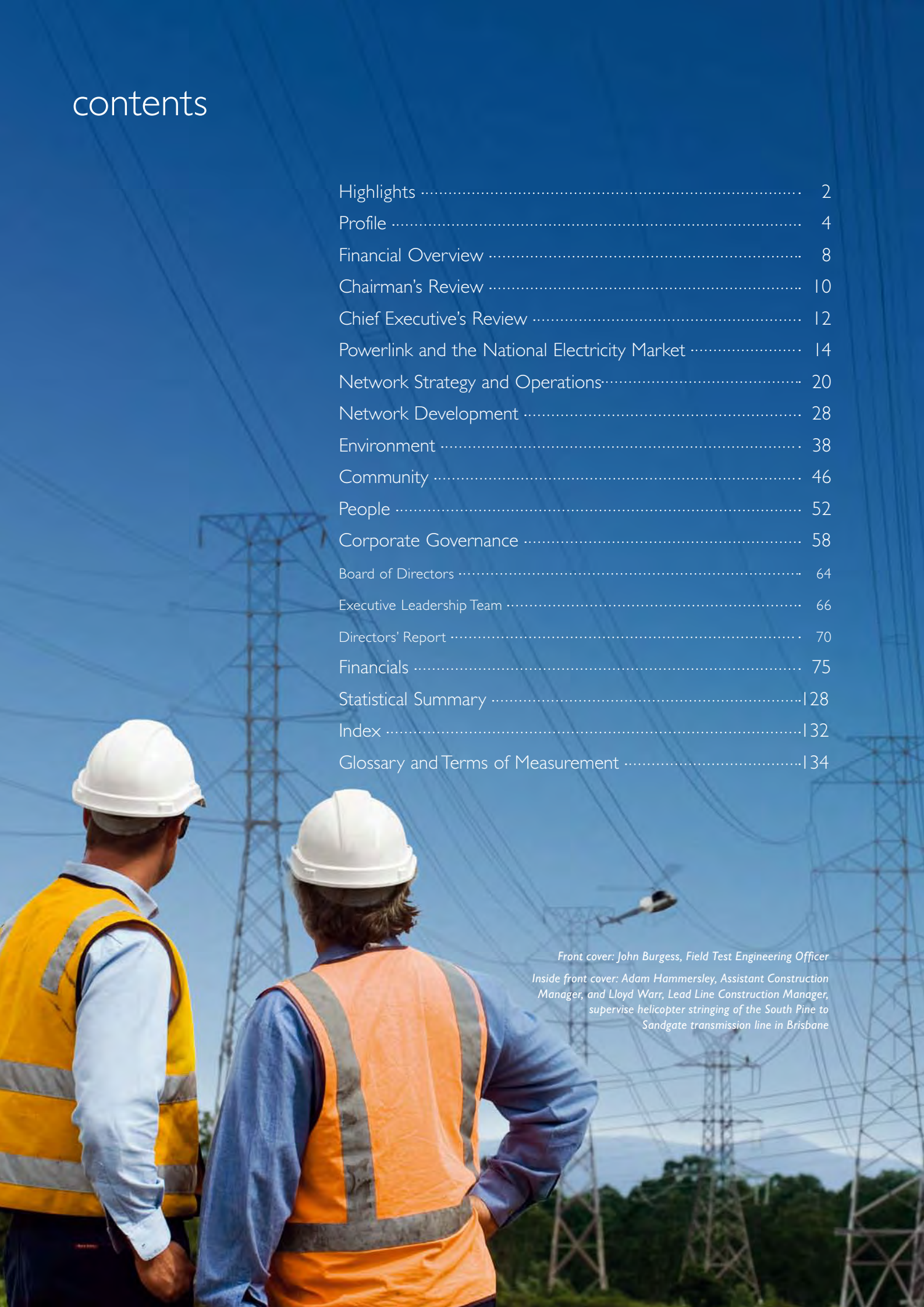
adapt
sustain
depend

able

Powerlink QUEENSLAND®

Annual Report 2008/09

contents



Front cover: John Burgess, Field Test Engineering Officer

Inside front cover: Adam Hammersley, Assistant Construction Manager, and Lloyd Warr, Lead Line Construction Manager, supervise helicopter stringing of the South Pine to Sandgate transmission line in Brisbane

adaptable

Powerlink continually interacts with government, the energy sector, customers and the community to develop its network to meet Queensland's and Australia's changing needs.

sustainable

Powerlink works closely with the community and specialist advisors to manage its operations in ways that are environmentally and economically sustainable.

dependable

Powerlink's best-practice systems and dedicated workforce ensure its transmission network is amongst the most reliable and cost effective in the world.

Powerlink's 2008/09 highlights

deliverable

Powerlink Queensland Annual Report 2008/09

This Annual Report is designed to give an understanding of our operations and finances in 2008/09 and provide an overview of our plans for the immediate future. We present this Report to our two shareholding Ministers, the Queensland Treasurer and Minister for Employment and Economic Development, and the Queensland Minister for Natural Resources, Mines and Energy and Minister for Trade. The Report is also designed to give the Queensland community an insight into our operations and to update our partners and stakeholders in the electricity industry.

This Report has been prepared in accordance with the provisions of the *Government Owned Corporations Act 1993* and the *Financial Administration Act 1977* and is presented to the Legislative Assembly of Queensland.

This Annual Report is available on line at www.powerlink.com.au and further copies can be obtained from:

Manager Corporate Communications
Powerlink Queensland
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- In the 2008 calendar year, Powerlink's network reliably met or exceeded the targets set by the Australian Energy Regulator *(see page 18)*.
- Powerlink's high voltage network reliably handled a record peak summer electricity demand of 8,677 megawatts reached in February 2009 *(see page 20)*.
- We undertook $675 million in construction works across Queensland in 2008/09, ensuring that we are on target to invest about $2.9 billion over the five-year period to 2013/14 to develop the Queensland transmission grid *(see page 28)*.
- $73.3 million was invested in the maintenance of the network *(see page 24)*.
- All of this work was delivered at very high levels of safety and environmental management.
- Planning and approvals for the new 500 kilovolt transmission network to reinforce electricity supply for South East Queensland, the largest electricity load centre in the State, were progressed on schedule *(see page 30)*.
- Powerlink's robust planning processes took account of the changes in the economic climate and the implications of the Commonwealth and State Governments' climate change policies *(see page 18)*.
- We completed construction works to connect three power stations to the grid, including two low emissions, gas-fired generators in South West Queensland *(see page 19)*.
- We launched our new $1.3 million Powerlink GreenWorks program to provide funding for environmental projects in the vicinity of the proposed 500 kilovolt transmission network *(see page 48)*.
- Through our involvement with Grid Australia, Powerlink took a proactive role in shaping the future of the National Electricity Market by preparing submissions on a range of regulatory and market development matters *(see page 16)*.
- We have implemented a number of initiatives to reduce our in-house greenhouse emissions by actively targeting waste, energy, water, transport, and emissions inventories. *(see more on page 40)*.

Cairns Central Business District

mission

Powerlink Queensland is committed to delivering transmission network and related services at world-class levels of safety, reliability and cost effectiveness.

vision

To be the leading Transmission Network Service Provider in Australia, and one of the best in the world.

values

Reasonable returns for our owners.
Value for money services to our customers.
The wellbeing of our employees.
Being a good corporate citizen and community recognition of this.
Fair, commercial and courteous dealings with our suppliers.

Powerlink profile

able

Powerlink owns, operates and develops Queensland's world-class high voltage electricity transmission network, which transports electricity in bulk from power generators to the regional distributors and directly to some large industrial customers.

Powerlink's $5.2 billion network extends 1,700 kilometres from north of Cairns to the New South Wales border where it links to the national electricity grid, which underpins the National Electricity Market (NEM).

We harness a wide range of management, technical and support skills to operate a network that achieves world's best practice in terms of both reliability and cost efficiency for our customers.

Who we are

Powerlink is a Queensland Government-Owned Corporation established in 1995 under the *Government Owned Corporations (GOC) Act 1993*.

We are a regulated monopoly business responsible for ensuring the transmission network reliably meets Queensland's electricity needs, anticipates future growth and also meets its responsibilities in the NEM.

The major proportion of our revenue is determined by an independent national economic regulator, the Australian Energy Regulator (AER). Some revenue comes from the provision of non-regulated transmission network-related services in accordance with the National Electricity Rules (the Rules).

Read more about our corporate governance and legislative framework on page 58.

What we do

Our primary business activities include:

- operating the transmission network on a 24/7 basis, by monitoring electricity flows across the network to ensure it operates in an efficient, secure and stable manner, and by responding to any unplanned outages quickly and safely
- developing and extending the transmission network in a timely manner, taking into account forecast population and economic growth, changing regional needs and other factors, including energy efficiency initiatives, which affect demand. This long-term planning also involves the strategic acquisition of easements to provide long-term certainty for land use planning, and the associated environmental impact assessments and community consultation
- environmental impact assessments and the related community consultation, maintaining the transmission network, including monitoring the condition of network components and replacing them at the optimum time to ensure very high levels of reliability
- non-regulated business activities, including connecting new power generators and large industrial customers to the grid and providing transformer oil testing services to the industry
- contributing to the development of the NEM to further the National Electricity Objective – to promote an efficient, reliable and safe electricity supply for the long-term interests of Australian consumers.

Powerlink does not buy or sell electricity – we operate our transmission system to transfer electricity in bulk from power stations to the distribution networks.

Michael Craperi, Line Inspector, during easement scoping works for the proposed Yabulu South to Ingham replacement transmission line

Powerlink goes the distance in every way to ensure our transmission network reliably meets the fastest-growing electricity demand in the National Electricity Market.

Powerlink profile

Powerlink by numbers

- More than **13,000** circuit kilometres of high voltage transmission network
- Transmission lines operating at **110** kilovolts, **132** kilovolts, **275** kilovolts and **330** kilovolts
- **109** substations
- Providing the backbone of the electricity supply chain for more than **1.8 million** electricity consumers in Queensland
- Connecting **22** customers to the grid, including the distribution networks and large industrial customers
- Transporting about **50,000** gigawatt hours of energy per year
- A workforce of around **1,000** employees
- Consistently benchmarked in the **top quartile** of international transmission companies in terms of both network reliability and cost efficiency

The people featured throughout this Annual Report are part of Powerlink's dedicated workforce. See who they are and what they do on the Acknowledgements page at the end of this report.

As at 30 June 2009.

working together to power Queensland

A number of different organisations and corporations are involved in electricity supply in Queensland. This diagram shows where Powerlink fits into the broader structure.

AUSTRALIAN ENERGY MARKET COMMISSION (AEMC)

A statutory commission responsible for developing the rules for the National Electricity Market and for market development

AUSTRALIAN ENERGY MARKET OPERATOR (AEMO)

Operates the National Electricity Market and manages power system security

AUSTRALIAN ENERGY REGULATOR (AER)

Administers the National Electricity Rules and makes regulated revenue determinations for monopoly networks

NATIONAL TRANSMISSION GRID (Qld, NSW, Vic, SA, Tas)

POWER GENERATORS including:

- coal-fired
- gas-fired
- renewable (hydro, wind, biomass)

HIGH VOLTAGE TRANSMISSION GRID

Bulk transport of electricity

POWERLINK

LARGE INDUSTRIAL CUSTOMERS including:

- aluminium smelters
- coal mines
- rail

DISTRIBUTORS

Deliver electricity to consumer premises

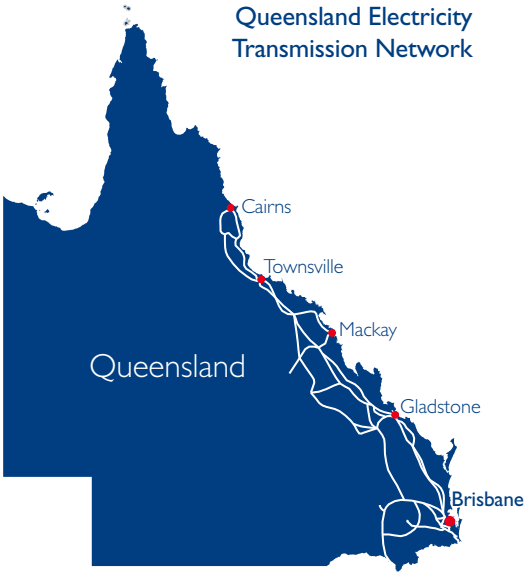
ENERGEX ERGON ENERGY

ELECTRICITY RETAILERS

Sell electricity to consumers and issue electricity accounts

SOUTH EAST QUEENSLAND HOMES AND BUSINESS

CENTRAL, WEST AND NORTH QUEENSLAND HOMES AND BUSINESSES



Powerlink profile

financial overview

Leaders in cost efficiency

Powerlink continues to be one of the most cost efficient Transmission Network Service Providers in Australia and the world, as evidenced by international benchmarking.

A key measure adopted by Powerlink in measuring its cost efficiency is controllable annual operating costs as a percentage of asset value, which is now 1.8 per cent. This is a solid achievement in a business environment with more complex and onerous regulatory and legislative obligations and requirements, and increasing input costs. It demonstrates Powerlink's ability to adopt and implement efficient business practices and processes.

The corporation's success in deploying new technologies and innovative solutions has been a key contributor to delivering cost efficiency. Powerlink pursues and promotes operational excellence across the business.

Asset investment

The value of Powerlink's total property, plant and equipment now exceeds $5 billion ($5.2 billion at 30 June 2009). Capital investment remains at all-time highs, with expenditure in 2008/09 totalling $675 million. At the completion of 2008/09, Powerlink's network included 13,106 circuit kilometres of transmission lines.

This investment, consistent with regulatory capital expenditure allowances, reflects Powerlink's continued focus on developing the transmission grid in Queensland and replacing assets at the end of their service life to ensure ongoing reliability of bulk electricity supply as the demand for electricity grows.

Revenue

Almost 90 per cent, $604.4 million, of Powerlink's total revenue is derived from providing regulated transmission network services.

By exceeding the network reliability targets in the Australian Energy Regulator's (AER) service standard performance incentive scheme, Powerlink achieved a $2.2 million service standard performance bonus for the 2008 calendar year. This is included in Powerlink's reported regulated revenue for 2008/09.

Powerlink's other revenue of $78 million in 2008/09 is derived from providing non-regulated transmission network connections, distributions from Powerlink's investment in ElectraNet SA, interest revenue and other non-regulated activities.

Business profitability

Powerlink's profitability (Earnings Before Interest and Tax or EBIT) for 2008/09 was $355.9 million, an increase of 18 per cent over the previous financial year. This was mainly attributable to higher regulated revenue, in line with the regulatory determination, Powerlink's regulatory service standard performance bonus, and new non-regulated transmission network connections.

After interest and tax, a dividend of $98.8 million was provided for in 2008/09, in accordance with the Board's approved 80 per cent dividend payout ratio. This represents a 17 per cent increase over the previous year, and is in line with the improved EBIT result for the year.

Capital expenditure

Powerlink has approximately $1.6 billion of approved capital works under way, which includes the construction if several new transmission lines to maintain high reliability to customers as Queensland's electricity demand continues to grow. The electricity demand growth in Queensland continues to exceed the national average by a factor of almost two.

Capital expenditure in 2008/09 totalled $675 million, at the same level as the previous financial year, which represented an all-time high since Powerlink's inception in 1995.

Powerlink's success in deploying new technologies and innovative solutions has been a key contributor to delivering cost efficiency.

Borrowings

To finance the capital works program, Powerlink borrowed a total of $522 million in 2008/09, supplementing internally generated funds. This borrowing program to fund Powerlink's capital investment requirements has resulted in a modest increase in gearing.

With total debt now just over $3 billion, business gearing (Debt to Fixed Assets) has increased to 58.2 per cent, up from 54.7 per cent in the previous financial year. This is consistent with the benchmark regulatory gearing of 60 per cent for regulated electricity transmission network businesses.

Financial indicators summary

The following table summarises the key financial and non-financial indicators as incorporated in Powerlink's Statement of Corporate Intent, which is used to monitor and measure our performance.

FINANCIAL INDICATORS	2006/07	2007/08	2008/09
	$MILLION	$MILLION	$MILLION
Revenue Grid Services	531.4	561.3	633.6
Total Revenue	583.9	611.6	682.8
Operating Expenses	293.1	313.7	326.9
Earnings Before Interest and Tax (EBIT)	290.8	297.9	355.9
Net Profit After Tax (NPAT)	115.8	103.1	121.9
Capital Works Expenditure	583.5	676.5	675.0
Dividend Proposed/Paid	92.6	84.4	98.8
	%	%	%
Dividend Payout Ratio	80	80	80
Return on Total Assets (ROA)	7.5	6.6	6.9
Return on Average Equity – Post Tax	7.4	6.1	6.8
Debt/Debt + Equity Ratio	55.4	58.9	62.1
Debt/Fixed Assets Ratio	51.3	54.7	58.2
Interest Cover – EBIT (times)	2.5	2.0	2.0
Interest Cover – EBITDA (times)	3.8	3.1	2.9
SYSTEM PERFORMANCE INDICATORS			
Energy Flowing into the Grid (GWh)	47,750	48,576	49,104
Energy Delivered to Customers (GWh)	46,025	46,083	47,904
Peak Maximum Demand (MW)	8,589	8,082	8,677
Loss of Supply Events > 0.2 System Minutes	2	3	3
Loss of Supply Events > 1.0 System Minutes	1	1	1
SAFETY INDICATORS			
Lost Time Calculation (LTC)	0.3	1.3	0.1

Chairman's review

In a year of global and national change, Powerlink has remained focused on its core business of developing, operating and maintaining a cost-effective and reliable transmission network for Queensland. We have continued to invest in Queensland's future through our large capital works program, keeping pace with Queensland's long-term electricity demand growth, which is the highest in the National Electricity Market.

Powerlink's performance in 2008/09 was again very strong.

Our Net Profit After Tax of $121.9 million in 2008/09, higher than our profit in the last financial period, was driven by additional revenue from non-regulated sources, combined with our focus on cost efficiency.

The Board is proud of Powerlink's highly skilled and dedicated workforce that delivers this enviable business performance and the organisation's proactive environmental work, and community and stakeholder relationships.

Investing in Queensland's future

Powerlink invested $675 million in its capital works program in 2008/09 to upgrade and extend the network to meet Queensland's growing electricity needs.

While the economic slowdown is expected to lead to below-trend peak electricity demand growth in the next two years, our forecasts show a return to the long-term trend growth thereafter. Queensland's electricity needs continue to grow faster than those of the other states in the National Electricity Market. This forecast growth will continue to drive our medium-term to long-term plans, with our capital expenditure for the next five years (from 2009/10 to 2013/14) expected to be around $3 billion.

As well as new lines and substations, this investment also includes the replacement of assets which are reaching the end of their service life. We also invest in the routine maintenance of our assets to ensure the highest levels of reliability.

Industry involvement and recognition

Powerlink has an international reputation for innovative and effective engineering solutions. Our long-term performance depends on well-qualified engineering and technical staff, ready to meet the challenges of tomorrow. For this reason, Powerlink was a founding member of the Australian Power Institute, the driving force behind a broad program of initiatives supported by the Australian power industry and leading universities to ensure Australia has a sustainable supply of highly skilled power engineers into the future. One of these initiatives is a national undergraduate bursary program which currently supports 180 bursary recipients.

Powerlink's Chief Operating Officer, Simon Bartlett, is the Chairman of the Australian Power Institute and is dedicated to enhancing power engineering education and technical innovation. It was therefore a pleasure to see Simon recognised at the Institute of Engineering and Technology awards in July 2008 where he received the Institute's highest honour, the Sir Lionel Hooke Award. Simon also received the prestigious accolade of Australian Professional Electrical Engineer of 2009 presented by Engineers Australia.

Sustainable community relationships

Powerlink aims to foster long-term relationships with our stakeholders throughout the planning, development and maintenance of our network to deliver outcomes that benefit communities and the environments near our assets. We have been undertaking major environmental projects in various locations throughout Queensland for several years.

In 2008 we introduced our new flagship GreenWorks program, which will invest $1.3 million over the next four years in areas of South Queensland where we have easements for the future construction of the new 500 kilovolt transmission network.

The 2008/09 financial year also saw the completion of our five-year Greening Lockyer program. Its success has been recognised with several major awards during the life the program.

Powerlink's continuing investment in environmental research and the development of more sustainable construction and maintenance methods also contribute to protecting and enhancing the flora, fauna and landscape of areas where we have infrastructure.

The power of working together

Powerlink has a highly skilled and capable workforce, with experts in many fields including electrical engineering, telecommunications, information technology, environmental science and management disciplines.

Effective dialogue between the different specialities is leading to innovative and effective solutions to challenges and a genuine culture of continuous improvement.

Our workforce has continued to grow in 2008/09 in response to the demands of the large capital works and maintenance program.

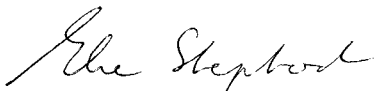
On behalf of the Board, I thank all employees for their valuable contribution in 2008/09 and applaud their many achievements, both the visible ones outlined in this Annual Report and the unsung contributions to the network's cost effectiveness and reliability, which are amongst the best in the world.

Acknowledging our Directors

I also thank my fellow Directors for their time and dedication to Powerlink's continuing success. Their integrity, insight and strategic direction are fundamental to the corporation's balanced operational focus and to the value placed on attaining good outcomes for all of our stakeholders.

In October 2008, we welcomed a new Director, Dr Julie Beeby, to the Powerlink Board following the retirement of long-serving Board Member, Merv Norman. Dr Beeby is General Manager, Strategic Planning and Projects for Peabody Pacific where her key responsibilities include engineering and technical services, environmental management, new projects, government affairs and public relations. She brings 20 years experience in sectors that share many of Powerlink's challenges.

We all look forward with confidence to 2009/10 as Powerlink continues to deliver outstanding business performance.



Else Shepherd AM
Chairman

Chief Executive's review

Powerlink's high voltage transmission network provides the backbone for the electricity supply chain, and in 2008/09 we have continued to deliver on our strong track record of cost-effective and reliable transmission services to Queenslanders.

This year, we completed construction of a total of 504 kilometres of transmission lines as part of our five-year, $2.9 billion capital program – the largest in Australia's electricity transmission sector. In delivering this program, we continued to monitor and respond to the challenges of a changing economic and regulatory environment, and Government climate change policies.

Notwithstanding the short-term economic slowdown, the Queensland transmission grid continues to be planned and developed based on long-term trends in electricity demand growth, which are expected to continue in Queensland due to population growth and economic development.

Powerlink continued to have a voice in the development of Australia's electricity market through our active involvement with Grid Australia, the organisation that represents the owners of Australia's electricity transmission networks.

The transmission grid will also play a pivotal, facilitative role in Australia's and Queensland's transition to a lower emissions generation mix in response to emerging climate change polices. As the State Government's Queensland Renewable Energy Plan identifies, the quality renewables energy resources in Queensland are located away from the major population centres, and Powerlink's grid will be required to transport the electricity from the new renewables generators to consumers.

Powerlink will readily handle these changes to the generation mix within our existing planning processes.

Building for the future

In 2008/09, we continued our substantial capital works program, investing $675 million in the development of our network across the State ahead of rising electricity demand.

Projects which were completed and commissioned in 2008/09 included:

- the new Tully to Innisfail transmission line as a replacement for the aged Kareeya to Innisfail transmission line
- a new substation at Townsville East and a new transmission line connecting this substation to our existing substation at Townsville South to meet growing demand in the Townsville CBD and port area
- a new transmission line between Broadsound and Nebo, the first stage of the three-stage project to reinforce electricity supply to North Queensland
- a new transmission line from Powerlink's Nebo Substation to connect to QR Network's Bolingbroke Substation
- a new substation at Oakey to ensure the continued reliability of supply to the Oakey region
- a new substation at El Arish to ensure the continued reliability of supply to the Mission Beach region
- a new substation at Abermain in Brisbane's west to ensure the continued reliability of supply to the Ipswich area

- the replacement of our existing West Darra Substation to ensure a continued reliability of supply to the South West Brisbane area
- the installation of three new Static VAr Compensators at our Woolooga, Greenbank and South Pine substations to optimise the transmission capacity of the grid.

We also continued to plan and carry out the environmental assessment, related community consultations and regulatory approval processes for the construction of the new 500 kilovolt network to transfer power from the generation-rich Surat Basin to the growing South East Queensland region.

With $1.6 billion in capital projects approved and under way as we enter 2009/10, this pattern of timely investment in the transmission grid will continue to benefit Queensland well into the future.

World-class performance

Powerlink continues to be a consistent provider of reliable, cost-effective transmission services, positioning Queensland as Australia's and one of the world's leaders in the efficient development and operation of electricity transmission infrastructure. Powerlink's network performance met or exceeded the performance targets set by the Australian Energy Regulator.

Further, the high standards we attain in the everyday operation and maintenance of the transmission network were tested and proven with the network reliably meeting the new record statewide peak electricity demand (as generated) of 8,677 megawatts reached in February 2009.

Changing climate for electricity generation

Queensland is already witnessing a gradual shift toward a lower emissions generation mix in response to the Government's climate change policies. Powerlink is playing a pivotal role in facilitating this shift, working with power generators to connect three new, low emissions generators to our grid in 2008/09.

Our teams worked closely with these generation development proponents, completing the works required to connect these power stations to the grid. Two of these power stations were gas-fired power stations in South West Queensland – Origin Energy's Darling Downs Power Station and ERM Power's and Arrow Energy's Braemar 2 Power Station. In line with this generation shift, the number of generation connection enquiries rose again in the financial period.

With the quality renewable energy resources in Queensland being located away from the major population centres, the transmission grid will play a pivotal role in the transition to a lower emissions generation mix.

To this end, we continue to work closely with the Queensland Government's Office of Clean Energy to identify grid locations which can provide economic connection for large scale renewables generators (wind, biomass, solar thermal, and geothermal).

Environment and community priorities

Our commitment to sustainable environmental management and to positive and lasting community relationships remains a priority as we deliver our record capital works program.

We continue to maintain rigorous processes for monitoring all of our construction activities to ensure compliance with environmental legislation, and to fulfil our commitment to environmentally responsible performance. In addition, we have undertaken a number of initiatives to reduce and offset greenhouse emissions produced in-house within Powerlink, by actively managing waste, energy, water, transport, and emissions inventories.

As the provider of an essential service, we serve the entire Queensland community by developing and operating the State's transmission network.

In accordance with the *Integrated Planning Act 1997*, our transmission route planning is subject to a comprehensive process of assessment and approval which includes extensive community consultation.

We also strive to be a good corporate citizen, working hard to give something back to the communities where we are constructing our network. Powerlink's multi-tiered approach to working with communities continues to deliver far-reaching benefits to us and to the communities in the vicinity of our infrastructure. These benefits range from the proactive working relationships we foster with individual landowners, to our Community Benefits Program which provides funding for community projects in areas where we are building new infrastructure, to our major goodwill programs such as the recently completed Greening Lockyer program in South Queensland and the Community Environment Fund in Townsville.

Valuing our people

Individually, and collectively, our people help Powerlink to maintain and deliver transmission services which meet the expectations of our major stakeholders.

I thank our people for their commitment to getting the job done safely. Their consistent efforts have once again enabled Powerlink to achieve another year of excellent performance.

Looking to the future

Powerlink will continue to develop its network ahead of the growing electricity demand in Queensland. We will continue to operate and maintain our network to world-class levels of safety, reliability and cost efficiency.

Gordon Jardine
Chief Executive

Powerlink and the National Electricity Market

dependable

Powerlink is a Transmission Network Service Provider in the National Electricity Market (NEM), and is regulated by the Australian Energy Regulator.

deliverable 2008/09

- Network reliability met or exceeded the performance targets set by the Australian Energy Regulator, and benchmarked in the top quartile internationally.
- Powerlink commenced construction works to connect three power stations to the grid – Braemar 2 Power Station, Darling Downs Power Station and Mount Stuart Power Station Number 3.
- Through Grid Australia, Powerlink continued to play a proactive role in helping to shape the future of the National Electricity Market by preparing submissions on a range of issues including the Australian Energy Market Commission's *Review of Energy Market Frameworks in the Light of Climate Change Policies*.
- We began working with the Queensland Government to identify locations where the grid could provide economic connection for large scale renewables generators such as wind or solar thermal.

Powerlink is required to efficiently plan, develop, operate and maintain Queensland's high voltage transmission network and provide all NEM participants with secure, open and non-discriminatory access to our network for the trade of electricity.

During this period, the National Electricity Market Management Company (NEMMCO) managed the operation of the NEM in accordance with the National Electricity Rules. Under an Operating Agreement with NEMMCO, Powerlink performs several functions that assist in the secure operation of the Queensland power system.

Powerlink also performs the Jurisdictional Planning role for Queensland. In this role, we assess the capability of the network to meet forecast load growth, and work with equivalent bodies in other States and NEMMCO to assess the capability to transfer electricity to and from other States in the NEM.

When we identify future electricity needs, we consult with NEM participants and interested parties through a transparent process to identify potential non-network solutions and compare them with the network solutions Powerlink has identified.

As required by the Australian Energy Regulator's (AER) Regulatory Test, we identify and implement the solution that meets reliability standards at the lowest long-run cost to consumers.

The AER is responsible for setting the revenues that Powerlink is allowed to earn from regulated transmission services and it also sets targets for network reliability. The AER is a constituent part of the Australian Competition and Consumer Commission (ACCC), but operates as a separate legal entity with responsibility that includes economic regulation of electricity transmission.

