



Attachment 1

Detailed Response on Support Activities Expenditure

19 December 2025

Responsibilities

This document is the responsibility of the Marinus Link Team, Marinus Link Pty Ltd PO Box 721 Hobart Tasmania 7001, ABN 47 630 194 562 (hereafter referred to as "Marinus Link").

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1 Underlying factors influencing Support Activities

1.1 Project scale and jurisdictional requirements

Marinus Link is a large and complex project delivered through a single-project organisation, rather than within a broader transmission network service provider (TNSP) portfolio. This structure requires project-specific governance, regulatory, finance, people and stakeholder capability to be established directly within MLPL.

The table below outlines the elements that drive this complexity and the associated owner-side capability requirements.

| Key element | Relevance to Support Activities (owner functions) |
|-----------------------------|--|
| Single project organisation | Marinus Link operates as a purpose-built project entity and does not have access to broader portfolio governance, corporate services or stakeholder resources available to major TNSPs, requiring these capabilities to be established within the project organisation. Also, as a project entity, MLPL is primarily recruiting for fixed-term roles in a market where other TNSP's can offer permanent roles. |
| Multiple jurisdictions | The Project spans Commonwealth, Tasmanian and Victorian jurisdictions, each with distinct regulatory frameworks, planning, policy and compliance requirements. Managing these parallel processes increases complexity in approvals, sequencing and environmental management. |
| Stakeholder landscape | The Project engages a broad stakeholder group including Commonwealth and State agencies, customers across the NEM, market bodies, landholders, communities and Traditional Owners. The number and diversity of stakeholders requires sustained engagement and structured interface management across multiple approval and policy processes, compared to projects delivered within a single jurisdiction. |

1.2 Market context

The current transmission investment environment provides important context for assessing appropriate labour rates for Support Activities roles:

- Australia is experiencing a capacity-constrained market for project owner capability, driven by the scale of the national transmission development program and the rapid acceleration of ISP-related projects.
- Owner-side capability has required rapid scaling across multiple jurisdictions, creating competition for project management, commercial, stakeholder, regulatory and corporate capability which is drawn from a relatively limited domestic pool.
- Comparable transmission and renewable development programs overseas continue to place upward pressure on Australian labour, including roles that are not traditionally classified as specialist or technical, but which require relevant major project or utility experience.

These factors have contributed to increases in labour pricing across a wide range of owner-side roles, including corporate and support functions. As a result, the current labour rates for Support Activities reflect prevailing market conditions, noting many positions have already been sourced during sustained demand and market competition across the transmission sector. Labour cost escalation is based on forecasts by Oxford Economics, as detailed in Attachment 8 of our revised revenue proposal.

2 Proposed removal of roles

The AER has proposed removing a number of Support Activity roles on the basis that their responsibilities appear to overlap with other project roles. MLPL wishes to clarify the distinct purpose, responsibility profile and criticality of these roles to support project risk, governance and regulatory compliance.

MLPL has reviewed each of the proposed adjustments and provides responses below.



AER preliminary adjustment: *Role removed*

MLPL response: 



[REDACTED]

Impact of removal: [REDACTED]

Role remains necessary and prudent.

[REDACTED]

AER preliminary adjustment: *Role removed*

MLPL response: [REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

Impact of removal: [REDACTED]

[REDACTED]

Role remains necessary and prudent.

[REDACTED]

Roles removed: [REDACTED]

AER preliminary adjustment: *Roles removed*

MLPL response: [REDACTED]

[REDACTED]

Impact of removal: [REDACTED]

Roles remains necessary and prudent.

[REDACTED]

AER preliminary adjustment: *Role removed*

MLPL response: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Impact of removal: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Role remains necessary and prudent until [REDACTED]

[REDACTED]

AER preliminary adjustment: Role removed

MLPL response: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Impact of removal: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Role remains necessary and prudent.

[REDACTED]

AER preliminary adjustment: Role removed

MLPL response: [REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

Impact of removal: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Role remains necessary and prudent.

[REDACTED]

AER preliminary adjustment: Role removed

MLPL response: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Impact of removal: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Role remains necessary and prudent.

[REDACTED]

AER preliminary adjustment: *Role removed*

MLPL response: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Impact of removal: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Role remains necessary and prudent.

[REDACTED]

AER preliminary adjustment: *Role removed*

MLPL response: [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

Impact of removal: [REDACTED]

Role remains necessary and prudent.

