



look forward >>

powerlink annual report 02•03



the 02/03 powerlink annual report provides a window into a dynamic, world-class enterprise as we look forward

to operational excellence

#### 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 the owners.
- Value for money services to our customers.
- The well-being of our employees.
- Community recognition as a good corporate citizen.
- Fair and courteous dealings with our suppliers.

financial and performance overview 04  
chairman's report 06  
chief executive's report 08  
the market 10  
network development 16  
non-regulated customers 22  
innovations and operational improvements 26

community and the environment 32  
our people 40  
corporate governance 44  
board of directors 48  
executive leadership team 50  
directors' report 54  
financial statements 57

## highlights 02·03

Powerlink Queensland is a government-owned corporation that owns, develops, operates and maintains Queensland's high-voltage transmission network which benchmarks in the top quartile internationally in terms of both cost efficiency and reliability. Our \$2.8 billion network extends 1700 km from north of Cairns to the New South Wales border – approximately half of Australia's eastern seaboard.

Powerlink is committed to achieving operational excellence in every facet of our business. In our day-to-day operations, Powerlink provides services to diverse electricity industry customers in Australia and overseas. These include 'network customers' connected directly to our transmission grid, and customers for Powerlink's consultancy and technical services.

### Milestones on the path to operational excellence

- Queensland's transmission network has been strengthened with the completion of our Stanwell to Broadsound 275kV transmission line in Central Queensland and the Murarrie substation and associated line works servicing the Australia TradeCoast, the hub of Brisbane's industrial development.
- We were awarded a significant consultancy contract by Tenaga Nasional Berhad, Malaysia's national electricity utility, to provide a condition based management system.
- We initiated six consultation processes with participants in the National Electricity Market (NEM) to identify the most appropriate corrective action to overcome emerging transmission limitations and reliability issues.
- Powerlink people have initiated innovations to improve the reliability of our assets and performance of the network including SmartSub, AUTObuild and the Wind Storm Risk Model Study.
- A full review of our Environmental Management System (EMS) has refocused our efforts to meet community and other stakeholder expectations of our environmental management practices in key operational areas.
- In partnership with Esk, Gatton and Laidley Shire Councils, we have launched Greening Lockyer, a \$1 million, three-year program to facilitate environmental projects in the Lockyer Valley and create training and employment opportunities for local residents.
- Our Safety Management System is being further developed to cement safety as the first priority in all facets of our operation.
- Powerlink's consolidated profit before interest and tax (EBIT) for 2002/03 was \$194.6M, an increase of 13% over the previous year.

## financial and performance overview

### Business planning

Powerlink seeks to meet its key stakeholder needs by being a leading transmission entity. There are three major business strategies in place aimed at achieving this goal.

- To develop the power grid assets we own and manage, and provide marketable services to other network owners;
- To achieve operational excellence in all aspects of our business – safety, environment, network performance, and cost efficiency; and
- To selectively grow non-regulated profits by leveraging core competencies where we have a sustainable competitive advantage.

### Continued financial profitability

In 2002/03 Powerlink continued its strong financial performance in delivering low cost transmission services to electricity distributors, customers and power generators connected to the grid, and exceeding its profit targets.

Powerlink's regulated transmission business remains the major contributor to business profitability, accounting for over 90% of total income.

Powerlink's key financial driver is to ensure it operates within the regulated cost efficiency parameters adopted by the ACCC in its regulatory determination. Provided maintenance and controllable operating costs are managed within these benchmarks, Powerlink will achieve the appropriate implied rate of return on its regulated asset base. Results in this year are the first full 12 month period of operation under the ACCC's regulation of Powerlink.

Revenue from all sources was \$392.5M in 2002/03. The ACCC approved regulated revenue cap for 2002/03 was \$348.745M. Powerlink's consolidated profit before interest and tax (EBIT) for 2002/03 was \$194.6M, an improvement of 13% over the previous year.

While EBIT improved, the return on total assets remained constant at 7.0%. Return on equity was 5.3%.

Powerlink delivered a \$187.3M increase in the value of equity for 2002/03, as a combination of net profit after tax and from an incremental valuation of power grid assets.

### Non-regulated revenue

Non-regulated income streams derive from winning connection asset contracts with power generators and major customers, and from providing external engineering and technical services. This accounts for only 6% of Powerlink's total revenue.

Powerlink also receives distributions from its equity investment in ElectraNet SA totalling \$8.4million in 2002/03.

### Asset investment

The robust growth in the Queensland economy is reflected in the required investment in transmission assets. Electricity usage has grown strongly and this trend is set to continue. Demand growth required of the power grid is forecast to average 3.6% pa over a 10 year period. However in the shorter term, the level of demand is expected to be around 6% pa.

## financial and performance overview

Capital expenditure during 2002/03 totalled \$181.5M. Assets brought into service in 2002/03 totalled over \$200M.

Over the past three years, Powerlink's capital expenditure has exceeded \$500M. The most significant current projects are located in high growth areas in the State including the Gold Coast, around the greater Brisbane area, and to increase transmission capacity from the major power stations located in central Queensland.

Total fixed assets now total approximately \$2.8 billion.

### Dividend

The Board approved a 95% dividend payout ratio. This was in line with the agreed Statement of Corporate Intent (SCI). The declared dividend for 2002/03 is \$72.855M. This is \$2.3M higher than last year.

Powerlink aims to maximise returns to shareholders while maintaining its standalone credit rating.

### Grid support

Powerlink has continued to contract with power generators as an alternative to investment in new transmission assets to meet load peaks particularly at the extremities of the grid.

A total of \$10.7M of grid support was expended to augment existing transmission capacity and meet power demand requirements during the year.

FINANCIAL INDICATORS	2002/03	2001/02	2000/01
	\$m	\$m	\$m
Revenue – grid services	366.6	346.4	315.1
Total revenue	392.5	375.3	362.2
Operating expenses	197.9	188.9	156.0
Earnings before interest and tax (EBIT)	194.6	186.3	196.4
Net profit after tax	76.7	74.3	174.4
Capital works expenditure	181.5	153.9	167.9

RATIO ANALYSIS	2002/03	2001/02	2000/01
	%	%	%
Return on assets	7.0	7.0	7.5
Return on equity – post tax	5.3	5.8	6.3

DIVIDENDS	2002/03	2001/02	2000/01
	\$m	\$m	\$m
Dividend proposed/paid	72.9	70.5	165.6

### PERFORMANCE STATISTICS

SYSTEM RELIABILITY	2002/03	2001/02	2000/01
Energy flowing into the grid (GWh)	43,120	42,291	40,211
Energy delivered to customers (GWh)	41,264	40,297	38,561
Peak maximum demand (MW)	7,081	7,003	6,585
Loss of supply events –			
Number greater than 0.2	12	4	19
Loss of supply events –			
Number greater than 1.0	3	2	2

Indicator: The target level of performance sets a standard relating to the number of interruption events due to Powerlink causes where loss of supply from the transmission grid exceeds 0.2 system minutes, and 1.0 system minutes.

SAFETY	2002/03	2001/02	2000/01
Accident Consequence Index*	3.75	0.2	1.3

Indicator: The Accident Consequence Index (ACI)\* records increasing levels as the length of time increases for employee absences due to work-related injury or illness. The safety performance measure this year is an all-time low result.

\* The ACI is now called the LTC (Lost Time Calculation).

## chairman's review

### Strong financial performance

Over the past year, Powerlink has continued to deliver strong financial performance as we focus on providing a more reliable and cost efficient transmission service for National Electricity Market (NEM) participants and customers.

Our net profit for 2002/03 was \$76.7M. This solid financial performance resulted in Powerlink providing a significant dividend for our owners, the Queensland Government.

Powerlink's corporate governance and risk management processes are both rigorous and robust. The Directors welcome the current global focus on improving corporate governance.

### Network solutions for customers

Development of our network is necessary to meet the power needs of Australia's fastest growing state and the ever-increasing expectations of participants in the NEM.

Queensland is experiencing rapid growth in electricity demand. This demand is being driven by industrial development and the installation of household air conditioning.

To meet this demand we are continuing to strengthen our network through transmission projects and augmentations.

Major network augmentations are under way in Central and North Queensland as well as in Southern Brisbane and the Gold Coast. The increased demand for power is being driven by the high rate of domestic air conditioning installation and population growth in these areas.

### Community partnerships to work together

Powerlink's community and environment partnerships continue to build solid working relationships and make a valuable contribution to regions where Powerlink has a presence.

Our \$1 million, three-year Greening Lockyer partnership, launched in May 2003, facilitates environmental projects and creates training and employment opportunities for Lockyer Valley residents.

This year marked the third and final year of Greening Ipswich, a three-year partnership between Powerlink, Ipswich City Council and local residents. It has resulted in a better environment, better recreational facilities for the Ipswich community and strong, meaningful relationships between Powerlink and the community. I am proud that Powerlink was able to be involved in this project and express appreciation to Ipswich City Council and the many community volunteers who helped make Greening Ipswich such a success.



“powerlink's **vision** is to be the **leading** transmission network service provider in Australia and one of the **best** in the world”

### Striving for excellence

Of particular interest to the Board is Powerlink's pursuit of innovation and technical excellence in building and operating a transmission network that delivers the best outcomes for our customers. Our people enthusiastically develop ideas that support Powerlink's drive for continuous improvement across our business operations.

### Acknowledgments

The Board recognises and appreciates the capabilities of our people and the important role they play in Powerlink's consistently strong business and operational performance. I also acknowledge the valuable contribution by my fellow Directors.

The skills and abilities of our people, our purposeful strategies encouraging the adoption of new technology, and a continued focus on market and customer requirements, will contribute to Powerlink's ability to achieve operational excellence.

**Else Shepherd AM**  
Chairman, Powerlink Queensland

## chief executive's review

### Looking forward to achieving operational excellence

Inherent in our pursuit of this goal is that we meet the expectations of a range of stakeholders including the NEM and its participants, our Shareholders and the community at large.

In achieving operational excellence, Powerlink has to balance the demands of Queensland's growing energy needs with a cost effective, reliable network and with the impact of transmission development on the environment.

Powerlink has already achieved international recognition for cost efficiency (through the most recent International Transmission Operations and Maintenance Study) and has adopted leading edge technology as we develop our network to meet fast-growing load. Stakeholders have high expectations of our performance in safety, environment and network reliability.

Early in 2003, we reviewed and reinvigorated our process for achieving operational excellence. We are continuing to nurture a corporate culture that encourages our people to challenge all assumptions in the quest for optimal performance.

The four key areas of our aim to achieve operational excellence are:

- Safety – provide a safe environment for employees and the public;
- Environment – demonstrate regard for the environment by complying with all relevant legislation;
- Cost efficiency – be the most cost effective transmission business in the NEM; and
- Network performance – exceed the service standards.