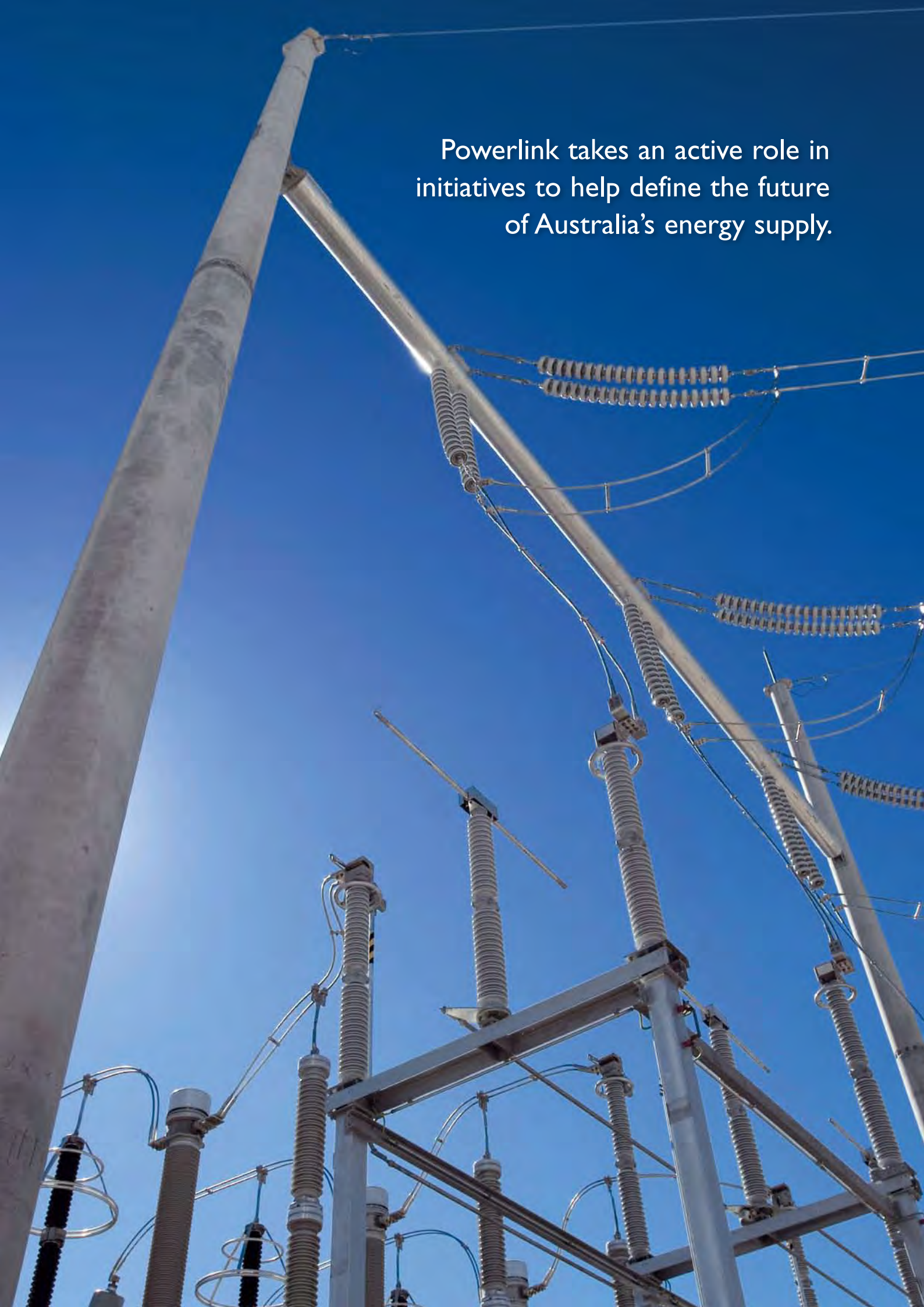
Changes to the National Electricity Market

During 2008/09, Powerlink has been preparing for changes in the way the NEM is managed in Australia.

From 1 July 2009, the Australian Energy Market took the place of the NEM and the Australian Energy Market Operator (AEMO) took over the responsibilities previously held by NEMMCO and a number of other energy market entities.

(continues overleaf)

The transmission connection to Origin Energy's Darling Downs Power Station



Powerlink takes an active role in initiatives to help define the future of Australia's energy supply.

Powerlink and the National Electricity Market

connectable:

Connecting Origin Energy's new Darling Downs Power Station

Powerlink is playing its part in helping Queensland move to a lower emissions generation mix, connecting Australia's largest gas-fired power station to the grid in South West Queensland.

Powerlink has been working with Origin Energy to connect its new power station to the grid. The 630 megawatt gas-fired Darling Downs Power Station is the largest combined-cycle power station in Australia and will produce enough power to supply the equivalent of 400,000 Queensland homes. Compared with the same capacity coal-fired power station, it will save 2.5 million tonnes of greenhouse gases a year, and will use less than three per cent of the water needed by a conventional water-cooled power station.

Powerlink's works to connect Darling Downs Power Station have involved a large and diverse team from across the organisation and have called for high levels of planning, collaboration, coordination and engineering expertise to meet the customer's needs.

At the project concept stage, after initial contact from a generator, Powerlink provides advice on cost-effective connection locations and options. Scoping and costing the entire connection project is complex and extensive discussions are carried out with the generator to finalise contractual arrangements.

"We are pleased to have worked with Origin Energy to help deliver this significant, lower emissions energy project. Our combined commitment to best-practice standards has delivered a project that is an asset for the State."

Simon Taylor, Network Customers Manager

Powerlink's Network Customers Manager, Simon Taylor, said Powerlink was contracted to construct, own and maintain the infrastructure connecting the new power station to Powerlink's Braemar Substation.

"The final connection arrangement features industry best-practice configurations giving Origin Energy high levels of reliability and security," Simon said.

"This project moved into its construction phase in 2007/08, with a team of upwards of 20 Powerlink staff working to complete the connection works in 2008/09."

As the financial year drew to a close, the project entered the testing and commissioning stage.

Throughout the project, Powerlink maintained flexibility to work in with the client's construction schedule, reviewing logistics planning and staffing schedules.

"Good communication and the strong relationship that has evolved between Powerlink and Origin Energy have enabled both organisations to successfully negotiate the challenges of such a complex, multi-faceted project," Simon said.

Powerlink has delivered the connection ahead of schedule. The Darling Downs Power Station is due to be commissioned in the fourth quarter of 2009 and will ramp up to full commercial operation in the first quarter of 2010.

(continued from page 14)

AEMO will also undertake the new role of National Transmission Planner. Powerlink will contribute to the planning activities carried out by the National Transmission Planner, including the publication of the National Transmission Network Development Plan (NTNDP), which will focus on the strategic and long-term development of the national grid.

Helping shape the future of the NEM

Powerlink continued to take an active role in initiatives to define the future of energy supply in Australia and to meet the National Electricity Objective – to promote an efficient, reliable, and safe electricity supply for the long-term interests of consumers.

Powerlink undertakes much of its engagement in this area through its involvement with Grid Australia, the organisation representing the owners of Australia's electricity transmission networks in the NEM, plus Western Australia. Grid Australia identifies issues of interest to transmission network owners and advocates for practical solutions that are in their common interest and in the best interests of electricity consumers. Powerlink's Chief Executive Gordon Jardine is Chairman of Grid Australia.

Albert Chown, Origin Energy's Commissioning Manager, with Simon Taylor, Powerlink's Network Customers Manager, at Darling Downs Power Station

During 2008/09, Powerlink participated, both directly and through Grid Australia, in a number of processes that will guide the future development of the NEM. These included the:

- Australian Energy Market Commission (AEMC) *Review of Energy Market Frameworks in the Light of Climate Change Policies*, which explores the implications of emerging policies that will affect the mix and location of electricity generators and how these will be connected into the grid
- Australian Energy Regulator (AER) *Weighted Average Cost of Capital (WACC) Review*, which defines the parameters for the rate of return used to calculate transmission network providers' regulated income
- AEMC interim report on transmission reliability standards, *Towards a Nationally Consistent Framework for Transmission Reliability Standards*
- AEMC *Review into the Use of Total Factor Productivity (TFP)*.

More details of these and other submissions are available at www.gridaustralia.com.au.

Powerlink and the National Electricity Market

Powerlink's role in climate change initiatives

In 2008/09, Powerlink contributed to industry discussion on the implications of climate change and carbon reduction policies. This participation will underpin our vital role in planning and providing infrastructure which will facilitate the expected transition to a lower emissions generation mix arising from the Commonwealth Government's Carbon Pollution Reduction Scheme (CPRS) and its 20 per cent Mandatory Renewable Energy Target (MRET) by 2020.

A strong transmission grid is a central plank in supporting Australia's and Queensland's move to a lower emissions generation mix. As Queensland trends toward this lower emissions generation mix, ongoing development of the transmission grid will be pivotal to transporting the power generated from the new renewable and gas-fired sources to the State's major population centres.

The Commonwealth Government's CPRS aims to reduce greenhouse gases at the lowest overall cost using market mechanisms. Specialist economic modelling of the NEM under the CPRS, commissioned by the Commonwealth Government, indicates that emissions trading will result in a gradual transition to a lower emissions generation mix. In Queensland, it is expected that gas-fired generation will play a key role in that transition. Similarly, the MRET is designed to source 20 per cent of electricity supply from renewables by 2020 at least cost. The modelling shows that the least cost renewables in the 2020 timeframe are likely to be wind and biomass. In Queensland, the quality renewable energy resources are located away from the major population centres, requiring the transmission grid to transport that power to consumers.

A strong transmission grid is a central plank in supporting Queensland's move to a lower emissions generation mix

Increasing awareness of climate change and emerging carbon reduction policies are already changing the mix of generation in Queensland. The new generation presently being connected to the grid is lower emissions gas-fired generation, and there is a significant number of enquiries for grid connection from low emissions and renewables generation proponents.

Powerlink has also worked with the Queensland Government's Office of Clean Energy to advise on locations which could provide economic grid connection for large-scale renewables generation.

Furthermore, we anticipate there will be a continued increase in energy efficiency initiatives. Energy efficiency aims to reduce overall daily energy consumption. However, this will have little impact on the main driver for development of the grid, which is peak electricity demand.

The changes to the Queensland transmission grid that will be driven by climate change initiatives are expected to be gradual and therefore can be managed effectively within Powerlink's existing planning processes and timeframes.

Solid network performance in 2008

The AER sets network reliability targets for Transmission Network Service Providers, and these apply on a calendar-year basis. In 2008, Powerlink met or exceeded these performance targets.

Powerlink continues to adopt strategies to maintain its world-leading performance for reliability and cost effectiveness (as measured in the biennial International Transmission Operations and Maintenance Study).

Regulated revenue and transmission pricing

The AER determines Powerlink's allowable revenue for regulated services so that the electricity transmission network can be developed, operated and maintained efficiently, while meeting Queensland's electricity demand growth.

Powerlink's allowable regulated revenue was specified in the AER's Final Decision of June 2007 and applies to each financial year from 1 July 2007 to 30 June 2012. From these annual revenues, we determine the transmission prices for our network customers in accordance with the methodology prescribed in the Rules. While electricity transmission is the backbone of the electricity supply chain, Powerlink's charges for electricity represent only about 10 per cent of the average household electricity bill.

In 2008/09, Powerlink's allowable regulated revenue was $595.9 million. This revenue supported Powerlink's essential network augmentation program which ensures development of the grid to meet increasing electricity demand and the ongoing reliability of the network.

New connections in 2008/09

Powerlink provides access to the transmission network under a non-discriminatory regime.

In the past year, Powerlink commenced work to connect three power stations, which are expected to be completed by December 2009. They are:

- ERM Power's and Arrow Energy's 450 megawatt Braemar 2 Power Station (coal seam methane gas-fired)
- Origin Energy's 630 megawatt Darling Downs Power Station (coal seam methane gas-fired)
- Origin Energy's 150 megawatt Mount Stuart Power Station Number 3 (jet fuel-fired).

Powerlink is also carrying out works associated with the connection of Rio Tinto's Yarwun Alumina Refinery.

foreseeable 2008/09

In 2009/10 and beyond Powerlink will:

- **Adapt to the changes to the national regulatory framework and planning arrangements.**
- **Continue to work with the Queensland Government to identify locations for economic grid connection of potential renewable generators.**
- **Begin preparations for Powerlink's regulated revenue reset submission to the AER for the five-year period commencing 1 July 2012.**

network strategy and operations

adaptable

Powerlink is dedicated to meeting the transmission needs of Queensland reliably and cost effectively.

deliverable 2008/09

- A new record peak demand of 8,677 megawatts was reached on 9 February 2009.
- We released our 2009 *Annual Planning Report*.
- We introduced new live line work techniques to allow transmission lines to be strung above distribution lines without disruption to service.
- A new agreement was established to guide the procurement of substation design and construction services.
- Our emergency response systems proved highly effective when an extreme weather event damaged transmission towers near Dysart in December 2008.

Powerlink plays a crucial role in supporting Queensland's growth. Our work includes planning and building new high voltage transmission lines and substations to provide continued security and reliability of the Queensland electricity grid.

Our activities and operations are undertaken in compliance with the *Electricity Act 1994*, the National Electricity Rules (the Rules), and other relevant legislation.

Transmission network planning and development are integral to Powerlink meeting its obligations. Powerlink's *2009 Annual Planning Report* (APR) was issued on 30 June 2009 to National Electricity Market (NEM) participants and other interested parties. The APR presented historical and forecast electricity demand, and our plans to develop the transmission network in response to forecast demand growth.

Electricity demand forecasts

In line with its obligations under the Rules, Powerlink publishes its APR in June each year. The APR identifies where, and when, development of the network needs to happen just ahead of increasing demand in order to ensure the continued reliability of the high voltage network.

The 2009 APR showed that statewide peak electricity demand is expected to grow at 3.8 per cent per year on average for the next 10 years. While electricity demand is expected to be lower than the historical trend in the next two years due to the economic slowdown, it is forecast to return to long-term trend growth thereafter.

Queensland's electricity demand growth will continue to be the highest in the NEM, driven by population growth and the continued installation and use of air conditioning. The summer maximum electricity demand (weather corrected) has grown significantly over the past five years with a statewide growth of 23 per cent (about 4.3 per cent per year), and a growth of 32 per cent (or 5.7 per cent per year) in South East Queensland. Looking forward, summer maximum native demand is forecast to continue to grow strongly with an average annual statewide increase of 4.4 per cent per year over the next five years.

A new statewide summer peak demand (as generated) of 8,677 megawatts was recorded on 9 February 2009.

Annual energy to be supplied from Powerlink's transmission network and significant embedded generators is forecast to increase at an average rate of 3.1 per cent per year.

(continues overleaf)

Linton Hart, Field Test Engineering Officer, and Michael Rowlands, Engineering Officer, in the new Woolooga Substation Control Room

Powerlink plays a crucial role in supporting Queensland's growth.

network strategy and operations

(continued from page 20)

The long-term forecast growth in peak electricity demand is the key driver for Powerlink's investment in the transmission network. Powerlink's planning process takes into account long-term trends in electricity usage, current economic influences, and underlying factors that drive future demand including weather, population growth, economic growth and industrial development, as well as the expected effects of energy efficiency and conservation initiatives.

The *2009 Annual Planning Report* is available at www.powerlink.com.au under the *Documents* section.

Building for the future

Powerlink is undertaking the largest capital works program in the electricity transmission sector in Australia, supporting regional growth and the export infrastructure chain through the timely augmentation of the network to meet the forecast electricity demand growth.

Since 2004/05, Powerlink has invested around $2.5 billion in augmenting the network, replacing aged assets, and maintaining the network. We currently have $1.6 billion in capital projects approved and under way, and our total capital program is expected to be in the range of $500 million to $600 million each year for the foreseeable future. The replacement of assets which are reaching the end of their service life will represent an increasing proportion of this program.

Jodie McMillan, Science Technician, in Powerlink's Oil Testing Services lab

System security

Powerlink's Network Operations Centre oversees the real-time management of the transmission system 24 hours a day, 365 days a year. In conjunction with the Australian Energy Market Operator (AEMO), our operations team ensures that the system is continually operated in a secure, reliable and efficient manner, relying on modern computer-controlled systems for real-time monitoring and control of the network.

The Network Operations Centre uses state-of-the-art diagnostic tools and video systems to assess remote network components, including the world-leading OpsWAN system, which is featured in the case study on page 24.

Infrastructure security

Powerlink's security policy acknowledges the status of our network as critical national infrastructure. It underpins our commitment to the safety of our people and the public, and the management of the protection of our network, and the need to ensure business continuity.

As a participating member of the International Electricity Infrastructure Assurance Forum, we have access to important security information, training and workshops that ensure we remain abreast of developments in infrastructure security, and that our security strategies reflect worldwide best practice.

We once again met our obligation to provide the Queensland Government with an annual Assurance Statement which is required of all critical infrastructure providers in Queensland. We also retained our involvement with Commonwealth and State Government agencies in accordance with the *National Guidelines for Protecting Critical Infrastructure from Terrorism* and the *Queensland Government Plan for the Protection of Critical Infrastructure from Terrorism.*

Continuous improvements to transmission services

Powerlink is implementing a range of strategies to continue to improve network service delivery, ensure that we are equipped with the resources and capabilities to deliver our significant capital works program, and continue to provide a cost-efficient and reliable transmission service to our customers throughout Queensland.

We continue to target opportunities which enable us to deliver our capital program on time, safely and to a high quality, and operate and maintain our network to meet the reliability targets set by the Australian Energy Regulator (AER).

Managing network access and works to meet customer needs

There are times when outages must be scheduled in order to undertake the construction and maintenance of the network. We schedule these outages to minimise any associated impacts on customer supply and the operations of the NEM. In line with the Rules, we provide advanced notification of these planned outages by publishing a 13-month outage plan, updated on a monthly basis, to inform NEM participants.

An important part of maintaining electricity supply and minimising inconvenience to distribution networks during essential construction and maintenance works is our ability to undertake live line and substation work, which along with the following three new techniques utilised in 2008/09, plays an important role in minimising impacts on consumers and the electricity market.

Portable under-crossing protective barrier

Powerlink's engineering team developed a new technique involving the use of a purpose-built, portable structure that creates a 'bridge' to reduce the need for localised outages on the distribution network when Powerlink is stringing conductors. Previously, it was necessary to schedule an outage in the relevant section of the distribution network to ensure that the distributor's powerlines and supply were protected in the event that the conductors made contact during the stringing process.

The new approach was successfully used during the connection works associated with the establishment of Powerlink's new Abermain Substation in the vicinity of ENERGEX powerlines.

Live line insulator washing procedure

From time to time insulators require cleaning to prevent the build-up of contaminants which have the potential to impact the effectiveness of the insulation. Powerlink has developed a new washing technique that avoids the need to de-energise the feeder.

This innovation uses a pulsating jet of high-pressure aerated water, which is constantly monitored for conductivity. If the conductivity rises for any reason, the pump automatically cuts off.

The new system was trialled successfully in 2008/09 on the 110 kilovolt line between Rocklea and Sumner substation, which is near a number of construction sites that produce contaminants such as dust.

Temporary relocatable Static VAr Compensator

Static VAr Compensators (SVCs) are a crucial component for regulating voltage in the high voltage transmission system *(see case study page 34)*.

Over the past few years, Powerlink has been working with a major equipment supplier to replace control systems on nine SVCs that are part of the electricity supply points to QR Network's rail network. While such major activities usually require outages of the SVC of up to eight weeks, the need to minimise disruption to the coal transport system meant that outages needed to be scheduled to coincide with rail maintenance days at each site.
The project team and the supplier developed a unique solution – a temporary relocatable SVC, small enough to be towed by a standard truck. The relocatable SVC was used to provide the necessary support to each substation while the permanent SVC was refurbished and re-commissioned.

assessable:

A world's best-practice solution to integrated performance diagnostics

Powerlink's leading OpsWAN technology was upgraded in 2008/09, reinforcing Powerlink's drive to maintain world-class levels of system security and reliability. OpsWAN (which stands for Operations Wide Area Network) is a high-speed communication and computer system that allows Powerlink's Operations team rapid, remote access to our substation plant and equipment.

The OpsWAN infrastructure is fundamental in enabling remote investigation of network faults and on line condition monitoring of transmission assets, and is made possible by high-speed optical fibres fitted inside the core of overhead earth wires installed through key parts of our transmission network.

Manager Asset Monitoring, Jamie Gabb, said OpsWAN provides Powerlink's Asset Monitoring group with rapid access to information, facilitating an immediate and accurate assessment of the problem so that informed decisions can be made about the significance of an event on the network.

"This means we can respond quickly to ensure the security of supply, safety of the public and safety of our staff and network assets. This rapid appraisal and diagnosis avoids or defers the need for an immediate call-out to site in the majority of cases.

"Powerlink is a leader in the implementation of OpsWAN-based transmission plant and equipment monitoring in Australia."

Jamie Gabb, Manager Asset Monitoring.

"Avoiding unplanned, long distance call-outs removes the traditional delays to restoring plant to service, and in cases where we do deploy staff to site, the OpsWAN network allows us to gather the relevant engineering data and fully inform field technicians of the situation before they arrive on site," Jamie said.

"The ongoing performance data from OpsWAN also feeds into maintenance planning and decisions about replacement of network components."

As part of a two-year program of works, Powerlink began the roll-out of several upgrades and system enhancements during 2008. These included the introduction of equipment for high-speed monitoring of power system events (which is now an AEMO requirement for all Transmission Network Service Providers), and a program of power quality monitoring which requires the installation of equipment to monitor high voltage power quality across the network.

Progressive replacement of OpsWAN equipment to ensure our computer and network hardware is kept up-to-date and supportable also commenced in 2008/09.

Maintaining the network

Powerlink is responsible for maintaining and updating its network to ensure continuing efficiency and reliability. Network maintenance is planned, taking into account the lifecycle of different components of the system and their servicing needs. In the financial period, $73.3 million was invested in the maintenance of the network.

The development of ongoing maintenance programs for major new equipment is critical to achieving maximum reliability once the equipment is in operation in the network.

When new equipment is introduced, reliability-centred maintenance workshops are the first step in defining the maintenance requirements.

In 2008/09, one example of a reliability-centred maintenance workshop program was the roll-out of new SVCs across the network. These workshops brought together Powerlink personnel, manufacturers' representatives and design and maintenance experts to scope the new SVCs' maintenance needs. The workshops for this complex equipment took place over two weeks, dealing with both primary plant and secondary systems maintenance.

The workshops and resulting maintenance regimes are an important part of Powerlink's risk management approach.

More efficient commissioning using mobile telecommunications

The commissioning of new substations on greenfield sites requires extensive computerisation and testing. Powerlink has developed a new mobile telecommunications solution to facilitate this process, using the mobile telecommunications network, to optimise testing and commissioning timeframes.

Jamie Gabb, Manager Asset Monitoring, and Paul Wilson, Fault Management Analyst

In 2008/09, the new system proved highly effective in factory and site acceptance testing at locations where conventional substation communications were not yet in place. It also has potential for reinstating supply and testing during emergency situations, such as cyclones, in which telecommunications equipment may be out of service.

Developing telecommunications capacity

The real-time testing, monitoring and control of Powerlink's transmission network are facilitated by a sophisticated, high capacity telecommunications network.

Over the past decade, Powerlink has integrated Optical Fibre Ground Wire (OPGW) into the construction of new transmission lines and has retrofitted it to selected existing lines.

A high capacity optical fibre telecommunications solution is now being progressively installed between Brisbane and Cairns. The new network utilises Dense Wave Distributed Multiplexing (DWDM) technology, which allows transfer of 400 Gigabits per second.

New Substation Agreement improves flexibility and competition

The implementation of a new agreement in early 2009 will shape the procurement and management of substation design, construction, and testing. The agreement is a competitive arrangement that facilitates the tendering process for the major components of a substation project, according to the specific needs of the project. As with all of Powerlink's procurement of goods and services, the establishment of the new agreement was undertaken in accordance with the objectives of the State Procurement Policy and policy on contracting.

network strategy and operations

Refurbishing transmission towers in Far North Queensland

Corporate emergency response

Powerlink's suite of well-developed, understood, and rehearsed corporate emergency response plans ensure we have the capability to quickly respond to any network or corporate emergency. Our corporate emergency response plan is reviewed regularly and forms an integral part of our strategy to deliver a secure and reliable transmission network.

The Pandemic Emergency Management Plan was activated in response to the Pandemic (H1N1) 2009 outbreak.

Several desktop and 'live' exercises were also conducted as part of an annual program to test and improve procedures. In October 2008, a simulated emergency exercise was conducted with Ergon Energy in Townsville, based on the scenario of a major cyclone with co-location of Powerlink and Ergon Energy emergency response and corporate communication teams co-located to deal with its aftermath.

Dysart storm

In December 2008, a severe storm caused permanent damage to seven high voltage transmission towers near Dysart. While the event was managed with no interruption to electricity supplies, the prompt restoration of the network in the area, along with comprehensive contingency plans, ensured the continued security and reliability of the network supplying Ergon Energy, large coal mines and the QR Network.

The replacement of the damaged towers took place over just three weeks despite the remote location.

North Queensland outage

We demonstrated our emergency response capability in January 2009 when an electrical fault affected the main power supply to North and Far North Queensland, resulting in rare and unexpected simultaneous outages on both of the 275 kilovolt transmission lines that supply Townsville and the Cairns regions from the south. The outage resulted in the loss of supply to approximately 200,000 customers in the Townsville and Cairns regions however Powerlink, working with Ergon Energy, responded quickly and safely to progressively restore power to all customers within two hours.

Securing easements for future needs

A vital part of Powerlink's long-term planning is the securing of strategic easements for future transmission lines. Wherever possible, we do this many years in advance of line construction so that we can provide certainty to local government, landowners and the community about the location of future powerlines. This approach allows better land use planning by councils, developers and Government agencies and preserves our ability to construct new infrastructure in increasingly urbanised areas.

In 2008/09, easements and substation sites gazetted included:

- Bouldercombe to Pandoin 132 kilovolt transmission line
- Strathmore to Bowen 132 kilovolt transmission line (Stage One)
- Strathmore to Ross 275 kilovolt transmission line
- Blackstone 275 kilovolt Substation
- Mount Stuart GT Power Station 132 kilovolt transmission line.

Powerlink worked quickly to replace a section of line near Dysart which was damaged in a severe storm

foreseeable 2008/09

In 2009/10 and beyond Powerlink plans to:

- Continue to integrate the impacts of climate change and carbon policies into its annual planning processes.
- Invest about $600 million annually in capital works to upgrade the network and replace aged assets.
- Continue to research and develop ways to enhance the operation of the Powerlink network using world-leading technology.
- Continue to strengthen our telecommunications network and duplicate data pathways to further reinforce the protection and monitoring of the network.

network development

extendable

Over recent years, Queensland's electricity demands have been growing faster than any other State in Australia. Powerlink continues to extend the network to cater for the growing population and long-term electricity growth forecasts.

deliverable 2008/09

- Powerlink completed construction of 504 kilometres of new transmission lines, 707 towers and four major new substations.
- We delivered our $675 million capital works program on schedule despite extensive flooding and adverse weather conditions in North Queensland.
- We completed Stage One and Stage Two of the $500 million-plus Central Queensland to North Queensland transmission reinforcement project and began work on Stage Three (the final stage).
- We installed three Static VAr Compensators (a specialised and sophisticated part of substation technology that provides fast-acting power compensation to control load and voltages).
- Planning for the 500 kilovolt network continued, with the publication of the *Final Report on the South West to South East Queensland* augmentation.
- We completed the Nebo to Bolingbroke transmission line for QR Network.

Powerlink is undertaking the largest capital works program in the electricity transmission sector in Australia. In 2008/09, we undertook $675 million in construction works across Queensland.

Powerlink is required to undertake the assessment process set out in the National Electricity Rules (the Rules), including applying the Australian Energy Regulator (AER) Regulatory Test prior to constructing new transmission lines and substation developments to increase the capacity of the transmission network.

Where our planning process identifies that the transmission network supplying a region is approaching its limits in the next few years because of growing electricity demand, Powerlink notifies National Electricity Market (NEM) participants and interested parties of the anticipated limitation and seeks information from those parties on feasible non-network solutions to address the anticipated constraint.

We then carry out detailed technical and economic analysis to determine the feasible network solutions that address the identified network limitation. Having undertaken this rigorous investigation, Powerlink applies the AER Regulatory Test and consults with NEM participants and interested parties on feasible alternatives to identify the most economic solution.

Regulatory Test processes undertaken in 2008/09

In 2008/09, we completed consultation and Regulatory Test assessment for the following identified needs.

IDENTIFIED NEED	SOLUTION IDENTIFIED IN THE REGULATORY TEST
Supply to Bowen	Staged construction of a new 132/66 kilovolt substation at Bowen North and a Strathmore to Bowen North 132 kilovolt transmission line.
Supply to North and Far North Queensland	Construction of the Strathmore to Ross 275 kilovolt transmission line and provision of network support services from Origin Energy, CS Energy, and CSR Sugar.
Supply to South East Queensland	Construction of 275 kilovolt Static VAr Compensator (SVC) at South Pine Substation and installation of shunt capacitor banks at Ashgrove West, Loganlea, and Belmont substations.

Belmont Substation upgrade in Brisbane


Powerlink is undertaking the
largest capital works program in
the electricity transmission
sector in Australia.

network development

Planning for the 500 kilovolt network

As part of our commitment to long-term planning, Powerlink has been preparing for the future construction of a new higher-capacity 500 kilovolt transmission network to accommodate the growing electricity needs in South East Queensland, which represents about 60 per cent of the State's electricity load.

Based on forecasts of electricity demand, the 275 kilovolt transmission serving South East Queensland is expected to approach its capacity limits within the next five years. At the same time, South East Queensland is rapidly becoming more urbanised, placing significant land use planning constraints on the 'footprint' of the future transmission network.

Building a higher-capacity 500 kilovolt transmission network will help meet the growing demand for electricity while reducing the overall number of new high voltage powerlines that will need to be built in the future. One 500 kilovolt transmission line is capable of carrying the same amount of electricity as about three 275 kilovolt lines, with a much smaller land use requirement.

The plan for the 500 kilovolt network involves the progressive development of the following sections of transmission line between:

- the Surat Basin (from a new substation to be known as Western Downs) and Halys (near Tarong)
- Halys and Blackwall (near Ipswich)
- Halys and Greenbank (in Logan).

The precise timing of the construction of the line sections depends on future electricity demand growth in South East Queensland, and on the location and timing of new generation developments in South Queensland. However based on current forecasts, the first stage of the 500 kilovolt network development between Halys and Blackwall, which will initially be operated at 275 kilovolts, will be required in 2013/14. This date will be reviewed based on the latest demand outlook at the time of project approval.

We are committed to working closely with local stakeholders, landowners and communities as we progressively develop the 500 kilovolt network.

Queensland/New South Wales Interconnector

The Queensland/New South Wales Interconnector (QNI) connects Queensland to the NEM, enabling interstate trade in electricity and generation reserves to be shared between Queensland and the other states in the NEM.