2.10

[REDACTED]

AER preliminary adjustment: *Role removed*

MLPL response: [REDACTED]

Impact of removal: [REDACTED]

Role remains necessary and prudent until [REDACTED]

3 Proposed labour rate reductions

The AER has proposed reductions in labour rates for several Support Activity positions on the basis that observed salary ranges on public recruitment sites (including Seek, Glassdoor and Indeed) appeared lower than the rates included by MLPL.

As described in Section 1.1, MLPL faces specific challenges in recruiting and retaining specialist staff, including the need to recruit for fixed term roles in a labour market where other TNSP's can offer permanent roles. MLPL's labour rates are based on Mercer-evaluated remuneration levels, noting that Mercer are globally recognised for their expertise in benchmarking compensation and benefits. MLPL has relied on [REDACTED], a global organisational consulting and human resources advisory company, to provide executive search support to assist with appointment of the [REDACTED] amongst other roles. [REDACTED] feedback to MLPL during this process noted:

- A narrow talent pool in the Australian market for candidates with relevant experience, especially for Tier 1 contractor and government (client) side project experience.
- Less appetite for overseas candidates to relocate due to location, timing and/or remuneration.
- Retention bonuses or project milestone bonuses incentivise top talent to remain in the role until project completion.
- Increasing variation in the market in remuneration for the relevant roles across the competitive candidate landscape.
- A degree of flexibility is recommended to ensure that the best candidates from the talent pool are not excluded by MLPL's remuneration packages.

Following the AER's supplementary Draft Decision, MLPL has reviewed the basis for the proposed labour rate reductions against the roles and provides clarification as follows.

AER preliminary adjustment: *Labour rate reductions of approximately 10% for selected roles:*



[REDACTED]

MLPL response:

MLPL notes the AER's use of publicly available job sites (including Seek, Glassdoor and Indeed) to inform salary ranges for certain roles. MLPL's role remuneration is determined by the level of responsibility and accountability required, noting that roles within mega-projects such as MLPL carry greater complexity and expectations than comparable positions typically advertised through standard recruitment channels and job sites. MLPL considers these sources are not representative of remuneration for large infrastructure project organisations or specialist owner-side capability, particularly for roles requiring [REDACTED]. These platforms typically reflect general market recruitment rather than specialised project or infrastructure roles and do not provide a reliable basis for assessing market remuneration for a regulated mega-project.

It is important to note that:

- several of the roles for which the AER has proposed to reduce the labour rates reflect existing contracted positions recruited in a competitive environment. This includes:
 - [REDACTED] had an extended recruitment period attributed to the lower than market salary expectations and other similar risk roles in the market at the time. To attract the right candidate with the right skills and experience, the salary was increased by [REDACTED] which led to the successful recruitment.
 - [REDACTED]
 - [REDACTED] provided benchmark remuneration ranges [REDACTED]. MLPL costs for these roles were [REDACTED] and [REDACTED] below the benchmark ranges respectively, whilst [REDACTED] recommended that candidates with the required skills and experience for these roles were typically at the higher end of the remuneration range.
- the broader transmission and infrastructure market rates remain above long-term historical levels.
- replacement cost risk exists if remuneration becomes non-competitive

We also note that we have applied consistent rates and adopted the terms and conditions of contracts for several roles that were transferred from TasNetworks when MLPL was created. These include:



Basis of estimate: MLPL has adopted an eight-band classification structure as informed by Mercer. Mercer is a globally recognised HR consulting firm with deep expertise in compensation and benefits. They provide extensive global and local salary data across industries, job levels, and geographies. Mercer has established methodologies for job evaluation and is consistent, objective, and transparent. MLPL has continued to utilise Mercer which was adopted from TasNetworks.

Impact of reduction: Reducing labour rates below current contracted and Mercer-evaluated remuneration levels increases the risk of turnover and re-procurement at current or higher market rates, particularly given the constrained transmission labour environment outlined in section 2.1.2.

4 Proposed removal and reduction of indirect costs

The AER has proposed reductions or removals across several Support Activity indirect costs on the basis that certain costs appeared higher than expected when assessed against observed market pricing or where some proposed items were not considered justified at this stage of the Project.

MLPL has reviewed each of the proposed adjustments and provides responses below.