We also continue to selectively grow our non-regulated revenue in lines of business where we have a sustainable competitive advantage.

### Increased demand on Powerlink's network

The release of the 2003 Annual Planning Report confirms that power usage in Queensland is growing rapidly, particularly in South East Queensland.

Power demand is being driven by increased installation of domestic air conditioning and population growth. There was very high load growth in South East Queensland last summer – the peak demand was up more than 8% for the South East in general and up 13% in Logan/Brisbane South area. The forecast is for these factors to continue, such that peak demand in South East Queensland for the next three years is expected to be about 6% per annum, compared with the long run trend of about 4%.

The challenge for Powerlink is to ensure network capacity keeps pace with the expected high levels of load growth. We are committed to developing our grid to meet reliability standards and market needs, and our transmission licence has been updated to clarify the reliability standards we must meet.

Powerlink meets this increased demand through its capital works program and through more efficient maintenance and operation of the existing network. In the last year our capital investment in the grid totalled \$181.5M.

In achieving operational excellence, Powerlink has aimed to retain our leadership in cost-efficiency. Our recently published transmission prices for 2003/04 delivered an average price that was 5% lower in real terms than 2002/03.



“at powerlink we have established the strategic framework to enable us to meet our aim of achieving operational excellence”

### Increased capacity on QNI following extensive testing

The export capacity of the Queensland New South Wales Interconnector (QNI) has increased with the commissioning of Millmerran Power Station. The QNI, owned and operated in Queensland by Powerlink, is now capable of exporting up to 950MW to NSW, an increase of 250MW on previous capacity.

The QNI continues to play a strategic role in the NEM. Since its inception, QNI has delivered cost savings to electricity consumers of at least \$2.5M per week.

### Our ElectraNet SA investment

Our investment in ElectraNet SA (in which Powerlink holds 40.25% of the ordinary equity) moved to a new level of synergy with the commencement of a Shared Services Agreement between Powerlink and ElectraNet SA.

Under the Shared Services Agreement, Powerlink will provide selected services to ElectraNet SA from 1 July 2003.

### Working with communities

Strategic community and environmental initiatives facilitate Powerlink's ability to maintain and develop our network. The review of Powerlink's Environmental Management System and development of strategies to address high risk areas have focused our attention even more sharply on our environmental responsibilities and the expectations of our stakeholders.

**Gordon Jardine**  
Chief Executive

# market performance

Many 'eyes' in the NEM are firmly focused on the performance of transmission network service providers. We're confident that Powerlink is moving closer and closer to operational excellence and will deliver best value to market participants.

## Powerlink's role in the NEM

Powerlink is a Transmission Network Service Provider (TNSP) in the NEM. Our network transports electricity from power generators to Distribution Network Service Providers (DNSP) such as ENERGEX and Ergon Energy and to large, directly connected customers such as smelters. As a TNSP, Powerlink is a regulated monopoly business.

Powerlink is required to efficiently plan, build, augment, operate and maintain our transmission network and provide all NEM participants with secure, open and non-discriminatory access to our network for the trading of electricity. Powerlink does not buy or sell electricity.

The NEM Management Company (NEMMCO) manages the NEM under the National Electricity Code (NEC). Under an Operating Agreement, Powerlink acts as an agent for NEMMCO, assisting in the secure operation of the power system.

Powerlink is the Jurisdictional Planning Body for Queensland. In that role we assess the capability of the network to meet forecast load growth, including our capability to transfer electricity to and from other states connected to the NEM. When we identify emerging network limitations, which can be addressed as regulated developments, we consult with NEM participants and interested parties through a transparent process to identify non-network solutions and compare them with the network solutions identified by Powerlink. As required by the Australian Competition and Consumer Commission's (ACCC) Regulatory Test, the solution that maximises the benefit to the NEM is implemented.

## Efficiency targets set by ACCC

Powerlink has implemented strategies to achieve the efficiency targets set by our regulator, the ACCC. These strategies include a high priority on managing controllable costs.

The ACCC has also formulated service standards for Powerlink, relating to the performance of our network, including loss of supply incidents, network availability and forced outage duration. To achieve these service standards, Powerlink will continue to minimise outages and manage necessary outages for least market impact and increased network reliability.

We are focused on exceeding our network performance targets

look forward >>

Moving closer to delivering best value to market participants >>

## market performance

### Changes to transmission pricing

An annual regulated revenue amount provides for the development, operation and maintenance of Powerlink's network, in line with regulatory requirements and the NEC, to ensure it keeps pace with growing electricity demand. Our economic regulator, the ACCC, has set the annual revenue Powerlink is able to recover from existing and future assets for the five and a half years until 30 June 2007. Transmission Use of System (TUOS) prices are determined in accordance with the NEC to enable Powerlink to collect the annual revenue.

Transmission service prices are determined in accordance with the Code to recover the annual regulated revenue. The allocation of revenue into prices in accordance with changes to the NEC resulted in increased prices from 1 July 2002. Contributing to price increases for 2002/03 were the inclusion in Powerlink's costs for the efficient purchasing of grid support and the Queensland/New South Wales Interconnector (QNI), which has delivered significant savings to NEM participants by reducing the cost of ancillary services by about \$2.5 million per week. The average TUOS price announced for 2003/04 is 5% lower in real terms than the average for 2002/03.

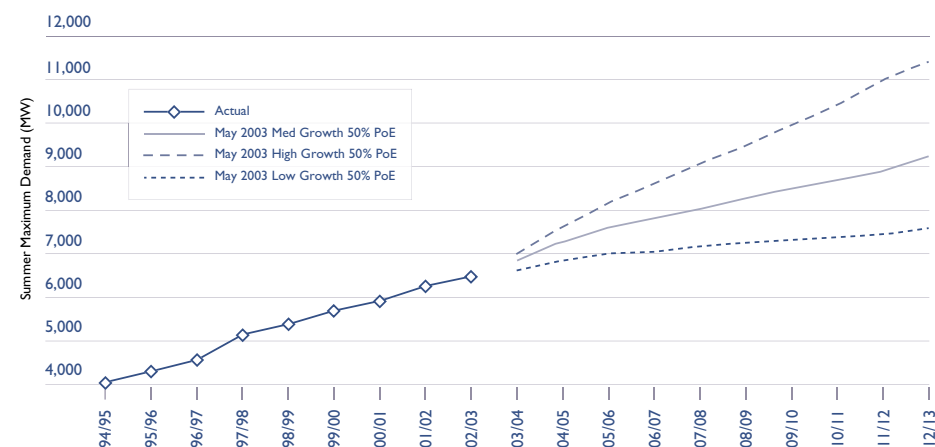
### Rise in demand for electricity

Powerlink's Annual Planning Report, issued in July 2003, indicates that electricity usage in Queensland is expected to grow strongly in future years, continuing the pattern established during the past 10 years.

Summer maximum demand delivered from the transmission grid is forecast to increase at an average annual rate of 3.6% from 6 462MW in 2002/03 to 9 172MW in 2012/13. However, the summer peak demand in South East Queensland is expected to grow at a much faster rate over the next three years, with forecasts indicating an increase of 6% per year. This accelerated growth in demand is attributed to high penetration and use of domestic air conditioners and population growth.

Annual energy to be delivered by the Queensland transmission grid is forecast to increase at an average rate of 3.1% per annum over the next 10 years. This high level of load growth is likely to require substantial augmentation of the capability of the Queensland transmission network to ensure grid capacity keeps pace with demand, particularly in the South Eastern part of the state.

QUEENSLAND SUMMER PEAK DEMAND (MW) - History & Forecast



## market performance

### QNI capacity increased

The southwards capacity of the QNI has increased with the commissioning of Millmerran Power Station. The QNI, owned and operated in Queensland by Powerlink, is now capable of exporting up to 950MW to New South Wales, an increase of 200MW on previous capacity.

### Outage coordination minimises customer impacts

Powerlink must have transmission outages to maintain and repair our plant and to allow augmentation of the transmission network. Such outages are managed to minimise impacts on customers connected to the Powerlink network and NEM participants.

In line with the outcomes of the National Electricity Code Administrator's (NECA) Review of Integration of Energy Market and Network Services, Powerlink has implemented initiatives to provide NEM participants with greater information on outages that might impact on our network capacity.

### NEM data service launched

Powerlink has developed a new subscription-style data service providing relevant historical and current network data for customers and NEM participants. Qdata offers access to network information regarding the Queensland region which was not previously publicly available.

### Contributing to NEM development

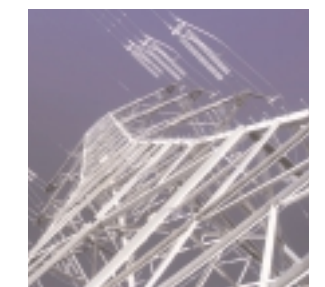
In 2002, Powerlink contributed to the ongoing development of the NEM through various forums, including the:

- Review of Technical Standards;
- Review of Integration of the Energy Market and Network Services;
- Review of the Regulatory Test; and,
- Ancillary Services Review.

### Looking forward:

We plan to:

- Continue to improve outage coordination processes to minimise the impact of capacity reductions on customers and the NEM;
- Continue to address issues of transmission limitations and reliability issues impacting on NEM participants by implementing our six-year \$1 billion capital works program;
- Input to the consultation on the ACCC Statement of Regulatory Principles, to be finalised during the 2003/04 financial year and manage the implementation of these principles within Powerlink; and,
- Implement outcomes of any changes to the NEM which affect transmission.





look forward >> to innovative reliability solutions

### Delivering the lowest cost option for North Queensland

"We're not just about building transmission lines, we're about finding solutions that give our customers the best value for money as well as a reliable electricity supply," said Merryn York, Powerlink's Manager Network Strategies.

"The construction of the new Stanwell to Broadsound transmission line was part of a package that successfully lowered the total cost of delivering a reliable supply of electricity to North Queensland."

Before Powerlink built the new line, the existing transmission network couldn't always meet customer demand in North Queensland. Whenever this happened, higher cost North Queensland power stations were directed to generate to make up the shortfall, while the output of lower cost Central Queensland power stations were "constrained". While this arrangement delivered an acceptable level of reliability to customers, it came at a high cost to NEM participants.