Powerlink, and its New South Wales counterpart, TransGrid, are committed to investing in any upgrades to the QNI which would deliver enough net market benefits to pass the AER's Regulatory Test. To this end, Powerlink and TransGrid conducted a comprehensive joint assessment of the optimal timing and size of an upgrade of the QNI.

The QNI upgrade study, which was published in a Final Report in October 2008, identified that the most economic capacity upgrade would be the installation of series compensation equipment on the existing interconnector lines at an estimated cost of $120 million. The Final Report concluded that the optimal timing under the most plausible scenario is 2015/16. Based on that timing, Powerlink and TransGrid consider it premature to recommend an upgrade at this time.

Both organisations will continue to monitor developments which could impact on the scope and timing of a potential upgrade of the QNI, and will proceed with further work where material changes to market developments occur.

Major projects completed since June 2008

REGION	PROJECT	BRIEF DESCRIPTION	PROJECT PURPOSE	MILESTONES ACHIEVED
NORTH QUEENSLAND	Townsville South to Townsville East transmission line and Townsville East Substation	Construction of a 132 kilovolt transmission line between Townsville South and Townsville East Substations, and construction of a new 132/66 kilovolt substation at Townsville East.	To ensure continued reliability of electricity supply and increase capacity to meet growing electricity demand in the Townsville CBD and Port areas.	Commissioned in July 2008.
	Nebo to Bolingbroke transmission line	Construction of a 132 kilovolt transmission line between QR Network's proposed substation at Bolingbroke and Powerlink's Nebo Substation.	To ensure continued reliability of electricity supply and increase capacity to meet the growing electricity demand from coal transport activities in the Bowen Basin.	Construction completed in May 2009.
	El Arish Substation	Construction of a 132/22 kilovolt substation at El Arish.	To help maintain a reliable supply of high voltage electricity to the Mission Beach area.	Commissioned February 2009.
	Tully to Innisfail transmission line	Construction of a 132 kilovolt transmission line between Tully and Innisfail Substations as a replacement for the ageing Kareeya to Innisfail 132 kilovolt transmission line.	To ensure continued reliability of electricity supply to Far North Queensland.	Commissioned in August 2008.
CENTRAL QUEENSLAND	Broadsound to Nebo transmission line	Construction of a 275 kilovolt transmission line between Broadsound and Nebo.	The first stage of a major three-stage upgrade to ensure continued reliability of electricity supply and increase capacity to meet growing electricity demand in North Queensland.	Commissioned in October 2008.
SOUTH QUEENSLAND	Abermain Substation	Construction of a 275/110 kilovolt substation at Abermain.	To ensure continued reliability of electricity supply and increase capacity to meet growing electricity needs in the Ipswich area.	Commissioned in March 2009.
	Greenbank Substation – Static VAr Compensator	Installation of a Static VAr Compensator at Greenbank Substation.	Capacitive compensation to meet increasing reactive demand.	Commissioned in December 2008.
	West Darra Substation	Replacement of aged equipment at the 110 kilovolt West Darra Substation.	To ensure continued reliability of electricity supply in the south west Brisbane area.	Commissioned in April 2009.

network development

Major projects under construction in 2008/09

REGION	PROJECT	BRIEF DESCRIPTION	PROJECT PURPOSE	MILESTONES ACHIEVED
NORTH QUEENSLAND	Innisfail to Edmonton replacement transmission line	Construction of a 132 kilovolt transmission line to replace an ageing line between Innisfail and Edmonton.	To ensure continued reliability of supply to Far North Queensland.	Construction was completed in June 2009. Commissioning is to be completed in August 2009.
	Strathmore to Ross transmission line	Construction of a 275 kilovolt transmission line between Strathmore and Ross Substations.	To ensure continued reliability of electricity supply and increase capacity to meet growing electricity demand in North and Far North Queensland.	Construction began in May 2009.
	Strathmore to Bowen transmission line and Bowen North Substation	Construction of the new 132/66 kilovolt Bowen North Substation and a 132 kilovolt transmission line between Strathmore Substation and Bowen North Substation.	To ensure continued reliability of electricity supply to the growing Bowen region.	Preliminary works began in May 2009. Construction to be completed in 2010/11.
	Clare Substation	Replacement of the aged 132 kilovolt substation at Clare.	To ensure continued reliability of high voltage electricity supply to the Burdekin region.	Construction to be completed in late 2009.
	Cairns Substation	Replacement of aged equipment at the Cairns Substation.	To ensure continued reliability of transmission services.	Construction to be completed by summer 2010/11.
	Ross to Yabulu South transmission line and Yabulu South Substation	Construction of a 275 kilovolt transmission line between Ross Substation and Yabulu South Substation and construction of a new 132 kilovolt substation at Yabulu South.	To ensure continued reliability of electricity supply and increase capacity to meet growing electricity demand in the Townsville area.	Construction of the transmission line was completed in October 2008. Construction of the Yabulu South Substation began in May 2008.
	Alligator Creek Substation	Upgrade of the existing 132/33 kilovolt Alligator Creek Substation including installation of two new transformers and associated equipment.	To ensure continued reliability of supply to the coal loading terminals of Hay Point and Dalrymple Bay, and surrounding areas.	Transformer commissioned in February 2009. Construction to be completed in 2009/10.
CENTRAL QUEENSLAND	Nebo to Strathmore transmission line	Construction of a 275 kilovolt transmission line between Nebo and Strathmore Substations.	To ensure continued reliability of electricity supply and increase capacity to meet growing electricity demand in North and Far North Queensland.	Commissioning to be completed in the second half of 2009.
	Bouldercombe to Pandoin transmission line and Pandoin Substation	Construction of a new 132/66 kilovolt substation at Pandoin and a 132 kilovolt transmission between Bouldercombe and Pandoin Substations.	To ensure continued reliability of supply to the Rockhampton area.	Construction began in September 2008.
	Larcom Creek Substation	Construction of a 275 kilovolt substation at Larcom Creek and a new 275 kilovolt transmission line from Larcom Creek Substation to Yarwun Substation.	To provide additional transmission capacity to the Gladstone area, including the Gladstone State Development Area.	Construction to be completed in 2009/10.
	Yarwun Substation	Construction of a new 132/33 kilovolt substation at Yarwun.	To ensure continued reliability of electricity supply and increase capacity to meet growing electricity demand in the Yarwun area.	Construction to be completed in 2009/10.

REGION	PROJECT	BRIEF DESCRIPTION	PROJECT PURPOSE	MILESTONES ACHIEVED
SOUTH QUEENSLAND	South Pine Substation	Rebuilding and replacement of aged equipment at the 110 kilovolt South Pine Substation, including installation of a Static VAr Compensator.	To ensure continued reliability of electricity supply and meet growing electricity demand in north eastern Brisbane.	Static VAr Compensator commissioned in December 2008 and transformer commissioned in April 2009. Works to be completed in 2010/11.
	South Pine to Sandgate transmission line	Construction of a 275 kilovolt transmission line between South Pine Substation and ENERGEX's Sandgate Substation.	To ensure continued reliability of electricity supply to the north eastern Brisbane area.	Commissioning to be completed in summer 2009/10.
	Woolooga Substation	Upgrade of the existing 275/132 kilovolt Woolooga Substation, including installation of a Static VAr Compensator.	To ensure continued reliability of electricity supply in South East Queensland.	Construction began in November 2007. Static VAr Compensator commissioned in November 2008.
	Belmont Substation	Upgrade of the existing 275/110 kilovolt Belmont Substation.	To maintain a reliable supply of high voltage electricity supply to South East Queensland.	Works began in August 2008. Construction to be completed in 2010/11.
	Braemar Substation – power station connections	Works to connect Origin Energy's new Darling Downs Power Station, and ERM Power and Arrow Energy's Braemar 2 Power Station to Braemar Substation.	To provide a high voltage connection point for Darling Downs Power Station and Braemar 2 Power Station.	Darling Downs Power Station connection to be completed in summer 2009/10. Stage One connection for Braemar 2 Power Station was commissioned in April 2009. Additional works to be completed by winter 2010.

Cameron Meekin, Program Manager, pictured during helicopter stringing of the South Pine to Sandgate transmission line in Brisbane

manageable:

Maximising system efficiency and managing load with new SVCs

In 2008/09 Powerlink installed three new Static VAr Compensators (SVCs) at our Woolooga, South Pine and Greenbank substations, increasing the capacity of the transmission network in South East Queensland.

SVCs are highly complex pieces of equipment that facilitate fast-acting reactive power compensation on the network.

A key feature of this type of plant is that the power electronics allow the device to continuously support the capacitive and inductive needs of the network. Through stabilising and controlling the voltage, they allow existing lines to operate more efficiently, thus giving increased capacity to transmission lines.

The SVCs in the Powerlink transmission network help stabilise power across Queensland and into New South Wales via the Queensland/New South Wales Interconnector.

Powerlink's Manager Engineering, Brian Pokarier, said the delivery and commissioning of the three new SVCs in 2008/09 was the culmination of comprehensive planning, design and construction management carried out by a multi-disciplinary team.

"The new SVCs give additional flexibility of control and support the substations' vital role in transforming, switching, measuring and controlling supply across the network."

Manager Engineering, Brian Pokarier

"Powerlink's grid planners identified the need for the SVCs, while our SVC specialist engineers and engineering project managers oversaw the design, factory testing and construction of the SVCs," Brian said.

"In the meantime, our substation design teams and project managers prepared to locate the SVCs within our substation sites. Once the equipment arrived, each SVC project demanded significant ongoing collaboration between our construction managers, commissioning engineers, substation teams and the manufacturers."

Brian Pokarier, Manager Engineering, and Tuan Vu, SVC Project Manager, at the Greenbank SVC

Brian Pokarier, Manager Engineering, at the Greenbank SVC

constructable:

Meeting the challenges of terrain and weather in North and Far North Queensland

In North and Far North Queensland, Powerlink is working to ensure a safe and reliable supply of high voltage electricity continues to be maintained to the region and to underpin future economic development. To deliver these augmentations to the grid in a timely manner, our transmission line design and construction teams are meeting the challenges posed by difficult terrain and tropical weather conditions.

In 2008/09, Powerlink completed construction of the first and second stages of the Central Queensland to North Queensland reinforcement project between Broadsound in Central Queensland and Strathmore in North Queensland, the Tully to Innisfail and Innisfail to Edmonton transmission line replacement projects in the Far North, and the Ross to Townsville South to Townsville East transmission line project. Designing and constructing these lines in extreme weather conditions and across diverse environments, including World Heritage rainforest and steep terrain, demonstrates Powerlink's thoroughness, adaptability and innovation, the strength of our project management processes and the skills and the resilience of our construction teams.

Optimum line design

Powerlink's line design experts undertake the design of suitable structures and arrange their manufacture, specify appropriate foundations for the structures, and ensure that the configurations meet the technical power transfer requirements.

Line Design Manager, Trevor Jacobs, explains that transmission structures are designed specifically for the network needs and operating conditions unique to each transmission line.

"They must be the best solution for Queensland's climate (particularly cyclone conditions in North and Far North Queensland), for conductor weight and tension requirements, required safe ground clearances, and the topography of the terrain traversed. Similarly, foundation designs must consider the variability of soil type, terrain constraints, wind and any permanent stresses induced by the structures," Trevor said.

> "The completion of these projects to the highest standards, and in the case of the Innisfail to Edmonton project ahead of schedule, was the result of Powerlink people and our contractors working together with a shared commitment to excellence."
>
> *Col Langton, Lines Construction Management Team Leader*

"In addition, the location of each tower must avoid the most vulnerable environmental areas and allow ongoing low-impact access for construction and maintenance. Safety considerations are paramount and are also built into the designs.

"The design process involves aerial laser surveys that enable us to create three-dimensional terrain and obstacle maps to within 50mm accuracy, and the adoption of special three-dimensional computer programs also enable us to model and evaluate design alternatives.

"In North and Far North Queensland, we must meet additional design challenges such as safe height clearance of rainforest canopies, sandy silt soils, steep and undulating topography, sensitive environments and still meet the requirement of AS1170 Region C cyclonic zone wind speeds," Trevor said.

Construction challenges

The Powerlink construction teams working in North Queensland in 2008/09 surmounted a range of challenges, including a demanding program of works, an extreme wet season (with five times the expected average rainfall in some areas) and testing terrain.

Lines Construction Management Team Leader, Col Langton, said meeting construction timelines while allowing for unpredictable extremes of weather provided logistical and construction challenges for Powerlink's project managers and construction teams.

"We have been continuing to evolve our construction methods to reduce impacts on landowners, the community and the environment. But on many of these projects in 2008/09, we also had to contend with extremely wet weather and in some areas such as Mackay and Townsville, flooding," Col said.

"We applied a range of construction solutions to address these issues while also making sure we created the least possible disturbance to the environment. These solutions included the use of smaller and more versatile plant, and screw anchor foundations. Helicopter stringing of the conductor wires was also used to minimise the impact in environmentally-sensitive areas and extend the range of workable weather conditions."

Construction teams met the challenges of tropical weather conditions during construction of the Innisfail to Edmonton transmission line

foreseeable 2008/09

In 2009/10 and beyond Powerlink will:

- Complete the Regulatory Test processes for the following network developments:
  - *Supply to South West and South East Queensland.*
- Continue construction on transmission line projects including:
  - Strathmore to Ross 275 kilovolt transmission line
  - Strathmore to Bowen 132 kilovolt transmission line
  - South Pine to Sandgate 275 kilovolt transmission line
  - Bouldercombe to Pandoin 132 kilovolt transmission line.
- Continue construction on substation projects, including:
  - Replacement of aged equipment at Cairns Substation
  - Establishment of the Bowen North 132/66 kilovolt Substation
  - Establishment of the Larcom Creek 275 kilovolt Substation
  - Establishment of the Yabulu South 132 kilovolt Substation
  - Rebuilding and replacement of aged assets at the South Pine 110 kilovolt Substation
  - Upgrade of the existing 275/110 kilovolt Belmont Substation.

sustainable

Powerlink constructs, maintains, and operates its high voltage transmission lines in some of the world's most extreme and sensitive environments. Our staff are challenged and empowered to protect, enhance and respect the environment, balancing business outcomes with environmental outcomes.

deliverable 2008/09

- Powerlink registered with the new National Greenhouse Emission Reporting scheme – a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, energy use, and energy production.
- We took proactive steps to offset our in-house carbon production through a variety of initiatives including more efficient fleet management, voluntary carbon offsets, and installation of energy efficient lighting.
- We continued to monitor and manage SF_6 emissions (a greenhouse gas present in some transmission switchgear) and continued to review switchgear design alternatives, looking at whole-of-life impacts.
- Together with other Queensland energy companies, we worked to identify more sustainable procurement processes that take into account the environmental sustainability of products and suppliers.
- We worked to maintain and restore the historic coke oven mounds in the vicinity of the Abermain Substation, near Ipswich.

Powerlink's substantial capital works program is underpinned by a rigorous process to ensure that any environmental impacts are identified and that management plans are put in place to minimise these impacts. We closely monitor all construction activities to ensure compliance with the relevant environmental legislation such as the *Environmental Protection Act 1994* and the *Integrated Planning Act 1997 (Queensland)*, and that they are aligned with Powerlink's commitment to environmentally responsible performance.

Our rational approach to climate change means we are focusing our efforts on matters that are within our control. We have undertaken a number of initiatives to reduce Powerlink's in-house greenhouse emissions by actively targeting waste, energy, water, transport, and emissions inventories.

Our management of environmental performance

Powerlink's Environmental Steering Committee identifies the environmental requirements to be addressed by the Environmental Strategy Plans which guide our operations. These Environmental Strategy Plans set strategies for managing both performance and risk.

Our asset handover strategies define clear responsibilities ensuring effective transfer of environmental custodianship from those involved in the construction phase of projects to those involved in the ongoing maintenance. This underpins a total lifecycle approach to sustainable operations.

Only one minor environmental incident occurred during the period. Powerlink worked closely with the Environmental Protection Authority in managing the incident, and no fines were imposed.

Environmental training and development

Environmental awareness is an important facet of induction training for all Powerlink staff. Construction managers undertake a special e-training module designed to increase awareness of their responsibilities and of environmental risks and benefits.

In 2008/09 a new professional development program for environmental staff was introduced, which saw them embedded within other departments to help reinforce a whole-of-organisation approach to environmental sustainability.

(continues overleaf)

Powerlink works proactively to manage the impact of our operations on flora and fauna

Powerlink's environmental strategies take a lifecycle approach to sustainable operations.

environment

(continued from page 38)

Protecting Cultural Heritage

Powerlink is proud of its proactive approach to the management of cultural heritage on its easements and substation sites. Our compliance with our duty of care is evidenced in the Cultural Heritage Management Agreements (CHMA) that are developed as an integral part of any major new transmission line or substation construction project.

We have continued to build long-term relationships with relevant Traditional Owners and other community and heritage groups to establish a foundation of understanding for resolving any potential issues which may arise not only during construction, but also during the subsequent operation and maintenance of our network. During 2008/09, we developed and implemented CHMAs and agreements with 10 different Traditional Owner groups for new assets in North, Central and South Queensland. We also provided input to the State Government's review of the *Aboriginal Cultural Heritage Act 2003*.

Powerlink is represented on the Bunya Mountains Heritage Steering Committee which worked during the year with a newly-formed Traditional Owner body to establish the Bunya Mountains Traditional Owner Consultative Group, which includes key Powerlink stakeholders including representatives from regional councils, and from the Commonwealth and State Governments. The Bunya Mountains region is traversed by existing Powerlink transmission lines and easements, including the easement for the proposed Halys to Springdale to Blackwall 500 kilovolt transmission line.

This cross-regional Traditional Owner natural resource management initiative is aimed at building collaborative, holistic partnerships to integrate natural and cultural resource management in the region. The Bunya Mountains area holds great cultural significance as a traditional festival gathering place for Aboriginal peoples from across southern Queensland and northern New South Wales, many of whom are represented in this project.

Our Cultural Heritage team also worked in conjunction with North Ipswich Rotary and the Willis Haenke Foundation to fence, maintain and restore the historic coke oven mounds near the Abermain Substation. The coke ovens are a relic from the time when an historic coalfield and power station were located at Tivoli near Ipswich.

Managing and reducing greenhouse gas

The new *National Greenhouse and Energy Reporting Act 2007* (the NGER Act) was passed in September 2007 and further amended in March 2009. It provides a single national reporting framework on greenhouse gas emissions and energy use. The first annual reporting period began on 1 July 2008 and Powerlink has registered to comply.

As a signatory to the Commonwealth Government's Greenhouse Challenge and Greenhouse Challenge Plus programs, Powerlink has been voluntarily reporting on greenhouse gas emissions since 1999. We are working cooperatively with other Transmission Network Service Providers in the development of a robust reporting system to meet the requirements of the NGER framework.

In our everyday business activities, we have also implemented a number of initiatives to reduce our in-house greenhouse emissions by actively targeting waste, energy, water, transmission, and emissions inventories.

As we realise cost efficiency gains through the implementation of these initiatives, we are reinvesting these gains into the purchase of green electricity for our head office facilities in Brisbane, thereby delivering further emission reductions. Our activities to reduce in-house greenhouse gas emissions include:

- ***Reducing energy use***

  Powerlink has replaced office lighting with low-energy equivalents and in 2008/09 we undertook an air conditioning audit.

  A 'green computer' power-down project was trialled during the year, cutting computing emissions by 30 per cent. The success of the trial will lead to an organisation-wide power-down project being rolled out.

- ***Purchase of 'green power'***

  In 2008/09, Powerlink purchased 5,103,999 kilowatt hours of green power. This equated to 50 per cent of our estimated energy usage for our Virginia office for the year, which in turn equated to 4,656 tonnes of carbon dioxide reduction.

- ***Reducing travel emissions***

  Powerlink's establishment of a Motor Vehicle Environmental Policy ensures that, where possible, we select vehicles that meet the following minimum Green Vehicle Guide Greenhouse Ratings, in line with the Queensland Government's QFleet Climate Smart Policy:

  - Passenger vehicles – at least 5.5 (CO_2 emissions 221–240 combined grams per kilometre)
  - Light commercial vehicles – at least 3.5 (CO_2 emissions 301–320 combined grams per kilometre).

Where operational requirements dictate vehicles which can not meet these ratings, we offset carbon emissions through Ecofund, a Queensland Government initiative that invests in environmental projects such as energy efficiency, renewable energy and biodiverse forestry projects across the State. We also offset the emissions from our air travel through Ecofund.

Recycling and reusing

We have implemented various recycling initiatives to minimise our resource usage and to reduce waste. We recycle a range of our business-related waste, including electronic equipment such as telecommunications equipment, small appliances, and rechargeable batteries. Other initiatives include reprocessing transformer oil (vegetable-derived alternatives are also being researched and tested), and using ground-down ceramic as a road-surfacing material. In 2008/09, we also implemented the use of recycled metal for transmission tower signage.

We routinely audit our waste and recycling activities to ensure we continue to improve.

Minimising SF_6 emissions

Sulphur Hexafluoride (SF_6) is a greenhouse gas used in some high voltage switchgear. Powerlink has a continuing focus on capturing high quality data on SF_6 emissions to allow ongoing improvements in loss prevention. Powerlink's monitoring of this gas is world's best practice, which applies state-of-the-art technology including cameras and mechanical sniffers.

In 2008/09, we reviewed switchgear design standards and the effect of lightning strikes on SF_6 emissions.

SF_6 emissions are reportable under the NGER requirements.

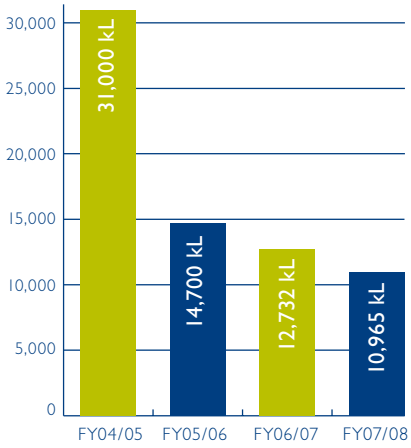
Managing water consumption

By the end of the 2008/09 year, we had reduced our water consumption at our head office by 65 per cent on 2004/05 levels, notwithstanding a large increase in workforce numbers (refer to graph). During the past year, we installed five rainwater tanks with a combined capacity of 89,500 litres.

Sustainable procurement

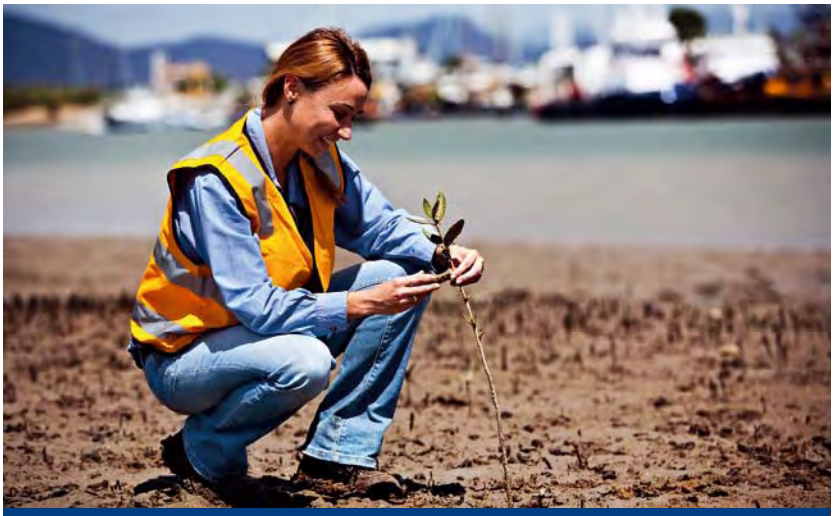
In 2008/09, procurement managers and environmental representatives from Powerlink and Queensland energy companies formed a Sustainable Procurement Energy Committee (SPEC) to consider the recently introduced State Procurement Policy and to create a purchasing guide that takes into account environmental sustainability of products and suppliers.

The SPEC will develop mechanisms to help member organisations to achieve sustainable purchases. During the past year, the group has developed consistent questions for tender documentation to assist suppliers to address sustainability criteria in energy sector tenders.



Protecting Queensland with biosecurity measures

The potential negative impacts of weeds, pathogens and animal pests on the environment are significant. Under legislation, primarily the *Land Protection (Pest and Stock Route Management) Act 2002*, Powerlink has a duty to effectively manage and prevent environmental impacts. The *Land Protection (Pest and Stock Route Management) Regulation 2003* defines a range of plants and animals ('declared pests') that warrant particular attention and have specific requirements for control and management.



Alana Lorimer, Environmental Officer. Delicate mangrove habitat along the Ross River in Townsville was protected during construction of the Townsville South to Townsville East transmission line

preserveable:

Protecting flora, fauna and visual amenity in the South Pine to Sandgate corridor

Planning, innovation and close consultation with the local community were critical to Powerlink's ability to construct a new 275 kilovolt transmission line between South Pine and Sandgate substations through sensitive, natural environments and built-up areas in northern Brisbane.

In 2008/09, Powerlink commenced construction of the South Pine to Sandgate transmission line to reinforce electricity supply in and around the city's north-eastern suburbs.

The Final Environmental Impact Statement (EIS) for the project was released in late 2007 and informed the Environmental Management Plan that guided the line's construction. The South Pine to Sandgate EIS identified a range of environmental matters which Powerlink's design and construction teams would mitigate in order to successfully integrate this essential infrastructure into the community, including the need to minimise the potential impact of selective vegetation clearing on local flora and fauna, and visual amenity.

Notwithstanding the selection of the route with the least impact, the line still crossed several creeks and rivers, a golf course, a sewage plant site, a major arterial road and a rail line, and ran through the car park of a busy commercial precinct.

Program Manager, Cameron Meekin, said that from the outset, community consultation, and cooperation with landowners, businesses, local government, local Members of Parliament and environmental groups, were vital to the project team's ability to achieve positive environmental results.

"During the planning stage, Powerlink identified the need to underground a two kilometre section of the line in a particularly built-up commercial area where there was insufficient space for another overhead line," Cameron said.

> "By working closely with the local community, Powerlink was able to achieve outstanding environmental outcomes for residents, including native birds and animals."
>
> *Cameron Meekin, Program Manager*

"Construction works were planned to reduce inconvenience to the community and the businesses located in the shopping complex where excavations were required to install the cable. This included carrying out the excavations of the car park in the shopping complex at night to avoid business hours."

Powerlink worked closely with local environmental groups and businesses to minimise the impact of construction of the South Pine to Sandgate transmission line in Brisbane. (Above) Max Gardener, Construction Manager, supervises night works

In another move designed to minimise the visual impact for residents and businesses in the vicinity of the line, Powerlink's line design team opted for a lower-profile line featuring steel towers treated with an anti-reflective coating to better align with the look and feel of the existing ENERGEX sub-transmission line on the same easement, and to minimise the overall visual impact.

In addition, Cameron said Powerlink's environmental officers worked closely with local environmental groups to achieve optimum results in terms of flora and fauna management on and around the easement.

"We worked together to identify and safeguard protected plants specified in the EIS, while fauna spotters and catchers were brought in to catch and relocate wildlife before we began vegetation clearing.

"We also consulted with local wildlife experts to determine how we could help preserve and enhance wildlife habitat in bushland in the suburb of Fitzgibbon," he said.

"A large number of native trees were planted in the area and 40 new nesting boxes were constructed to provide homes for species such as the Sugar Glider, the Squirrel Glider, the Boobook Owl, parrots, and possums. Three glider crossings were also constructed along the transmission line.

"We'll continue to look after and monitor these facilities as part of our maintenance program. The new transmission line is due to be completed in late 2009."

Peter Briggs, Powerlink's Environmental Officer, Pine Rivers Koala Care Association's David and Coral Horstman, Hollow Homes' Alan Franks and the State Member for Sandgate, Vicky Darling, inspect the nesting boxes at Fitzgibbon

environment

In 2008/09, our biosecurity measures focused on the following areas.

- *Weed management*

  Powerlink has a continuous improvement program for weed control and management. We work cooperatively with landowners to implement weed management strategies during the construction and maintenance of transmission lines and substations.

  Our field staff and contractors have specific procedures to identify weeds, remove declared weeds and prevent the spread of weeds on clothing, plant and vehicles.

  Powerlink has adopted the University of Queensland-developed Lucid Information Support Tool, a portable system which helps field staff to identify plants and choose the right management strategies.

  Powerlink presented its review of strategies for the prevention of weed seed spread to the Queensland Weed Symposium Conference 2008.

  Initiatives in 2008/09 also included the commencement of the Weed Seed Destruction project, which will investigate the potential to further enhance weed and seed material destruction on Powerlink vehicles and equipment through more efficient water use and through mechanisms such as vacuum, compressed air and chemical control.

Innisfail to Edmonton transmission line

- *Sugarcane smut*

  While sugarcane smut has so far been restricted to isolated pockets, Powerlink's Environmental Strategies team worked to ensure that Powerlink construction and field staff remained aware of the potential threat from any spread of the smut parasite when they are working in sugar cane areas.

- *Equine Influenza*

  Powerlink was among the first organisations in Queensland to prepare and adopt Equine Influenza protocols in 2007/08. These protocols remained in place during 2008/09. Powerlink personnel and contractors continued to take the relevant precautions when working on properties with horses. The protocols specify hygiene, washdowns, and other processes.

Wildlife and flora protection

Powerlink has an innovative Species Management Program through which we actively identify critical habitat and work with the appropriate organisations to manage the impact of our operations on flora and fauna. Some of our initiatives are outlined below and on the following page.

- *Mahogany glider program*

  The mahogany glider (*Petaurus gracilus*) is an endangered species under both Commonwealth and State Government legislation. This glider species has been threatened by loss of habitat and is found only in a small area between Innisfail and Tully.

  In cooperation with the University of Queensland, CSIRO and the Environmental Protection Agency, Powerlink has an ongoing program to investigate the movements of the mahogany glider near our transmission lines and easements.

- *North Queensland frog study*

  In 2008/09, Powerlink continued its commitment to the long-term study of frogs in the lowland Wet Tropics of Queensland, including in the vicinity of our Tully to Innisfail line. The study, being undertaken by James Cook University, is examining the interactions of frog populations with habitat, investigating disease distribution and assessing any impact of the construction and maintenance of transmission lines on frog habitat.

- *Helicopter stringing*

  In sensitive environmental areas, Powerlink has developed strategies to minimise disturbance of vegetation by people and vehicles. One of our key initiatives is stringing the cables between transmission towers using a helicopter.

