employee benefits are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Restoration, rehabilitation and decommissioning

Provisions for restoration, rehabilitation and decommissioning obligations are based on risk-adjusted cash flows. These estimates have been discounted to their present value at a pre-tax risk-free rate, based on an estimate of the long term, risk-free, pre-tax cost of borrowing. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

11. LEASES

CleanCo entered a new lease commencing 1 March 2021 at Level 18, 140 Creek Street, Brisbane, Queensland 4000. This lease has been recognised under AASB 16 Leases. Information about this lease and leases of motor vehicles for which CleanCo is a lessee is presented below:

Note 11.1: Lease liability accounts

	2021	2020
	$'000	$'000
Lease liability — current	21	54
	21	54
Lease liability — non-current	4,821	202
	4,821	202

	2021	2020
	$'000	$'000
Amounts recognised in the Statement of Profit and Loss		
Interest on lease liabilities	17	5
Balance as at 30 June	**17**	**5**

	2021	2020
	$'000	$'000
Amounts recognised in the Statement of Cashflows		
Principal payments	58	35
Total cash outflow for leases	**58**	**35**

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company. The right-of-use assets for land and buildings and motor vehicles are disclosed in Note 5.3 Right-of-use assets.

At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable and
- variable lease payments that are based on an index or a rate.

The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined or the Company's incremental borrowing rate. Lease interest for the current year included in finance costs in Note 3.3 is $17,466 (2020: $5,455).

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

All commitments are shown exclusive of Goods and Services Tax (GST).

12. INCOME TAX

Note 12.1: Income tax

	2021	2020
	$'000	$'000
INCOME TAX EQUIVALENT BENEFIT		
Current tax equivalent expense	12,624	-
Deferred tax equivalent benefit	(22,804)	(17,572)
Adjustments for deferred tax equivalent of prior period	903	-
Adjustments for current tax equivalent of prior period	-	(20)
Income tax equivalent benefit	**(9,277)**	**(17,592)**
INCOME TAX EQUIVALENT BENEFIT IS ATTRIBUTABLE TO:		
Loss from continuing operations	(9,277)	(17,592)
Income tax equivalent benefit	**(9,277)**	**(17,592)**
DEFERRED TAX EQUIVALENT BENEFIT INCLUDED IN INCOME TAX EQUIVALENT BENEFIT COMPRISES:		
Increase in deferred tax assets	(22,258)	(17,578)
Increase in deferred tax liabilities	357	6
Deferred tax equivalent benefit	**(21,901)**	**(17,572)**
NUMERICAL RECONCILIATION OF INCOME TAX EQUIVALENT EXPENSE AND TAX AT THE STATUTORY RATE		
Loss before income tax equivalent benefit from continuing operations	(25,194)	(67,189)
	(25,194)	**(67,189)**
Tax at the statutory rate of 30% (2020: 30%)	**(7,558)**	**(20,157)**
TAX EFFECT AMOUNTS WHICH ARE NOT DEDUCTIBLE/(TAXABLE) IN CALCULATING TAXABLE INCOME:		
Non-assessable income	-	(505)
Income tax equivalent adjustment of prior periods	903	-
Non-deductible expenses	3	-
Tax effect of utilisation of tax losses not previously recognised	(2,273)	-
De-recognition of temporary differences	(352)	3,000
Restatement of temporary differences due to changes in tax rate	-	(17)
Other	-	87
Income tax equivalent benefit	**(9,277)**	**(17,592)**

	2021	2020
	$'000	$'000
TAX EQUIVALENT BENEFIT/(EXPENSE) RELATING TO ITEMS OF OTHER COMPREHENSIVE INCOME AND RECOGNISED DIRECTLY IN EQUITY		
Cash flow hedges recognised in OCI	10,111	(2,900)
Actuarial gains/(losses) on defined benefit plan recognised in OCI	(458)	11
Transfers recognised directly in equity (note 1c)	394	29,286
	10,047	**26,397**

NET DEFERRED TAX EQUIVALENT ASSET/(LIABILITY) COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:		
Derivative financial instruments	23,722	(3,102)
Rehabilitation provision	24,994	23,287
Employee Entitlements	2,371	473
Fixed assets	25,483	21,887
Sundry items	45	2,122
Deferred tax equivalent asset/(liability)	**76,615**	**44,667**