4.1 Professional development

AER preliminary adjustment: Reduction and removal of costs including:

- corporate memberships and subscriptions (including Academy to Innovate HR (AIHR) and Australian Institute of Company Directors (AIDC) membership)
- business development and conferences
- leader value proposition costs (Leadership, Workforce, and Business Performance (LWBP) and Leadership, Learning, and Development (LL&D))

MLPL response: Corporate memberships, business development activities, and conference participation support MLPL in retaining and maintaining the specialist capability required for the Project's effective delivery. Professional memberships, such as AIHR ensure employees remain current with industry

developments and compliance requirements, while AICD membership provides executives with critical governance awareness consistent with good corporate practice.

These memberships and activities are commonly provided in large utility and major infrastructure organisations and are considered standard practice to attract and retain the specialist capability required for a project of this scale and complexity.

The leader value proposition costs included in MLPL's estimate form part of existing senior leadership employment contracts and reflect standard inclusions for attracting and retaining senior personnel in comparable organisations.

Impact of reduction/removal: Reduction in corporate memberships and business development budgets would constrain MLPL's ability to retain and maintain its specialist capability, along with reducing employee and executive visibility of industry developments, compliance requirements and governance insights. Removing the leader value proposition costs, which are conditions of existing employment contracts, would undermine MLPL's ability to attract and retain senior talent, creating delivery and governance risks for the Project.

Basis of estimate: MLPL's estimate of costs associated with each of these items is based on actual or market-informed pricing, including invoices for existing subscriptions and services already in place. Where services are continuing (for example, LinkedIn Recruiter and AIHR membership), current invoice rates are used as the basis of forward estimates.

- **Corporate memberships and subscriptions**

MLPL's estimate allows for one professional membership per MLPL employee, with the CEO position permitted up to 3 memberships subscriptions. As part of its estimate buildup, MLPL undertook a desktop study that involved reviewing membership prices listed on the relevant websites to determine the fees; and applied the relevant membership or subscription fee to roles within MLPL's organisational structure to ensure appropriateness and alignment.

Memberships included in MLPL's estimate:

- AIHR - \$[REDACTED]/membership
- AICD - \$[REDACTED]/membership
- Australian Institute of Project Management (AIPM) - \$[REDACTED]/membership
- Australian Institute of Quantity Surveyors (AIQS) - \$[REDACTED]/membership
- Engineers Australia - \$[REDACTED]/membership
- Chartered Accountants - \$[REDACTED]/membership
- Certified Practising Accountant (CPA Australia) - \$[REDACTED]/membership
- Tasmanian Information Communication Technology Industry Association (TasICT) - \$[REDACTED]/membership

- **Business development and conferences**

MLPL used a sliding scale allowance based on each MLPL employee's role and level.

Inclusions in business development allowance estimate:

- local meals and coffees with stakeholders
- registration for local conferences or seminars
- participation in local panel events or speaking opportunities

Exclusions in business development allowance estimate:

- any form of travel or accommodation
- hosting stakeholder briefings
- interstate or remote stakeholder engagement
- hospitality beyond light catering
- marketing, public relations, memberships, software, or business development training
- hosting booths or displays at local expos

- **Leader value proposition costs**

MLPL's estimate is based on its internal policy and includes 2 payments per senior employee (at level 6 or above) which are aligned with other similar organisations:

- [REDACTED] for Live Work Balance
- [REDACTED] for Your Future (leadership learning and development) (MLPL assumed an 80% take up rate, equating to [REDACTED] per employee)

MLPL has uploaded the following documents to the AER's OurShare site to provide evidence of actual costs incurred or supplier quotes relied upon in developing the support activities forecast costs in these areas:



Expenditure remains necessary and prudent.

4.2 Culture and talent attraction

AER preliminary adjustment: Reduction and removal of costs including:

- team building
- P&C specific catering
- LinkedIn recruiter
- wellness sessions
- branded clothing

MLPL response and impact of reduction/removal: Removing team building and wellbeing sessions will generate several risks including high risk of burnout and absenteeism, reduced employee engagement, increased turnover and recruitment costs. Team building helps with reinforcing the values, trust and cross-

function alignment which leads to delivering efficient project outcomes. As the Project moves into construction phase greater emphasis will be required to support stress management through wellbeing activities.