  In 2008/09, this technique was used in a number of areas including on the Innisfail to Edmonton replacement transmission line in Far North Queensland and on the new South Pine to Sandgate transmission line in northern Brisbane.

  We also use helicopters to do maintenance patrols and inspections in many areas.

Further enhancing rehabilitation works

- *Erosion reduction*

  Vetiver grass, an innovative and cost-effective 'green' alternative for managing erosion, has proved a great success on transmission line projects in the Gold Coast hinterland and Lockyer Valley region.

  Erosion, stability and slope protection issues in the vicinity of towers and access tracks have traditionally resulted in rock walls, shotcrete and gabion baskets being put in place, but these solutions are not always compatible with local land use, can be expensive, and often require ongoing maintenance.

  In late 2008, sturdy vetiver grass was identified as a viable option following successful trials in parts of our Greenbank to Maudsland and Middle Ridge to Greenbank transmission lines. It is a fast-growing, hardy, sterile plant with a deep root system that binds soil together, filters sediment from overland flow, and is also edible for livestock, making it an excellent choice for use in grazing areas.

  From January 2009, 7,500 vetiver grass plants were planted at two Mount Tamborine sites at a cost 25 per cent to 50 per cent lower than the cheapest engineering solution.

foreseeable 2008/09

In 2009/10 and beyond Powerlink will:

- **Report under the National Greenhouse Emission Reporting (NGER) scheme.**
- **Continue to monitor and respond to the legislative changes that affect our approach to the environment and energy conservation.**
- **Continue our scientific approach to responsible environmental management of our construction and maintenance activities.**

approachable

Powerlink works hard to be a responsible and responsive corporate citizen. We are committed to building trust and partnerships with communities near our assets through innovative environmental projects and by supporting initiatives that deliver tangible results for both the communities and Powerlink.

deliverable 2008/09

- We launched our $1.3 million Powerlink GreenWorks program, which aims to deliver high-value environmental outcomes in the vicinity of the proposed 500 kilovolt transmission network in South Queensland.
- We completed two environmental programs – the award-winning Greening Lockyer in South Queensland and the Community Environment Fund in the Townsville region.
- Through our Community Benefits Program for the Innisfail to Edmonton transmission line, we provided funding for 17 local community groups to undertake valuable community projects.
- We continued to build relationships with local government stakeholders following the local government amalgamations in 2008.
- We provided sponsorship support to a number of community, industry, education and environmental organisations across Queensland.

Our responsibility to build and maintain a transmission network to supply Queensland's electricity needs gives us a continuing presence in many Queensland communities. As well as seeking the community's cooperation and goodwill in accommodating this vital infrastructure, we aim to ensure our presence returns real benefit to local people, landowners and to the local environment.

We are committed to developing long-term relationships that endure throughout the planning, development and maintenance of our infrastructure. It is our goal that these relationships will help us achieve positive, sustainable outcomes.

All transmission line planning is regulated by a formal process governed by legislation, primarily the *Integrated Planning Act 1997*. It includes Environmental Impact Statements, community consultation and government approval. We aim to identify routes that enable us to meet our legislated reliability of supply obligations at the least long-run cost to consumers, while minimising overall impacts.

To this end, we implement strategies to build and maintain cooperative relationships with affected landowners, councils, interest groups and residents of the 30 city and regional council areas in which we operate.

Integrating infrastructure into communities

Under the *Integrated Planning Act 1997*, Powerlink is a referral agency for developments adjacent to existing lines and easements. We provide planning advice and tools to planning and development professionals. These include easement mapping services and easement co-use guidelines.

Our planned capital works projects are identified in the *South East Queensland Infrastructure Plan and Program* and in *Local Government Growth Management Strategies* prepared by local governments in South East Queensland.

Goodwill programs

Powerlink's goodwill programs are proactive, community-based projects that aim to build relationships with local government, communities and other key stakeholders in strategic areas traversed by existing or future Powerlink transmission infrastructure. Through the implementation of these programs, we aim to work with local communities to reduce the visual impact of new or existing infrastructure, providing environmental outcomes and long-term benefits to communities and in doing so, generate lasting positive relationships at all levels of the community.

(continues overleaf)

Powerlink's planning processes ensure its essential infrastructure is effectively integrated into communities

Powerlink is committed to developing long-term relationships that endure throughout the planning, development and maintenance of our infrastructure.

supportable:

New GreenWorks program to support lasting environmental outcomes

The 500 kilovolt transmission lines planned for the next decade will mark the beginning of a new era in Queensland electricity transmission. In keeping with this landmark commitment, Powerlink launched a major new community environmental program in 2008/09 which will directly benefit communities in the vicinity of the new 500 kilovolt transmission lines in South Queensland.

It will contribute $1.3 million to environmental projects over the next four years within the Ipswich City Council area and in the regional council areas of Lockyer Valley, Somerset, South Burnett and Toowoomba.

Manager Network Development, Terry Miller, said the development of the GreenWorks program demonstrates Powerlink's desire to build goodwill and participate in creating lasting benefit for the community. It works in close cooperation with local government and will proactively protect and enhance local environmental values.

"In the lead-up to the program's launch, we appointed specialist environmental consultants to undertake a detailed study of environmental factors along the proposed transmission line and to identify potential projects," Terry said.

"Powerlink looks forward to working with community and environmental groups to deliver lasting outcomes for both the environment and the community through their involvement with GreenWorks."

Terry Miller, Manager Network Development

"This Environmental Review process also included consultation with relevant stakeholders such as the councils, SEQ Catchments, Greening Australia and Landcare.

"A Steering Committee made up of representatives from the local councils and Powerlink has assessed the potential projects, with guidance from an Advisory Panel of environmental representatives," Terry said.

In April 2009, funding was allocated to six major projects to be undertaken by community environmental groups. The projects are located across South Queensland in areas including Crow's Nest, Ravensbourne, Purga Nature Reserve, Mt Binga Road Gully and Cooyar, Emu and Woolshed Creeks. They will focus on protecting and enhancing the connectivity of native vegetation, rehabilitating wildlife corridors, managing erosion, reducing salinity in waterways and improving downstream water quality. A significant project in both Lockyer Valley and Somerset Regional Council areas will work to protect the endangered Swamp Tea-tree (*Melaleuca Irbyana*) by managing fire risk, weeds and incompatible land uses.

The GreenWorks program is also expected to provide employment and educational opportunities.

(continued from page 46)

In 2008/09, Powerlink completed multi-year programs in the Lockyer Valley and Townsville, and embarked on a new four-year program in the vicinity of the future 500 kilovolt network, and a community and environmental program in the Dalby region.

New GreenWorks program launched

Powerlink's new $1.3 million environmental GreenWorks program, which was launched in December 2008, will fund worthwhile environmental projects near our future 500 kilovolt powerline easements in South Queensland.

The program is being delivered in partnership with representatives from Lockyer Valley, Somerset, South Burnett and Toowoomba Regional Councils and Ipswich City Council.

In advance of the proposed new 500 kilovolt transmission lines in the region, we have introduced the Powerlink GreenWorks program to provide funding and support for projects that will deliver significant environmental benefits and enhance the visual amenity for communities in the vicinity of the easements for the future lines.

A Steering Committee was formed to assess and select projects to be funded through the program, with the first six projects to receive funding announced in April 2009. A program manager was appointed in May 2009 to oversee the program's implementation. (See case study above for more details.)

Bronwyn Ford, GreenWorks Program Manager, with Bruce Lord from SEQ Catchments and Bruce McLennan from Greening Australia. They are pictured at one of the sites that forms part of the Enhancement of Biodiversity Values in the Emu Creek, Ravensbourne and Crows Nest Districts Project

Dalby Community Environmental Program

In October 2008, Powerlink launched its Community Environmental Program in partnership with Dalby Regional Council. The program provides $200,000 in funding for community environmental projects to be completed in the vicinity of Powerlink transmission infrastructure in the Dalby area. The program, being run in conjunction with Dalby Regional Council and South Burnett Regional Council, encouraged local groups to submit ideas for funding. Six community groups successfully secured $93,000 in funding as part of the first round of the program in March 2009.

The successful projects included carrying out weed control along Jandowae Creek, planting native species and constructing a shade shelter at the Jandowae Rotary/RSL park, constructing a green cultural arts space in Bell, undertaking rehabilitation works along Myall Creek, installing an environmentally friendly amenities block at Cooranga North Recreational Reserve and several rehabilitation/ revegetation projects proposed by the Brigalow Jimbour Flood Plains Group.

Greening Lockyer

2008/09 saw the completion of Greening Lockyer, a community and environmental program initiated by Powerlink in partnership with the Somerset and Lockyer Valley Regional Councils (the former Esk, Gatton and Laidley Councils) and the former Western Sub-Regional Organisation of Councils (WESROC).

community

The initial three-year program was established in 2003, with $1 million in funding from Powerlink, and aimed to enhance the Lockyer Valley's environment, to minimise the impact of electricity infrastructure, and to create employment and training opportunities for local residents. In 2005, Powerlink contributed an additional $240,000 towards a three-year program dedicated to maintaining Greening Lockyer project sites.

In late 2008, we provided funding for nine community groups to hold events at their project sites to celebrate their past efforts and work together to undertake additional maintenance works. These events enabled community members to reflect on the success of their project, and acknowledge the ongoing commitment and enthusiasm from volunteers throughout the program.

Throughout the program, across 20 projects, 2,660 community members contributed 7,500 volunteer hours and assisted with planting 40,000 trees. In addition, 240 employment and training opportunities were created. Prudent management and community networking ensured the projects were successful in attracting significant in-kind support, considerably increasing their value.

The success of the program was recognised beyond Queensland. The program won several major awards, including the Prime Minister's Award for Community Business Partnerships in 2006, the Healthy Waterways Government Award and Grand Prize in 2005, and the National Local Government Association Community Capacity Building Social and Community Engagement Award in 2004 and 2005.

Community Environment Fund

The three-year, $1 million Community Environment Fund, which drew to a close at the end of 2008, allowed industry, local government and the community to work together to improve the environment for the benefit of future generations.

Funded by a $500,000 grant from Powerlink and $500,000 from project partner Townsville City Council (and the former Thuringowa City Council), the Community Environment Fund delivered outstanding community and environmental outcomes across 27 projects in the Townsville region.

Local wildlife habitats were improved, biodiversity was enhanced, and new recreational and green spaces were created for local residents and visitors to enjoy. The program also provided training and education opportunities for local students and the unemployed, and helped minimise the long-term visual impact of Powerlink's high voltage electricity infrastructure in the region.

Across the program, 33,000 trees were planted, 80 hectares of weeds were cleared, and 77 hectares of native habitat were enhanced. In addition, 2,100 volunteers contributed 23,000 volunteer hours, and nearly 550 employment and training opportunities were created.

In 2009/10, Powerlink and the Townsville City Council will build on the success of the Community Environment Fund to establish a 'learnscape' at one of the program's project sites, where environmental education opportunities will be created. The Borrow Pits to Rowes Bay Learnscape project will involve environmental and infrastructure enhancement works at the Borrow Pits (adjacent to Powerlink's Ross Substation), and the development and implementation of eco-tours at, and between, the Borrow Pits and the Rowes Bay Wetlands.

Community Benefits Program

For over a decade, the Powerlink Community Benefits Program has provided funding for community projects that contribute to the establishment of facilities and services for communities in proximity of our new transmission lines.

Jasmine Oakes, Community Environment Fund Program Coordinator, at the Dalrymple Road project site in Townsville

During 2008/09, we provided funding for communities through two Community Benefits Programs:

- The Innisfail to Edmonton Transmission Line Community Benefits Program distributed funds to 17 community groups from the Cassowary Coast and Cairns Regional Council areas in June 2009.

  Projects funded included: the construction of a storage shed at the Babinda Community Kindergarten; re-roofing the Queensland Country Women's Association hall at Deeral; purchasing a fridge and freezer for the Etty Bay Surf Lifesaving clubhouse; and establishing a natural resource management library for the Russell Landcare group.

- In consultation with the Whitsunday Regional Council, a grant was provided to the Collinsville Junior Rugby League Club in lieu of holding a Community Benefits Program in the region given that the club is a significant focus for community activity. The grant will fund the upgrading of the electrical wiring at the clubhouse and the new floodlights for the playing field.

In 2008/09, we also announced Community Benefits Programs would be run in association with our South Pine to Sandgate and our Bouldercombe to Pandoin transmission line projects. A Community Benefits Program will also be introduced for our projects in the Nebo Region, including the Nebo to QR Bolingbroke and the Nebo to Strathmore transmission line projects.

Burnett Catchment Care Association Washdown Project

Powerlink provided funding to the Burnett Catchment Care Association to upgrade a community weed washdown facility in Eidsvold (south of Biloela). The weed washdown bay was originally established by Powerlink in association with construction of our Calvale to Tarong transmission line, and required new equipment to be installed. The construction of the washdown bay was completed in March 2009.

Consistent with Powerlink's commitment to responsible weed control and management, the community facility will continue be used by Powerlink staff and contractors to support ongoing maintenance activities in the region.

Volunteer Marine Rescue Gladstone Project

Powerlink contributed a surplus steel lattice tower to the Gladstone Volunteer Marine Rescue group, which erected the tower in the Gladstone hinterland and installed a new radio transmitter at the top of the tower. The new transmitter was commissioned in October 2008. This has provided enhanced radio coverage to the outer reef, helping improve efficiency, safety and communications for search and rescue operations.

Community and industry sponsorship

Powerlink's sponsorship framework supports the strategic sponsorship of activities in the areas of community, education, environmental and industry activities.

Simon Bartlett, Chief Operating Officer, with representatives from community groups which received funding in Powerlink's Nebo Region Community Benefits Program

These include activities and organisations that align with our projects in regional Queensland, plus key industry and local groups such as Local Government Association of Queensland, Landcare Queensland, Queensland Planning Institute, Engineers Australia and The Smith Family.

Smith Family Christmas

In 2008, Powerlink provided financial support to the Smith Family Christmas Appeal which assists the not-for-profit organisation to improve the education of Queensland children. Powerlink staff were offered a number of ways to support the Smith Family ranging from financial donations to the opportunity to volunteer their time for Christmas activities that included toy sorting and hamper deliveries to families.

Electric and Magnetic Fields

Powerlink takes its advice about Electric and Magnetic Fields (EMF) from recognised health authorities in Australia and internationally.

While there is no scientifically proven causal link between EMF and adverse affects on human health, Powerlink takes an approach of 'prudent avoidance' in siting new powerlines. This includes seeking to locate powerline easements away from houses, schools and other buildings, where it is practical and cost effective to do so.

In 2008/09, Powerlink continued to proactively provide information about EMF to communities in the vicinity of our transmission lines, and continued our practice of carrying out EMF readings at the request of landowners. EMF readings at the edge of a typical Powerlink easement are generally similar to those encountered by people in their daily activities at home or at work.

foreseeable 2008/09

In 2009/10 and beyond Powerlink will:

- Implement our Community Benefits Program in association with our South Pine to Sandgate and our Bouldercombe to Pandoin transmission line projects, and our projects in the Nebo Region, including the Nebo to QR Bolingbroke and the Nebo to Strathmore transmission line projects.
- Commence on-ground works for the six projects funded through our GreenWorks program.
- Implement the new community and environmental partnership with Townsville City Council – the Borrow Pits to Rowes Bay Learnscape Project.

knowledgeable

Powerlink has a highly skilled, capable and dedicated workforce which forms a cohesive organisation possessing the skills and culture to keep us at the forefront of transmission reliability and efficiency.

deliverable 2008/09

- Following strong growth in our workforce numbers over the past three years to cater for our record capital works program, our staff numbers are now expected to remain at around 1,000 for the next few years.
- Our new Workplace Agreement was negotiated during the period.
- We continued to develop our senior leadership and management training, and our graduate programs continued to encourage young people with the potential to be a part of Powerlink's success.
- We were involved at a national level in developing the first draft of uniform High Voltage Live Work Standards.
- Our staged Pandemic Emergency Plan was activated in response to Influenza H1N1 virus (swine flu).

Over the past three years in response to the requirements of our significant capital works program, we have steadily and strategically grown our workforce. In 2008/09, this growth steadied to a much lower 1.8 per cent, in comparison to the rates of growth in preceding years of five per cent in 2007/08, and 16 per cent in 2006/07. This brings our workforce to a total of around 1,000 men and women employed in a variety of professional, technical, trade, specialist, and administrative roles.

The majority of Powerlink's employees are based at our head office at Virginia in Brisbane. However, five temporary construction site offices accommodate staff working on projects in regional Queensland.

The safety and wellbeing of our staff is a central focus, with safety being promoted and supported as a core life value within the organisation. We comprehensively reviewed our safety strategies in 2008/09, and also continued to be actively involved in defining national standards for electrical construction work and safety standards.

By developing the potential of existing staff, awarding innovation and supporting a strong graduate program, we aim to strengthen Powerlink's capabilities to maintain our highly competent and committed workforce.

New Workplace Agreement

The Working at Powerlink 2008 Union Collective Agreement was lodged with the Workplace Authority in November 2008. The new three-year Workplace Agreement is a collective agreement with the unions that represent employees at Powerlink.

Safety as an integral value

Powerlink is committed to achieving operational excellence in safety through the creation and continuous improvement of a culture in which all employees regard safety as their first priority, and in which safety is systematically and actively integrated into all work.

Powerlink has comprehensive policies and procedures to monitor and report on safety. The Safety Steering Committee reports regularly to the Board's Audit and Compliance Committee and develops programs to improve safety awareness and safe practices. Safety is integrated into all aspects of work and is also promoted as a core life value, enhancing employees' awareness of risk and health issues in all areas of their lives.

(continues overleaf)

Powerlink works to ensure safety is a top priority for its employees and contractors. Chris Haas, Training and Safety Advisor, during safety training in Far North Queensland

Powerlink is committed to achieving operational excellence in safety.

workable:

Powerlink's future capabilities assured through a supportive apprenticeship program

Powerlink's apprenticeship program prepares participants to excel in the electricity industry, and gives a broad base of practical knowledge so they can work effectively either at Powerlink or in other related organisations.

Our apprenticeship program has three distinct, well executed streams (Lines, Substations and Secondary Systems), and most of our apprentices graduate to a permanent position within the organisation, helping us to attract some of the best-qualified new recruits.

One such recruit is Kerri Harvey, one of a small number of female apprentices since Powerlink's inception to undertake the Secondary Systems apprenticeship within the Network Field Services area.

While Powerlink works hard to ensure there are no gender-based barriers, Kerri is more focused on the supportive environment that helps all of our apprentices to integrate into the organisation and to develop their capabilities.

"Powerlink currently has 35 apprentices across the three apprenticeship programs, at different stages in their competency-based training, which typically takes four years."

Kerri Harvey, Secondary Systems Apprentice

"I think starting an apprenticeship is somewhat daunting for anyone. The thing that made it easier for me was the support, guidance and encouragement that I received from everyone I worked with in Secondary Systems," Kerri said.

Now in the third year of her apprenticeship, Kerri has already had the opportunity to gain practical experience of the innovative fibre optics communications technology used in our Dense Wave Distributed Multiplexing (DWDM) communications, of travelling to different field sites, including remote Communication Repeater sites, and of the sophisticated control systems in our substations.

Kerri has relished these challenges, which have confirmed her career choice. "I have always had an interest in learning about electronics and my father, who has done contract work for Powerlink for some time, assured me that I would receive quality training, education and experience."

"My goal now is to get a job as an engineering officer in Powerlink's Communication and Controls area and to continue to develop my knowledge and skills."

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New safety initiatives included:

- field assessment and evaluation of new height safety equipment
- review of laser safety
- development of a new training course on the *Electrical Safety Act Code of Practice for Working Near Exposed Live Parts*, undertaken in conjunction with ElectroGroup Training
- review of substation earthing to identify risks and optimum design principles
- review of contractor risk management on demolition work.

Safety in design

Incorporating safety considerations at the design stage of infrastructure is an important element of a comprehensive approach to safety. We continued to improve our expertise in this area during 2008/09 with the introduction of enhanced data and performance indicators.

Safety performance monitoring

Powerlink's Lost Time Injury Frequency Rate for 2008/09 was 1.72, which is consistent with industry norms.

The Electrical Safety Act 2002 requires an approved auditor to certify Powerlink's Safety Management System annually. The audit was completed in September 2008 and our system was found to be well-developed with no non-compliances recorded. The audit also noted strong commitment by management to support electrical safety and that field staff assessed during unannounced visits also showed good knowledge and commitment to safety.

(at left) Kerri Harvey receiving her scholarship at the Electro Group Annual awards.

(this page) Chris Bohan, Communications and Control Engineering Officer, with Nichole Willett, Field Test Apprentice.

Developing national safety standards

Commonwealth and State Governments have been working towards uniform occupational health and safety across the country. Powerlink has contributed to the first draft of High Voltage Live Work Standards. This process involves liaison with unions, safety committees, consumer groups, professional associations and other stakeholders.

Personal health and safety

The health and wellbeing of our employees is a core Powerlink value, demonstrated through the number of programs we provide to encourage and protect staff health.

In 2008/09, included among these programs was the Sun Safe Program, which offered employees access to a professional skin screening and was backed by an educational program for workers in high-risk areas.

Powerlink also offers flu injections to employees.

Leadership and management development

With the growth of Powerlink's responsibilities and workforce, the management team has also grown, with many managers promoted from within the organisation. The training and development of managers remained an important priority in 2008/09 and took into account potential career paths and the needs of technical experts moving into a multi-faceted management role. Training is targeted at three levels – Managing Self and Teams for Performance, Management to Leadership, and Senior Leadership Development Program.

our people

The following improvements were introduced in 2008/09:

- review of the content and delivery of the Managing Self and Teams for Performance program
- development of Management to Leadership competencies and tailoring of the program to individual needs with the three main competencies now delivered in-house
- incorporation of the Covey Leadership course into the Management to Leadership program.

Staff training and development

Powerlink's range of development programs helps us to attract and retain skilled employees and ensures our people have the right skills, knowledge and capabilities for their professional challenges. All Powerlink staff receive induction and safety training. Our training and career planning system encourages individuals to develop their potential and prepare for roles that will meet our future capability needs. Staff have opportunities to enhance their skills through in-house professional and personal development workshops, and can also apply for financial assistance for relevant tertiary courses and secondments.

David Lorimer, Quality Inspector, at the Townsville Site Office

Development programs

Seventy-seven people participated in Powerlink's development programs in 2008/09. The programs give participants the opportunity to gain broad experience in their field, with work experience across a variety of business units. Currently we have programs for graduate engineers, engineering officers, environmental professionals, information technology graduates, administration trainees and apprentices.

In 2008/09, we updated policies and procedures across the programs and the committees for the different programs collaborated to share understanding and ideas.

Our graduate programs are an important facet of ensuring we have a well-qualified workforce to meet our future needs.

Pandemic Emergency Plan

For both the wellbeing of our staff and the continuity of our operations, containment of serious infectious viruses is essential. Powerlink's Pandemic Emergency planning was activated and refined in response to the outbreak of Influenza H1N1 virus (swine flu).

Powerlink Excellence Awards

While acknowledging that Powerlink's performance is a team achievement, with valuable contributions from all of our staff, our annual Excellence Awards are an opportunity to applaud those individuals and teams who have created a worthwhile innovation.

The 2008 awards featured an impressive range of technical, business and environmental achievements, resulting in the presentation of two gold, three silver and three highly commended awards. The winning entrants included an innovative design to overcome electromechanical oscillations on the Queensland/New South Wales Interconnector circuits and the portable under-crossing barrier *(also see page 23)*.

Powerlink employees and contractors participate in safety training during the Innisfail to Edmonton transmission line replacement project

foreseeable 2008/09

In 2009/10 and beyond Powerlink will:

- Continue to monitor national safety developments that impact our work processes, practices and responsibilities, and to refine our processes accordingly.
- Continue to develop our management and leadership training, with a focus on performance management training.

Our people's achievements

Congratulations to Powerlink employees who were recognised by external organisations for their outstanding achievements. These included:

- Simon Bartlett, Powerlink's Chief Operating Officer was presented with the Institute of Engineering and Technology's highest honour, the Sir Lionel Hooke Award, in recognition of his exceptional achievements nationally and internationally. Simon completed a remarkable year with a second major award – the very prestigious 'Australian Professional Electrical Engineer of the Year' award from Engineers Australia
- Tony Gillespie, Gary Russell and Brian McMahon were awarded Fellowships by the Institute of Engineering and Technology. To be recognised as a 'Fellow', a member must be nominated and their achievements are reviewed by a senior panel of engineering experts who look for exceptional knowledge, experience and contribution to the engineering profession.

corporate governance

accountable

Corporate governance guidelines

Powerlink's corporate governance processes are consistent with Corporate Governance Guidelines for Government Owned Corporations ("Guidelines") issued by the Queensland Government.

The Guidelines have been prepared having regard to the:

- ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition (ASX Principles)
- Auditor-General's Report No. 2 2002-2003 – Review of Corporate Governance and Risk Management at Government Owned Corporations
- Auditor-General's Report No.10 2002-2003 – Review of Management's Assessment of Fraud Control Risks and Associated Plans and Procedures
- OECD Principles of Corporate Governance
- Crime and Misconduct Commission (Queensland) and Independent Commission Against Corruption (New South Wales) – Managing Conflicts of Interest in the Public Sector – Guidelines and Toolkit.

Corporate governance in Powerlink

Corporate governance reflects the manner in which Powerlink conducts its business. Powerlink is a corporation established under the *Government Owned Corporation Act 1993* (GOC Act), and is a registered public company under the *Corporations Act 2001*.

Powerlink is committed to governance policies and practices that provide appropriate accountability and control systems that encourage and enhance sustainable business performance.

The Board of Directors is responsible to shareholding Ministers of the Queensland Government. In 2008/09 the two shareholding Ministers were the:

- Treasurer and Minister for Employment and Economic Development
- Minister for Natural Resources, Mines and Energy and Minister for Trade.

The Board

The Powerlink Board is responsible for the overall corporate governance of the corporation and its subsidiary companies, setting the organisation's strategic direction, setting goals for management, and establishing the policies and operational framework for the corporation.

Details relating to Powerlink Directors, Board Committee composition, and meetings in 2008/09 are set out in the Directors' Report.

Principle: foundations of management and oversight

The Board has a Code of Conduct that guides Directors in carrying out their duties and responsibilities, and sets out expected standards of behaviour. A summary of this document is available on Powerlink's website.

The Board Charter, established by the Board, describes the Boards functions and responsibilities, which are to:

- Set the corporation's values and standards of conduct
- Provide leadership of the corporation within the framework of prudent and effective controls
- Provide guidance and set the corporation's direction, and development of strategies and objectives
- Set financial objectives and ensure that all necessary resources are available for the business to meet its objectives
- Monitor implementation of strategies and performance

(continues overleaf)

Queensland/New South Wales Interconnector

corporate governance

(continued from page 58)

- Inform shareholders of key issues, major developments and performance
- Ensure an effective system for compliance and risk management is in place.

The charter is publicly available on Powerlink's website. The Board and management work together to establish and maintain a legal and ethical environment and framework that ensures accountability.

The Powerlink Board undertakes an annual evaluation of the performance of the Chief Executive. The Chief Executive evaluates the performance of each senior executive and submits the outcomes of the evaluation to the Board for its consideration.

Principle: structure the Board to add value

At 30 June 2009 the Board comprised six independent non-executive Directors. All Directors are appointed by the Governor in Council. Details of the skills and experience of each Director are presented separately in the Corporate Governance section. The Directors' Report discloses the terms of office and appointment date for each Director.

A procedure has been developed by the Board should Directors require independent professional advice at the expense of Powerlink. All Directors, including the Chairman, continue to exercise independent judgement in the conduct of their responsibilities.

The Board reviews annually the individual and collective performance of the Directors and the Board to assure itself that it operates in accordance with its Charter and the discharge of its responsibilities.

A key element in this evaluation is considering the continuing education and professional development of Directors.

The Board undertook its review in October 2008 and concluded that it is fulfilling its role with no obvious gaps in its performance, and that there was good interaction and relations with both shareholding Ministers and Powerlink's management.

A structured internal process has also been established to review and evaluate the performance of Board Committees. Each Board Committee submits an Annual Report of its activities to the Board.

Principle: promote ethical and responsible decision-making

The Board has developed a Code of Conduct and Share Trading Policy, which is available on the Powerlink website.

Each Director has a responsibility to declare any related interests, which are appropriately recorded, and assessed for materiality on a case-by-case basis. Where appropriate, the Director does not participate in the Board's consideration of the interests disclosed.

All Powerlink Directors and management are expected to act with integrity and strive at all times to enhance the reputation and performance of the corporation.

Principle: safeguard integrity in financial reporting

The Board has established two Board Committees to assist in fulfilling its corporate governance responsibilities – the Powerlink Audit and Compliance Committee and the Powerlink Remuneration Committee.

These committees have documented mandates that are reviewed on a regular basis. The membership of both committees consists of non-executive Directors. Details of committee members, number of meetings during the year and attendance are presented in the Directors' Report.

Audit and Compliance Committee

Chairman:	Christina Sutherland
Members:	John Goddard Ken Howard

The Audit and Compliance Committee assesses and reports on issues relating to financial integrity, corporate processes for compliance with laws and regulations, codes of conduct, business risk management and audit effectiveness.

The Committee endorses the corporation's internal audit program and risk management profile, and provides a link between the corporation's auditors (internal and external) and the Board. The Committee is responsible for considering the annual statutory financial statements for subsequent approval by the Board.

Remuneration Committee

Chairman:	Walter Threlfall
Members:	John Goddard Julie Beeby Else Shepherd

The Remuneration Committee recommends employee remuneration policies that will attract and retain a skilled and motivated workforce.

Principle: make timely and balanced disclosures

Powerlink has established processes to ensure it meets its disclosure and reporting obligations, including those to shareholding Ministers. Powerlink's reporting arrangements include the Powerlink Annual Report, regulatory reports, Powerlink website and other public disclosures.

The Board's recommendation on dividends is made after due consideration of a range of factors including the corporation's financial result, its capital structure and business credit rating, future capital investment requirements, the return shareholders expect from their investment, and the capacity to pay dividends, given prudent financial management.