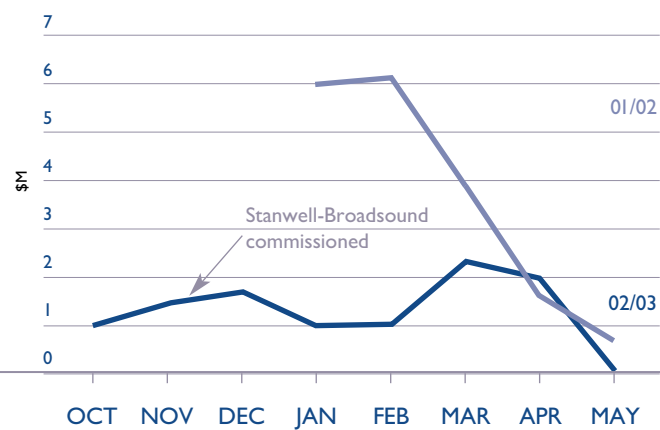
Applying the ACCC's regulatory framework, Powerlink investigated options and identified the most economic solution to this problem – adopting a combination of a new transmission line and a reduced amount of network support by power generators in North Queensland.

This lowest cost option was fast tracked and the benefits of lower costs began to be realised by NEM participants in late 2002.

Merryn said the present regulatory regime allowed transmission entities the opportunity to fund more non-traditional arrangements to maintain acceptable reliability standards.

"Through our consultation process for regulated network augmentations, we are committed to thoroughly investigating all potential options for solving power supply issues. It's a transparent process, designed to ensure the most economic option emerges," Merryn said.

#### NETWORK SUPPORT COSTS



Note – Powerlink became responsible for the efficient purchasing of grid support from 1 January 2002



reliable solutions

"we're not just about building transmission lines, we're about finding solutions that give our customers the best value for money as well as a reliable electricity supply" Merryn York, Manager Network Strategies

# network development

As demand for power increases across the state, we plan and develop our network to meet our obligation to deliver reliable, safe and economic transmission services.

Powerlink is faced with the challenge of augmenting the network to keep pace with the rapid load growth due to population and industrial growth and increasing use of air conditioners.

This year, Powerlink undertook construction projects in North, Central and South Queensland. These new transmission lines and high-voltage substations are the outcomes of our project development process involving planning, regulatory community consultation, design, project construction and environmental management.

## Construction Projects

These transmission line projects included the reinforcement of supply to Cairns in North Queensland, the Stanwell to Broadsound line in Central Queensland, Blackwall to Greenbank to Belmont and augmentation of supply to Australia TradeCoast, in South East Queensland.

## Easement Acquisition Projects

Several easement acquisition projects were progressed in North Queensland including Kareeya to Innisfail replacement, Strathmore to Ross, Ross to Townsville South and Ross to Yabulu. In Central Queensland, the Gladstone State Development Area and Broadsound Lilyvale projects were progressed. In South East Queensland the Millmerran to Middle Ridge and Belmont to Murarrie easement acquisition projects continued.

## Looking forward

- Continue easement acquisition for the Ross to Townsville South project in mid 2003.
- Commence easement acquisition for the Ross to Yabulu project in November 2003.
- Commission the Blackwall to Belmont and Maudsland to Molendinar transmission lines in late 2003.
- Issue the Draft Environmental Impact Statement for the Belmont to Murarrie easement acquisition in July 2003.
- Progress the project to reinforce supply to the Darling Downs.

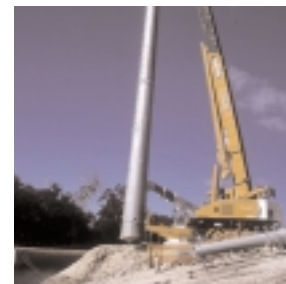
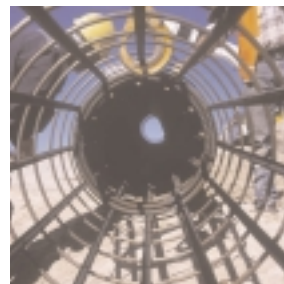
We are developing our network to deliver a reliable electricity supply to our customers

look forward >>

Augmenting our network is necessary to keep pace with electricity demand >>

## projects under construction in 02·03

REGION	PROJECT	BRIEF DESCRIPTION	PROJECT PURPOSE	MILESTONES ACHIEVED IN 02/03
Northern Queensland	Cairns reinforcement stage three	Construction of a substation at Woree.	Additional power supply to meet the growing demand and improve reliability in the Cairns region.	First transformer at Woree substation commissioned in November 2002. One circuit energised at 275kV and one at 132kV.
Central Queensland	Stanwell to Broadsound	Construction of a 275kV transmission line reinforcement between Stanwell and Broadsound switching stations.	To reinforce the power grid in the area, help meet growing customer demand and to provide market benefits.	Commissioned in November 2002.
Southern Queensland	Australia TradeCoast	Construction of a substation at Murarie and a 110kV transmission line between Young's Road and Murarie substation.	To provide the secure and reliable electricity supply critical to the sustained development of Australia TradeCoast.	Substation and transmission line commissioned in April 2003.
	Blackwall to Belmont	Construction of a 275kV transmission line between Blackwall and Belmont substations via the Greenbank substation site.	Meet reliability of supply limitations in the Belmont and Southern Brisbane area.	Construction began in January 2003.
	Maudsland to Molendinar	Construction of a 275kV transmission line between Maudsland and Molendinar substations and 275kV establishment at Molendinar.	Help to reinforce electricity supply within the Gold Coast region.	Construction began in January 2003.



## easement acquisition projects in 02·03

REGION	PROJECT	BRIEF DESCRIPTION	PROJECT PURPOSE	MILESTONES ACHIEVED IN 02/03
Northern Queensland	Kareeya to Innisfail replacement	To provide for a transmission line to replace the aging 132kV line between Kareeya and Innisfail.	To ensure the ongoing reliability of electricity supply to customers in Far North Queensland.	Environmental Impact Statement issued to Environment Australia in May 2003 for assessment.
	Strathmore to Ross	To provide for a 275kV transmission line between Nebo and Ross substations.	To help meet the growing demand for power in North Queensland.	Final Environmental Impact Assessment was released in July 2002. Easement acquisition process began in August 2002.
	Ross to Townsville South	To provide for 275kV and 132kV transmission lines between Ross and Townsville South substations.	To better meet the long-term future power needs of the Townsville area.	Environmental Impact Assessment Review issued in November 2002.
	Ross to Yabulu	To provide for a future 275kV transmission line between Ross substation and a new Yabulu South substation, and a 132kV line to the Townsville gas turbine power station.	To meet growth in power demand in the Northern Townsville and Thuringowa region.	Consultation with property owners began in late 2002. Draft Environmental Impact Assessment issued for public comment in April 2003. Final Environmental Impact Assessment issued in June 2003.
Central Queensland	Gladstone State Development Area	To provide for a 275kV transmission line between the Callide area and Gladstone via the proposed development areas.	To meet the future power needs of the Gladstone area and the proposed industrial developments.	Final Environmental Impact Assessment released in October 2002. Easement acquisition process began in April 2003.
	Broadsound to Lilyvale	To provide for a future 275kV transmission line parallel to the existing line between Broadsound switching station and Lilyvale substation.	To provide additional transmission capacity to mining and rural areas in Central Western Queensland.	Final Environmental Impact Assessment Review released in April 2003.
Southern Queensland	Millmerran to Middle Ridge	To provide for a 330kV transmission line between Millmerran and Middle Ridge substations.	To meet the demand for electricity in the Darling Downs area which is growing rapidly and also to cater for a predicted future need in the Logan region.	Initial consultation with property owners began in August 2002. A draft Environmental Impact Assessment was released for public comment in May 2003.
	Belmont to Murarie	Easement acquisition for a future 275kV transmission line between Belmont and Murarie substations.	To ensure a continued, reliable and secure electricity supply to the rapidly growing Australia TradeCoast region.	Consultation with property owners has been continuing.

look forward >> to continued network development

### Flexibility achieves better outcomes

“Our new substation at Murarrie has brought lots of benefits. Not only does it mean a more reliable power supply to customers in the Australia TradeCoast area, but it has also brought about some good environmental outcomes,” said Jon Ford, Powerlink’s Construction Manager.

“Originally, the substation was designed to be built at the top of a hill on land owned for many years by Powerlink. But through the process of carrying out an Environmental Impact Assessment and liaising with local environmental groups, we learnt that it would have meant flattening the only piece of undisturbed remnant woodland in the area,” Jon said.

The task of redesigning the substation fell to a team including John Whebell, Substation Civil Design Office Manager.

“There were many constraints on this site including the redevelopment of the adjacent road, poor soil, mangrove areas, water flows and sewerage and gas pipelines. In the end we were able to accommodate all of these and avoid impacting the woodland, as well as a wetland area at the base of the hill,” John said.

Powerlink has also committed to a project to rehabilitate the wetland area, which has become degraded over many years. The site will be extensively landscaped using native species of bushes on the hillside where the cutting has been made. The aim is to attract birds and other fauna back into the area.

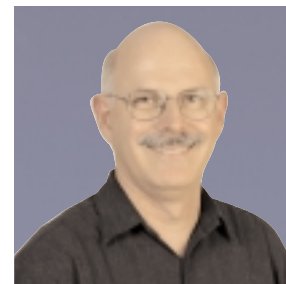
“By adopting leading-edge technology in our switchgear, we have been able to reduce the footprint of our new substations, including Murarrie,” John said. “The result is reduced environmental and visual impact – achieved by creating a wider buffer zone around the substation and by minimising the number of structures within the substation.”

The project timetable was aggressive, but with coordinated and consistent support from across Powerlink, commissioning was achieved on time and to budget.

“The driver for this new substation and transmission line project was the need for a more reliable supply of electricity to the Australia TradeCoast area, and we’ve achieved that for customers,” Jon said.

By adopting leading edge technology, Powerlink has reduced the environmental footprint of its Murarrie substation, while reinforcing reliability to the Australia TradeCoast region.

John Whebell, Substation Civil Design Office Manager.



positive outcomes

“our new substation at Murarrie has brought lots of **benefits**. Not only does it mean a **more reliable** power supply to customers in the Australia TradeCoast area, but it has also brought about some **good environmental outcomes**” Jon Ford, Construction Engineer

## non-regulated business

Powerlink will continue to develop selected non-regulated services and products and create new business opportunities that improve Shareholder value and deliver quality value-added products to our customers and markets.

### New grid connections

When a new generator or load needs to be connected to our network, the equipment required for that connection, such as transmission lines and substations is contestable. Powerlink will continue to provide value-added services in competing for the right to build, own, and operate contestable projects. Recent non-regulated connections include Tarong North power station (near Nanango), Swanbank 'E' power station (near Ipswich) and Millmerran power station (near Millmerran).

### Oil laboratory cements position as market leader

Powerlink's Oil Testing Services increased its national and international customer base during the year and consolidated its position as Australia's leading provider of transformer oil testing and diagnostic services.

The laboratory achieved significant productivity improvements through streamlining work practices, upgrading technology and exploiting the capabilities of a new laboratory information management system.