Note 12.2: Income tax due/(owing)

	2021	2020
	$'000	$'000
Income tax due/(owing)	(12,624)	2,237
Total income tax due/(owing)	**(12,624)**	**2,237**

Note 12.3: Deferred tax equivalent asset/(liability)

	2021	2020
	$'000	$'000
Deferred Tax Asset	79,112	47,763
Deferred Tax Liability	(2,497)	(3,096)
Total deferred tax equivalent asset	**76,615**	**44,667**

Note 12.4: Income tax due/(owing)

	Derivative financial instruments	Employee Entitlements & Provisions	Provision for rehabilitation	Fixed Assets	Other	Total
At 30 June 2020	**(3,102)**	**473**	**23,287**	**21,887**	**2,122**	**44,667**
Transfers on 30 August 2020, recognised directly in equity	-	877	-	-	(729)	**148**
Transfers on 1 November 2020, recognised directly in equity	-	246	-	-	-	**246**
Charged/(credited) to profit or loss	16,713	775	1,872	4,123	(680)	**22,803**
Charged directly to equity	10,111	-	-	-	(458)	**9,653**
Under provision prior year	-	-	(165)	(527)	(210)	**(902)**
Impact of change in tax rate	-	-	-	-	-	**-**
At 30 June 2021	**23,722**	**2,371**	**24,994**	**25,483**	**45**	**76,615**
At 30 June 2019	**-**	**48**	**-**	**191**	**460**	**699**
Transfers on 31 October 2019	-	-	21,813	7,440	33	**29,286**
Charged/(credited) to profit or loss	(202)	425	1,474	14,255	1,619	**17,571**
Charged directly to equity	(2,900)	-	-	-	11	**(2,889)**
Under provision prior year	-	(1)	-	(4)	(12)	**(17)**
Impact of change in tax rate	-	1	-	5	11	**17**
At 30 June 2020	**(3,102)**	**473**	**23,287**	**21,887**	**2,122**	**44,667**

As a Government Owned Corporation, the Company is subject to the National Tax Equivalents Regime (NTER). Under this scheme, the Company must make income tax payments to the State Government and is not liable to pay Commonwealth Tax that would be payable if it were not a Government Owned Corporation.

These payments are made pursuant to section 129(4) of the Government Owned Corporations Act 1993 (Qld). The NTER gives rise to obligations which reflect in all material aspect those obligations for taxation which would be imposed by the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997.

Income tax equivalent expense is made up of current tax equivalent expenses and deferred tax equivalent expenses. Current tax equivalent expenses represent the expected tax payable on the taxable income for the year, using current tax rates substantially enacted by the end of the reporting period. Deferred tax equivalent expense represents change in temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.

The Company adopts the balance sheet approach to accounting for income tax equivalent payments.

Deferred tax equivalent balances arise when there are temporary differences between carrying amounts and the tax bases of assets and liabilities, other than where the difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting profit nor taxable profit or loss.

Deferred tax equivalent assets are recognised for deductible temporary differences and unused tax losses only if it is probably that future taxable amounts will be available to utilise those temporary differences and tax losses.

Deferred tax equivalent assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and the tax laws that have been enacted or substantially enacted at the reporting date.

Tax equivalent assets and liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and liability simultaneously.

Current and deferred tax equivalent balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. Forecast assumptions prepared by Cleanco indicate taxable profits in the foreseeable future, with the tax losses expected to be fully utilised in this time.

13. EQUITY

Note 13.1: Contributed equity

	2021	2020	2021	2020
	No. of Shares	No. of Shares	$'000	$'000
Ordinary shares — fully paid	**20,000,002**	20,000,002	**307,412**	308,349

Movements in share capital

	Number of Shares	$
Balance at 30 June 2019	20,000,002	180,000,002
Equity contribution from the State of Queensland	-	128,348,962
Balance at 30 June 2020	**20,000,002**	**308,348,964**
Equity contribution from / (distribution to) the State of Queensland (Note 1c)	-	(936,531)
Balance at 30 June 2021	**20,000,002**	**307,412,433**

Shares issued

The shares are held by the Hon. Mr Cameron Dick MP, Treasurer and Minister for Investment and the Hon. Mick de Brenni MP, Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement.

Ordinary shares have no par value and the Company does not have authorised capital.