Principle: respect the rights of shareholders

The Powerlink Board has a communication strategy to promote effective communication with shareholding Ministers. The Board aims to ensure that shareholding Ministers are informed of all major developments affecting the corporation's state of affairs. This includes regular meetings and information communicated formally through quarterly progress reports and the Annual Report.

Each year Powerlink prepares a Statement of Corporate Intent (SCI) and a five year Corporate Plan, reflecting the outcomes of a comprehensive strategic and business planning process involving the Board and the Executive Leadership Team. Both documents are presented to shareholding Ministers.

Quarterly progress reports on the performance against the SCI is prepared by the Board for shareholding Ministers.

Principle: Recognise and manage risk

Management regularly reports to the Board on key business risks. A management committee structure also operates in parallel with the Board Committees to address issues of environmental management, workplace health and safety, security and corporate emergency response. Each of these committees submits reports to the Audit and Compliance Committee through the Chief Executive.

corporate governance

The Environmental Steering Committee develops appropriate strategic responses to environmental issues, as well as ensuring compliance with Powerlink policies and relevant environmental legislation.

The Safety Steering Committee develops and directs Powerlink's workplace health and safety management practices, and also ensures that Powerlink complies with relevant workplace health and safety legislation.

The Security Steering Committee provides guidance in the development and approval of the Powerlink Security Plan. The Committee reviews security incidents and considers necessary amendments to the plan in response to these events.

The Corporate Emergency Response Committee develops appropriate strategic responses to corporate emergencies and is responsible for maintaining corporate emergency management documentation.

Principle: remunerate fairly and responsibly

Powerlink seeks to develop individuals to possess the competence and motivation necessary to excel in an environment of high achievement. High priority is given to selecting the best person for the job at all levels in the organisation, and investing in that person's potential through further training and development.

Powerlink's remuneration policy is designed to:

- Attract and retain talented people with the skills to plan, develop, operate and maintain a large world class electricity transmission network; and
- Reward and provide incentives for exceeding the key business performance targets.

The remuneration policy provides for performance-based payments for all permanent employees, with the payments directly linked to the performance of the individual or small teams against pre-agreed performance targets, and to the performance of the business.

The *Working at Powerlink 2008 Union Collective Agreement* commenced on 20 November 2008 and will remain in force for a period of three years. The Agreement will continue in force after its nominal expiry date until such time as it is replaced or terminated by law.

The Agreement provides a mechanism for Powerlink and its employees to respond to changes in an environment of increasingly challenging targets set by our owners and regulators. It has a focus to continue to develop Powerlink into a competitive and satisfying place to work. It recognises that the economic health of the company and the wellbeing of all employees depend upon the success of a shared commitment by all parties to this Agreement.

Award employees may be eligible for performance-based payments that are delivered as gainsharing and performance pay. Gainsharing is a payment available to award employees, subject to Board approval, provided that the Corporation's profitability target has been exceeded, and that performance against key organisation performance measures has been achieved.

Performance pay is based on individual or small team performance targets, which are reviewed half yearly, and rated at the end of the annual performance cycle. The individual performance targets are aligned with the overall business targets of the corporation.

Managers and senior staff are employed on management contracts. Powerlink's remuneration policy for contract employees uses the concept of Total Fixed Remuneration (TFR), which includes employer superannuation contributions. In order to promote management focus, the policy provides for performance-based payments dependent on the performance against pre-agreed business and individual targets. The TFR level is reviewed annually based on consideration of economic and individual capability factors.

Shareholding Minister Directions

Shareholding Ministers issued the following directions in 2008/09:

- **3 December 2008:** Application of Purchasing Carbon Offsets for Queensland Government Air Travel Policy
- **5 December 2008:** Application of QFleet ClimateSmart Action Policy
- **17 February 2009:** Application of State Procurement Policy.

Amendment to Statement of Corporate Intent

On 16 December 2008, the Powerlink Board approved modifications to the Powerlink 2008/09 Statement of Corporate Intent to incorporate the requirements of the *GOC Corporate Entertainment and Hospitality Guidelines*. Shareholding Ministers were subsequently notified of the Board approved modifications.

Corporate Entertainment and Hospitality

The Queensland Government issued the *GOC Corporate Entertainment and Hospitality Guidelines* in September 2008. Powerlink's corporate entertainment and hospitality expenditure for 2008/09 totalled $53,489. The table below presents individual events above $5,000.

EVENT	DATE	COST
Staff Recognition – Network Field Services	November 2008	$7,796
Staff Recognition – Engineering & Projects	December 2008	$13,354
Staff Recognition – Operations	December 2008	$5,321

corporate governance
board of directors

Else Shepherd AM

Hon FIEAust, FTSE
BE(Hons Elect), CPEng, RPEQ, FAICD, FAIM,
Grad Dip Mus (QCM), A Mus A

Chairman of the Board (Appointed 1994)

Else is currently a member of the Brisbane City Works and Brisbane City Design Advisory Boards, Deputy-Chairman of the International Riverfoundation, member of the Council Board of the International Electrotechnical Commission and Trustee of the Brisbane Girls Grammar School.

Else Shepherd is one of only a handful of women to chair large Australian corporations, the result of a successful engineering career in the sugar, telecommunications, and electricity industries. For her contribution to engineering, education, and the electricity generating industry, Else was awarded a Member of the Order of Australia (AM) in 2003. Else was also presented with the Centenary Medal to recognise her achievements and service to Australian society in the field of information technology. She is a Fellow of the Australian Academy of Technological Sciences and Engineering, and is an Honorary Fellow of Engineers Australia.

Else is a member of the Powerlink Board's Remuneration Committee.

Julie Beeby

BSc (Hons I), PhD (Physical Chemistry),
MBA, GAICD

Board Member (Appointed 2008)

Julie has worked in the minerals and petroleum industries in Australia for 21 years and her career has included work for several major Australian resources companies.

Julie commenced her career in mineral processing research, and went on to develop her project and business skills through a succession of successful senior management positions in chemical plant, coal bed methane, explosives and mining areas.

Julie is a Director on the Board of CRC Mining (CMTE Pty Ltd), Australian Coal Association Low Emissions Technology Pty Ltd and Australian Coal Research Pty Ltd and an Alternate Director on the Australian Coal Association Pty Ltd and Queensland Resources Council. Julie is also Chairman of the Queensland Resources Council Environmental Committee.

She is a member of the Powerlink Board's Remuneration Committee.

John Goddard

F. Fin, MAICD

Board Member (Appointed 2006)

Until his retirement in 2007, John was a senior executive of the Bendigo Bank Group and the Managing Director's representative in Queensland. He joined the Bank in 1997 as CEO of its Italian banking subsidiary, Cassa Commerciale Australia Ltd, and from 2000, drove the Bank's acquisition and integration of Ipswich-based First Australian Building Society into a state wide banking business.

John's previous career included senior executive posts at St George Bank and the World Bank in Papua New Guinea.

John is Chairman of The Cooper Property Group, Chairman of South East Qld Community Telco Ltd, Director of The Eidos Institute Ltd, Board of Advice Member of the Qld Aboriginal and Torres Strait Islander Foundation and Trustee of the Ipswich Arts Foundation.

John is a published author and is a Fellow of the Financial Services Institute of Australia.

He is a member of the Powerlink Board's Audit and Compliance Committee and a member of the Powerlink Board's Remuneration Committee.

Ken Howard

CFA, LLB, BEcon, JP
MSDIA, GAICD

Board Member (Appointed 2007)

Ken is a private client adviser and the Responsible Executive (ASX) and Responsible Manger (Australian Financial Services Licence) for the Brisbane dealing room operations of ABN AMRO Morgans Limited, Australia's largest regionally represented stockbroking firm.

Prior to joining the Powerlink Board, Ken was a Director of ENERGEX Retail Pty Ltd.

Ken is a member of the Chartered Financial Analyst (CFA) Institute, the Securities and Derivatives Industry Association, the Australian Institute of Company Directors and the Australian Shareholders Association.

Ken is a member of the Powerlink Board's Audit and Compliance Committee.

Christina Sutherland

BLaw, MAIC

Board Member (Appointed 2001)

Christina is a solicitor of the Supreme Court of Queensland and the High Court of Australia. She was admitted as a solicitor in 1989 after serving two years of articles.

She has represented insurers and commercial clients and has acted for clients in employment and industrial matters. She has a strong interest in occupational health and safety matters.

Christina is Chairman of the Powerlink Board's Audit and Compliance Committee.

Walter Threlfall

Board Member (Appointed 1994)

Walter has been an official of the Electrical Trades Union (ETU) of Australia – Queensland Branch since 1977. In 2006, he retired as Assistant State Secretary of the ETU Queensland Branch, a position in had held since 1983. In this role, Walter represented the interests of ETU members in North and Western Queensland.

Early in his career, Walter worked as an Electrical Fitter and Mechanic in the steel manufacturing, electrical contracting, and mining industries.

He is Chairman of the Townsville Regional Group Apprenticeship Scheme (TORGAS Inc), member of the Barrier Reef Institute of TAFE Council, Chairman of the Townsville TAFE Education Training Advisory Group (ETAG), and a Director of the Electricity Supply Industry Superannuation Scheme (ESI Super).

Walter is Chairman of the Powerlink Board's Remuneration Committee.

corporate governance
executive leadership team

Gordon Jardine

BE(Hons), BCom, MSc (Environmental), FAICD, FAIM, FATSE

Chief Executive

Since 1995, Gordon has held the position of Chief Executive of Powerlink. He is a member of the Reliability Panel of the National Electricity Market, and is the Chairman of Grid Australia, the organisation which represents the owners of Australia's electricity transmission networks. He is also the Chairman of ElectraNet SA, the South Australian electricity transmission utility of which Powerlink is a 41 per cent owner, and a member of the SEQ Water Grid Manager Board.

He was awarded a Centenary Medal for his contribution to the electricity industry.

Before joining Powerlink, Gordon held senior management positions with one of Australia's largest computer software companies, Mincom. During his 14 years with the company, he spent three years in the United States as President of its North American subsidiary, before being appointed Deputy Managing Director of Mincom in 1990.

Simon Bartlett

BE(Hons), BSc, FIEAust, FATSE, FAICD, CPEng, RPEQ

Chief Operating Officer

In his role as Chief Operating Officer, Simon is responsible for managing all aspects of Powerlink's transmission network to ensure that our transmission services meet Queensland's rapidly growing electricity needs reliably and cost-effectively, and in a way that satisfies the expectations of our stakeholders, including our shareholding Ministers, regulatory bodies, customers, National Electricity Market participants and the community.

Simon is a Director of ElectraNet SA and Chair of the Australian Power Institute, and a Director of the Australian National Committee of International Council on Large Electric Systems (CIGRE).

Simon has more than 35 years experience in electricity generation and transmission, including roles in Australia and overseas in planning, design, and strategic assets management.

Maurie Brennan

BBus, MBA, CPA, FAICD

Chief Financial Officer

Maurie has provided strategic financial and commercial advice to public sector organisations in Queensland's electricity industry since 1979.

At Powerlink, Maurie manages all finance, tax, treasury, business planning and analysis, corporate services, internal audit, insurance, legal and risk services, and shareholder reporting. In addition, Maurie is Powerlink's Company Secretary.

Maurie is a Director of ElectraNet SA, a member of the ElectraNet SA Audit and Compliance Committee and a member of the ElectraNet SA Treasury Committee.

Stewart Bell

BEng, PhD, MBA, CEng, MIET

Manager Procurement

As Manager Procurement, Stewart has responsibility for setting contractual terms and conditions, sourcing suppliers, determining market strategies and managing the supply chain and the commercial administration of supply arrangements for Powerlink's capital projects and operations.

Stewart has more than 15 years experience in the electricity industry, including management roles in operations, design, and project delivery.

Stewart is Vice-Chair of the Asia Pacific Utilities Group, a network of utilities that collaborate on supply chain improvements.

Ray Di Marco

BE(Hons), MBA, CPEng, RPEQ, MACS, GAICD

Manager Operations

In his role as Manager Operations, Ray leads Powerlink's Operations Business Unit, which delivers a range of specialist services to Australian and international clients, including power system operations, asset monitoring, information technology, telecommunications, oil testing and research and development.

Prior to joining Powerlink, Ray held Chief Technology Officer and Executive Management roles in the utilities, gambling and markets sectors.

Gary Johnston

BA (Hons), MAPS, MAHRI

Manager Human Resources and Development

Gary has responsibility for the development and implementation of Powerlink's workplace and industrial relations, occupational health and safety, electrical safety, corporate and employee development, equal employment opportunity, technical and training coordination, organisational development, and employment systems and services.

Gary manages Powerlink's continuous improvement initiatives that ensure we have a workplace culture that is right for our people and for our business. He also coordinates initiatives to ensure Powerlink has the right people and capabilities necessary to deliver our current and future business targets.

Gary has more than 35 years professional experience in clinical and organisational psychology roles, including 22 years in human resource management.

corporate governance
executive leadership team

Terry Miller

BE(Elec)

Manager Network Development

As Manager Network Development, Terry is responsible for planning Powerlink's future network investments and timely acquisition of transmission easements to meet future development needs. Planning for future investments includes forecasting future network demand, analysing network capabilities into the future, and recommending augmentation investment options to ensure continued reliable network performance.

Terry represented the Queensland jurisdictional planning body on the Inter Regional Planning Committee of the National Electricity Market until 30 June 2009.

With more than 35 years experience in the Queensland electricity industry, Terry's career has included experience in strategic business development, asset management, network planning, regulatory affairs, customer management, substation design, and distribution network design.

Garry Mulherin

BE(Elec)

Manager Network Field Services

Garry manages Network Field Services work for Powerlink's transmission network in Southern Queensland, with the objectives of maximising system reliability and minimising outage restoration times at optimal cost.

Within the electricity transmission field, Garry has specialised in transmission and sub-transmission line design, and construction and project management. He has also led quality improvement projects in environmental processes, engineering design, project management and overall cost efficiency.

More than 30 years experience in the electricity industry has provided Garry with a depth of experience in distribution and transmission networks, including management of key business areas and organisational change initiatives.

Michelle Palmer

BComms, MA, MPRIA

Manager Corporate Communication

As Manager Corporate Communication, Michelle is responsible for Powerlink's public relations policy and strategic, corporate communication, media liaison, government relations, and internal communication.

Michelle has provided strategic communications counsel for more than 10 years within the Queensland electricity industry, joining Powerlink in 2002 following four years with ENERGEX' public affairs team.

Brian Pokarier

BE, DipsBusinessManagement, CPEng, FIEAust

Manager Engineering

Brian manages the Engineering Business Unit, which is responsible for the delivery of capital works and refurbishment projects, and leading the organisation's development and assessment of new technologies to enhance network performance.

Brian and his team work to ensure that Powerlink's record capital works program is delivered successfully through the effective management of a large, highly skilled team based at the Brisbane head office and construction site offices located throughout Queensland. Brian also oversees Powerlink's strategic development of partnerships with companies for the design and construction of substations and transmission lines.

With more than 30 years experience in power system engineering within the Queensland electricity industry and overseas, Brian continues to play an active role in the International Council on Large Electric Systems (CIGRE) and Australian Standards committees.

Merryn York

BE(Hons), MEngSc, Grad Cert AppLaw

Manager Network Strategy and Performance

As Manager Network Strategy and Performance, Merryn's responsibilities including strategic business development and asset management to maximise the long-term return on Powerlink's investments in a way that meets the expectations of our stakeholders, including our shareholders, customers, National Electricity Market participants, the Australian Energy Regulator and the community.

With more than 20 years experience in the Queensland electricity industry, Merryn's career has included experience in network planning, regulatory affairs, customer management, and strategic development of the transmission network.

directors' report

The Directors present their report together with the financial report of Queensland Electricity Transmission Corporation Limited trading as Powerlink Queensland (the Company) and of the Consolidated Entity being the Company and its subsidiaries, and the Consolidated Entity's interest in associates for the financial year ended 30 June 2009 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year were:

- Else Shepherd
- Julie Beeby
- John Goddard
- Kenneth Howard
- Christina Sutherland
- Walter Threlfall.

Principal activities

During the year the principal continuing activities of the Consolidated Entity consisted of:

(a) Delivery of a transmission service to electricity market participants via open, non-discriminatory access to the Queensland transmission grid which connects generating sites with customer/distribution connection points

(b) Provision of system operator services to assist National Electricity Market Management Company (or the Australian Energy Market Operator from 1 July 2009) to manage power system security in the Queensland region of the National Electricity Market

(c) Performance of the functions of Jurisdictional Co-ordinator of Sensitive Loads in Queensland, and Transmission Network Planning in Queensland, as appointed by the Queensland Government

(d) Provision of metering services to measure electricity at generation and usage at connection points to the transmission network.

There were no significant changes in the nature of the activities of the Consolidated Entity during the financial year.

Dividends

The Directors have provided for a final dividend of $98.808 million (2008: $84.412 million) being 80 percent (2008: 80%) of the profit after income tax equivalent expense excluding the contributions from equity accounted associates.

The final dividend will not be franked.

Review of operations

A review of the Consolidated Entity's operations during the financial year, and the results of those operations, are contained in this annual report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

Significant events subsequent to the end of the financial year

There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature, likely, in the opinion of the Directors of the Company, to significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this financial statement because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

Environmental regulation

The Consolidated Entity is subject to environmental regulations under State and Commonwealth Government legislation with regard to its acquisition and development of transmission line easements, maintenance and construction activities, and the operation of facilities at its Virginia site and other sites.

The Consolidated Entity has an Environmental Steering Committee and Board Audit and Compliance Committee that monitors compliance with environmental regulations.

During the period covered by this report there were no breaches that led to prosecution, and the Directors are not aware of any material breaches.

Greenhouse gas and energy data reporting requirements

The Consolidated Entity is subject to the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007.*

The *Energy Efficiency Opportunities Act 2006* requires the entities to assess their energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action they intend to take as a result. The threshold energy use for the *Energy Efficiency Opportunities Act 2006* is 0.5 petajoules. In 2007/2008 Powerlink Queensland used 0.4 petajoules and was therefore identified as being exempt from the Act at this time.

The *National Greenhouse and Energy Reporting Act 2007* requires the Consolidated Entity to report its annual greenhouse gas emissions and energy use. The first measurement period for this Act ran from 1 July 2008 to 30 June 2009. The Consolidated Entity has implemented systems and processes for the collection and calculation of the data required and will be able to prepare and submit its initial report to the Greenhouse and Energy data Officer by 31 October 2009.

Information on Directors

Details of Directors, their experience, and any special responsibilities are included in this annual report.

Interests in shares and options

No Director has an interest in the shares of the Company.

Company secretary

Mr Maurice D Brennan was appointed to the position of company secretary in July 1995. Full details of Mr Brennan's qualifications, experience and special responsibilities are provided in this annual report.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2009, and the numbers of meetings attended by each Director were:

DIRECTORS			MEETINGS OF COMMITTEES			
	Full meetings of Directors		Audit		Remuneration	
	A	B	A	B	A	B
Else Shepherd	10	11	**	**	2	2
Julie Beeby	8	9	**	**	**	**
John Goddard	10	11	3	4	2	2
Kenneth Howard	10	11	4	4	**	**
Christina Sutherland	9	11	4	4	**	**
Walter Threlfall	11	11	**	**	2	2

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year
*** = Not a member of the relevant committee*

directors' report

Retirement, election and continuation in office of Directors

Dr Julie Beeby's term as a Director commenced on 1 October 2008 replacing Mr Merv Norman.

Remuneration report

(a) Principles used to determine the nature and amount of remuneration

Directors

Responsibility for determining and reviewing compensation for the Directors resides with the shareholding Ministers, who as at 30 June 2009 were the Hon. Stephen Robertson, Minister for Natural Resources, Mines and Energy and Minister for Trade, on behalf of the State of Queensland, and the Hon. Andrew Peter Fraser, Treasurer and Minister for Employment and Economic Development on behalf of the State of Queensland.

Each Director receives an annual fee for being a Director of the Company. An additional fee is also paid for each Board Committee on which the Director sits, and for any special meetings of the Board.

Directors are not entitled to receive any performance related remuneration.

Directors do not receive share options. All shares in the Company are held by the shareholding Ministers on behalf of the State of Queensland.

Directors' fees

The current base remuneration was last reviewed with effect from 1 July 2008. The Chairman's remuneration is not inclusive of committee fees and other Directors who chair, or are a member of a committee, also receive additional yearly fees.

Key management personnel pay

The Remuneration Committee of the Board of Directors is responsible for establishing remuneration policy, and for determining and reviewing the remuneration arrangements for key management personnel.

(b) Details of remuneration

Amounts of remuneration

Details of the remuneration of the key management personnel of the Consolidated Entity (as defined in AASB 124 *Related Party Disclosures*) are set out in note 27.

The key management personnel of the Company includes the Directors shown above, and the following executive officers who have authority and responsibility for planning, directing and controlling the activities of the entity:

- Chief Executive
- Chief Operating Officer
- Chief Financial Officer
- Human Resources & Development Manager

Loans to Directors and executives

There are no loans to any Director or Key Management Personnel of the Consolidated Entity.

Indemnification and insurance of officers

During the financial year, Powerlink Queensland insured the Directors and employees of the Company and its Australian-based controlled entities.

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 Consolidated Entity, 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.

The Directors have not included details of premiums paid in respect of the Directors' and Officers' liability and legal insurance contracts as such disclosure is prohibited under the terms of the contract.

auditor's independence declaration

Powerlink Queensland indemnifies the Directors and Officers of the Company and its Australian based subsidiaries.

The indemnity relates to any liability:

(a) to a third party (other than Powerlink Queensland or a related body corporate) unless the liability arises out of conduct involving a lack of good faith

(b) for legal costs incurred in successfully defending civil or criminal proceedings or in connection with proceedings in which relief is granted under the *Corporations Act 2001*.

No liability has arisen under these indemnities as at the date of this report.

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Consolidated Entity are important. Details of the amounts paid or payable to the auditor (Deloitte Touche Tohmatsu) for audit and non-audit services provided during the year are set in Note 28, Remuneration of Auditors, of the financial statements and supporting notes.

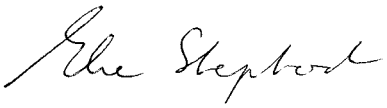
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included with this annual report.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of Directors.



Else Shepherd
Chairman

Brisbane
Dated August 2009

As lead auditor for the audit of Queensland Electricity Transmission Corporation Limited for the year ended 30 June 2009, 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

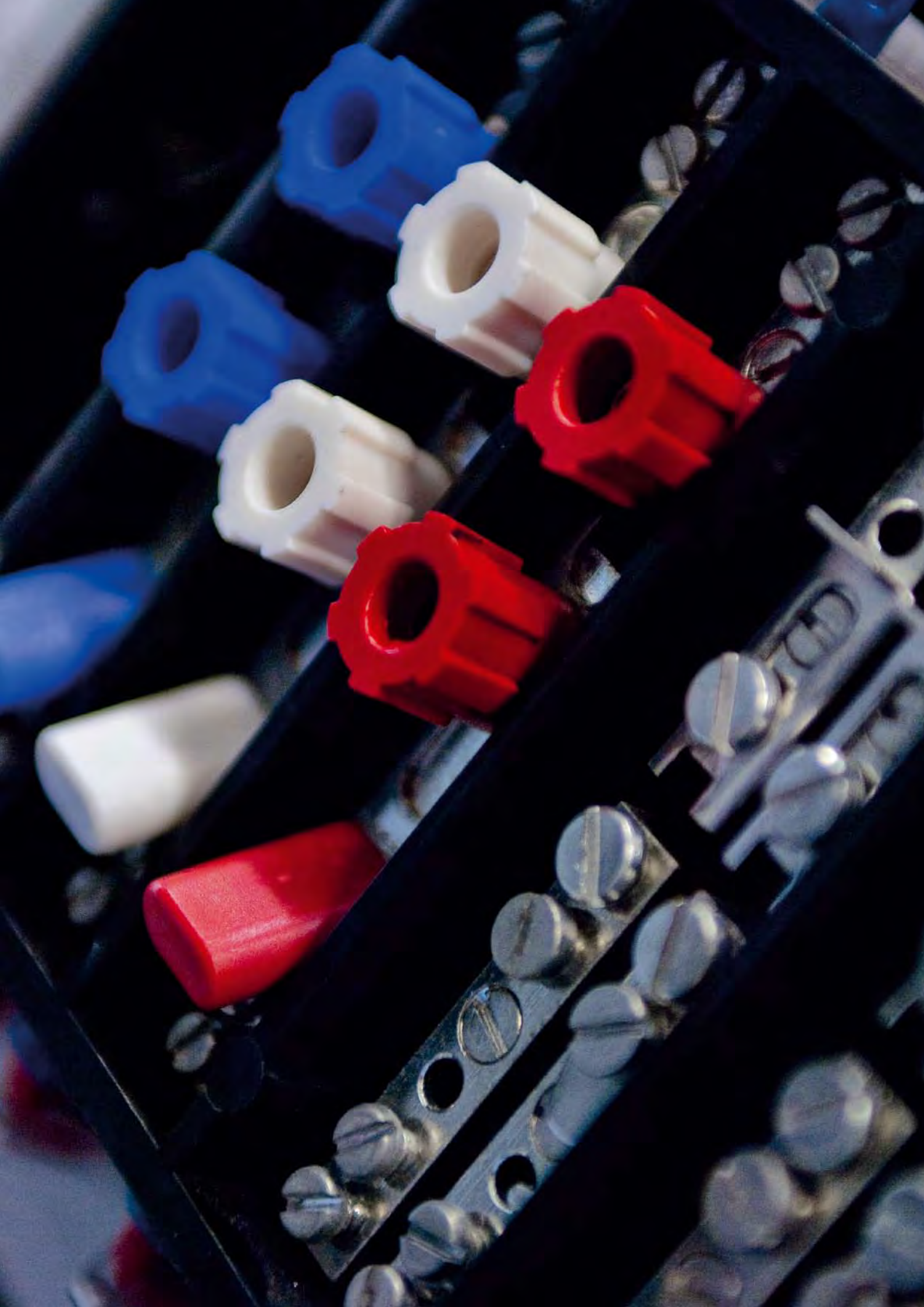
(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Powerlink Queensland and the entities it controlled during the period.

Carl Harris
Partner

(as delegate of the Auditor-General of Queensland, Brisbane)

August 2009



financial report

Queensland Electricity Transmission Corporation Limited trading as Powerlink Queensland ABN 82 078 849 233

Annual Financial Report – 30 June 2009

This financial report covers both the separate financial statements of Queensland Electricity Transmission Corporation Limited trading as Powerlink Queensland as an individual entity and the consolidated financial statements for the Consolidated Entity consisting of Powerlink Queensland and its subsidiaries. The financial report is presented in the Australian currency.

Powerlink Queensland is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Queensland Electricity Transmission Corporation Limited
33 Harold Street
Virginia Qld 4014

A description of the nature of the Consolidated Entity's operations and its activities is included in the review of operations and principal activities in the Directors' report, both of which are not part of this financial report.

The financial report was authorised for issue by the Directors on 18 August 2009. The company has the power to amend and reissue the financial report.