### Shared services agreement targets synergies

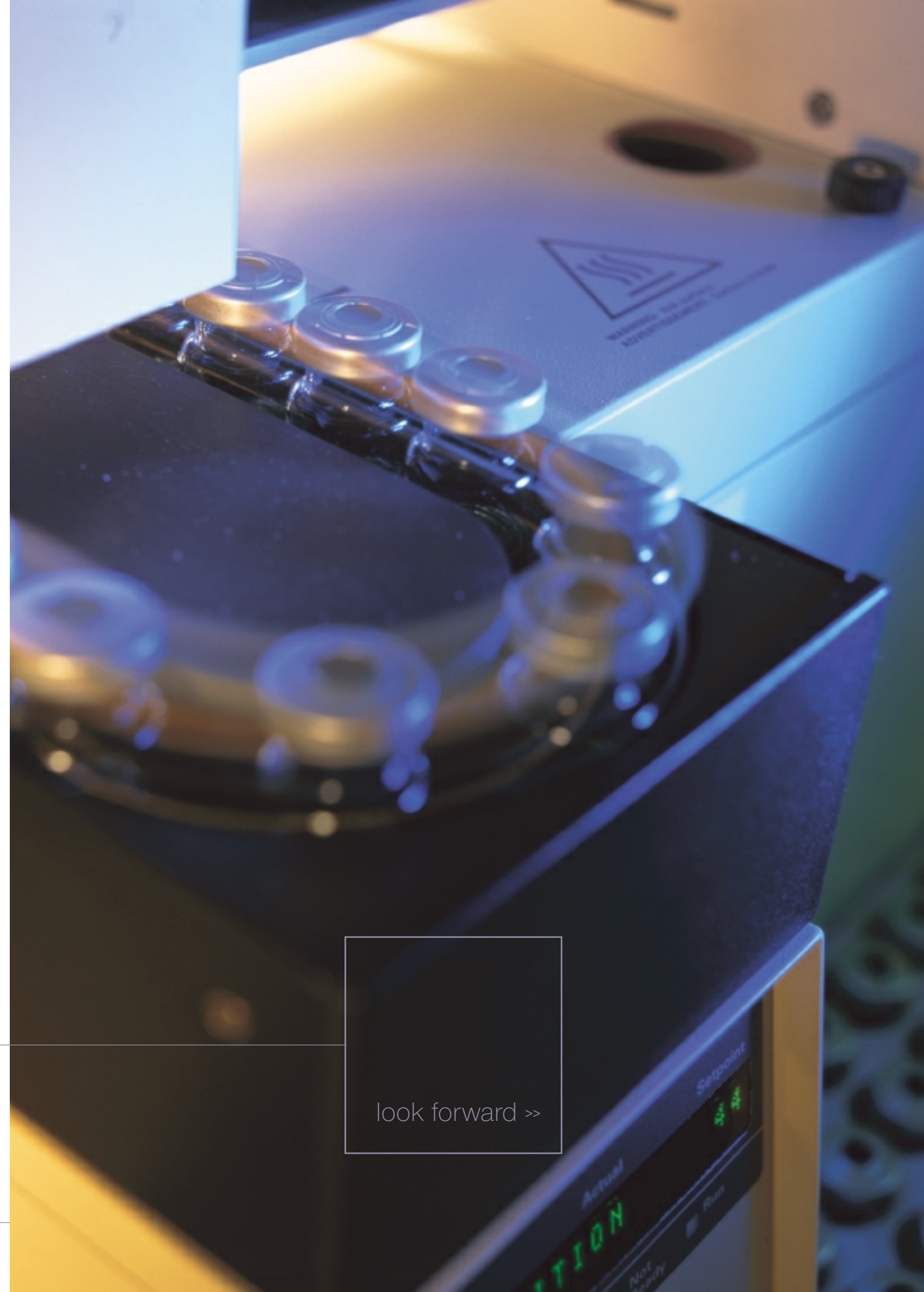
Under a Shared Services Agreement, Powerlink will provide a wide range of services to ElectraNet SA from 1 July 2003. These services will enable ElectraNet SA to benefit from Powerlink's expertise in strategically targeted areas.

Powerlink is a part owner (40.25%) of the South Australian transmission entity ElectraNet SA, acquired in October 2000.

We are growing our non-regulated business by focusing on what we do best

look forward >>

OTS is a leading provider of transformer oil testing and diagnostic services >>



## non-regulated business

### Growing our non-regulated business – technical and consulting services

Powerlink's technical and consulting services are successfully marketed to customers nationally and internationally. This year, we delivered non-regulated customer projects that strengthened the performance of our business.

Major non-regulated customer projects undertaken in 2002/03 included technical and consultancy services such as:

- Transmission line structure design service for Enerserve;
- Transmission line design support service and substation design services for ElectraNet SA;
- Substation design support for Ergon Energy and ABB;
- Transmission line design service for Transpower New Zealand;
- High-voltage plant investigation and specialist maintenance management support services for Tenaga Nasional Berhad (TNB) in Malaysia;
- High-voltage plant support for Tarong Energy;
- Support services to Queensland generators in frequency monitoring for compliance with the National Electricity Code;

- Project management services, design support services and environmental compliance investigations for SPI Powernet;
- ESAA short course training programs;
- Operation of remote power generators in Queensland.

### Quality assurance updated

In April 2003 the robust business processes established in our engineering and projects business unit were recognised when our quality system accreditation was renewed. This presented an opportunity to align with the requirements of the latest quality standard AS/NZS ISO 9001:2000.

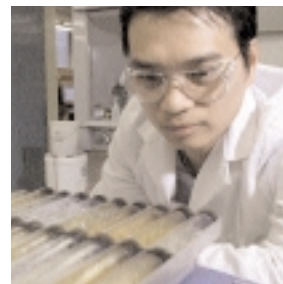
### Looking forward

We plan to:

- Implement the Shared Service Agreement with ElectraNet SA;
- Implement further productivity improvements to ensure the oil laboratory continues to meet the growth in demand for its services in a cost effective and responsive manner;
- Continue to provide competitive technical, maintenance, consultancy and procurement services.

Millmerran Power Station on the Darling Downs is one of several non-regulated connections to Powerlink's Queensland network.

Oil Testing Services team member, Tuong Ngo. New technology has been introduced to maintain Powerlink's position as Australia's leading provider of transformer oil testing services.



look forward >> to strong business relationships



"the project we are undertaking with TNB is providing opportunities for Powerlink specialist staff to broaden our professional experience within another country with a diverse culture"

Gerard Reiter, Manager Technology and Standards

### Consulting on condition based management systems

Powerlink's recognition through international benchmarking as a leader in the management of transmission assets and our specialist professional staff were among the reasons we were awarded a major consultancy contract by the transmission arm of Malaysian national electricity utility, Tenaga Nasional Berhad (TNB). The contract, to facilitate and advise on implementing a condition based management system for TNB's transmission assets, was awarded in November 2002.

"I believe TNB valued the fact that Powerlink had actually applied the system to our own network and they could see first hand how successful it is," said Gerard Reiter, Manager Technology and Standards.

TNB has more than RM54.0 billion assets and five million customers in Malaysia. Powerlink has been engaged to provide consulting services related to condition based

maintenance management systems including:

- Improving asset and work management processes;
- Implementing condition monitoring and developing plant maintenance strategies;
- Specifying and implementing specific projects to improve system reliability.

As Powerlink focuses on further improving operational efficiency on our own network, we will be assisting TNB to implement the same disciplines and strategies.

Gerard said the consulting contract would build on the excellent relationships already forged between TNB and Powerlink.

"The project we are undertaking with TNB is providing opportunities for Powerlink specialist staff to broaden our professional experience within another country with a diverse culture. It's very rewarding and culturally enriching," he said.

# innovations and operational improvements

Powerlink's goal of achieving operational excellence is founded on the ability of our people to continually strive to innovate and develop our network using leading edge technology. As Powerlink looks beyond current industry practices for technical solutions to advance our network, we work with and for our customers to make sure that the NEM benefits from operational improvements.

## Innovations in control system design

An innovative approach to the development of control systems for Powerlink's high-voltage plant has delivered cost efficiencies and improved performance. The AUTObuild software system, developed by Powerlink, has automated design and specification tasks that were previously performed manually. As a result it facilitates shorter project lead times and reduces error rates. The streamlined process enabled by AUTObuild enables a saving of some 70% of actual cost in developing a control system.

AUTObuild is an integral component of significant operational improvement which has been achieved in the integrated secondary systems within Powerlink's substations. Integrated secondary systems gather data and detect faults on our network and remove affected plant from service to protect it from any further incident or damage.

By implementing new technologies, Powerlink has reduced costs and project lead times associated with the construction of new substations and refurbishment of existing substations.

AUTObuild won a 2003 Engineers Australia (Queensland Division) Award for the category – Control Systems, Networks, Information Processing and Telecommunications.

## Constraints shadowing reduces NEM impacts

We consistently aim to schedule plant outages in a way that minimises constraints on the operation of the NEM, associated customer impact and cost to Powerlink.

To achieve this, we have developed an innovative approach of calculating and monitoring the limits on Intraconnectors within the Queensland transmission system in a process called Constraint Shadowing. This information is available to Powerlink's network controllers.

By monitoring network constraints, Powerlink is aware of the impact of our transmission system on market outcomes and this assists us in addressing these constraints. It also allows us to attempt to reduce the impacts on NEM participants when the network's capacity is reached.

We are focused on innovation to make sure our customers benefit from operational improvements

look forward >>

Innovations such as our Integrated Secondary Systems improve the efficiency and performance of our network >>

## innovations and operational improvements

### World's first wind risk model developed

The dual impacts of severe thunderstorms and tropical cyclones on electricity transmission network structures are assessed by the world's first Wind Risk Storm Model, developed jointly by Powerlink and Systems Engineering Australia Pty Ltd (SEA). Applying the outcomes of this study allows us to better ensure a reliable electricity supply to Queensland customers by minimising the risk of future wind-related incidents on our network.

In association with the University of Queensland and SEA, Powerlink conducted a state-of-the-art wind risk assessment study of our transmission network between 2000 and 2002. The study has produced a fully integrated software package able to evaluate the risk of our network's exposure to severe wind storms.

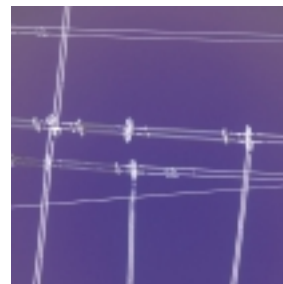
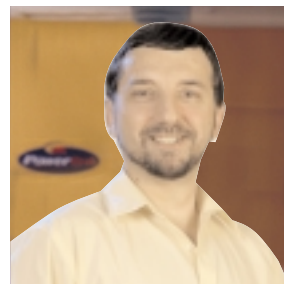
The Wind Risk Storm Model won an Engineers Australia (Queensland Division) Award for the category – Reports, Procedures and Systems.