Equity contribution from/ (distribution to) State of Queensland

The State of Queensland made an equity contribution to assist with the establishment and operations of the Company. The amount is treated as a contribution by owners and accounted for as an adjustment to equity in accordance with Interpretation 1038: Contributions by Owners made to Wholly Owned Public Sector Entities.

During the year the remaining assets and liabilities were transferred to the Company from Stanwell Corporation Limited and CS Energy Limited. See note 1 (c) for further information.

14. EMPLOYEE RETIREMENT BENEFIT OBLIGATIONS

Some employees of the Company are entitled to benefits from the industry superannuation plan, the Energy Super Fund (ESF), on retirement, disability, or death. The Company has a defined benefit plan and a defined contribution plan. Due to a higher-than-expected return on the actual investment plan assets the total fair value of the plan assets were more than the present value of the future obligations in 2021 resulting in a defined benefit asset being recognised at 30 June 2021 (30 June 2020: Defined benefit liability recognised).

The amounts recognised in the Statement of Financial Position are determined as follows:

Note 14.1: Employee retirement benefit obligations

	2021	2020
	$'000	**$'000**
Present value of the defined benefit obligation	(9,406)	(1,357)
Fair value of defined benefit plan assets	10,486	915
Net surplus / (deficit) before adjustment for contributions tax	**1,080**	**(442)**
Adjustments for contributions tax	-	-
Total	**1,080**	**(442)**

Reconciliation

	2021	2020
	$'000	**$'000**
RECONCILIATION OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION, WHICH IS FULLY/PARTLY FUNDED:		
Balance at the beginning of the year	1,357	-
Assets transferred in	8,181	916
Current service cost	292	19
Past service cost	-	428
Interest cost	19	6
Taxes, premiums & expenses paid	(62)	(9)
Actuarial (gains) and losses recognised in equity	(827)	(9)
Actuarial losses from liability experience	346	1
Contributions by plan participants	100	5
Balance at the end of the year (net of contributions tax)	**9,406**	**1,357**
RECONCILIATION OF THE FAIR VALUE OF PLAN ASSETS:		
Balance at the beginning of the year	915	-
Assets transferred in	8,181	916
Interest income	29	5
Actual return of Fund assets less interest income	1,046	(44)
Employer contributions	277	42
Taxes, premiums & expenses paid	(62)	(9)
Contributions by plan participants	100	5
Other cash flows recognised in equity	-	-
Balance at the end of the year	**10,486**	**915**

The major categories of plan assets are as follows:

Categories of plan assets

	2021	2020
	$'000	$'000
Cash	629	37
Australian equities	2,202	211
International equities	2,097	238
Fixed income	1,678	119
Property	839	73
Other assets	3,041	237
Total	**10,486**	**915**

Employer contributions

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. Actuarial assessments are made at no more than three yearly intervals, with the most recent actuarial assessment undertaken as at 30 June 2021.

The actuary has recommended that CleanCo makes contributions at the rate of 16.2% of salaries for employees who are members of the defined benefit plan.

The main assumptions for the valuations of the plans under AASB 119 *Employee Benefits* are set out below:

Actuarial assumptions and sensitivity

	2021	2020
Discount rate	2.5%	1.6%
Future salary increases	3.0%	3.0%

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increases. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Base Case	-0.5% pa discount rate	+0.5% pa discount rate	-0.5% pa salary increase rate	+0.5% pa salary increase rate
Discount rate	2.5% pa	2.0% pa	3.0% pa	2.5% pa	2.5% pa
Salary increase rate	3.0% pa	3.0% pa	3.0% pa	2.5% pa	3.5% pa
Defined benefit obligation ($'000)	9,406	9,854	8,984	8,984	9,850

Accounting policy

Employee retirement benefits

The Company's defined contribution plan chosen by the employee receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

Contributions to the defined contribution plans are recognised as an expense in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company's defined benefit plan provides lump sum benefits based on years of service and final average salary. A liability or asset in respect of the Company's defined benefit superannuation plan is recognised in the statement of financial position and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the plan's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised post service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities

Expected future payments are discounted using rates based on high-quality corporate bond yields with terms to maturity that match, as closely as possible, the estimated future cash outflows. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

Past service costs are recognised immediately in profit or loss, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Future taxes, such as taxes on investment income and employer contributions, are considered in the actuarial assumptions used to determine the relevant components of the employer's defined benefit liability or asset.