Woolooga Substation Control Room

income statement

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated		Powerlink Queensland	
		2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Revenue from continuing operations	4	**682,814**	611,635	**678,096**	607,669
Less					
Expenses from continuing operations excluding finance costs expense	5	**(326,878)**	(313,731)	**(326,867)**	(313,713)
Finance costs	5	**(180,281)**	(146,721)	**(180,281)**	(146,721)
Share of net profits/(losses) of Associates accounted for using the equity method	33(c)	**(2,073)**	(3,157)	**-**	-
Profit/(loss) from continuing operations before income tax equivalent expense		**173,582**	148,026	**170,948**	147,235
Income tax equivalent benefit/(expense)	6(b)	**(51,710)**	(44,893)	**(48,058)**	(41,817)
Profit/(Loss) from continuing operations		**121,872**	103,133	**122,890**	105,418
Profit/(Loss) for the year	25(b)	**121,872**	103,133	**122,890**	105,418
Profit attributed to members of Queensland Electricity Transmission Corporation Limited		**121,872**	103,133	**122,890**	105,418

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

Powerlink Queensland

balance sheet

AS AT 30 JUNE 2009

	Notes	Consolidated		Powerlink Queensland	
		2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
ASSETS					
Current assets					
Cash and cash equivalents	7	**97,614**	100,661	**84,116**	91,541
Trade and other receivables	8	**52,114**	65,741	**51,675**	65,406
Inventories	9	**31,409**	27,513	**31,409**	27,513
Other current assets	10	**7,687**	7,487	**7,687**	7,487
Other financial assets		**1,628**	207	**1,628**	207
Total current assets		**190,452**	201,609	**176,515**	192,154
Non-current assets					
Investments accounted for using the equity method	11	**38,844**	46,720	**-**	-
Defined benefit superannuation fund asset	15	**5,409**	13,605	**5,409**	13,605
Other financial assets	12	**73,467**	64,731	**75,455**	62,955
Property, plant and equipment	13	**5,219,870**	4,599,079	**5,219,870**	4,599,079
Total non-current assets		**5,337,590**	4,724,135	**5,300,734**	4,675,639
TOTAL ASSETS		**5,528,042**	4,925,744	**5,477,249**	4,867,793
LIABILITIES					
Current liabilities					
Trade and other payables	16	**100,610**	180,975	**100,625**	180,985
Current tax liabilities	18	**8,387**	387	**8,387**	387
Provisions	17	**115,754**	100,778	**115,754**	100,778
Other liabilities	19	**7,452**	14,946	**7,452**	14,946
Total current liabilities		**232,203**	297,086	**232,218**	297,096
Non-current liabilities					
Interest bearing loans and borrowings	20	**3,038,420**	2,516,420	**3,038,420**	2,516,420
Deferred tax liabilities	22	**361,964**	325,605	**334,391**	295,774
Provisions	23	**21,743**	20,107	**21,743**	20,107
Other liabilities	21	**17,427**	9,387	**17,427**	9,387
Total non-current liabilities		**3,439,554**	2,871,519	**3,411,981**	2,841,688
TOTAL LIABILITIES		**3,671,757**	3,168,605	**3,644,199**	3,138,784
NET ASSETS		**1,856,285**	1,757,139	**1,833,050**	1,729,009
EQUITY					
Contributed equity	24	**401,000**	401,000	**401,000**	401,000
Reserves	25(a)	**440,048**	355,322	**408,735**	323,067
Retained profits	25(b)	**1,015,237**	1,000,817	**1,023,315**	1,004,942
Capital and reserves attributable to equity holders of Queensland Electricity Transmission Corporation Limited		**1,856,285**	1,757,139	**1,833,050**	1,729,009
Parent Entity Interest		**1,856,285**	1,757,139	**1,833,050**	1,729,009
TOTAL EQUITY		**1,856,285**	1,757,139	**1,833,050**	1,729,009

The above balance sheet should be read in conjunction with the accompanying notes.

statement of recognised income and expense

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated		Powerlink Queensland	
		2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Gain on revaluation of property, plant and equipment, net of tax	25	**93,867**	135,071	**85,999**	117,278
Changes in the fair value of cash flow hedges, net of tax	25	**(9,141)**	(224)	**(331)**	382
Actuarial gains/(losses) on Defined Benefit Superannuation Fund, net of tax	15(g),25	**(8,644)**	(13,155)	**(5,709)**	(13,343)
Change in 2006/07 value of Associates		**-**	72	**-**	-
Net income recognised directly in equity		**76,082**	121,764	**79,959**	104,317
Profit for the year		**121,872**	103,133	**122,890**	105,418
Total recognised income and expense for the year		**197,954**	224,897	**202,849**	209,735
Total recognised income and expense for the year is attributable to:					
Equity holders of Queensland Electricity Transmission Corporation Limited		**197,954**	224,897	**202,849**	209,735
		197,954	224,897	**202,849**	209,735

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated		Powerlink Queensland	
		2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Cash flows from operating activities					
Receipts from customers		**649,933**	545,911	**649,933**	545,911
Intra Regional Settlements Residue (IRSR)		**(62,370)**	21,287	**(62,370)**	21,287
Payments to suppliers and employees		**(145,800)**	(181,496)	**(145,786)**	(181,475)
Interest received		**17,393**	19,346	**3,210**	5,778
Dividends received		**265**	246	**9,805**	9,708
Finance costs paid		**(178,150)**	(146,560)	**(178,150)**	(146,560)
Income tax equivalent paid		**(42,410)**	(57,548)	**(38,393)**	(49,851)
Goods and services tax paid		**(916)**	(3,356)	**(916)**	(3,356)
Other operating receipts		**28,183**	30,711	**28,183**	30,711
Other operating payments		**(910)**	(770)	**(910)**	(770)
Net cash inflow (outflow) from operating activities	35	**265,218**	227,771	**264,606**	231,383
Cash flows from investing activities					
Payments for property, plant and equipment		**(696,762)**	(638,238)	**(696,762)**	(638,238)
Proceeds from sale of property, plant and equipment		**6,771**	1,592	**6,771**	1,592
Proceeds/(payments) for Investments		**(15,862)**	(16,491)	**(19,628)**	(13,550)
Net cash (outflow) inflow from investing activities		**(705,853)**	(653,137)	**(709,619)**	(650,196)
Cash flows from financing activities					
Proceeds from borrowings		**522,000**	509,500	**522,000**	509,500
Dividends paid to Company's shareholders	26	**(84,412)**	(92,606)	**(84,412)**	(92,606)
Net cash (outflow)/inflow from financing activities		**437,588**	416,894	**437,588**	416,894
Net increase/(decrease) in cash and cash equivalents held		**(3,047)**	(8,472)	**(7,425)**	(1,919)
Cash and cash equivalents at the beginning of the financial year		**100,661**	109,133	**91,541**	93,460
Cash and cash equivalents at end of year	7	**97,614**	100,661	**84,116**	91,541

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

notes to the financial statements

30 JUNE 2009

1 Summary of significant accounting policies

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. The accounting policies have been applied consistently by all entities in the Consolidated Entity. The financial report includes separate financial statements for Powerlink Queensland as an individual entity and the Consolidated Entity consisting of Powerlink Queensland and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the *Corporations Act 2001*.

Early adoption of standards

The Consolidated Entity has elected not to early adopt any of the accounting standards.

Historical cost convention

This financial report has been prepared on the basis of historical costs, except for the:

- revaluation at fair value, through the Income Statement, of financial assets and liabilities (including derivative instruments)
- revaluation of certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Powerlink Queensland ("company" or "parent entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. Powerlink Queensland and its subsidiaries together are referred to in this financial report as the Consolidated Entity or the Group.

Subsidiaries are all those entities (including special purpose entities) over which the Consolidated Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Consolidated Entity. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Powerlink Queensland.

(ii) Associates

Associates are all entities over which the Consolidated Entity has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in Associates are accounted for in the holding entity's financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Consolidated Entity's investment in Associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to Note 33).

The Consolidated Entity's share of its Associates' post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from Associates are recognised in the holding entity's Income Statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses in an Associate equals or exceeds its interest in the Associate, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the Associate.

Unrealised gains on transactions between the Consolidated Entity and its Associates are eliminated to the extent of the Consolidated Entity's interest in the Associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of Associates have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

notes to the financial statements

30 JUNE 2009

1 Summary of significant accounting policies (continued)

(c) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

The Consolidated Entity operates in the one industry, being the transmission of electricity and one geographical segment, Australia, and is reported accordingly.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Consolidated Entity's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Powerlink Queensland's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Consolidated Entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Consolidated Entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Consolidated Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Grid sales revenue

Grid sales revenue comprises revenue earned from the provision of regulated and non-regulated transmission grid services. Sales revenue is recognised when the services are provided.

Regulated grid sales revenue is subject to the application of an annual revenue cap determined for the Company. Transmission Use of System (TUOS) prices are initially set to achieve the annual revenue cap.

While the regulated revenue collected in a period may vary from the annual revenue cap, the annual revenue cap is brought to account as revenue on the basis that the Company is able to recover, or is required to return, amounts that have been under or over collected in the current period. Amounts over collected are recognised as unearned revenue and any shortfalls are recognised as revenue in the year.

(ii) Other revenue

Other revenue is earned from the provision of property searches, customer works, wholesale telecommunications services and various miscellaneous works and services. Revenue is recognised when the customer is invoiced.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Consolidated Entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(f) Income tax equivalents

The Consolidated Entity is required to make income tax equivalent payments to the State Government based on the benefits derived because it 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 155(4) of the *Government Owned Corporations Act 1993* and are based on rulings set out in the National Tax Equivalent's manual. The National Tax Equivalent manual gives rise to obligations which reflect in all material respects those obligations for taxation which would be imposed by the *Income Tax Assessment Act 1936 and 1997* - (Note 6).

Income tax equivalent

Current tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

notes to the financial statements

30 JUNE 2009

1 Summary of significant accounting policies (continued)

Deferred income tax equivalent is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax equivalent liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax equivalent liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, and that, at the time of a transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, Associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax equivalent assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax equivalent asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, Associates or interests in joint ventures, in which case a deferred tax equivalent asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and the taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax equivalent assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax equivalent asset to be utilised.

Unrecognised deferred income tax equivalent assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax equivalent asset to be recovered.

Deferred income 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 tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax equivalent assets and deferred income tax equivalent liabilities are offset only if a legally enforceable right exists to set off current income tax equivalent assets against current income tax equivalent liabilities and the deferred income tax equivalent assets and liabilities relate to the same taxable entity and the same taxation authority.

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

Tax consolidation legislation

Powerlink Queensland and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation with effect from 1 July 2003. Powerlink Queensland is the head entity of the tax consolidated group.

The head entity, Powerlink Queensland and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Powerlink Queensland also recognises the current tax liabilities or assets and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Consolidated Entity - (Note 6).

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to or distribution from wholly-owned tax consolidated entities.

Contributions to fund the current tax liabilities are payable as per the tax funding agreement, and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

(g) Leases

Leases of property, plant and equipment where the Consolidated Entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (Note 13). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Operating leases are classified as leases in which a significant portion of the risks and rewards of ownership are not transferred to the Consolidated Entity as lessee (Note 30). Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

Lease income from operating leases where the Consolidated Entity is a lessor is recognised as income on a straight-line basis over the lease term.

notes to the financial statements

30 JUNE 2009

1 Summary of significant accounting policies (continued)

Cross Border Lease

Powerlink Queensland has entered into a structured financing arrangement involving the sale and subsequent lease back of supply system assets. This arrangement was entered into in conjunction with Queensland Treasury Corporation (QTC), and was a United States of America cross border lease transaction over Powerlink Queensland's regulated transmission assets.

The cross border lease involved a series of hire purchase and lease transactions.

The transaction comprised four (4) tranches and was completed in January 2001. The date of expiry of the lease agreement is 2 January 2027.

(h) Impairment of assets

At each reporting date, the Consolidated Entity reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flows have not been adjusted. If the recoverable amount of an asset or cash generating unit is estimated to be materially less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income Statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Income Statement unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(j) Trade and other receivables

Trade and Other Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is used when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Income Statement within 'other expenses'. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Income Statement within 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

(k) Inventories

Inventories shown as current assets are not for resale but are used in maintenance and construction, and are valued at the lower of average cost and net realisable value.

notes to the financial statements

30 JUNE 2009

1 Summary of significant accounting policies (continued)

(l) Derivatives and hedging activities

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 each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Consolidated Entity designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Consolidated Entity documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Consolidated Entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been, and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in movements in the hedging reserve in shareholders' equity. Movements in the hedging reserve in shareholders' equity are shown in Note 25. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the Income Statement within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the Income Statement within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement within other income or other expenses.

Amounts accumulated in equity are recycled in the Income Statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in the Income Statement or as depreciation in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement and are included in other income or other expenses.

(iv) Forward Starting Loans

The Consolidated Entity enters into Forward Starting Loans whereby it agrees to borrow specified amounts in the future at a predetermined interest rate. The Forward Starting Loans are entered into with the objective of managing against rising interest rates.

It is the Consolidated Entity's policy to recognise Forward Starting Loans at historical cost. Net receipts and payments are recognised as an adjustment to interest expense.

(m) Fair value estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price.

notes to the financial statements

30 JUNE 2009

1 Summary of significant accounting policies (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

(n) Property, plant and equipment

Supply System Assets

Supply system assets are measured at fair value using the income based approach based on expected future cash flows. Accumulated depreciation at the date of revaluation together with the gross carrying amount of the assets are restated to the revalued amount of the asset. Revaluations are made with sufficient regularity to ensure that the carrying amount of the supply system assets does not differ materially from fair value at the reporting date. The application of this policy to existing assets is reviewed by the Directors at each reporting date.

Freehold Land and Buildings and Easements

Freehold land and buildings and easements are measured at fair value using the income based approach based on expected future cash flows. Accumulated depreciation at the date of revaluation together with the gross carrying amount of the assets are restated to the revalued amount of the asset. Revaluations are made with sufficient regularity to ensure that the carrying amount of the freehold land and buildings and easements does not differ materially from fair value at the reporting date. The application of this policy to existing assets is reviewed by the Directors at each reporting date.

Other Property, Plant and Equipment

All other property, plant and equipment is valued at historical cost less depreciation.

Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of consideration given plus costs incidental to the acquisition.

The carrying amount of property, plant and equipment constructed by the Consolidated Entity includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent Costs

Subsequent costs 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 Consolidated Entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Income Statement during the reporting period in which they are incurred.

Revaluation

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Within the other land and buildings category, the fair value of easements is based on historic purchase cost increased by relevant Australian Bureau of Statistics indices at the end of each financial year.

On 1 July 2004, the date of transition to AIFRS, certain items of property, plant and equipment that had been revalued to fair value, on or prior to that date, were measured at deemed cost, being the revalued amount at that date of that revaluation.

Additions to property, plant and equipment during the year, except for newly commissioned supply system assets, are not subject to revaluation using price indices in the year of acquisition.

The valuation of the asset category other property, plant and equipment (refer Note 13) does not take into account price index movements.

Revaluation increments, net of tax, are recognised in the asset revaluation reserve, except for amounts reversing a decrement previously recognised as an expense. Revaluation decrements are only offset against revaluation increments applying to the particular asset, and any excess is recognised as an expense.

Depreciation

Land and easements are not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

▸ Supply system assets	12-50 years
▸ Buildings	7-40 years
▸ Other property, plant and equipment	2-10 years

Depreciation commences from the time units of property, plant and equipment are brought into commercial operation, and is calculated on all assets with the exception of land and easements.

notes to the financial statements

30 JUNE 2009

1 Summary of significant accounting policies (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Derecognition and Disposal of Assets

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising from derecognition of the asset, (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the year in which the asset is derecognised.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance costs.

Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Principal repayments have been deferred in line with the Company's borrowing program. Interest expense is accrued over the period it becomes due and is recorded as part of trade and other payables.

(q) Borrowing costs

Borrowing costs include interest and costs incurred in connection with the arrangement of borrowings. Borrowings costs are expensed as incurred.

(r) Provisions

Provisions are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(s) Other liabilities

Other liabilities include amounts for unearned revenues, which represent moneys received by the Consolidated Entity for which the Consolidated Entity has not provided the corresponding goods and services (refer Notes 19 and 21).

(t) Employee benefits

(i) Wages and salaries, annual leave and "Time-off- in-Lieu" leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and "time-off-in-lieu" leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled including related on-costs.

Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Liability for annual leave expected to be settled beyond 12 months of the reporting date is calculated based on the present value of expected future payments when the liability is settled, including related on-costs.

(ii) Long service leave

The liability for long service leave is recognised in the provision for long service leave and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation benefit obligations

All employees of the Consolidated Entity are entitled to benefits from the Consolidated Entity's superannuation plan on retirement, disability or death. The Consolidated Entity has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Consolidated Entity companies and the Consolidated Entity's legal or constructive obligation is limited to these contributions.

A liability or asset in respect of the defined benefit superannuation plan is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund'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 which 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.

notes to the financial statements

30 JUNE 2009

1 Summary of significant accounting policies (continued)

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency 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 in the period in which they occur, outside profit or loss directly in the Statement of Recognised Income and Expense.

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

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) At-risk performance remuneration

All employees of the Consolidated Entity are eligible for performance payments based on individual and/or small team performance during the year. In addition, award employees are eligible for a gainsharing payment based on corporate results (refer Note 15).

(v) Termination benefits on redundancy

All employees are entitled to a severance payment on redundancy. This severance payment is based on years of service and is capped at seventy-five (75) weeks of salary.

(u) Contributed equity

Ordinary shares are classified as equity -(Note 24).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

Recommendation on the dividend to be paid is determined after consultation with the shareholding Ministers in accordance with the *GOC Act 1993*. No distributions are franked.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(x) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(y) Electricity market operations

National Electricity Market

Under the National Electricity Rules (the Rules), the National Electricity Market Management Company (NEMMCO) or from 1 July 2009, the Australian Energy Market Operator (AEMO) processes all electricity market settlement transactions for Queensland and transfers the residual (Inter and Intra Regional Settlements Residue - IRSR) to Powerlink Queensland as the appropriate Transmission Network Service Provider (TNSP).

Pursuant to the Rules, the IRSR balance is held by Powerlink Queensland and is applied to offset transmission network charges. In 2008/09 the amount of IRSR applied to offset regulated network charges totalled $104.8 million (2007/08: $74.4 million).

Full details of movements in the IRSR balance are presented in Note 37. At 30 June 2009, the IRSR balance including interest earned and net of fees was $18.6 million (2008: $81.0 million).

(z) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Consolidated Entity's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB-I 13 Customer Loyalty Programmes and AASB 2007-3 (effective from 1 January 2009)

AASB-I 13 provides guidance on the accounting for customer loyalty programmes and requires that the fair value of the consideration received/receivable in respect of a sale transaction is allocated between the award credits and the other components of the sale. The Consolidated Entity does not operate any customer loyalty programmes. AASB-I 13 will therefore have no impact on the Consolidated Entity's financial statements. The Consolidated Entity will apply AASB-I 13 from 1 July 2009.

notes to the financial statements

30 JUNE 2009

1 Summary of significant accounting policies (continued)

(ii) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Consolidated Entity intends to adopt AASB 8 from 1 July 2009. Application of AASB 8 should not result in different segments, segment results and different type of information being reported in the segment note of the financial report. At this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(iii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The Consolidated Entity intends to adopt AASB 123 from 1 July 2009. The Consolidated Entity does not currently capitalise borrowing costs relating to qualifying assets. The extent of the impact, once adopted, will be dependant on the level of qualifying assets, the level of borrowings associated with those qualifying assets and interest costs on the borrowings.

(iv) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Consolidated Entity intends to apply the revised standard from 1 July 2009.

(v) AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Consolidated Entity will apply the revised standard from 1 July 2009, but it is not expected to have any affect as the Consolidated Entity does not have, or is currently planning, any share-based payments.

(vi) Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses.

The Consolidated Entity intends to apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

(vii) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective from 1 January 2009)

In July 2008, the AASB issued a number of improvements to existing Australian Accounting Standards. The Consolidated Entity intends to apply the revised standards from 1 January 2009. On initial application, the entity will need to make adjustments to disclosures for each of the amendments.

(viii) AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009)

The amendments to AASB 5 *Discontinued Operations* and AASB 1 *First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards* are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held-for-sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met.

notes to the financial statements

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1 Summary of significant accounting policies (continued)

The Consolidated Entity intends to apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

(ix) AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 *First-time Adoption of International Financial Reporting Standards* and AASB 127 *Consolidated and Separate Financial Statements*. The Consolidated Entity intends to apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or Associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

(x) AASB 2008-8 Amendment to IAS 39 Amendment to Australian Accounting Standards - Eligible Hedged Items (effective 1 July 2009)

AASB 2008-8 amends AASB 139 *Financial Instruments: Recognition and Measurement* and must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Consolidated Entity intends to apply the amended standard from 1 July 2009. It is not expected to have any impact on the Consolidated Entity's financial statements.

(xi) AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 (effective 1 July 2009)

AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders. These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution. This is different to the Consolidated Entity's current policy which is to measure distributions of non-cash assets at their carrying amounts. The interpretation further clarifies when a liability for the dividend must be recognised and that it is also measured at fair value. The Consolidated Entity intends to apply the interpretation prospectively from 1 July 2009.

notes to the financial statements

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2 Financial risk management

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Consolidated Entity uses derivative financial instruments, such as foreign exchange contracts, to manage these risks. Derivatives are exclusively used for hedging purposes, ie. not as trading or other speculative instruments. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange risk and ageing analysis for credit risk.

Risk management is carried out by the Company's Executive Leadership Team (ELT) and the Company's Hedging Committee (Hedging Committee) under policies approved by the Board of Directors. The ELT and the Hedging Committee identify, evaluate and hedge financial risks in close co-operation with the Consolidated Entity's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Consolidated Entity and the parent entity hold the following financial instruments:

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Financial assets				
Cash and cash equivalents (Note 7)	**97,614**	100,661	**84,116**	91,541
Trade and other receivables (Note 8)	**52,114**	65,741	**51,675**	65,406
Derivative financial instruments	**-**	118	**-**	118
Other financial assets	**75,095**	64,938	**77,083**	63,162
	224,823	231,458	**212,874**	220,227
Financial liabilities				
Trade and other payables (Note 16)	**100,610**	180,975	**100,625**	180,985
Borrowings (Note 20)	**3,038,420**	2,516,420	**3,038,420**	2,516,420
Derivative financial instruments	**649**	295	**649**	295
	3,139,679	2,697,690	**3,139,694**	2,697,700

(a) Market risk

(i) Foreign exchange risk

The Consolidated Entity is exposed to currency risk on purchases of materials that are denominated in a currency other than the Consolidated Entity's functional currency. The materials are for the construction and maintenance of transmission assets.

Exchange rate exposures are managed within approved policy parameters using foreign forward exchange contracts.

The Consolidated Entity's treasury risk management policy is to hedge between 50% and up to 100% of anticipated transactions (material purchases) in the foreign currency where a firm construction commitment has been entered into and the amount exceeds a Board approved threshold. All projected purchases qualify as "highly probable" forecast transactions for hedge accounting purposes.

The carrying amounts of the Group's and parent entity's financial assets and liabilities are all denominated in Australian dollars.

The Group's exposure to foreign currency risk (contract value) at the reporting date was as follows:

	30 June 2009			30 June 2008		
	USD $'000	**EURO $'000**	**SEK $'000**	CAD $'000	EURO $'000	Other $'000
Forward exchange contracts - buy foreign currency (cash flow hedges)	**4,352**	**2,312**	**922**	404	7,692	20
Net exposure	**4,352**	**2,312**	**922**	404	7,692	20

notes to the financial statements

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2 Financial risk management (continued)

The carrying amounts of the parent entity's financial assets and liabilities are denominated in Australian dollars except as set out below:

All the foreign forward exchange contracts are hedging forecast purchases.

	30 June 2009			30 June 2008		
	USD $'000	EURO $'000	SEK $'000	CAD $'000	EURO $'000	Other $'000
Forward exchange contracts - buy foreign currency (cash flow hedges)	**4,352**	**2,312**	**922**	404	7,692	20
Net exposure	**4,352**	**2,312**	**922**	404	7,692	20

Consolidated Entity sensitivity

Based on the financial instruments held at 30 June 2009, had the Australian dollar weakened/strengthened by 10% against the hedged currencies, with all other variables held constant, the Consolidated Entity's post-tax profit for the year would not have been affected as the foreign forward exchange contracts are used to hedge the purchase of equipment for the construction of the Consolidated Entity's transmission assets. Equity would have been $0.628M lower/$0.767M higher (2008 - $0.707M lower/$0.863M higher) had the Australian dollar weakened/strengthened by 10% against the hedged currencies.

Parent entity sensitivity

Based on the financial instruments held at 30 June 2009, had the Australian dollar weakened/strengthened by 10% against the hedged currencies, with all other variables held constant, the parent entity's post-tax profit for the year would not have been affected as the foreign forward exchange contracts are used to hedge the purchase of equipment for the construction of transmission assets. Equity would have been $0.628M lower/$0.767M higher (2008- $0.707M lower/$0.863M higher) had the Australian dollar weakened/strengthened by 10% against the hedged currencies.

(ii) Other Price risk

The Consolidated Entity and the parent entity do not have any material exposure to equity securities price risk. Neither the Consolidated Entity nor the parent entity are exposed to commodity price risk.

(iii) Interest rate risk

Consolidated Entity sensitivity

The Consolidated Entity's main interest rate risk would normally arise from its long-term borrowings. However, under lending arrangements offered by QTC, the Company's borrowings within its client specific pool approximate a fixed rate loan and consequently are insensitive to movements in interest rates. Other long term borrowings are fixed rate loans for a specific period and are also insensitive to movements in interest rates.

The Consolidated Entity borrows exclusively from QTC, a Queensland Government owned corporation. QTC manages the borrowings on behalf of the Consolidated Entity within agreed pre-determined benchmarks . The composition of the QTC debt instruments are managed to align with the Company's revenue outcomes from the Australian Energy Regulator (AER), which is issued by the AER every five years. Under the borrowing arrangements with QTC, the Company's book interest rate is reviewed annually. Movements in book interest rates reflect additional borrowings and the results of active management during the period. The next book rate review is scheduled to take affect from 30 June 2009. During 2009 and 2008, all the Consolidated Entity's borrowings were denominated in Australian dollars.

Parent Entity Sensitivity

The parent entity's main interest rate risk would normally arise from its long-term borrowings. However, under lending arrangements offered by QTC, the Company's borrowings within its client specific pool approximate a fixed rate loan and consequently are insensitive to movements in interest rates. Other long term borrowings are fixed rate loans for a specific period and are also insensitive to movements in interest rates.

The parent entity borrows exclusively from QTC, a Queensland Government owned corporation. QTC manages the borrowings on behalf of the Parent Entity within agreed pre-determined benchmarks . The composition of the QTC debt instruments are managed to align with the Company's revenue outcomes from the Australian Energy Regulator (AER), which is issued by the AER every five years. Under the borrowing arrangements with QTC, the Company's book interest rate is reviewed annually. Movements in book interest rates reflect additional borrowings and the results of active management during the period. The next book rate review is scheduled to take affect from 30 June 2009. During 2009 and 2008, all the parent entity's borrowings were denominated in Australian dollars.

notes to the financial statements

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2 Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Consolidated Entity.

Powerlink Queensland is primarily exposed to credit related losses through its provision of electricity transmission services to a small number of large customers (electricity generators, distributors and direct connect loads). The company only transacts with large reputable entities. Where appropriate, suitable financial security, either through the regulatory regime arrangements in which the Company operates, or other forms such as parent guarantees and unconditional bank guarantees, is obtained. It is not expected that any of these customers will fail to meet their obligations.

Outside of the small number of major electricity network customers, trade receivables consists of a limited number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are either banks or QTC, all of whom have high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Consolidated Entity's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Details of any impairment of financial assets are contained in Note 8.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have implemented an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long-term funding and liquidity requirements. The Consolidated Entity manages liquidity risk by maintaining adequate reserves, banking facilities, reserve borrowing facilities and by continuously monitoring forecast and actual cash flows.

Surplus funds are invested with the QTC and have on-call access.

Financing arrangements

Under the funding arrangements entered into between the Company and the Company's shareholding Ministers, any undrawn approved funding lapses at the end of each financial year. The Company seeks approval from the shareholding Ministers for funding requirements for the forthcoming year on an annual basis, and these approved borrowings form part of the State of Queensland borrowing program. For the 2009/10 year the Company has secured approval for additional borrowings to meet forecast operational requirements. Should further additional funds beyond this requirement be required to maintain liquidity and/or meet operational requirements, approval for the additional funds must be sought from the shareholding Ministers.

Maturities of financial liabilities

The tables below analyse the Consolidated Entity's and the parent entity's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which represent interest payments for both the client specific pool debt and other long term debt held with QTC. The "Over 5 years" category contains interest payments, an estimate of the payout value of the client specific pool debt (no fixed terms of repayment) and principal repayments for other long term fixed debt. The Consolidated Entity does not have any interest rate swaps for which the cash flows would have been estimated using forward interest rates applicable at the reporting date.

notes to the financial statements

30 JUNE 2009

2 Financial risk management (continued)

Consolidated Entity - At 30 June 2009	0 - 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Non-interest bearing	100,610	-	-	100,610	100,610
Fixed rate	189,153	756,655	3,314,342	4,260,150	3,038,420
Total non-derivatives	289,763	756,655	3,314,342	4,360,760	3,139,030
Derivatives					
Gross settled - outflow	649	-	-	649	649
Total derivatives	649	-	-	649	649

Consolidated Entity - At 30 June 2008	0 - 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Non-interest bearing	180,975	-	-	180,975	180,975
Fixed rate	164,564	658,852	2,516,420	3,339,836	2,516,420
Total non-derivatives	345,539	658,852	2,516,420	3,520,811	2,697,395
Derivatives					
Gross settled - outflow	177	-	-	177	177
Total derivatives	177	-	-	177	177

Parent - At 30 June 2009	0 - 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Non-interest bearing	100,625	-	-	100,625	100,625
Fixed rate	189,153	756,655	3,314,342	4,260,150	3,038,420
Total non-derivatives	289,778	756,655	3,314,342	4,360,775	3,139,045
Derivatives					
Gross settled - outflow	649	-	-	649	649
Total derivatives	649	-	-	649	649

notes to the financial statements

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2 Financial risk management (continued)

Parent - At 30 June 2008	0 - 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Non-interest bearing	180,985	-	-	180,985	180,985
Variable rate	-	-	-	-	-
Fixed rate	164,564	658,852	2,516,420	3,339,836	2,516,420
Total non-derivatives	345,549	658,852	2,516,420	3,520,821	2,697,405
Derivatives					
Gross settled - outflow	177	-	-	177	177
Total derivatives	177	-	-	177	177

(d) Fair value estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, investments in unlisted subsidiaries) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The fair value of forward foreign exchange contracts is determined using forward market rates at the reporting date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

Fair values for each class of financial instrument are disclosed in the relevant notes.

notes to the financial statements

30 JUNE 2009

3 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or the financial position reported in future periods.

Defined Benefit Plans

Various actuarial assumptions are required when determining the Consolidated Entity's post employment obligations. These assumptions and the relative carrying amounts are discussed in Note 15.

Employee Entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in salaries and wages
- future oncost rates
- experience of employee departures and periods of service.

Recovery of Deferred Tax Equivalent Assets

Deferred tax equivalent assets are recognised for deductible temporary differences as management considers it is probable that future taxable profits will be available to utilise those temporary differences.

Revaluation of Property, Plant and Equipment

The revaluation of property, plant and equipment is affected by the application of relevant Australian Bureau of Statistics indices at the end of each financial year.