### Live line and live substation capability expanded

Through the provision of specialist training, Powerlink has increased the availability of work teams capable of working barehand on live transmission lines and on live high-voltage substation plant. Our commitment to live work means a reduction in plant outages and therefore fewer impacts on our customers, balanced with economical and safe work practices.

By expanding the scope of works able to be completed by our live line teams, we have achieved greater network availability. This year, live line teams undertook new procedures to repair hot-bolted palm connections and to replace aged composite insulators on 275kV tension towers. Both procedures previously required the transmission line to be taken out of service. Wherever possible, these procedures are now carried out on live assets to reduce impacts to customers.

The Live Substation Team has successfully completed live projects including changing out a faulty pole of a 330kV Intelligent Plug and Switch System (IPASS) circuit breaker and connecting a newly constructed busbar, isolator, circuit breaker and capacitor bank into an existing substation structure.



Gary Signoreto, Senior Substation Automation engineer – AUTObuild delivers cost efficiencies and improved performance for Powerlink's substation secondary systems.

## innovations and operational improvements

### Outcomes achieved through technical innovation

Powerlink conducts studies to gain specialist technical knowledge and experience to enhance the operational efficiency of our transmission network.

This year we commissioned the development of predictive models for fire risk assessment and vegetation growth rates to improve the efficiency of our easement management activities. These tools will provide valuable data that will contribute to better management of the risk of outages caused by bushfires and assist us to optimise our patrol and vegetation maintenance activities on transmission line easements. Both models are the results of projects undertaken by final year Environmental Science students from the University of Queensland, Gatton.

Powerlink and the Queensland University of Technology also conducted tests to ensure the safety and reliability of polymeric line insulators stored for long periods in a dusty environment. Powerlink achieves efficiencies by reusing such insulators for emergency restoration or new project work. Satisfactory tests were not available from international standards and had to be developed for our specific requirements.

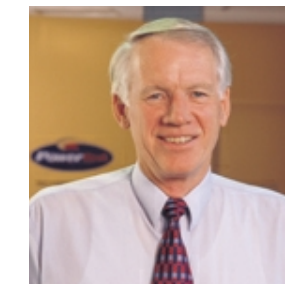
### E-tenders achieve procurement efficiency

Within our procurement process, Powerlink has selectively implemented e-tender technologies to achieve lower administrative costs and more competitive prices reflective of the world market. The approach is applicable where the items purchased can be fully technically defined and where the market is competitive. In addition to efficiency gains by Powerlink, the e-tender process enables greater transparency of market prices, which benefits our suppliers.

### Looking forward

We plan to:

- Continue to apply SmartSub technology to Powerlink's new substations and substation extensions, seeking even greater efficiencies;
- Investigate greater use of on-line monitoring systems from technological, economic and reliability viewpoints;
- Monitor international developments of non-conventional instrument transformers with a view to harnessing the advantages of such technology.



Henry Hawes, Business Development Manager Engineering. The Wind Risk Study Model helps Powerlink make better decisions about its network.



look forward >> to benefits of new technology

### Less maintenance and lower costs with SmartSub

“There’s great satisfaction in being an early adopter of leading-edge technology and being part of a team that tackles the challenge and makes it work,” said Mark Blundell, Principal Consultant Switching Technology.

“I’ve been working on radical new design changes to Powerlink substations for years. I don’t believe there is another electricity organisation in Australia applying new technology the way we are. We’re experienced enough to handle the significant step-change, so Powerlink will reap the benefits.”

Mark and his colleagues have developed a new concept in 145kV substation technology – the SmartSub. Powerlink builds substations to control and regulate the flow of electricity on our transmission lines and operates some 90 substations from our headquarters in Brisbane.

Powerlink’s aim for the SmartSub project was to build modular style high-voltage 145kV/123kV transmission substations using new technologies for the same or less cost than traditional substations.

These new technologies will help to reduce maintenance requirements and achieve lower whole-of-life costs.

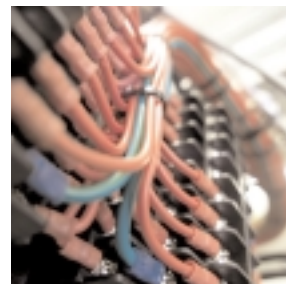
At the same time, reliability and availability will be improved, providing economic benefits to customers through improved power quality. Modular construction means a reduction in design time, allowing Powerlink to shorten lead times for construction and gain more flexibility to respond to the demands of the NEM.

The first SmartSub was commissioned at Woree in Cairns in October 2002. Since then Powerlink’s other substations and substation extensions have been commissioned using SmartSub technology.

“SmartSub employs leading-edge technology, but it’s the skills, capabilities and attitudes of Powerlink’s people that make it possible to successfully execute these ambitious projects,” Mark said.



Shane Williams, Principal Consultant Operational Networks. SmartSub technologies help to reduce maintenance requirements and improve reliability and availability of the network.



achieving goals

“SmartSub employs **leading-edge** technology, but it’s the skills, **capabilities** and attitudes of Powerlink’s people that make it possible to successfully execute these **ambitious** projects”

Mark Blundell, Principal Consultant Switching Technology

# community and environment

Together with our project partners, we are achieving improvements to communities' amenities and economic well-being, as well as facilitating local environmental projects.

## Greening Lockyer facilitates community-based solutions

Greening Lockyer is a community partnership program established between Powerlink Queensland and Esk, Gatton and Laidley Shire Councils, funded by a \$1 million community grant from Powerlink.

The community-based program aims to build relationships and understanding with communities living near existing transmission lines and new lines to be built on existing vacant easements in the Lockyer Valley and will improve the visual amenity in prominent locations near transmission lines and easements.

Officially launched in May 2003, Greening Lockyer is currently underway with eight Legacy and Environmental Stewardship projects totalling close to \$478,000. This year, Greening Lockyer projects attracted 120 community volunteers and generated 28 job opportunities.

## Greening Ipswich program achieves successes

A three-year partnership between Powerlink, Ipswich City Council and local residents has resulted in a better environment and better recreational facilities for the Ipswich community. It has also contributed to community awareness and understanding of Powerlink as a core business operator in the Ipswich region.

Targeting public sites near Powerlink's transmission infrastructure, the Greening Ipswich program also created traineeships and work for the dole opportunities that have led to qualifications and permanent jobs for local people. The program concluded in June 2003.

## Greening Ipswich successes

Sites targeted for revegetation and beautification projects	11
Volunteer members of the community who contributed to the program's success	160
Community groups who contributed to the program's success	45
Trees and shrubs planted	8 000
People accessing employment and training opportunities through Greening Ipswich	90
Local residents supporting Greening Ipswich for its positive impact*	87%

\* Data provided by independent market research commissioned by Powerlink in mid 2002.

We are focused on creating a culture where environment and community care just happens

look forward >>

Local volunteers, like 'unknown name' from Prenzlau, actively participate in our Greening partnerships >>



## community and environment

### Strategic land use planning

In many instances, Powerlink acquires strategic transmission line easements well in advance of anticipated construction programs to enable community certainty in long term land use planning. Powerlink has implemented strategies to avoid inappropriate development occurring adjacent to transmission line easements.

Local councils, planners and developers play a key role in determining development on and adjacent to easements. Powerlink is progressively building relationships with these organisations and individuals through their representative bodies.

A major aspect of this communication has focused on facilitating the adoption of an "acceptable solutions" concept for development near easements. This concept encompasses guidelines to encourage setbacks from the edge of easements for certain developments and vegetation screening to improve the amenity of the area when powerlines are eventually constructed.

Developed in cooperation with planners, the "acceptable solutions" guidelines are now being included in some new draft council planning schemes.

To increase public awareness of the location of easements for future transmission lines, these easements and existing transmission lines are now marked on UBDs and Gregory's Directories for metropolitan Brisbane and the Gold and Sunshine Coast areas and will also appear in the next edition of regional town's directories. This initiative by Powerlink has been well received by members of the community.

### Support for trainees

Through an agreement with not-for-profit organisation Challenge Employment and Training (CET), Powerlink is generating jobs and contributing to the well-being of the environment. Powerlink has provided space at our Woree substation site for use by CET as a wholesale plant nursery and horticultural training facility.

Ten traineeships have been secured for unemployed people in the region, providing an opportunity for trainees to access skills and employment. Powerlink has provided work for the trainees in the landscaping and garden maintenance of the area near our Woree Substation.

### Partnering to protect a wildlife corridor

To help regenerate a wildlife corridor, some 12 000 trees covering a four hectare area will have been planted by September 2003, after the second year of a Powerlink sponsored project in North Queensland.

The Walter Hill Ranges Wildlife Corridor Project's aim is to protect bio-diversity in an area between Townsville and Cairns where links between upland and lowland rainforests need to be strengthened to allow the safe movement of fauna. Powerlink's tree planting will re-establish a wildlife corridor in an area inhabited by the endangered Southern Cassowary.

These corridors generally run along creeks through sugar cane plantations and were originally cleared. Now, with the agreement of the property owners, we have been able to help re-establish these important natural links between isolated rainforest areas.

## community and environment

In 2001, Powerlink began a five-year sponsorship of the project, which is a joint initiative of the Queensland Parks and Wildlife Service – Centre for Tropical Restoration, with support from TREAT (Trees for Evelyn and Atherton Tablelands), C4 (Community for Coastal and Cassowary Conservation) and BSES (Bureau of Sugar Experimental Stations).

### Regenerating Sandy Creek

Friends of Sandy Creek is an initiative of Bremer Catchment Association, Readymix Holdings (formerly CSR Readymix) and Powerlink, working together to help restore the health of the Sandy Creek catchment area at Tivoli, between the Warrego Highway and the Bremer River.

This section of the creek runs adjacent to the Readymix Tivoli plant site, some private properties and Powerlink-owned properties. Powerlink's Blackwall to Greenbank transmission line is under construction in the area.

Since the Friends of Sandy Creek formed in June 2002, more than 5 000 trees have been planted by the group, community members and trainees involved with the mitigation works for Powerlink's Blackwall to Greenbank transmission line project.

Five trainees have graduated with a Certificate II in Australian Land Conservation and Restoration while working on the project. Five new trainees are currently continuing with the mitigation works.

A community planting day, held in mid 2003, helped to progress the project to remove weeds and replant the banks with native species. Our planned Blackwall to Greenbank transmission line project will traverse Sandy Creek.