P&C catering is used to support staff events, training sessions and engagement activities, prudent spending of this is a consideration when ordering catering. The removal of providing food and refreshments does discourage participation, leads to an increase of fatigue and reduces focus in multi-hour sessions or back-to-back meetings, catering is a relatively low-cost benefit that contributes to a positive work environment.

LinkedIn Recruiter is a talent acquisition platform that provides advanced candidate search, powerful filters, access to the full LinkedIn network, recommended matches and market data. The removal of LinkedIn Recruiter will reduce MLPL's ability to source qualified candidates, slow the hiring processes through having to do manual searches, loss of access to passive talent and increased recruitment costs reliance on recruitment agencies.

Branded clothing at MLPL is provided to support community engagement events, events that require a professional and consistent image. Branded clothing is made available to employees that require it as part of their role to represent MLPL on particular occasions. The removal of branded clothing will reduce the professional appearance and opportunities for quality stakeholder interactions.

Basis of estimate: MLPL's estimate of costs associated with each of these items is based on actual or market-informed pricing, including invoices for existing services where available or recent invoices held by the MLPL team.

- **Team building**

MLPL's estimate has been calculated as:

- [REDACTED] per attendee per month for a morning tea or a breakfast
- [REDACTED] per attendee per one event per year (for example, a Christmas function)
- [REDACTED] per attendee per month for office catering

- **P&C specific catering**

MLPL's estimate has been calculated as [REDACTED] per month for P&C-specific events.

- **LinkedIn recruiter**

MLPL's estimate includes an annual payment of [REDACTED] for LinkedIn recruiter services. This estimate is based on a recent invoice from LinkedIn to MLPL.

- **Wellness sessions**

MLPL's estimate allows for [REDACTED] of wellness consulting services for the duration of the delivery phase. This estimate is based on a recent invoice from an existing service provider, with services focused organisational culture, staff wellbeing, occupational health and injury prevention.

- **Branded clothing**

MLPL's estimate allows for all MLPL employees, including the IDT to have access to branded clothing when they are representing MLPL. [REDACTED] is allocated per employee for a softshell jacket and polo t-shirt.

MLPL has uploaded the following documents to the AER's OurShare site to provide evidence of actual costs incurred or supplier quotes relied upon in developing the support activities forecast costs in these areas:



Expenditure remains necessary and prudent.

4.3 Mobile phones and plans

AER preliminary adjustment: *Reductions of costs for mobile voice and data plans, mobile phones*

MLPL response: Mobile phones and associated voice/data plans are required to support day-to-day communication, stakeholder engagement and project coordination activities. The Project office locations are not equipped with desk phones and mobile phones therefore represent the primary communication tool for project personnel. These are standard telecommunications requirements for operating a project organisation of this scale and duration and are not limited to off-site roles, and this is common practice for major project organisations. Smartphones are also a key productivity tool, enabling efficient access to email, calendars, project systems, document management and collaboration platforms that support timely decision-making.

Impact of reduction: Reduction of these costs would require MLPL to install desk phones across Project office locations, as mobile phones are currently the primary communication tool for personnel. This would shift, rather than avoid, costs and reduce efficiency for staff who regularly work off-site or engage with external stakeholders. The removal of smartphones would also reduce staff productivity and operational efficiency by limiting access to project systems and communications when personnel are away from their desks. This would result in slower responses, delayed approvals and less efficient issue resolution.

Basis of estimate:

- **Mobile phones**

MLPL has calculated its estimate to include one mobile phone replacement during the delivery phase, aligned to the standard three-year replacement cycle. The estimate provided by MLPL for the inclusion of Mobile voice and data plans is based on a quotation received from a current external supplier in Q1 2025 (refer DP 38). The cost has been calculated as [REDACTED] per Apple iPhone (16e 128GB 5G) for 133 units which includes provision for MLPL delivery and corporate roles. The model

selected has satellite capability including crash protection and emergency connectivity out of cellular range.

- **Mobile voice and data plans**

MLPL's estimate for mobile phones and voice/data plans is based on a quotation received from a current external supplier in Q1 2025 ([REDACTED]). The estimate has been calculated as:

- [REDACTED] per user per month for 133 users for voice/data plans, allocated to MLPL delivery and corporate roles
- [REDACTED] per user per month for data plans for 60 iPads, allocated to employees engaged in in-field activities.