Fair Value of Property, Plant and Equipment

Due to the absence of an active market, supply system assets, freehold land and buildings and easements are carried at fair value where fair value is estimated using an income based approach. Fair value is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In assessing fair value, a number of key estimates and assumptions are adopted for expected future cash flows. These are discussed in Note 13.

notes to the financial statements

30 JUNE 2009

4 Revenue

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Revenues from Continuing Operations				
Grid Sales Revenue	**633,595**	561,279	**633,595**	561,279
Total Grid Sales Revenue	**633,595**	561,279	**633,595**	561,279
Other revenue				
Interest	**17,724**	19,517	**3,201**	5,843
Dividends	**-**	-	**9,805**	9,708
Other	**31,495**	30,839	**31,495**	30,839
Total Other Revenue	**49,219**	50,356	**44,501**	46,390
Total revenues from continuing operations	**682,814**	611,635	**678,096**	607,669

5 Expenses from Continuing Operations

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Profit before income tax equivalent includes the following specific expenses:				
Finance costs				
Interest Expense	**169,588**	137,824	**169,588**	137,824
Other	**10,692**	8,897	**10,692**	8,897
Total Finance Costs Expensed	**180,281**	146,721	**180,281**	146,721
Operational Expenses				
Network Operations	**11,815**	10,596	**11,815**	10,596
Network Maintenance	**73,340**	67,297	**73,340**	67,297
Grid Support	**15,080**	27,326	**15,080**	27,326
Corporate/Business Support	**46,174**	40,833	**46,163**	40,815
Other	**8,207**	9,557	**8,207**	9,557
Depreciation	**172,262**	158,122	**172,262**	158,122
Total Operational Expenses	**326,878**	313,731	**326,867**	313,713
Employee benefit expense included in the Income Statement	**50,450**	48,197	**50,450**	48,197
Defined Contribution Superannuation Expense included in the Income Statement	**3,460**	3,319	**3,460**	3,319
	53,910	51,516	**53,910**	51,516

notes to the financial statements

30 JUNE 2009

6 Income tax equivalent expense

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
(a) Income tax equivalent expense				
Current tax	**47,960**	39,618	**43,710**	35,554
Relating to origination and reversal of temporary differences	**4,452**	6,296	**4,348**	6,263
Associates accounted for using the equity method	**(702)**	(1,021)	**-**	-
	51,710	44,893	**48,058**	41,817

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
(b) Numerical reconciliation of income tax equivalent expense to prima facie tax payable				
Profit from continuing operations before income tax equivalent expense	**173,582**	148,026	**170,948**	147,235
Tax equivalent at the Australian tax rate of 30% (2008: 30%)	**52,075**	44,408	**51,284**	44,171
Increase in income tax equivalent expense due to:				
Non deductible expenses	**17**	16	**16**	16
Temporary Differences	**54,164**	48,524	**54,164**	48,524
Decrease in income tax equivalent expense due to:				
Tax exempt revenues	**(52)**	(74)	**(2,912)**	(2,913)
Building write-off	**(393)**	(357)	**(393)**	(357)
Temporary differences	**(58,450)**	(53,888)	**(58,450)**	(53,888)
Adjustments to Asset Revaluation Reserve	**-**	-	**-**	-
Other movements in deferred tax	**4,349**	6,264	**4,349**	6,264
Income tax equivalent expense	**51,710**	44,893	**48,058**	41,817
Total income tax expense	**51,710**	44,893	**48,058**	41,817

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
(c) Amounts recognised directly in equity				
Net deferred tax - debited (credited) directly to equity (Notes 14 and 22)	**34,269**	44,711	**34,269**	44,707
	34,269	44,711	**34,269**	44,707

(d) Tax consolidation legislation

Powerlink Queensland and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in Note 1(f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Powerlink Queensland.

notes to the financial statements

30 JUNE 2009

6 Income tax equivalent expense (continued)

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Powerlink Queensland for any current tax payable assumed and are compensated by Powerlink Queensland for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Powerlink Queensland under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables (see Note 31(e)).

7 Current assets - Cash and cash equivalents

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Cash balance comprises:				
Cash on hand	**7**	8	**7**	8
Bank balances	**3,059**	(103)	**3,057**	(108)
Cash on Deposit with Qld Treasury Corporation (QTC)	**75,924**	19,762	**62,428**	10,647
Cash on Deposit with QTC - IRSR (Note 37)	**18,624**	80,994	**18,624**	80,994
Closing Cash balance	**97,614**	100,661	**84,116**	91,541

(a) Risk exposure

The Consolidated Entity's and the parent entity's exposure to interest rate risk is discussed in Note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Deposits at call

Cash on deposit with QTC earns interest at floating rates based on daily QTC deposit rates.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(c) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

8 Current assets - Trade and other receivables

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Net trade receivables				
Trade receivables	**48,486**	62,453	**48,485**	62,452
Other	**3,628**	3,288	**3,190**	2,954
	52,114	65,741	**51,675**	65,406

notes to the financial statements

30 JUNE 2009

8 Current assets – Trade and other receivables (continued)

(a) Provision for Impairment of receivables

The Consolidated Entity has not considered it necessary to raise a provision for the impairment of receivables.

(b) Impaired Trade Receivables

The Consolidated Entity has recognised a loss of $3 thousand (2008: $16 thousand) in respect of impaired trade receivables during the year ended 30 June 2009

As of 30 June 2009, trade receivables of $2,900 thousand (2008 - $3,219 thousand) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Up to 3 months	**708**	3,028	**708**	3,028
3 to 6 months	**2,192**	191	**2,192**	191
	2,900	3,219	**2,900**	3,219

(c) Other receivables

For the parent entity, these are receivables from tax consolidated entities under the tax funding agreement, see Note 6(d) and Note 31(e).

(d) Foreign exchange and interest rate risk

Information about the Consolidated Entity's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 2.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

9 Current assets - Inventories

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Maintenance and Construction Stock	**31,409**	27,513	**31,409**	27,513
	31,409	27,513	**31,409**	27,513

10 Current assets - Other current assets

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Work in Progress - Customer Works	**702**	451	**702**	451
Prepayments	**6,920**	6,831	**6,920**	6,831
Other	**65**	205	**65**	205
	7,687	7,487	**7,687**	7,487

notes to the financial statements

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11 Non-current assets - Investments accounted for using the equity method

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Shares in Associates (Note 33)	**38,844**	46,720	**-**	-
	38,844	46,720	**-**	-

(a) Shares in Associates

Investments in Associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the subsidiary entities holding the investments (Notes 12, 33).

12 Non-current assets - Other financial assets

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Advances to Associates				
Loan Notes	**73,467**	64,731	**-**	-
Advances to Associates				
Shares in subsidiaries* (Note 32)	**-**	-	**1**	1
Unsecured Loans to Subsidiaries#	**-**	-	**75,454**	62,954
	73,467	64,731	**75,455**	62,955

** Represents investments in unlisted controlled entities at cost*

 # Represents unsecured advances to Harold Street Holdings Pty Ltd of $75,450 thousand (2008: $62,950 thousand) and Powerlink Transmission Services Pty Ltd $4 thousand (2008: $4 thousand). Both companies are wholly owned subsidiaries of Powerlink Queensland (Note 32).

notes to the financial statements

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13 Non-current assets - Property, plant and equipment

Consolidated	Work in Progress	Freehold Land and Easements	Buildings	Supply System Assets	Other Property, Plant and Equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2007						
- Valuation	526,766	338,143	45,322	3,332,254	57,708	4,300,193
Accumulated depreciation	-	-	(2,806)	(356,182)	(25,906)	(384,894)
Net book amount	526,766	338,143	42,516	2,976,072	31,802	3,915,299
Year ended 30 June 2008						
Opening net book amount	526,766	338,143	42,516	2,976,072	31,802	3,915,299
Additions	675,844	-	-	-	-	675,844
Disposals	-	(571)	-	-	(911)	(1,482)
Revaluation increments/(decrements)	-	14,592	1,790	151,158	-	167,540
Transfers	-	-	(22)	-	22	-
Transfers from work in progress	(651,315)	9,723	91	629,514	11,987	-
Depreciation charge	-	-	(1,322)	(145,935)	(10,865)	(158,122)
Closing net book amount	551,295	361,887	43,053	3,610,809	32,035	4,599,079
At 30 June 2008						
- Directors' Valuation	551,295	361,887	47,229	4,104,711	67,633	5,132,755
Accumulated depreciation	-	-	(4,176)	(493,902)	(35,598)	(533,676)
Net book amount	551,295	361,887	43,053	3,610,809	32,035	4,599,079

Consolidated	Work in Progress	Freehold Land and Easements	Buildings	Supply System Assets	Other Property, Plant and Equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2009						
Opening net book amount	**551,295**	**361,887**	**43,053**	**3,610,809**	**32,035**	**4,599,079**
Additions	**674,270**	**-**	**-**	**-**	**-**	**674,270**
Disposals	**-**	**(1,647)**	**-**	**(1,954)**	**(472)**	**(4,073)**
Revaluation increments/(decrements)	**-**	**9,872**	**1,335**	**111,649**	**-**	**122,856**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**
Transfers from work in progress	**(667,216)**	**22,835**	**6,336**	**620,163**	**17,882**	**-**
Depreciation charge	**-**	**-**	**(1,506)**	**(158,598)**	**(12,158)**	**(172,262)**
Closing net book amount	**558,349**	**392,947**	**49,218**	**4,182,069**	**37,287**	**5,219,870**
At 30 June 2009						
- Directors' Valuation	**558,349**	**392,947**	**54,944**	**4,839,430**	**83,151**	**5,928,821**
Accumulated depreciation	**-**	**-**	**(5,726)**	**(657,361)**	**(45,864)**	**(708,951)**
Net book amount	**558,349**	**392,947**	**49,218**	**4,182,069**	**37,287**	**5,219,870**

notes to the financial statements

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13 Non-current assets - Property, plant and equipment (continued)

Powerlink Queensland	Work in Progress	Freehold Land and Easements	Buildings	Supply System Assets	Other Property, Plant and Equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2007						
- Valuation	526,766	338,143	45,322	3,332,254	57,708	4,300,193
Accumulated depreciation	-	-	(2,806)	(356,182)	(25,906)	(384,894)
Net book amount	526,766	338,143	42,516	2,976,072	31,802	3,915,299
Year ended 30 June 2008						
Opening net book amount	526,766	338,143	42,516	2,976,072	31,802	3,915,299
Additions	675,844	-	-	-	-	675,844
Disposals	-	(571)	-	-	(911)	(1,482)
Revaluation increments/(decrements)	-	14,592	1,790	151,158	-	167,540
Transfers	-	-	(22)	-	22	-
Transfers from work in progress	(651,315)	9,723	91	629,514	11,987	-
Depreciation charge	-	-	(1,322)	(145,935)	(10,865)	(158,122)
Closing net book amount	551,295	361,887	43,053	3,610,809	32,035	4,599,079
At 30 June 2008						
- Directors' Valuation	551,295	361,887	47,229	4,104,711	67,633	5,132,755
Accumulated depreciation	-	-	(4,176)	(493,902)	(35,598)	(533,676)
Net book amount	551,295	361,887	43,053	3,610,809	32,035	4,599,079

Powerlink Queensland	Work in Progress	Freehold Land and Easements	Buildings	Supply System Assets	Other Property, Plant and Equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2009						
Opening net book amount	**551,295**	**361,887**	**43,053**	**3,610,809**	**32,035**	**4,599,079**
Additions	**674,270**	**-**	**-**	**-**	**-**	**674,270**
Disposals	**-**	**(1,647)**	**-**	**(1,954)**	**(472)**	**(4,073)**
Revaluation increments/(decrements)	**-**	**9,872**	**1,335**	**111,649**	**-**	**122,856**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**
Transfers from work in progress	**(667,216)**	**22,835**	**6,336**	**620,163**	**17,882**	**-**
Depreciation charge	**-**	**-**	**(1,506)**	**(158,598)**	**(12,158)**	**(172,262)**
Closing net book amount	**558,349**	**392,947**	**49,218**	**4,182,069**	**37,287**	**5,219,870**
At 30 June 2009						
- At Directors' Valuation	**558,349**	**392,947**	**54,944**	**4,839,430**	**83,151**	**5,928,821**
Accumulated depreciation	**-**	**-**	**(5,726)**	**(657,361)**	**(45,864)**	**(708,951)**
Net book amount	**558,349**	**392,947**	**49,218**	**4,182,069**	**37,287**	**5,219,870**

notes to the financial statements

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13 Non-current assets - Property, plant and equipment (continued)

(a) Leased assets

Supply System Assets include the following amounts which are subject to a cross border lease:

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Cross Border lease - Supply System Assets				
At Directors' valuation	**4,552,079**	3,857,093	**4,552,079**	3,857,093
Accumulated depreciation	**(611,693)**	(459,172)	**(611,693)**	(459,172)
Net book amount	**3,940,386**	3,397,921	**3,940,386**	3,397,921

(b) Valuation of property, plant and equipment

Powerlink's supply system assets, freehold land and building and easements are carried at fair value. An income based approach to valuation was undertaken by Powerlink as at 30 June 2009 using the following key assumptions and approach:

- a major proportion of Powerlink's assets are subject to regulation in the form of a revenue cap and it is assumed that they will continue to be subject to regulation in the future
- cash flows have been projected based on forecasts of prudent and efficient operating costs and revenue consistent with existing regulatory determinations, regulatory methodologies and existing connection and access agreements which satisfy fair value definitions contained in relevant accounting standards
- future capital expenditure and related revenues have been excluded from the cash flows
- residual asset values have been determined using the best information available.

14 Non-current assets - Deferred income tax equivalent assets

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
The balance comprises temporary differences attributable to:				
Accruals	**34**	58	**34**	56
Provisions	**10,344**	10,049	**10,344**	10,049
Cash flow hedges (Note 25(a))	**195**	89	**195**	89
Total deferred tax equivalent assets	**10,573**	10,196	**10,573**	10,194
Set-off of deferred tax equivalent liabilities pursuant to set-off provisions (Note 22)	**(10,573)**	(10,196)	**(10,573)**	(10,194)
Net deferred tax equivalent assets	**-**	-	**-**	-

notes to the financial statements

30 JUNE 2009

14 Non-current assets - Deferred income tax equivalent assets (continued)

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Movements:				
Opening balance at 1 July	**10,196**	10,019	**10,194**	10,015
Credited/(charged) to the income statement (Note 6)	**271**	308	**273**	306
Credited/(charged) to equity	**106**	(131)	**106**	(127)
Closing balance at 30 June	**10,573**	10,196	**10,573**	10,194
Deferred tax equivalent assets to be recovered within 12 months	**4,725**	3,643	**4,725**	3,641
Deferred tax equivalent assets to be recovered after more than 12 months	**5,848**	6,553	**5,848**	6,553
	10,573	10,196	**10,573**	10,194

15 Employee Benefits and Superannuation Commitments

(a) Performance Payments to Employees

Information in respect of each category of performance related payment is as follows:

Performance Payments - Other Key Management Personnel

Performance payments to other key management personnel are dependent on the performance of individual key management personnel against pre-agreed business and individual targets. The performance payments made in the 2008/09 year were granted/approved by the Board on 18 September 2008. There have not been any alterations of the terms and conditions to the grant since the grant/approval date.

Performance Payments - All Other Employees

Performance payments to all other employees are dependent on the performance of employees against individual/team pre-agreed performance targets. The performance payments made in the 2008/09 year were granted/approved by the Board on 16 September 2008. There have not been any alterations of the terms and conditions to the grant since the grant/approval date.

Gainsharing Payments

Gainsharing payments are available to award employees based on the Company results. The amount is a fixed sum for all eligible employees. The payment made in 2008/09 was granted/approved by the Board on 16 September 2008. There have not been any alterations of the terms and conditions to the grant since the grant/approval date.

At-Risk Performance Remuneration

The aggregate at risk employee remuneration is as follows:

	2008/09	2007/08
Aggregate at-risk performance remuneration	**$5.224m**	$4.571m
Total salaries and wages paid	**$100.240m**	$92.932m
Number of employees receiving performance payments	**849**	765

Number of Employees

Number of employees (full-time equivalents) at year end: 906 (2008: 887)

notes to the financial statements

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15 Employee Benefits and Superannuation Commitments (continued)

(b) Superannuation Plan

The Consolidated Entity contributes to an industry multiple employer superannuation fund, the Electricity Supply Industry Superannuation Fund (Qld). Members, after serving a qualifying period , are entitled to benefits from this scheme on retirement, resignation, retrenchment, disability or death. The Consolidated Entity has one plan with a defined benefit section and a defined contribution section. The defined benefit section is only open to existing employees who have always been in the section, and is not open to new employees.

The defined benefit account of this Fund provides defined lump sum benefits based on years of service and final average salary. Employee contributions to the scheme are based on percentages of their salaries and wages. The Consolidated Entity also contributes to the plan.

The Trust Deed of the Fund states that, if the Fund winds up, after the payment of all costs and the payment of all member benefits in respect of the period up to the date of termination, any remaining assets are to be distributed by the Trustee of the Fund, acting on the advice of an actuary to the participating employers.

The Consolidated Entity may at any time, by notice to the Trustee, terminate its contributions. The employer has a liability to pay the monthly contributions due prior to the effective date of the notice, but there is no requirement for an employer to pay any further contributions, irrespective of the financial condition of the Fund.

The Consolidated Entity may benefit from any surplus in the Fund in the form of a contribution reduction. Any reduction in contributions would normally be implemented only after advice from the Fund's actuary.

All monetary amounts are in Australian dollars and have been rounded to the nearest $1,000. Actuarial gains or losses associated with the defined benefit plan are recognised directly in retained earnings.

The following sets out details in respect of the defined benefit section only. The expense recognised in relation to the defined contribution section is disclosed in Note 5.

(c) Defined Benefit Plan asset recognised on the balance sheet

The amounts recognised in the balance sheet are determined as follows:

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Fair value of defined benefit plan assets	**69,138**	70,219	**69,138**	70,219
Present value of the defined benefit obligation	**(63,729)**	(56,614)	**(63,729)**	(56,614)
Net surplus in the balance sheet	**5,409**	13,605	**5,409**	13,605

(d) Categories of plan assets

The major categories of plan assets are as follows:

	Consolidated		Powerlink Queensland	
	2009 %	2008 %	**2009 %**	2008 %
Cash	**7.0**	6.9	**7.0**	6.9
Fixed Interest	**16.0**	19.8	**16.0**	19.8
Domestic Equities	**21.0**	22.7	**21.0**	22.7
Alternatives	**20.0**	8.9	**20.0**	8.9
International Equities	**21.0**	29.4	**21.0**	29.4
Property	**15.0**	12.3	**15.0**	12.3
	100.0	100.0	**100.0**	100.0

notes to the financial statements

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15 Employee Benefits and Superannuation Commitments (continued)

(e) Reconciliations

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Reconciliation of the present value of the defined benefit obligation, which is fully funded:				
Balance at the beginning of the year	**(56,614)**	(57,579)	**(56,614)**	(57,579)
Current service cost	**(2,654)**	(2,715)	**(2,654)**	(2,715)
Interest cost	**(2,824)**	(2,809)	**(2,824)**	(2,809)
Contributions by members	**(864)**	(834)	**(864)**	(834)
Actuarial gains and (losses)	**(4,532)**	(2,580)	**(4,532)**	(2,580)
Benefits paid	**2,313**	6,778	**2,313**	6,778
Provisions for Contributions Tax	**1,446**	3,125	**1,446**	3,125
Balance at the end of the year	**(63,729)**	(56,614)	**(63,729)**	(56,614)

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Reconciliation of the fair value of plan assets:				
Balance at the beginning of the year	**70,219**	88,891	**70,219**	88,891
Expected return on plan assets	**4,351**	5,547	**4,351**	5,547
Actuarial gains and (losses)	**(5,069)**	(19,606)	**(5,069)**	(19,606)
Contributions by Company	**1,440**	1,331	**1,440**	1,331
Contributions by members	**864**	834	**864**	834
Benefits paid	**(2,313)**	(6,778)	**(2,313)**	(6,778)
Other cash Flow	**(354)**	-	**(354)**	-
Balance at the end of the year	**69,138**	70,219	**69,138**	70,219

(f) Defined Benefit Plan amounts recognised in the Income Statement

The amounts recognised in the income statement are as follows:

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Current service cost	**2,654**	2,715	**2,654**	2,715
Interest cost	**2,824**	2,809	**2,824**	2,809
Expected return on plan assets	**(4,351)**	(5,547)	**(4,351)**	(5,547)
Other	**354**	-	**354**	-
Total included in employee benefits expense	**1,481**	(23)	**1,481**	(23)

notes to the financial statements

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15 Employee Benefits and Superannuation Commitments (continued)

(g) Defined Benefit Plan amounts recognised in Statement of Recognised Income and Expense

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Actuarial (loss)/gain recognised in the year	**(8,644)**	(13,155)	**(5,709)**	(13,343)
Cumulative actuarial (losses)/gains recognised in the Statement of Recognised Income and Expense	**(3,370)**	5,274	**(1,934)**	3,775

(h) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	Consolidated		Powerlink Queensland	
	2009	2008	**2009**	2008
Discount rate	**4.7%**	5.4%	**4.7%**	5.4%
Expected return on plan assets	**6.0%**	6.5%	**6.0%**	6.5%
Future salary increases	**4.5%**	4.5%	**4.5%**	4.5%

The expected rate of return on assets has been based on historical and future expectations of returns for each of the major categories of asset classes as well as the expected and actual allocation of plan assets to these major categories.

(i) Employer contributions

Employer contributions to the defined benefit section of the plan are based on recommendations by the Fund's actuary. Actuarial assessments are made at no more than three yearly intervals, and the last such assessment was effective as at 1 July 2008.

The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. To achieve this objective the actuary has adopted a method of funding known as the aggregrate funding method.

This funding method seeks to have benefits funded by a total contribution which is expected to be a constant percentage of members salaries and wages over their working lifetimes.

Funding recommendations made by the actuary are based on assumptions of various matters such as future salary levels, mortality rates, membership turnover and interest rates.

Using the funding method described above and the abovementioned actuarial assumptions as to plans and future experience, the Fund's actuary has not recommended that additional contributions beyond the current contribution level be made.

(j) Historic summary

	2009 $'000	2008 $'000	2007 $'000	2006 $'000	2005 $'000
Defined benefit plan assets	**69,138**	70,219	88,891	77,081	65,210
Defined benefit plan obligation	**(63,729)**	(56,614)	(57,579)	(56,159)	(51,512)
Surplus / (deficit)	**5,409**	13,605	31,312	20,922	13,698
Experience adjustments arising on plan assets	**(5,069)**	(19,606)	7,286	5,570	4,942
Experience adjustments arising on plan liabilities	**(544)**	(3,115)	1,358	(2,059)	(3,119)

Information for years prior to 2005 is not available.

notes to the financial statements

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16 Current liabilities - Trade and other payables

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Trade payables	**80,174**	98,331	**80,189**	98,341
Deposits	**38**	176	**38**	176
IRSR (refer Notes 1(y),37)	**18,624**	80,994	**18,624**	80,994
Other payables	**1,774**	1,474	**1,774**	1,474
	100,610	180,975	**100,625**	180,985

(a) Fair Value

The carrying amounts of the Consolidated Entity's and parent entity's trade and other payables is a reasonable approximation of fair value.

17 Current liabilities - Provisions

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Employee benefits	**16,846**	16,266	**16,846**	16,266
Environmental Restoration (a)	**100**	100	**100**	100
Dividends	**98,808**	84,412	**98,808**	84,412
	115,754	100,778	**115,754**	100,778

(a) Environmental restoration

Provision is made for the estimated costs associated with the removal and destruction of polychlorinated biphenyl contaminated liquids and solid wastes from power transformers. These costs have been determined on a discounted basis based on current costs, current legal requirements and current technology. Changes in estimates are dealt with on a prospective basis.

(b) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Environmental Restoration	Dividends
	$'000	**$'000**
Consolidated - 2009		
Current		
Carrying amount at start of year	100	84,412
Charged/(credited) to the income statement		
- additional provisions recognised	-	98,808
Amounts used during the year	-	(84,412)
Carrying amount at end of year	100	98,808
Powerlink Queensland - 2009		
Current		
Carrying amount at start of year	100	84,412
Charged/(credited) to the income statement		
- additional provisions recognised	-	98,808
Amounts used during the year	-	(84,412)
Carrying amount at end of year	100	98,808

notes to the financial statements

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17 Current liabilities - Provisions (continued)

(c) Amounts not expected to be settled within the next 12 months

The current provision for annual leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Consolidated Entity does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated Entity does not expect all employees to take the full amount of accrued annual leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Annual leave obligation expected to be settled after 12 months	**2,615**	2,791	**2,615**	2,791

18 Current liabilities - Current tax equivalent liabilities

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Income tax equivalents	**8,387**	387	**8,387**	387
Total Current tax equivalent liabilities	**8,387**	387	**8,387**	387

19 Current liabilities - Other current liabilities

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Unearned revenue	**4,412**	14,651	**4,412**	14,651
Derivative financial instruments	**649**	295	**649**	295
Other	**2,391**	-	**2,391**	-
Total Other current liabilities	**7,452**	14,946	**7,452**	14,946

20 Non-current liabilities - Interest bearing loans and borrowings

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Unsecured				
Queensland Treasury Corporation	**3,038,420**	2,516,420	**3,038,420**	2,516,420
Total non-current borrowings	**3,038,420**	2,516,420	**3,038,420**	2,516,420

notes to the financial statements

30 JUNE 2009

20 Non-current liabilities - Interest bearing loans and borrowings (continued)

(a) Fair value

The carrying amounts and fair values of borrowings at balance date are:

	At 30 June 2009		At 30 June 2008	
Consolidated Entity	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
On-balance sheet [(i)]				
QTC Loans	**3,038,420**	**3,097,789**	2,516,420	2,427,411
	3,038,420	**3,097,789**	2,516,420	2,427,411

	At 30 June 2009		At 30 June 2008	
Powerlink Queensland	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
On-balance sheet [(i)]				
QTC Loans	**3,038,420**	**3,097,789**	2,516,420	2,427,411
	3,038,420	**3,097,789**	2,516,420	2,427,411

(i) On-balance sheet

The borrowings are carried on the Balance Sheet at an amount different to the aggregrate net fair value.
The Directors have not caused those liabilities to be adjusted to the aggregrate net fair value as it is intended to retain those securities until maturity.

The carrying amounts of the Group's borrowings are denominated in Australian dollars.

(b) Risk exposures

Information about the Group's and parent entity's exposure to interest rate changes is provided in Note 2.

21 Non-current liabilities - Other financial liabilities

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Unearned Revenue	**16,343**	8,408	**16,343**	8,408
Other	**1,084**	979	**1,084**	979
Total Other financial liabilities	**17,427**	9,387	**17,427**	9,387

notes to the financial statements

30 JUNE 2009

22 Non-current liabilities - Deferred income tax equivalent liabilities

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
The balance comprises temporary differences attributable to:				
Property, plant and equipment	**343,130**	300,686	**343,130**	300,686
Receivables	**211**	1,132	**211**	1,132
	343,341	301,818	**343,341**	301,818
Other				
Prepayments	**-**	-	**-**	
Defined Benefit Fund Surplus	**1,623**	4,082	**1,623**	4,082
Inventories	**-**	33	**-**	33
Cash flow hedges	**-**	35	**-**	35
Associates Accounted for using the Equity Method	**26,484**	28,847	**-**	-
Interest receivable	**1,089**	986	**-**	-
Sub-total other	**29,196**	33,983	**1,623**	4,150
Total deferred tax liabilities	**372,537**	335,801	**344,964**	305,968
Set-off of deferred tax equivalent assets pursuant to set-off provisions (Note 14)	**(10,573)**	(10,196)	**(10,573)**	(10,194)
Net deferred tax equivalent liabilities	**361,964**	325,605	**334,391**	295,774
Movements:				
Opening balance at 1 July	**335,801**	278,262	**305,968**	254,887
Charged/(credited) to the income statement (Note 6)	**3,864**	6,602	**4,463**	6,570
Charged/(credited) to equity (Notes 24, 25)	**32,713**	51,005	**34,374**	44,579
Prior year adjustment	**159**	(68)	**159**	(68)
Closing balance at 30 June	**372,537**	335,801	**344,964**	305,968
Deferred tax equivalent liabilities to be settled within 12 months	**1,300**	2,187	**211**	1,201
Deferred tax equivalent liabilities to be settled after more than 12 months	**371,237**	333,614	**344,753**	304,767
	372,537	335,801	**344,964**	305,968

23 Non-current liabilities - Provisions

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Employee benefits	**20,197**	17,816	**20,197**	17,816
Environmental Restoration	**1,546**	2,291	**1,546**	2,291
	21,743	20,107	**21,743**	20,107

notes to the financial statements

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23 Non-current liabilities - Provisions (continued)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Environmental Restoration
	$'000
Consolidated - 2009	
Non-current	
Carrying amount at start of year	**2,291**
Charged/(credited) to the income statement	
Amounts used during the year	**(745)**
Carrying amount at end of year	**1,546**
Consolidated - 2008	
Non-current	
Carrying amount at start of year	1,994
Charged/(credited) to the income statement	297
Amounts used during the year	-
Carrying amount at end of year	2,291
Powerlink Queensland - 2009	
Non-current	
Carrying amount at start of year	**2,291**
Charged/(credited) to the income statement	
Amounts used during the period	**(745)**
Carrying amount at end of year	**1,546**
Powerlink Queensland - 2008	
Non-current	
Carrying amount at start of year	1,994
Additional provision recognised - charged to plant and equipment	297
Charged/(credited) to the income statement	
Amounts used during the period	-
Carrying amount at end of year	2,291

notes to the financial statements

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24 Contributed equity

	Powerlink Queensland		Powerlink Queensland	
	2009 Shares '000	2008 Shares '000	**2009 $'000**	2008 $'000
(a) Share capital				
Ordinary shares				
Fully paid	**401,000**	401,000	**401,000**	401,000
	401,000	401,000	**401,000**	401,000

(b) Capital risk management

The Consolidated Entity's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in line with shareholding Minister expectations.

The Consolidated Entity's overall strategy remains unchanged, to maintain at least an "investment grade" business credit rating.

The capital structure of the Consolidated Entity consists of debt, which includes borrowings disclosed in Note 20, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in Notes 24, 25(a) and (b) respectively.

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

Operating cash flows are used to maintain and expand the Consolidated Entity's transmission assets, as well as to make routine outflows of tax, dividends and servicing of debt.

The Consolidated Entity's policy is to borrow centrally using facilities provided by QTC to meet anticipated funding requirements.

There has not been any changes in strategy or policy subsequent to the previous period (2007/08 financial year).

Gearing ratio

The Consolidated Entity's management monitor capital on the basis of a gearing ratio on an annual basis through its reporting to the Board and shareholding Ministers and QTC. This ratio is calculated as debt to fixed assets.

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Total debt	**3,038,420**	2,516,420	**3,038,420**	2,516,420
Fixed Assets	**5,219,870**	4,599,079	**5,219,870**	4,599,079
Gearing ratio-debt to fixed assets	**58.2%**	54.7%	**58.2%**	54.7%

The increase in the gearing ratio during 2009 resulted primarily from the increased borrowings to finance the Consolidated Entity's capital expenditure program.

Debt is defined as long and short term borrowings. For 2008/09 the Consolidated Entity had only long term borrowings

Fixed Assets is Property, Plant and Equipment. (Note 13)

notes to the financial statements

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24 Contributed equity (continued)

(c) Issued and Paid Up Capital

Consists of 2 "A" class voting shares of $1.00 each and 400,999,998 "B" Class non-voting shares of $1.00 each.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital, and issued shares do not have a par value.

There was no movement in the issued and paid up capital during the 2008/09 financial year.

(d) Terms and Conditions of Contributed Equity - Ordinary Shares

Ordinary shares entitle the holder to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up, on shares held.

Holders of "A" Class ordinary shares are entitled to one vote per share at shareholders' meetings.