### Helping Wambo Shire establish trees

As a result of a partnership between the Brigalow Jimbour Floodplains Group and Powerlink, more than 10 000 seedlings have been established in Wambo Shire, despite harsh conditions. The program, which has continued over several years, has involved local residents in the planting and subsequent care of seedlings during the protracted drought. As a result of the community efforts, survival rates of the initial plantings are greater than 95%. These trees will provide future benefits including the screening of transmission lines and positive environmental influences, as well as a means of enhancing farm management.

### Working with communities

During the year, Powerlink continued to work with property owners, Traditional Owners, government agencies, community groups and other stakeholders with an interest in our projects and plans. Our community consultation programs aim to establish open and cooperative working relationships with communities close to planned transmission infrastructure so that information flows openly. Powerlink also actively seeks to obtain feedback from members of the community, which assists in managing and reducing the impacts of our developments.

Powerlink supported industry and community projects demonstrating an education and community focus, including activities as diverse as the Cooyar Show, a Greening Australia environmental training program, supporting two Downs Group Apprenticeship Schemes in the Gatton and Laidley Shires and the Queensland University of Technology's Engineering Project Expo.

look forward >> to opportunities for young people

### Lockyer Valley project enables community's dreams

A recreational facility will be developed at Prenzlau State Primary School for student and community use through a project funded by Greening Lockyer, a community partnership program supported by Powerlink and the Esk, Gatton and Laidley Shire Councils.

Principal Meagan Carmichael said the Prenzlau students would benefit from tennis court resurfacing, shade cloth construction, landscaping and regrassed sports areas.

"Our present tennis court has a large termite mound in the middle of it, so our facilities really are in dire need of an upgrade. But with only 30 students at the school, these projects were out of reach for us financially," Meagan said. "It will be a tremendous boost to the students – giving us facilities for tennis, netball and other sports.

"We're looking forward to being able to host inter-school sports events and becoming more of a community recreational zone out of school hours."

The three year Greening Lockyer program aims to help regenerate the environment and create training and employment opportunities for Lockyer Valley residents.

The program is financing projects that target environmental issues and assist in offsetting the impact of Powerlink's electricity transmission infrastructure. As well as improvements at the Prenzlau school, in its first year Greening Lockyer will fund projects to redevelop park facilities, create an educational bush tucker walk, showcase local history, provide wildlife habitat corridors and improve and manage the environmental values of a swamp reserve.

Strong community involvement and commitment by project partners will play a vital role in the success of the program.

Powerlink's investment in this program acknowledges the strategic importance of current and future transmission infrastructure in the Lockyer Valley and recognises the resulting community impact.

"Prenzlau school will celebrate its 110th anniversary next year and we're very positive about the changes that will be achieved before that celebration," Meagan said.



As part of Greening Lockyer, Prenzlau students will benefit from tennis court resurfacing, shade cloth construction, landscaping and regrassed sports areas.

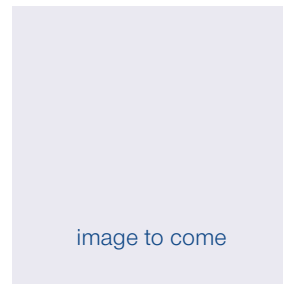


image to come



creating  
opportunity

Powerlink's investment in this program acknowledges the **strategic importance** of current and future transmission infrastructure in the Lockyer Valley and recognises the resulting **community impact**

Prenzlau State Schools Jessica Stone (front), Timothy Bichel and Principal Megan Carmichael.

## community and environment

### Sharing information on electric and magnetic fields

The issue of electric and magnetic fields (EMF) was again a high priority for Powerlink during the year as we continued to monitor recommendations of authoritative scientific and medical review panels and disseminate information to our staff and the general public. Internationally, during the year, significant reports were issued by the International Agency for Research on Cancer (IARC) and California Department of Health Services (DHS).

In Australia, the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) also commenced a review of the current Australian guidelines issued by the National Health and Medical Research Council (1989) and will consider the need for an exposure standard. Powerlink will be involved in this process through our membership of the Electricity Supply Association of Australia (ESAA)'s EMF Advisory Committee. The ARPANSA review is expected to be completed in 2004.

Powerlink continues to follow a policy of 'prudence' when designing and constructing electricity infrastructure. This includes designing transmission assets for low EMF levels, avoiding placement of transmission assets near homes, schools and community facilities where possible and sharing EMF information openly with the community.

Powerlink has also developed a program to encourage Queensland local authorities to include prudent measures in their planning guidelines for development around high-voltage transmission line easements.

Prudence also includes providing awareness training for employees and considering the issue in developing new work practices such as barehand live line and live substation maintenance techniques.

### Providing environmental training and auditing

Powerlink employees attend environmental training each year to embed an understanding of Powerlink's corporate policy and the individual's responsibility to environmental protection.

Specialist training programs are also provided to our engineering and field staff to meet specific needs within the organisation and to help maintain best practice standards in construction and maintenance activities. Powerlink ensures employees and contractors working on our assets are trained in environmental, Cultural Heritage and Native Title obligations. This year, emergency response training was provided for employees involved in maintaining oil filled equipment to ensure a practical understanding of what to do in the event of an oil spill.

Environmental auditing has been increased over the past year to assist in identifying opportunities for improvements in environmental performance. The results of these audits identify that improvements in easement maintenance, land management and construction projects are already occurring, with further improvements expected in the near future.

Environmental audits are occurring on Powerlink's construction projects in the Southern Brisbane region every three months. The scope of these audits is comprehensive and covers our construction contractors' performance, the environmental performance of Powerlink's project team and the effectiveness of the project's Environmental Officer.

## community and environment

### Environmental Management System (EMS) reviewed

The core of Powerlink's environmental approach is our EMS business process that comprises our policy as well the cycle of planning, implementing, checking and reviewing our performance in carrying out everyday operations. This year, the EMS has been fully reviewed and updated with a strong focus on managing identified risk areas.

Environmental strategy plans have been developed to address each of the risk areas identified in the EMS and measurement tools established.

### Responding to Greenhouse issues

Powerlink is a signatory to the Greenhouse Challenge, a national program that helps organisations to reduce their overall energy consumption and Greenhouse gas emissions. In 2002/03, our performance as reported to the Australian Greenhouse Office has included:

- maintaining a highly accurate sulphur hexafluoride gas (SF6) inventory;
- improving the efficiency and reducing the size of our car fleet;
- sponsoring tree planting programs;
- undertaking an energy audit of our Virginia headquarters to identify opportunities to reduce energy consumption;
- implementing cultural change programs aimed at promoting environmental awareness and performance.

Powerlink's major contribution to the reduction of Greenhouse gas emissions is through planning and developing augmentations to our network which reduce transmission losses. Weather patterns and generating plant closures forced an increase in transmission losses this year beyond the control of Powerlink.

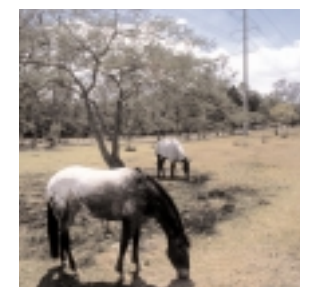
Powerlink's use of SF6 gas has increased significantly in recent years as SF6 is used exclusively as the insulating medium in extra high-voltage switchgear which forms part of our network. Our fast and cost-effective leak detection system includes the use of an SF6 detection camera that is used to scan live equipment, reducing the need for outages.

### Looking forward:

We plan to:

- Undertake projects committed in year one of the Greening Lockyer program and identify projects which will be funded in year two of the program;
- Achieve our target performance against environmental strategy plans identified in our EMS;
- Realise further improvement in environmental performance in easement maintenance, land management and construction projects.

Responsible environment management is more than just a policy for Powerlink. We have been working hard this year to raise environmental awareness amongst all staff and entrench our EMS approach.



# people

**Achieving our goals will only be possible through the skills, commitment and expertise of Powerlink's people.**

We have identified four key areas of focus to meet and exceed the challenges facing us:

1. **Having the right capabilities** – continuing to build teams that deliver the flexibility to innovate and meet challenges.
2. **Achieving work/life balance** – recognising that good performance is a product of a balance between work and personal life.
3. **Focusing on areas of expertise** – concentrating on “high value-add” activities and encouraging continuous learning and improvement.
4. **Maintaining our successful workplace culture** – continuing leadership development for all employees and rewarding good performance.

## **Flexibility to improve balance for employees**

We recognise the need to continually identify opportunities to improve the work/life balance of our employees. This year we extended our flexible leave system to all employees. The system allows employees to take additional leave, for example, for family care commitments, and to standardise their salary over the year.

## **Training and developing our people**

We continued to provide development opportunities for apprentices, engineering technologists, administrative trainees, transmission linespersons and graduate engineers. This year we introduced a new development program for Information Technology graduates.

## **Enhancing workplace performance**

Powerlink's performance management and reward scheme is now well established and contributes to a culture of continuous improvement. We continue to streamline and improve this scheme incrementally. This year we successfully introduced greater flexibility in the method of collection of 360° feedback for employees.

## **Safety is our first priority**

The safety of our people, the public and property is regarded as Powerlink's first priority. We are committed to continual improvements that deliver a safe business environment and the safe operation and development of our network.

Our people are the key to achieving operational excellence

look forward >>

Achieving a work/life balance – Powerlink's people in training at Southbank for Brisbane's 'River Run' >>



## people

### Ensuring safety at work

In October 2002 new electrical safety legislation was introduced which has provided further impetus for the re-development of the Safety Management System. This comprehensive system further enhances the framework for Powerlink's approach to safety which is consistent with the new legislation. It is being developed in consultation with other organisations prescribed within the legislation to establish an acceptable standard and approach.

Powerlink provided significant input to the development of the *Electrical Safety Act 2002* through the appropriate consultation mechanisms and continues promote the consistent adoption of national standards.

We are actively involved in the development of national safety standards through our membership of consultative groups within the ESAA. During this year, Powerlink played a key role in co-ordinating the development of guidelines for aerial surveillance of overhead electrical networks and continued to provide further comment on various other guidelines developed by the ESAA.

On two occasions during the year, independent audits were carried out to test Powerlink's compliance with *Workplace Health and Safety Act 1995*.

Powerlink's performance management and reward scheme contribute to a culture of continuous improvement.

Troy Shorley – Young Engineering Technologist of the Year.

These audits formed a component of our ongoing program of internal and external safety audits. Powerlink has demonstrated continuous improvement in our compliance with relevant legislation. Any items identified as requiring remedial attention are addressed and reported through our safety steering committee and Executive Leadership Team.

### Young Engineering Technologist recognised

The success of our ongoing traineeship program was demonstrated when a former development engineering technologist and now permanent employee, Troy Shorley, was named as Young Engineering Technologist of the Year for Queensland by Engineers Australia.