15. JOINT ARRANGEMENTS

The Company has a joint operating agreement in the Kogan North Joint Venture, incorporated in Australia. The principal activities of the joint operation are the exploration and production of gas. The Company has an interest of 50% as at 30 June 2021 (30 June 2020: 50%) which is equal to the proportion of voting power held.

16. CONTINGENCIES

The Company had no contingent liabilities at 30 June 2021 and 30 June 2020.

17. COMMITMENTS

(a) Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Note 17.1: Commitments - capital

	2021	2020
	$'000	$'000
PROPERTY, PLANT AND EQUIPMENT		
Within one year	55,105	9,904
Later than one year but no later than five years	31,784	6,267
Greater than five years		-
Total — Property, plant and equipment	**86,889**	**16,171**

Capital commitments include contractual commitments to build, own and operate CleanCo's own 103 MW wind farm of 18 turbines. The 30 June 2020 commitments have been restated to reflect contractual commitments at that date instead of forecasted requirements, which were previously included.

(b) Leases

On 28 February 2021, CleanCo terminated its property lease at 12 Creek Street, Brisbane, Queensland 4000 with the Department of Housing and Public Works (DHPW). This lease was outside the scope of AASB 16 Leases because DHPW has substitution rights with respect to the non-specialised commercial office accommodation under the Queensland Government Accommodation Office's (QGAO) Office Accommodation Management Framework. Costs relating to this arrangement are treated as an operating lease when incurred.

Note 17.2: Commitments — external to government leases

	2021 Land and Buildings	2020 Land and Buildings
	$'000	$'000
MATURITY ANALYSIS — CONTRACTUAL UNDISCOUNTED CASH FLOWS		
Within one year	-	498
Later than one year but no later than five years	-	-
Greater than five years	-	-
Total undiscounted lease liabilities	**-**	**498**

18. RELATED PARTY TRANSACTIONS

Note 18.1: Related party transactions

	2021	2020
	$'000	$'000
REVENUE		
Grant income received from Queensland Treasury	-	248
Interest received on advance facility from QTC	70	2,539
Electricity trading with State of Queensland controlled entities	(2,459)	(1,134)
EXPENSES		
Salaries paid to Queensland Treasury	-	(55)
Finance expenses paid to QTC	(246)	(239)
Costs paid to State of Queensland controlled entities	(5,638)	(3,778)
NTER received/(paid) to Queensland Treasury	2,237	(2,237)
ASSETS		
Advances facility held with QTC	87,260	144,157
Electricity Trading with State of Queensland controlled entities	283	698
LIABILITIES		
Trade and other payables to State of Queensland controlled entities	1,194	110
Electricity Trading with State of Queensland controlled entities	(6,090)	3,412
EQUITY		
(Distribution to owners) / Capital contribution	(937)	128,349

Parent entities

The ultimate controlling entity is the State of Queensland which owns 100% of the shares of the Company.

Transactions with shareholding Ministers

There were no transactions with the shareholding Ministers.

During the prior year the shareholding Ministers facilitated the transfer of the foundation assets from CS Energy Limited and Stanwell Corporation Limited to the Company. The legal title and ownership of the foundation assets and related liabilities were transferred to the Company on 31 October 2019. During the current year the transitional services agreements expired and the remaining assets and liabilities were transferred to the Company from Stanwell on 30 August 2020 and CS Energy on 1 November 2020. This has been recognised as a Distribution to owners.

Transactions with key management personnel

Transactions with entities related to key management personnel occur on terms and conditions which are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related entities on an arm's length basis.

There were no transactions with key management personnel other than the compensation disclosed in note 19.

Transactions with other related parties

All State of Queensland controlled entities meet the definition of a related party in accordance with AASB 124 Related Party Disclosures. The Company transacts with other State of Queensland controlled entities as part of its normal operations on terms equivalent to those that prevail in arm's length transactions.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates. The advance facility with QTC had an average interest during the period of 0.51% to 1.05%.

19. KEY MANAGEMENT PERSONNEL

Key management personnel (KMP) include both directors and general managers who have authority and responsibility for planning, directing and controlling the activities of the Company. The Company's shareholding Ministers are identified as part of the Company's KMP, consistent with AASB 124 Related Party disclosures.