25 Reserves and retained profits

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
(a) Reserves				
Asset Revaluation Reserve	**449,157**	355,290	**409,190**	323,191
Hedging Reserve	**(9,109)**	32	**(455)**	(124)
	440,048	355,322	**408,735**	323,067

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Movements:				
Asset Revaluation Reserve				
Balance 1 July	**355,290**	220,219	**323,191**	205,913
Revaluation - gross (Note 13)	**122,856**	167,540	**122,856**	167,540
Deferred tax (Note 22)	**(36,857)**	(50,262)	**(36,857)**	(50,262)
Revaluation - Associate (Note 33)	**11,241**	25,419	**-**	-
Deferred tax - Associate (Note 22)	**(3,373)**	(7,626)	**-**	-
Balance 30 June	**449,157**	355,290	**409,190**	323,191

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Movements:				
Hedging Reserve				
Balance 1 July	**32**	256	**(124)**	(506)
Revaluation - gross	**(472)**	546	**(472)**	546
Deferred tax (Notes 14 and 22)	**141**	(164)	**141**	(164)
Associate	**(12,586)**	(865)	**-**	-
Deferred tax - Associate (Notes 14 and 22)	**3,776**	259	**-**	-
Balance 30 June	**(9,109)**	32	**(455)**	(124)

notes to the financial statements

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25 Reserves and retained profits (continued)

(b) Retained Earnings

Movements in retained earnings were as follows:

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Opening retained earnings	**1,000,817**	995,179	**1,004,942**	997,279
Net profit attributable to members of Powerlink Queensland	**121,872**	103,133	**122,890**	105,418
Dividends provided for or paid	**(98,808)**	(84,412)	**(98,808)**	(84,412)
Actuarial gains(losses) on defined benefit plans recognised directly in retained earnings (Note 15(g))	**(8,644)**	(13,155)	**(5,709)**	(13,343)
Change in 2006/07 value of Associates	**-**	72	**-**	-
Balance 30 June	**1,015,237**	1,000,817	**1,023,315**	1,004,942

(c) Nature and purpose of reserves

(i) Asset Revaluation Reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements arising from the revaluation of non-current assets, and investments in Associates measured at fair value in accordance with the applicable Australian Accounting Standards - Note 1(n). The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

(ii) Hedging Reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in Note 1(l). Amounts are recognised in the Income Statement when the associated hedged transaction affects profit and loss.

notes to the financial statements

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26 Dividends

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Unfranked final dividend proposed	**98,808**	84,412	**98,808**	84,412
	98,808	84,412	**98,808**	84,412

In consultation with the shareholding Ministers, dividends have been recommended at 80% (2008: 80%) of the operating profit after income tax equivalents excluding the contributions from equity accounted Associates.

Pursuant to the National Tax Equivalent Manual, Powerlink Queensland and its controlled entities are not required to maintain a franking account.

27 Key management personnel disclosures

(a) Directors

Directors of Powerlink Queensland are appointed by the shareholding Ministers for a fixed term with specified expiry dates. The following persons were directors of the Consolidated Entity during the financial year:

(i) Chairman

Else Shepherd

(ii) Directors

Julie Beeby
John Goddard
Kenneth Howard
Christina Sutherland
Walter Threlfall.

(b) Other key management personnel

The following positions had authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, during the financial year:

Chief Executive
Chief Operating Officer
Chief Financial Officer
Human Resources and Development Manager.

(i) Remuneration of other key management personnel

The Remuneration Committee of the Board of Directors is responsible for establishing remuneration policy, and for determining and reviewing the remuneration arrangements for other key management personnel.

The Remuneration Committee assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions to assist the Company to attract, retain and motivate high calibre individuals. Shareholder guidelines and policy in relation to remuneration of key management personnel are followed.

The remuneration arrangements include a total fixed remuneration component which provides some flexibility for packaging of superannuation, motor vehicles and other costs, as well as a performance pay component which rewards out-performance of pre-agreed business and individual targets.

Other key management personnel are employed under employment agreements. Their current employment agreements do not have an expiry date. The agreements provide for a five (5) week notice period and provision for severance payment should the Company elect to terminate the agreement. The severance payment is based on years of service and is capped at seventy-five (75) weeks of salary.

notes to the financial statements

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27 Key management personnel disclosures (continued)

(c) Details of remuneration

(i) Details of the nature and amount of each major element of the remuneration of each Director are:

2009	Short Term	Post- employment	
Name	Fixed Remuneration $'000	Superannuation $'000	Total $'000
Else Shepherd	53	5	58
Julie Beeby	20	2	22
John Goddard	34	3	37
Kenneth Howard	28	3	31
Christina Sutherland	31	3	34
Walter Threlfall	30	3	33
Total	**196**	**19**	**215**

2008	Short Term	Post- employment	
Name	Fixed Remuneration $'000	Superannuation $'000	Total $'000
Else Shepherd	53	5	58
John Goddard	36	3	39
Kenneth Howard	30	3	33
Merv Norman	14	-	14
Christina Sutherland	34	3	37
Walter Threlfall	28	3	31
Total	**195**	**17**	**212**

Directors' remuneration excludes insurance premiums paid by Powerlink Queensland in respect of the Directors' and Officers' liability insurance contracts, and premiums in respect of Directors' and Officers' supplementary legal expenses, as the contracts do not specify premiums paid in respect of individual Directors and Officers. Information relating to insurance contracts is set out in the Directors' Report.

(ii) Other key management personnel

Details of the nature and amount of each major element of the remuneration to each of the other key management personnel, exclusive of performance payments are:

2009	Short Term	Post- employment	
Position	Fixed Remuneration $'000	Superannuation# $'000	Total $'000
Chief Executive	453	77	530
Chief Operating Officer	318	102	420
Chief Financial Officer	255	43	298
Human Resources and Development Manager	210	35	245
Total	**1,236**	**257**	**1,493**

2008	Short Term	Post- employment	
Name	Fixed Remuneration $'000	Superannuation# $'000	Total $'000
Chief Executive	420	71	491
Chief Operating Officer	327	70	397
Chief Financial Officer	236	40	276
Human Resources and Development Manager	200	38	238
Total	**1,183**	**219**	**1,402**

 # Includes both employee and employer superannuation contributions

notes to the financial statements

30 JUNE 2009

27 Key management personnel disclosures (continued)

Other key management personnel remuneration excludes insurance premiums paid by the parent entity in respect of Directors' and Officers' liability insurance contracts and premiums in respect of Directors' and Officers' supplementary legal expenses, as the contracts do not specify premiums paid in respect of individual Directors and Officers. Information relating to the insurance contracts is set out in the Directors' Report.

(iii) Appointment Information - Directors

(d) Director Term and Appointment

Else Shepherd

Current Term - 3 years commencing October 2008 - First appointed September 1994

Julie Beeby

Current term - 3 years commencing October 2008 - First appointed October 2008

John Goddard

Current Term - 3 years 3 months commencing July 2006 - First appointed July 2006

Kenneth Howard

Current Term - 2 years 9 months commencing January 2007 - First appointed January 2007

Christina Sutherland

Current Term - 3 years commencing October 2008 - First appointed July 2001

Walter Threlfall

Current Term - 3 years 3 months commencing July 2006 - First appointed September 1994

28 Remuneration of auditors

Remuneration for audit or review of the financial statements of Powerlink Queensland or any entity of the Consolidated Entity. Amounts received or due and receivable by the auditors of Powerlink Queensland:

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Queensland Audit Office				
Audit and review of financial reports	**201**	195	**193**	187
Non-audit services (Deloitte Touche Tohmatsu)				
Consultancy services	**20**	-	**20**	-
Total remuneration	**221**	195	**213**	187

The audit and review of the financial reports of the Consolidated Entity and Powerlink Queensland is conducted by Deloitte Touche Tohmatsu as Delegate of the Auditor-General of Queensland, Queensland Audit Office.

29 Contingent Assets and Contingent Liabilities

There were no known contingent assets or contingent liabilities of a material nature as at 30 June 2009 (2008:NIL).

notes to the financial statements

30 JUNE 2009

30 Expenditure Commitments

(a) Capital Expenditure Commitments

Estimated capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Property, plant and equipment				
Payable:				
Not later than one year	**207,412**	67,106	**207,412**	67,106
Later than one year but not later than five years	**20,279**	4,848	**20,279**	4,848
	227,691	71,954	**227,691**	71,954

(i) Non-cancellable operating leases

The Consolidated Entity leases property primarily for the placement of communication equipment. The leases are non-cancellable operating leases expiring within one to 26 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Consolidated Entity provides the option of novated leases for its employees. These leases are non-cancellable operating leases expiring from one to five years.

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Not later than one year	**1,869**	1,164	**1,869**	1,164
Later than one year but not later than five years	**924**	1,622	**924**	1,622
Later than five years	**445**	445	**445**	445
	3,238	3,231	**3,238**	3,231

(ii) Other

Estimated expenditure contracted for at balance date but not provided for:

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Commitments for expenditure contracted for at balance date but not provided for:				
Payable not later than one year	**-**	10,094	**-**	-
Later than one year but not later than five years	**-**	-	**-**	-
	-	10,094	**-**	-

notes to the financial statements

30 JUNE 2009

31 Related party transactions

(a) Parent entities

The parent entity within the Consolidated Entity is Powerlink Queensland. The ultimate Australian parent entity is the State of Queensland which at 30 June 2009 owned 100% (2008: 100%) of the issued ordinary shares of Powerlink Queensland.

The Consolidated Entity has a related party relationship with its parent entity (includes other agencies and departments of the State of Queensland), director related entities and Associates.

(b) Directors

Director - Related Parties

The Chairman of Powerlink Queensland, Else Shepherd, is also a Director of NEMMCO (now AEMO from 1 July 2009) - the company responsible for the operation of the National Electricity Market (NEM). Powerlink paid NEMMCO for services associated with the operation of the NEM, and received money from NEMMCO for services associated with transmission network security and the electricity market. This directorship terminated on 30 June 2009.

Directors' Shareholdings

No shares in Powerlink Queensland were held by Directors of the Company, Consolidated Entity or their Director related entities.

Loans to Directors

No loans have been made or are outstanding to Directors of the Company, Consolidated Entity or their Director related entities.

(c) Subsidiaries and Associates

Interests in subsidiaries are set out in Note 32.

Interests in Associates are set out in Note 33.

(d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Sales of goods and services				
Parent Entity	**625,814**	577,735	**625,814**	577,735
Associates	**1,077**	7,493	**1,077**	7,493
Director related entities	**1,459**	1,157	**1,459**	1,157
	628,350	586,385	**628,350**	586,385

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Purchases of goods				
Parent Entity	**61,549**	48,189	**61,549**	48,189
Associates	**1,563**	229	**1,563**	229
Director related entities	**60**	55	**60**	55
	63,172	48,473	**63,172**	48,473

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Dividend revenue				
Subsidiaries	**-**	-	**9,805**	9,708
Associates	**265**	246	**-**	-
	265	246	**9,805**	9,708

notes to the financial statements

30 JUNE 2009

31 Related party transactions (continued)

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Interest revenue				
Parent Entity	**3,664**	6,448	**3,153**	5,740
Associates	**14,003**	12,959	**-**	-
	17,667	19,407	**3,153**	5,740

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Other transactions				
Dividends paid to ultimate Australian parent entity (State of Queensland)	**84,412**	92,606	**84,412**	92,606
Borrowing Costs - Parent Entity	**178,713**	146,611	**178,713**	146,611
	263,125	239,217	**263,125**	239,217

(e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Current receivables (sales of goods and services)				
Parent Entity	**2,226**	3,077	**2,226**	3,077
Associates	**113**	1,143	**113**	1,143
Director Related	**385**	3	**385**	3
	2,724	4,223	**2,724**	4,223
Current payables (purchases of goods)				
Parent Entity	**1,358**	158	**1,358**	158
Director Related	**3**	-	**3**	-
	1,361	158	**1,361**	158

notes to the financial statements

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31 Related party transactions (continued)

(f) Loans to/from related parties

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Loans to subsidiaries				
Balance at the beginning of the year	**-**	-	**62,954**	62,954
Loans advanced	**-**	-	**12,500**	-
End of year	**-**	-	**75,454**	62,954

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Loans from ultimate parent entity				
Balances at the beginning of the year	**2,516,420**	2,006,920	**2,516,420**	2,006,920
Loans advanced	**522,000**	509,500	**522,000**	509,500
Interest charged	**178,713**	146,611	**178,713**	146,611
Interest paid	**(178,713)**	(146,611)	**(178,713)**	(146,611)
End of year	**3,038,420**	2,516,420	**3,038,420**	2,516,420

No provisions for impairment of debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(g) Terms and conditions

All transactions were made on normal commercial terms and conditions, except there are no fixed terms for the repayment of loans to wholly owned subsidiaries and loans from the ultimate parent entity (QTC loans). Outstanding balances are unsecured and are repayable in cash. Loans to wholly owned subsidiaries are currently on an interest free basis.

32 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding **	
			2009 %	2008 %
Harold Street Holdings Pty Ltd *	Australia	Ordinary	**100**	100
Powerlink Transmission Services Pty Ltd *	Australia	Ordinary	**100**	100

* *These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission.*

** *The proportion of ownership interest is equal to the proportion of voting power held.*

notes to the financial statements

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33 Investments in Associates

(a) Carrying amounts

Information relating to Associates is set out below.

Name of company	Ownership Interest		Consolidated		Powerlink Queensland	
	2009 %	2008 %	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Unlisted						
ElectraNet Pty Ltd	**41.11**	41.11	**38,653**	46,485	**-**	-
ElectraNet Transmission Services Pty Ltd	**41.11**	41.11	**191**	235	**-**	-
			38,844	46,720	**-**	-

	Consolidated	
	2009 $'000	2008 $'000
(b) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**46,720**	25,227
Share of profit/(loss) after income tax	**(2,073)**	(3,157)
Reversal of dividends received/receivable	**(265)**	(246)
Share of actuarial gain/(loss) in Defined Benefit Fund	**(4,193)**	268
Share of increment on revaluation of property plant & equipment	**8,479**	25,420
Share of decrement of hedge reserve	**(12,632)**	(864)
Share in error for restatement of prior year balances	**2,808**	-
Share in change in 2007 tax expense	**-**	72
Carrying amount at the end of the financial year	**38,844**	46,720
(c) Share of Associates' profits or losses		
Profit/(loss) before income tax	**(312)**	(3,326)
Income tax expense	**(1,761)**	169
Profit after income tax	**(2,073)**	(3,157)

notes to the financial statements

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33 Investments in Associates (continued)

(d) Summarised financial information of Associates

The Consolidated Entity's share of the results of its principal Associates and its aggregated assets (including goodwill) and liabilities are as follows:

		Consolidated Entity's share of:			
	Ownership Interest	Assets	Liabilities	Revenues	Profit
	%	$'000	$'000	$'000	$'000
2009					
ElectraNet Pty Ltd	**41.11**	**680,215**	**642,746**	**103,203**	**(2,260)**
ElectraNet Transmission Services Pty Ltd	**41.11**	**10,762**	**10,571**	**64,361**	**187**
		690,977	**653,317**	**167,564**	**(2,073)**
2008					
ElectraNet Pty Ltd	41.11	625,556	580,252	84,782	(3,387)
ElectraNet Transmission Services Pty Ltd	41.11	11,117	10,882	49,053	230
		636,673	591,134	133,835	(3,157)

All of the above Associates are incorporated in Australia.

The Consolidated Entity's proportion of voting power held in each Associate is the same as the ownership interest.

The Consolidated Entity's investments in the Associates are accounted for in accordance with the accounting policy described in Note 1(b)(ii).

Both Associates are proprietary companies, are incorporated in Australia and have 30 June reporting dates.

The Consolidated Entity's investments in the Associates were not impaired during the year (2008: NIL).

	Consolidated	
	2009 $'000	2008 $'000
(e) Share of Associates' expenditure commitments, other than for the supply of inventories		
Capital commitments	**1,130**	2,216
Finance Lease commitments	**-**	-
Operating Lease commitments	**6,952**	31,623
	8,082	33,839

(f) Contingent liabilities of Associates

There were no known contingent liabilities of a significant nature as at 30 June 2009 (2008: NIL).

34 Events occurring after the reporting period

No events have occurred subsequent to 30 June 2009 (2008: NIL) that materially affect the results disclosed in these financial statements.

notes to the financial statements

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35 Reconciliation of profit after income tax equivalent to net cash provided from operating activities

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Profit from continuing operations after income tax equivalent	**121,872**	103,133	**122,890**	105,418
Depreciation	**172,262**	158,122	**172,262**	158,122
Net (gain)/loss on sale of non-current assets	**(3,316)**	(117)	**(3,316)**	(117)
Share of (profit)/loss of Associates not received as dividends or distributions	**2,073**	3,157	**-**	-
Dividends received from Associates	**265**	246	**-**	-
Change in operating assets and liabilities				
(Increase)/Decrease debtors	**13,391**	(12,753)	**13,731**	(15,637)
(Increase)/Decrease in inventories	**(3,896)**	(7,264)	**(3,896)**	(7,264)
(Increase)/Decrease in prepayments	**(88)**	(5,435)	**(88)**	(5,435)
(Increase)/Decrease in deferred tax assets	**(271)**	(306)	**(273)**	(306)
Increase/(Decrease) in creditors	**(47,998)**	(4,306)	**(47,991)**	2,319
Increase/(Decrease) in provision for income taxes payable	**7,865**	(9,532)	**7,763**	(8,511)
Increase/(Decrease) in deferred tax liabilities	**1,710**	815	**2,175**	783
Increase/(Decrease) in other provisions	**1,349**	2,011	**1,349**	2,011
Net cash inflow (outflow) from operating activities	**265,218**	227,771	**264,606**	231,383

36 Non-cash investing and financing activities

No financing or investing activities were undertaken by the Consolidated Entity during the period which did not result in cash flows during this period.

37 Settlements Residue (IRSR)

	Consolidated		Powerlink Queensland	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Opening Balance	**80,994**	59,706	**80,994**	59,706
Residue transferred from NEMMCO	**42,348**	93,770	**42,348**	93,770
Interest Earned	**80**	1,961	**80**	1,961
Transfer to Powerlink Queensland - to offset network charges	**(104,798)**	(74,443)	**(104,798)**	(74,443)
Balance at end of year	**18,624**	80,994	**18,624**	80,994

Powerlink Queensland

directors' declaration

30 JUNE 2009

In the opinion of the Directors of Queensland Electricity Transmission Corporation Limited (the "Company"):

(a) the financial statements and notes are in accordance with the *Corporations Act 2001*, 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 and Consolidated Entity's financial position as at 30 June 2009 and of their 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 the directors.

Else Shepherd
Chairman

Brisbane
Dated 27 August 2009

independent auditor's report

TO THE MEMBERS OF QUEENSLAND ELECTRICITY TRANSMISSION CORPORATION LIMITED

Matters relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of Queensland Electricity Transmission Corporation Limited for the financial year ended 30 June 2009 included on the Queensland Electricity Transmission Corporation Limited web site. The directors are responsible for the integrity of the Queensland Electricity Transmission Corporation Limited web site. We have not been engaged to report on the integrity of the Queensland Electricity Transmission Corporation Limited web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Queensland Electricity Transmission Corporation Limited, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of Queensland Electricity Transmission Corporation Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of recognised income and expenses and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration of the Consolidated Entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Director's responsibility for the Financial Report

The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with *Australian Accounting Standards* (including the *Australian Accounting Interpretations*) and the *Corporations Act 2001*.

This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility to express an opinion on the financial report based on the audit is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the *Australian Auditing Standards*. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

The Auditor-General Act 2009 promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with.

Auditor's Opinion

(a) In my opinion, the financial report of Queensland Electricity Transmission Corporation Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and Consolidated Entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Carl Harris
(as Delegate of the Auditor-General of Queensland, Brisbane)

27th August 2009

Powerlink Queensland

statistical summary

Transmission Lines and Underground Cables

Added in 2008/09

	TRANSMISSION LINE		UNDERGROUND CABLES		LOCATION
Voltage	Route km	Circuit km	Route km	Circuit km	
330kV	0	0	0	0	
275kV	213	427	0	0	Broadsound to Nebo, Tully to Innisfail
132kV	14	8	0	0	Townsville South to Townsville East, Nebo to QR Bolingbroke
110kV	0	0	0	0	
66kV	0	0	0	0	
Total	**227**	**435**	**0**	**0**	

Substation/Switching Stations and Transformers

Added in 2008/09

	SUBSTATIONS	TRANSFORMERS		LOCATION
Voltage	Total Number	Total Number	Total Rating MVA	
330kV	0	1	1,500	
275kV	1	7	2,200	South Pine, Abermain, Murarrie, Greenbank, Woolooga
132kV	3	0	146	Townsville East, QAL South, El Arish, Bolingbroke (four units removed)
110kV	0	0	0	Oakey, Mudgeeraba
Total	**4**	**8**	**3,846**	

Communication Sites

Added in 2008/09

COMMUNICATIONS SITE	
Total Number	Location
1	Mount Fox

statistical summary

Circuit Breakers

Added in 2008/09

Voltage	CIRCUIT BREAKERS Total Number	Location
330kV	0	
275kV	28	Abermain, Braemar, Greenbank, South Pine, Belmont, Woolooga, Nebo, Strathmore
132kV	7	El Arish, Townsville East, South Pine
110kV	0	
66kV	0	
Total	**35**	

Capacitor Banks, Shunt Reactors and Static VAr Compensators

Added in 2008/2009

	CAPACITOR BANKS		SHUNT REACTORS		STATIC VAr COMPENSATORS		LOCATION
Voltage	Total Number	Total Rating MVAr	Total Number	Total Rating MVAr	Total Number	Total Rating MVAr	
330kV	0	0	0	0	0	0	
275kV	3	450	2	200	3	1,430	Greenbank, South Pine, Woolooga, Strathmore, Nebo
132kV	1	50	0	0	0	0	Edmonton
110kV	2	100	0	0	0	0	South Pine
Total	**6**	**610**	**2**	**200**	**3**	**1,430**	

Substation/Switching Stations

as at 30 June 2009

Voltage	SUBSTATIONS Total Number	CABLE TRANSITION Total Number	COMMUNICATION SITES
330Kv	4	0	
275kV	33	2	
132kV	57	0	
110kV	15	1	
Total	**109**	**3**	**91**

statistical summary

Transformers

as at 30 June 2009

	TRANSFORMERS (THREE-PHASE)	
Voltage	Total Number	Total Rating MVAr
330kV	5	4,975
275kV	68	17,250
132kV	83	5,177
110kV	27	2,000
Total	**183**	**29,402**

Circuit Breakers

as at 30 June 2009

Voltage	Total Number
330kV	28
275kV	399
132kV	410
110kV	263
66kV	27
Total	**1,127**

Capacitor Banks, Shunt Reactors and Static VAr Compensators

as at 30 June 2009

	CAPACITOR BANKS		SHUNT REACTORS		STATIC VAr COMPENSATORS	
Voltage	Total Number	Total Rating MVAr	Total Number	Total Rating MVAr	Total Number	Total Rating MVAr
330kV	0	0	4	144	0	0
275kV	24	3,280	15	611	8	2,510
132kV	25	1,113	0	0	10	851
110kV	33	1,788	0	0	0	0
66kV	8	165	5	96	0	0
Total	**90**	**6,346**	**24**	**851**	**18**	**3,361**

Powerlink Queensland

statistical summary

Five Year History of Transmission Lines and Underground Cables

as at 30 June 2006

	2009		2008		2007		2006		2005	
Voltage	Route km	Circuit km	Route km	Circuit km	Route km	Circuit km	Route km	Circuit km	Route km	Circuit Km
TRANSMISSION LINES (AS CONSTRUCTED)										
330kV	347	691	347	691	347	691	347	691	253	505
275kV	5,548	7,495	5,335	7,068	5,227	6,852	5,179	6,669	5,151	6,641
132kV	2,816	4,488	2,802	4,480	2,651	4,151	2,623	3,961	2,623	3,961
110kV	238	416	238	416	238	422	320	602	316	593
66kV	1	1	1	1	1	1	1	1	1	1
Total Lines	**8,950**	**13,091**	**8,723**	**12,656**	**8,464**	**12,117**	**8,470**	**11,924**	**8,438**	**11,887**
UNDERGROUND CABLES										
275kV	2	5	2	5	2	5	2	5	2	5
132kV	1	2	1	2	1	2	1	2	1	2
110kV	3	7	3	7	3	7	3	7	3	7
66kV	1	1	1	1	1	1	1	1	1	1
Total Cables	7	15	7	15	7	15	7	15	7	15
Total Lines & Cables	**8,957**	**13,106**	**8,730**	**12,671**	**8,471**	**12,132**	**8,477**	**11,939**	**8,445**	**11,902**

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glossary of terms and abbreviations

AASB	Australian Accounting Standards Board
ACCC	Australian Competition and Consumer Commission
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AIFRS	Australian equivalents to International Financial Reporting Standards
ARPANSA	Australian Radiation Protection and Nuclear Safety Agency
ASX	Australian Stock Exchange
CHMA	Cultural Heritage Management Agreement
CPRS	Carbon Pollution Reduction Scheme
Debt to Fixed Assets	Debt/Fixed Assets
DWDM	Dense Wave Distributed Multiplexing
EBIT	Earnings Before Interest and Tax
EBITDA	Earning Before Interest, Tax, Depreciation and Amortisation
EIS	Environmental Impact Statement
EMF	Electric and Magnetic Field
GOC	Government Owned Corporation
Goodwill programs	proactive, community-based projects that aim to build relationships with Local Government, communities and key stakeholders in strategic areas traversed by existing or future Powerlink transmission infrastructure
Grid	The high voltage electricity transmission network
Grid Australia	The organisation that represents electricity transmission network owners
GST	Goods and Services Tax
Interest cover	EBIT/gross interest expense
IRSR	Intra Regional Settlements Residue
LTC	Lost Time Calculation
MRET	Mandatory Renewable Energy Target
NEM	National Electricity Market
NEMMCO	National Electricity Market Management Company
NGER Act	*National Greenhouse and Energy Report Act 2007*
NPAT	Net Profit After Tax
NTNDP	National Transmission Network Development Plan
Operating Agreement	The Operating Agreement is the agreement between Powerlink and NEMMCO which establishes Powerlink as the System Operator under the National Electricity Rules. The Agreement defines the geographical areas for direct and indirect oversight for operational control. The Agreement also defines the extent to which NEMMCO's powers have been delegated to Powerlink
OpsWAN	Operations Wide Area Network
OPGW	Optical fibre ground wire
QNI	Queensland/New South Wales Interconnector
QTC	Queensland Treasury Corporation
Regulatory Test	The Regulatory Test, promulgated by the AER under the National Electricity Rules, requires TNSPs to identify the solution that maximises the net benefit to the NEM when addressing emerging network limitations
Return on Assets	Earnings before interest and tax and after abnormals (EBIT)/average total assets
Return on Equity	Operating profit after income tax/average total equity

glossary of terms and abbreviations

ROA	Return on Total Assets
Rules	National Electricity Rules
SCI	Statement of Corporate Intent
SF_6	Sulphur Hexafluoride gas
SPEC	Sustainable Procurement Energy Committee
Sponsorship	Involves a contribution by Powerlink to an organisation or activity that meets our sponsorship policy requirements
Statewide peak summer electricity demand (as delivered to customers)	The peak power (in MW) delivered from Powerlink's network during summer. This demand is corrected to the four 50 percent probability of exceedence reference temperatures in Queensland
Statewide peak summer electricity demand (as generated)	The peak power (in MW) as generated by Queensland power stations and including interconnector flows in Queensland during summer
Static VAr Compensator	A Static VAr Compensator (or SVC) is a specialised part of a substation that provides fast-acting reactive power compensation to control such issues as uneven loads and voltage regulation on high voltage electricity transmission networks
TFR	Total Fixed Remuneration
TNSP	Transmission Network Service Provider

TERMS OF MEASUREMENT

Gigabit	a measure of storage capacity and data transfer. One gigabit = 1 billion bits
Gigabits per second	Unit of data transfer rate
Gigawatt (GW)	One gigawatt = 1,000 megawatts or 1,000 million watts
Gigawatt hour (GWh)	One gigawatt hour = 1,000 megawatt hours or one million kilowatt hours
kL	Kilolitre. One kilolitre = 1,000 litres
Kilovolt (kV)	One kilovolt = 1,000 volts (a volt is a unit of potential or electrical pressure)
Kilowatt (kW)	One kilowatt = 1,000 watts (a watt is a unit of electrical power or the rate of doing work)
Kilowatt hour (kWh)	The standard unit of energy representing consumption of electrical energy at the rate of one kilowatt over a period of one hour
m	Million
Megawatt (MW)	One megawatt = 1,000 kilowatts or one million watts
Megawatt hour (MWh)	One megawatt hour = 1,000 kilowatt hours
System minute	One system minute = a measure of energy not supplied during transmission disturbances. One system minute is the amount of energy that would be transported during one minute at the system maximum demand

acknowledgements

Inside Back Cover (left)	*Oakey Substation connection, near Oakey*

Featured Powerlink employees

Cover	*John Burgess, Field Test Engineering Officer*
Page 6	*Jai Dalton, Transmission Linesperson* *Daniel Stacey, Transmission Linesperson* *Grant Howlett, Transmission Linesperson*
Page 9	*Cassandra Bevan, Manager Employee Relations*
Page 19	*Daniel Andersen, Pricing and Customer Advisor*
Page 27	*Lyndall Josey, Manager Protection Design*
Page 31 & Back Cover	*Russell Lenoy, Trade Technician*
Page 33	*Gerard Reiter, Manager Projects*
Page 37	*Brian Rodham, Team Leader - Substation and Telecommunication Construction Management*
Page 45	*Sarah Tuckett, Environmental Officer – Sustainability and Climate Change*
Page 51	*Kahlia Martin, Workplace Health and Safety Advisor*
Page 57	*Luke Faria, Field Test Engineering Officer*
Page 75	*Kaila Callaghan, Engineering Projects Officer*
Inside Back Cover	*John Anderson, Substation Works Control Manager*

Thank you to all of the Powerlink people who contributed to the preparation of this Annual Report.

Design

Lumino
www.lumino.com.au

Photography

Peter Budd
www.peterbudd.com.au
Board of Directors; Executive Leadership Team; featured Powerlink employees; & page 25

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Pages 2, 5, 26, 27, 37, 39, 41, 44, 47, 51, 53, 56 & 57

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