### Looking forward

We plan to:

- Implement strategies to deliver safety performance which is the best in the NEM;
- Implement initiatives to ensure our people are well positioned to achieve operational excellence



look forward >> to excellence in safety



Our maintenance staff are always aware of **safety** procedures, but it is important that we provide them with the **best possible** equipment to ensure their environment is as **safe** as it possibly can be

### Safety in the substation environment

"Our maintenance staff are very professional and are always aware of safety procedures, but it is important that we provide them with the best possible equipment to ensure their environment is as safe as it possibly can be," said John Dixon, Powerlink's Maintenance Investigation Officer.

Safety is top priority when Powerlink maintenance staff work in our high-voltage substations. So when workers identified a hazard in earthing moveable apparatus – such as cranes, scissor lifts and other elevated working platforms – an innovative solution was required.

When insulated metal objects are located close to high-voltage plant, a voltage exists between the object and earth. Any person touching the metal object while standing on the ground would receive an electric shock. While it has always been a safety requirement to earth

metal apparatus working in a substation, the method of earthing hadn't kept pace with the development of high-voltage plant. There was a risk the existing earth cable could move if the apparatus was moved.

Faced with this problem, John devised a Moveable Apparatus Trailing Earth (MATE) – a unique system of attaching a chain in parallel to secure a longer earth cable and avoid strain on the cable.

"No other organisation in Australia had a solution that fitted our needs. So after testing several designs with input and feedback from our maintenance staff, the MATE was developed," John said.

The MATE has been tested and certified and is currently in production for widespread use by staff carrying out network maintenance.

# corporate governance

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

The Board and management work together to establish and maintain a legal and ethical environment that ensures accountability throughout Powerlink that is in the best interests of shareholders and the corporation.

## Board of Directors

The Board is appointed by the Governor in Council in accordance with the *Government Owned Corporations Act 1993*. The Board consists of five non-executive directors who bring independent views, and possess qualifications, experience and expertise over a broad range of areas relevant to the present and future needs of the corporation.

Two members of the Board whose terms expired in June 2003 (Ms Patricia Conroy and Mr Walter Threlfall) were reappointed for an additional term of 3 years.

The Board's functions include:

- Maintaining accountability to Shareholders and keeping them informed of the corporation's performance, key issues facing the organisation and major developments;
- Establishing the corporation's strategic direction and commercial policies;
- Establishing goals for management;

- Monitoring performance of the corporation ensuring that the corporation acts in accordance with, and achieves, its Statement of Corporate Intent (SCI);
- Assessing Powerlink's performance against strategic goals and targets;
- Making commercial decisions within Powerlink's areas of responsibility;
- Ensuring the corporation performs its functions in a proper, effective and efficient manner; and
- Ensuring compliance with statutory, financial and legal requirements.

The Board keeps its position on all governance issues under review.

## Shareholding Ministers

The corporation's Shareholding Ministers are the Deputy Premier, Treasurer and Minister for Sport, and the Minister for Innovation and Information Economy.

## Conflict of interest

Directors who have a material conflict of interest in a matter to be considered by the Board are required to make the nature of that interest known. Details of such disclosures are recorded in the minutes of the meeting.

## Board Committees

The Board has established two Committees to assist in the effective operation of the Board. The membership of both Committees is wholly comprised of Non-Executive Directors.

We are committed to ongoing refinement of our strong and robust corporate governance practices

look forward >>

Strong corporate governance ensures the confidence of our shareholders, customers and the community >>



## corporate governance

### Audit and Compliance Committee

**Chairman** - Merv Norman

**Members** - Else Shepherd, Christina Sutherland

This Committee reports on issues relating to financial integrity, corporate processes for compliance with laws and regulations, codes of conduct, business risk management and audit effectiveness. It assists the Board to fulfil its corporate governance responsibilities.

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** - Merv Norman, Patricia Conroy

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

### Risk management

The Powerlink Board has approved a risk management charter that provides an overall framework and structure for managing risks at Powerlink. The charter is consistent with the Australian/New Zealand Standard on Risk Management (AS/NZS 4360:1995).

The internal audit plan is developed in conjunction with the annual review of the corporation's risk profile.

The Board has also approved Treasury policies regarding exposures to foreign currencies, interest rates, commodity prices that include limits and authority levels.

### Professional development of Directors

Powerlink's Directors are committed to the ongoing development of their professional training and knowledge. This ensures that they have the best possible skills and tools to provide Powerlink with capable and professional leadership.

Attendance at workshops, courses and seminars conducted by the Australian Institute of Company Directors (AICD) and other professional bodies help to provide and develop these skills.

### Planning, reporting and monitoring

Powerlink is required to present annually a 5-year Corporate Plan and an annual Statement of Corporate Intent to Shareholding Ministers for their approval. These documents are produced following a comprehensive strategic planning and business planning process that involves Powerlink's Board and Executive Leadership Team.

The Statement of Corporate Intent (SCI) outlines Powerlink's proposed key objectives, targets, functions, and undertakings for the financial year. It forms the performance agreement between the Board of Powerlink and Shareholding Ministers. A copy of the SCI is tabled in the Legislative Assembly in accordance with Section 132 of the *Government Owned Corporations Act 1993*.

Performance against key targets and measures is monitored using methods such as monthly reports and business reviews prepared by management for the Powerlink Board, and quarterly status reports to Powerlink's Shareholding Ministers.

### Management committees

A Management Committee structure operates in parallel to the Board Committees to address issues of Environmental Management and Workplace Health and Safety.

### Environmental management

The Environmental Management Committee develops appropriate strategic responses to environmental issues, as well as ensuring compliance with Powerlink's policies and relevant environmental legislation. The committee submits quarterly reports to the Audit and Compliance Committee through the Chief Executive.

### Workplace Health and Safety

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.

## corporate governance

The Committee submits quarterly reports to the Audit and Compliance Committee through the Chief Executive.

### Ethical standards

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. They have a responsibility to undertake these duties in a lawful, objective and professional manner.

### Dividend policy

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

### Shareholding Ministers' directions

During the year, Powerlink's shareholding Ministers did not issue any directions to Powerlink.

### Remuneration policy

Powerlink Queensland's remuneration policy is designed to:

- (a) attract and retain talented people with the skills to plan, develop, operate and maintain a large, world-class electricity transmission network; and
- (b) incentivise and reward those people for exceeding the key business performance targets.

The policy provides for performance-based payments for all permanent employees, with the payments directly linked to the performance of the business, and to the performance of the individual or small team.

### Award employees

An Enterprise Agreement provides Award employees with six-monthly economic increments (presently 2%) to their base pay. In addition, employees are able to achieve capability-based increases to their base pay through the acquisition of additional required competencies.

Award employees are also eligible for performance-based payments that are delivered in two forms: Gainsharing and Performance Pay.

**Gainsharing** is a flat payment made to all award employees provided that:

- (a) the Corporation's profitability target is exceeded; and
- (b) a family of key corporate performance measures, including safety, are achieved.

**Performance pay** is based on individual or small team performance targets that are reviewed six-monthly and rated at the end of the annual performance cycle. The individual performance targets are aligned with the overall corporation business targets.

### Contract employees

Managers and senior staff are employed on management contracts. Powerlink Queensland's remuneration policy for contract employees uses the concept of Total Fixed Remuneration (TFR) which includes superannuation contributions and motor vehicle costs.

In order to promote management focus on achieving the corporation's business targets, the policy sets the Total Fixed Remuneration below the market median for the position, and, via the first tier of the two-tier performance pay arrangements, the employee can earn the market median remuneration by meeting his/her performance targets, which are aligned with the corporation's business targets.

The second tier of the two-tier performance pay arrangements reward the employee for exceeding his/her performance targets. Performance agreements are reviewed six-monthly and rated at the end of the annual performance cycle.

Employees on management contracts are not eligible for a gainsharing payment.

The TFR level is reviewed annually based on consideration of economic and capability factors. The economic factors include relevant market indexes including movements in salaries and wages in the electricity industry, and remuneration levels in comparable electricity transmission entities. Capability factors consider the employee's growth in technical, business and leadership capabilities.

## board of directors



### Else Shepherd AM

FTSE BE(Hons), FIEAust, CPEng, FAICD  
Grad Dip Music (QCM), A Mus A

#### Chairman of the Board (appointed 1994)

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 industry, Else was awarded a Member in the General Division of the 2003 Queen's Birthday Honours List. She also received a Centenary Medal in 2003 for services to Australian society in the field of Information Technology.

Else's work has been recognised by her peers through her selection as "Queensland Engineer of the Year" in 2000 and her appointment as a Fellow of the Australian Academy of Technological Sciences and Engineering.

She serves in The Institution of Engineers Australia as a Member of the Accreditation Board and National Industry Liaison Board, and has lectured at Queensland universities.

Else owns and operates a group of engineering companies undertaking research and development of innovative telecommunications products. Else is a member of the Powerlink Board's Audit and Compliance Committee.



### Patricia Conroy

#### Board Member (appointed 1999)

A long-time partner in her legal practice, Conroy and Associates, Toowong, Brisbane, Patricia is a Queensland Law Society Councillor and member of the Queensland Women's Lawyers Association.

Prior to 1980, Patricia was an active member of the Mt Isa business community, fulfilling roles as a Mt Isa City Council Alderman, Vice President of the North West Law Association, and partner in her own law firm. Patricia was also a founding member of the Aboriginal and Torres Strait Islanders Legal Service, Mt Isa.

For three years from 1994, Patricia was a member of the SEQEB Board of Directors and also served on the Board's Audit Committee.

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



### Merv Norman

FIEAust, CPEng, FAIMM, FAICD, REPC

#### Board Member (appointed 1994)

Merv Norman is a Chartered Professional Engineer with more than 40 years of experience in engineering for Australia's natural and primary resource industries.

He began his career in Queensland's sugar industry before broadening his expertise to include design and management of major projects for the mining and metallurgical processing industries.

After working at Mt Isa Mines between 1948 and 1955, Merv became a partner in the consulting engineering practice of Ariotti Norman Hamilton and Bruce. He then joined MIM Holdings in Brisbane in 1969 and retired from the company as General Manager Development in 1991.

A former District Governor of Lions International, Merv has served on many civic and professional committees during his career. Merv is currently on the Board of several companies, and chairs International Brands Pty Limited.

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

## board of directors



### Christina Sutherland

BLaw

#### Board Member (appointed 2001)

Christina Sutherland is a solicitor of the Supreme Court of Queensland and the High Court of Australia, with almost 16 years of experience providing insurance litigation, commercial litigation, administrative and industrial relations legal services to both plaintiffs and defendants in Queensland.

In 1998, Christine became a partner of Quinlan Miller and Treston Solicitors after more than 10 years with the company. She is an active member of the Queensland Law Society and has considerable experience presenting seminars as part of the Continuing Legal Education (CLE) program.