MLPL has uploaded the following documents to the AER's OurShare site to provide evidence of actual costs incurred or supplier quotes relied upon in developing the support activities forecast costs in these areas:

[REDACTED]

Expenditure remains necessary and prudent.

4.4 IT equipment

AER preliminary adjustment: *Removal of costs for the replacement of network and AV equipment*

MLPL response: MLPL has calculated its estimates to include one IT equipment (including network and AV equipment) replacement during the delivery phase, aligned to the standard three-year replacement cycle. A three-year replacement cycle is common practice in organisations as it ensures hardware remains within supported lifespans, reduces the risk of performance degradation, and maintains alignment with security and technology standards throughout the Project's delivery. This cycle also aligns with typical equipment licencing and support terms, ensuring that critical systems continue to receive vendor updates, security patches, and technical assistance throughout the Project's delivery.

Impact of removal: Removal of IT equipment replacement costs would require MLPL to operate equipment beyond the standard replacement cycle, increasing the likelihood of operational inefficiencies and reduced reliability. As equipment reliability declines over time, performance may impede employees' ability to collaborate effectively, access the Project's systems and engage with on-site and external stakeholders. These disruptions will slow decision-making, reduce the efficiency of hybrid working arrangements, and hinder coordination across the Project sites and offices.

Basis of estimate:

- **Network equipment replacement**

The estimate provided by MLPL for the replacement of network equipment is based on a quotation received from a current external supplier in Q1 2025 [REDACTED]

MLPL's estimate allows for one network equipment replacement during the delivery phase for each of the offices located in Hobart, Melbourne and Traralgon. Network equipment replacement costs include access point hardware, network licencing and support, and associated freight charges.

- **AV equipment replacement**

The estimate provided by MLPL for the replacement of network equipment is based on a quotation received from a current external supplier in Q1 2025 (refer DP 45).

MLPL's estimate allows for one AV equipment replacement for 8 larger offices and 4 smaller offices across the MLPL's Hobart, Melbourne and Traralgon office locations.

AV equipment replacement includes conferencing, audio, control and display components.

MLPL has uploaded the following documents to the AER's OurShare site to provide evidence of actual costs incurred or supplier quotes relied upon in developing the support activities forecast costs in these areas:



Expenditure remains necessary and prudent.

4.5 Microsoft Co-Pilot:

AER preliminary adjustment: *Removal of costs for Microsoft Co-Pilot*

MLPL response: Microsoft Co-Pilot is used across the organisation for routine document and reporting tasks and to reduce manual effort. This enables project staff to focus on core project responsibilities. Co-Pilot is increasingly used within corporate and project environments operating Microsoft platforms and is utilised here as part of MLPL's standard productivity tools rather than as a discretionary add-on.

Impact of removal: Without Co-Pilot, routine tasks would need to be completed manually, increasing time spent on lower-value work and reducing overall efficiency. The cost would not be avoided but likely shift into additional time or support effort.

Basis of estimate: The estimate provided by MLPL for the inclusion of Microsoft Co-pilot is based on a quotation received from a current external supplier in Q1 2025. The cost has been calculated as \$ [REDACTED] per user per year for 100 users (noting that some roles may not require consistent use of Microsoft Co-Pilot).

MLPL has uploaded the following documents to the AER's OurShare site to provide evidence of actual costs incurred or supplier quotes relied upon in developing the support activities forecast costs in these areas:



Expenditure remains necessary and prudent.



AER preliminary adjustment: [REDACTED]

MLPL response: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Impact of removal: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Expenditure remains necessary and prudent.

4.7 Board governance and capability costs

AER preliminary adjustment: *Reduction by [REDACTED] % of costs for board travel and board professional development*

MLPL response: MLPL has reviewed these costs in light of the AER’s preliminary adjustment and acknowledges that further efficiencies are available particularly through more targeted interstate travel needs and reduced operational costs. MLPL accepts the AER’s supplementary Draft Decision in relation to the Board travel and operation costs as well as the Board professional development costs. This has the effect of reducing our forecast expenditure for these activities overall from approximately [REDACTED] to [REDACTED] (\$real 2023) over the 2025-30 regulatory period.

Expenditure forecast has been revised to accept the AER’s supplementary Draft Decision.

5 Revised support activities cost estimate

After taking into account the reduced Board costs which we have accepted, our revised forecast cost for support activities is \$539.1 million (\$real 2023). This is a reduction of approximately \$0.2 million from our previous forecast.