For the 2021 reporting period, these Ministers are:

- the Honourable Cameron Dick MP, Treasurer and Minister for Investment;
- the Honourable Mick de Brenni MP, Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement (from 22 March 2021); and
- the Honourable Dr Anthony Lynham MP, Minister for Natural Resources, Mines and Energy (until 22 March 2021).

(a) Directors

The following persons were directors of the Company during the financial period.

Directors	Position	Date of appointment	Appointment expiry date
Jacqueline Walters	Chair- Non-Executive Director	17 December 2018	16 December 2021
Ivor Frischknecht	Non-Executive Director	17 December 2018	16 December 2021
Tracy Dare	Non-Executive Director	17 December 2018	16 December 2021
Laurene Hull	Non-Executive Director	12 December 2019	30 September 2022
Paul Venus	Non-Executive Director	12 December 2019	30 September 2022

(b) Other key management personnel

The following key management personnel were appointed by the Board:

Senior Executives	Position	Date of appointment
Maia Schweizer	Chief Executive Officer	30 September 2019
Graham Yerbury	Chief Finance Officer	30 September 2019
Tanya Mills	General Manager — Customer and Energy Markets	12 August 2019
Sally Frazer	General Manager — Legal and Governance and Company Secretary	30 September 2019
Tim Hogan	General Manager — Asset Operations	28 February 2020
Natasha Patterson*	General Manager — Reputation	19 October 2020
Julie Whitcombe	General Manager — Strategy & Development	1 June 2021
Nicholle Duce	General Manager — Corporate Services	7 January 2020 — 14 August 2020

- Natasha Patterson was appointed Acting GM Reputation from 19 October 2020. She was formally appointed as GM Reputation on 1 March 2021.

In the prior year, the following persons were Interim Senior Executives with the authority and responsibility for planning, directing and controlling the activities of the Company:

Interim Senior Executives	Position	Date of appointment
Geoff Dutaillis	Interim Executive General Manager - Transition	11 February 2019 — 16 February 2020
Gerard Dover	Interim Finance Lead	26 March 2019 — 25 September 2019
Miles George	Interim Chief Executive Officer	11 February 2019 — 7 November 2019
Tanya Mangold	Interim General Manager Legal and Governance/Company Secretary	1 February 2019 — 23 January 2020

(c) Key management personnel compensation

SHAREHOLDING MINISTERS

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Company does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers as reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

DIRECTORS

Directors' remuneration is determined by the Governor in Council under the Government Owned Corporations Act 1993. Directors' remuneration comprises directors' fees and statutory superannuation contributions.
All directors are reimbursed for reasonable expenses incurred whilst conducting business on behalf of the Company.
Directors' compensation does not include insurance premiums paid by the Company in respect of director's and officer's liabilities and legal expenses, as the insurance policies do not specify premiums paid in respect of individual directors. The directors do not receive any performance related compensation.

OTHER KEY MANAGEMENT PERSONNEL

REMUNERATION POLICY

The Company provides that:

- the recruitment and appointment of Senior Executives will be based on the principles of merit and equity;
- the remuneration of Senior Executives will be aligned to the Company's Corporate Plan and organisation objectives and reviewed regularly to ensure that strategic business requirements are supported; and
- the remuneration arrangements are consistent with the Queensland Government's Policy for Government Owned Corporations Chief and Senior Executive Arrangements Version 2.

The Chief Executive Officer and all other Senior Executives are appointed by the Board. Executives receive a total fixed remuneration comprising a base salary and superannuation contributions. Executives are entitled to a short-term incentive at CleanCo's discretion.

There were no performance-related conditions entered into between the Company and the Senior Executives.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post-employment benefits.

No performance payments were made or are payable to the key management of the Company.

30 June 2021

	Short-term employee benefits	Post-employment benefits	Long-term benefits	Termination benefits	Non-monetary benefits	
	Cash salary	Superannuation	Long service leave			Total
	$'000	$'000	$'000	$'000	$'000	$'000
NAME						
DIRECTORS						
Jacqueline Walters	134	13	-	-	-	**147**
Tracy Dare	79	7	-	-	-	**86**
Ivor Frischknecht	79	7	-	-	-	**86**
Paul Venus	78	7	-	-	-	**85**
Laurene Hull	78	7	-	-	-	**85**
OTHER KEY MANAGEMENT PERSONNEL						
Maia Schweizer	645	23	6	-	-	**674**
Graham Yerbury	391	23	4	-	-	**418**
Tanya Mills	393	23	35	-	1	**452**
Sally Frazer	310	40	2	-	-	**352**
Tim Hogan	310	50	192	-	-	**552**
Natasha Patterson	302	23	2	-	1	**328**
Julie Whitcombe	35	3	-	-	-	**38**
Nicholle Duce	46	13	-	108	-	**167**
Total key management personnel compensation	**2,880**	**239**	**241**	**108**	**2**	**3,470**

30 June 2020

	Short-term employee benefits	Post-employment benefits	Long-term benefits	Termination benefits	Non-monetary benefits	
	Cash salary	Superannuation	Long service leave			Total
	$'000	$'000	$'000	$'000	$'000	**$'000**
NAME						
DIRECTORS						
Jacqueline Walters	133	13	-	-	-	**146**
Tracy Dare	78	7	-	-	-	**85**
Ivor Frischknecht	78	7	-	-	-	**85**
Paul Venus	43	4	-	-	-	**47**
Laurene Hull	43	4	-	-	-	**47**
OTHER KEY MANAGEMENT PERSONNEL						
Maia Schweizer	461	15	1	-	-	**477**
Graham Yerbury	279	15	1	-	-	**295**
Tanya Mills	342	19	5	-	3	**369**
Sally Frazer	219	28	1	-	-	**248**
Tim Hogan	100	19	3	-	-	**122**
Nicholle Duce	149	11	-	-	3	**163**
Miles George	182	8	-	-	-	**190**
Geoff Dutaillis	348	14	-	-	-	**362**
Gerard Dover	138	-	-	-	-	**138**
Tanya Mangold	116	10	-	24	-	**150**
Total key management personnel compensation	**2,709**	**174**	**11**	**24**	**6**	**2,924**

20. EVENTS AFTER THE REPORTING PERIOD

On 2 August 2021 CleanCo executed a revised agreement with Neoen for 100 per cent of the energy generated by the Kaban Green Power Hub. Instead of the original 110 MW Power Purchase Agreement (PPA), under the new Capacity Purchase Agreement (CPA) Neoen will appoint CleanCo as the market intermediary for the wind farm, meaning CleanCo will control the bidding and dispatch of the 157 MW wind farm into the electricity grid when generation commences.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

DIRECTORS' DECLARATION 30 JUNE 2021

In the directors' opinion:

(a) the financial statements and notes set out on pages 30 to 95 are in accordance with the Corporations Act 2001 and Government Owned Corporations Act 1993 (GOC Act) including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

Jacqui Walters

Jacqueline Walters
CHAIR

Brisbane
27 August 2021

AUDITOR'S INDEPENDENT DECLARATION

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AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of CleanCo Queensland Limited

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of CleanCo Queensland Limited for the financial year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

IAsim

27 August 2021

Irshaad Asim
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

INDEPENDENT AUDITOR'S REPORT

Queensland Audit Office
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AUDITOR'S INDEPENDENCE DECLARATION

To the Members of CleanCo Queensland Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of CleanCo Queensland Limited and its jointly controlled entity (the group).

In my opinion, the financial report:

a) gives a true and fair view of the group's financial position as at 30 June 2021 and its financial performance and cash flows for the year then ended

b) complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*. I am also independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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Measurement of derivative financial instruments and designation of hedging instruments

Refer to notes 6 and 7 in the financial report.

Key audit matter	How my audit addressed the key audit matter
Accounting for derivative financial assets and liabilities is inherently complex. Key factors contributing to this complexity include: • use of internal valuation models in CleanCo's estimation of the fair value of the following financial instruments: – Power Purchasing Agreements (PPA) – over-the-counter derivatives – environmental certificates. These models are complex and use key inputs such as: – long term forward prices – discount rates. They often involve significant judgment due to the absence of observable market data for some assumptions. • The group's application of hedge accounting involves judgements about CleanCo's forecast generation and retail profile to monitor on-going hedge effectiveness for compliance with the specific requirements of AASB 9 *Financial instruments*.	My procedures included but were not limited to: • use of a derivative valuation expert to assist me in: – obtaining an understanding of the valuation models, and assessing their design, integrity, and appropriateness with reference to common industry practices – challenging management assumptions used in the valuation process and assessing the reasonableness of long-term electricity prices, forecast generation and discount rates, by comparison to independently sourced external market data, and market conditions at year end, CleanCo's generation activities and energy trading policy – for a sample of derivatives, agreeing key terms to supporting documents (including contracts) and counter-party confirmations and recalculating the fair values for comparison to those calculated by the group based on our understanding of generally accepted derivative valuation practices – assessing CleanCo's hedge accounting process for compliance with accounting standards, including reviewing hedge accounting documentation and testing the methodology for calculating hedge effectiveness – for cash flow hedges, assessing the reasonableness of forecast information used to support that hedged transactions are considered highly probable of occurring with reference to forecast generation and to externally published data • assessing the appropriateness of the disclosures included in notes 6 and 7 to the financial statements.

Measurement of provision for restoration, rehabilitation and decommissioning

Refer to note 10 in the financial report.

Key audit matter	How my audit addressed the key audit matter
As at 30 June 2021, the group has provisions for restoration, rehabilitation and decommissioning relating to its generation assets, inclusive of Kogan North Joint Venture gas wells. The measurement of these provisions required significant judgments in: • assessing CleanCo's obligations under current environmental, regulatory and legal requirements to determine the activities requiring inclusion in the provision estimate	My procedures included, but were not limited to: • evaluating the scope, competency, capabilities and objectivity of the external experts used by CleanCo to provide the estimated costs of rehabilitation • testing the mathematical accuracy of the discounted cash flow model used to measure the provision • evaluating the completeness of sites provided for through examination of CleanCo's operating sites, external expert advice and relevant environmental and regulatory requirements

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Key audit matter	How my audit addressed the key audit matter
• estimating the quantum (in today's dollars) and timing of future costs for restoration, rehabilitation and decommissioning activities • determining appropriate rates for annual cost escalation and to discount the forecast costs to their present values. CleanCo determines its estimate of the provision using a combination of external expert advice and internal assessments.	• evaluating the quantum (in today's dollars) and timing of estimated future costs for reasonableness, having regard for the group's external expert reports and other relevant internal and external supporting documentation • evaluating whether annual cost escalation factors and discount rates were within a reasonable range with reference to market and industry research.

Impairment of CleanCo's property, plant and equipment

Refer to note 5.2 in the financial report.

Key audit matter	How my audit addressed the key audit matter
Assessing carrying values of property, plant and equipment for impairment is complex and highly judgemental. CleanCo's assessment is based on forward looking assumptions about operating and market conditions. It also involves the use of complex models to measure the recoverable amount. Key assumptions, judgements and estimates used in CleanCo's impairment testing process include: • allocating assets to cash generating units • estimating future cash inflows and outflows based on: – electricity demand and available generation – wholesale electricity prices – capital and operating expenses – planned plant retirements • determining the rate used to discount the forecast cashflows to their present value.	My procedures included, but were not limited to: • evaluating whether the cash generating units used by management are consistent with CleanCo's internal reporting and our understanding of the business • testing the mathematical accuracy of the discounted cash flow models and its appropriateness with reference to the requirements of the accounting standards • assessing the reasonableness of the cash flow forecasts relative to Board approved corporate plans and other relevant supporting information • engaging an auditor's expert to assist me in assessing the reasonableness of the forecast generation and wholesale electricity prices with reference to externally published data • comparing the forecast timing and cost of capital expenditure against the approved Corporate Plan • comparing the timing of planned plant retirement with the expected operational lives of the plants • evaluating whether the discount rates applied were within a reasonable range with reference to market data and industry research • assessing the accuracy of management's forecasts by comparing 2021 budgets to actual results • assessing the appropriateness of the disclosures included in Note 5.2 to the financial statements.

Other information

Other information comprises financial and non-financial information (other than the audited financial report). At the date of this auditor's report, the available other information in CleanCo Queensland Limited's annual report for the year ended 30 June 2021 was the directors' report.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Company for the financial report

The Company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards, and for such internal control as the Company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Company's directors are also responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.

- Conclude on the appropriateness of the group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the Company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Company's directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

IAsim

27 August 2021

Irshaad Asim
as delegate of the Auditor-General

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