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



### Walter Threlfall

#### Board Member (appointed 1994)

Walter Threlfall has been an official of the Electrical Trades Union of Australia – Queensland Branch (ETU) since 1977. He is currently the Assistant State Secretary of the Electrical Trades Union (ETU) of Australia, Queensland Branch, a position he has held since 1983. In this role, Walter represents the interests of ETU members in Northern 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 Deputy Chairman of the Townsville Regional Group Apprenticeship Scheme (TORGAS Inc), Chairman of the Townsville TAFE Queensland Advisory Council and Director of the Sugar Manufacturers of Australia Retirement Trust (SMART).

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

## executive leadership team



### Gordon Jardine

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

#### Chief Executive

Since 1995, Gordon Jardine has held the position of Chief Executive of Powerlink Queensland. He is also a member of the System Reliability Panel of the NEM, and Chairman of the Australian National Committee of CIGRE, the premier international body for high-voltage power systems.

Gordon has represented the transmission network service providers in forums that shape the future development of the NEM.

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

He is a Director of ElectraNet SA, following Powerlink's acquisition of a 40.25% interest, and a member of the ElectraNet SA Remuneration Committee.



### Simon Bartlett

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

#### General Manager Network

Simon Bartlett is responsible for strategic business development and asset management to maximise the long-term return on Powerlink's investments in a way that satisfies the emerging expectations of our stakeholders, including our Shareholders, customers, NEM participants, regulator and the community.

Simon is also a Director of ElectraNet SA and provides strategic advice on the development and management of the transmission network in South Australia.

His 30-year career in electricity generation and transmission has included Australian and overseas roles in planning, design and strategic management.



### Maurie Brennan

B Bus, MBA, CPA, MAICD

#### Manager Finance & Commercial Services

Maurie Brennan has provided strategic financial and business advice to public sector organisations in Queensland's electricity industry since 1979. He was a member of the team responsible for the corporatisation of the Queensland Electricity Supply Industry in 1995.

At Powerlink, Maurie manages all finance, tax, treasury, business planning, investment analysis, corporate services, internal audit, legal compliance and Shareholder reporting issues. In addition, Maurie is Powerlink's Board Secretary.

Maurie is a Director of ElectraNet SA and a member of the ElectraNet SA Audit and Compliance Committee. He is also an alternate Director of the ESI Super Board.

## executive leadership team



### Hugh Grant

BE (Hons), Grad Dip (Management), CPEng, MIEE

#### Manager Operations

Hugh Grant manages specialist services including network monitoring and switching, oil testing and diagnostics, Information Technology and Telecommunications (IT&T), and research and development services. These services are used by Powerlink and other Australian and international clients.

Hugh negotiated the Shared Services Agreement with ElectraNet SA. He also coordinated a project aimed at streamlining Powerlink's support and administration services, and establishing the implementation of shared services to ElectraNet SA.

Hugh now retains responsibility for service delivery under the Shared Services agreement with ElectraNet SA.

Before joining Powerlink, Hugh gained international experience with various plant manufacturers and service providers to the electricity supply industry.



### Gary Johnston

BA (Hons), MAPS, MAHRI

#### Manager Employee Relations and Development

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

Gary has managed successful workplace improvement initiatives, Powerlink's cultural development program and culture survey. He has also guided organisational restructuring and change management programs.

Gary has more than 25 years professional experience in clinical and organisational psychology roles including 15 years in human resource management.

## executive leadership team



### Terrence (Terry) Miller

BE (Elec)

#### Manager Grid Planning

Terry oversees all analysis and planning activities for Powerlink's transmission network and plays a key role in contributing to Powerlink's network and investment strategies.

His activities aim to ensure that Powerlink meets the requirements of the NEC for network reliability, electricity supply quality and system stability. In addition he represents Queensland on the Inter Regional Planning Committee of the NEM.

With more than 31 years' experience in the Queensland electricity industry, Terry's career has included experience in network planning, regulatory affairs, customer account management, substation design and distribution network design.



### Garry Mulherin

BE (Elec), R.P.E.Q.

#### Manager Network Field Services

Appointed to this position in October 2002, Garry oversees field maintenance and project works for Powerlink's southern region transmission network, with the intention 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 improving environmental processes, engineering design and overall cost efficiency.

During his 25-year career within the electricity industry, Garry has achieved a depth of experience in distribution and transmission.

Prior to his appointment to Powerlink, Garry managed various key areas within Energex, and successfully led organisational change initiatives.



### Brian Pokarier

BE Dip Business Management CP Eng, FIEAust

#### Manager Engineering and Projects

Brian Pokarier manages Powerlink's Engineering and Projects Business Unit, a group that leads the organisation's implementation of new technology and innovations to enhance network performance.

Over the last year, Brian has focused the group's resourcing and project management on improving asset value and reliability. Brian also oversees the provision of consulting services in design, engineering and project management to customers in Australia and overseas.

With 30 years' experience in electrical engineering, Brian holds the position of Australian Convenor of the new CIGRE panel for System Technical Performance and is Chairman of the Australia Standards Committee for overhead lines.

## executive leadership team



### Robyn Robinson

BSc, MSc(OR), Dip CompSc

#### Manager Corporate Development

As Manager Corporate Development Robyn's responsibilities include optimising Powerlink's ability to integrate new external business investments, and co-ordination of corporate-wide business process improvement activities.

Robyn leads a program to review and refine Powerlink's major business processes as a strategy contributing to achieving operational excellence.

Robyn has previously been involved in the provision of Information Technology services including customer relationship management, strategy development, project management and application development to the Queensland electricity industry for more than 20 years. She is a member of the Australian Society for Operations Research and Women in Information Technology.



### Owen West

BSc (Hons), BCom, MAICD

#### Manager Procurement

Owen manages the provision of materials management and procurement services to internal Powerlink customers. His team has also developed a solid external customer base in Queensland for value-added and strategic procurement and commercial services.

Owen has an extensive commercial, sales and purchasing background in the mining and electrical industries, holding senior roles in MIM Holdings Limited, Thiess and CSR before joining Powerlink in 1998.

Owen is a Director of ElectraNet SA. He is the Australian spokesperson for the Asia Pacific Utilities Group (APUG) and is Powerlink's representative on its Steering Committee.

## directors' report

The Directors present their report together with the financial statements of Queensland Electricity Transmission Corporation Limited (Powerlink Queensland) and the consolidated financial statements of the economic entity, being Powerlink Queensland and its controlled entities, for the year ended 30 June 2003, and the auditor's report based on this.

### Directors

The names of the Directors of Queensland Electricity Transmission Corporation Limited at any time during or since the financial year are:

- Else Shepherd (Chairman)
- Merv Norman
- Walter Threlfall
- Patricia Conroy
- Christina Sutherland

### Principal activities

The principal activities of the economic entity during the course of the financial year were:

- Delivery of a secure and reliable 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;
- Provision of services to NEMMCO to manage the security of the Queensland Grid;
- Provision of metering at generation and customer/distribution connection points; and
- Performance of the functions of Jurisdictional Co-ordinator of Sensitive Loads, and Transmission Network Planning in Queensland, as appointed by the Queensland Government.

There were no significant changes in the nature of the activities of the economic entity during the financial year.

### Consolidated results

The consolidated profit for the year, before interest and income tax equivalent attributable to the members of Queensland Electricity Transmission Corporation Limited, was \$194.6 million (2002: \$186.3 million).

### Dividends

The Directors have provided for a final dividend of \$72.9 million, being 95% of the operating profit and extraordinary items after income tax equivalent (2002: \$70.5 million). The Board of Directors have made their recommendation on the final dividend to be paid after consultation with shareholding Ministers in accordance with the Government Owned Corporations Act.

The final dividend will not be franked.

### Significant events subsequent to balance date

In the interval between the end of the financial year and the date of this report, no item, transaction or event of a material and unusual nature has arisen that is likely, in the opinion of the Directors of the corporation, to significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

### Review of operations

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

### Likely developments and expected results of operations

Information on likely developments in the operations of the economic entity and the expected results of operations in future financial years has not been included in this report. Disclosure of such information would be likely to result in unreasonable prejudice to the consolidated entity.

## directors' 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.

### Environmental regulation

The economic entity is subject to environmental regulations under State and Federal 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.

The economic entity has an Environmental Steering Committee and Board Audit and Compliance Committee that monitors compliance with environmental regulations. The Directors are not aware of any significant breaches that led to prosecution during the period covered by this report.

### Directors' meetings

The number of Directors' meetings (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director were:

	BOARD	MEETINGS OF COMMITTEES	
	MEETINGS	AUDIT	REMUNERATION
Number of meetings held:	11	4	2
Number of meetings attended:			
Else Shepherd	11	4	*
Patricia Conroy	10	*	2
Merv Norman	10	4	2
Walter Threlfall	11	*	2
Christina Sutherland	11	4	*

\* Not a member of the relevant committee

### Information on Directors

Details of Directors, their experience and any special responsibilities are in this Annual Report.

### Directors' ordinary shares

No Director has an interest in the shares of Powerlink Queensland.

### Directors' interests and benefits

Directors' relevant interests in the share capital of Powerlink Queensland are provided above. Since the end of the previous financial year, no Director of Powerlink Queensland has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the consolidated accounts).

All paid shares are held by Shareholders on behalf of the State of Queensland.

### Indemnities and insurance

Powerlink Queensland indemnifies the Directors and each employee of the corporation and its controlled entities.

The indemnity relates to any liability:

- To a third party (other than the company or a related body corporate) unless the liability arises out of conduct involving a lack of good faith; and
- For costs and expenses incurred in successfully defending civil or criminal proceedings or in connection with an application, in relation to such proceedings, in which relief is granted under the Corporations Act 2001.

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

## directors' report

### Insurance

During the financial year, Powerlink Queensland insured the Directors and employees of the economic entity. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors or employees in their capacity as Directors or employees of the economic entity.

The Directors have not included details of the amount of premium paid in respect of the Directors 'and officials' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

### Directors' and officers' remuneration

Directors' emoluments are set by State Government regulation, with other fees determined on the basis of meetings attended by them to perform their roles as Directors of Powerlink Queensland.

Powerlink Queensland has developed a policy for senior executive remuneration in accordance with Remuneration Guidelines issued by the Queensland Government for senior executive staff. Powerlink Queensland's remuneration policy is based on the concept of total fixed remuneration from which elements such as superannuation contributions and motor vehicle costs can be "salary sacrificed". Powerlink's policy is to set total fixed remuneration below the relevant market median for the position.

Remuneration arrangements for management contracts also include an 'at risk' performance payment which is payable upon achieving and/or exceeding pre-agreed targets (comprising both corporate measures and individual measures).

Details of the nature and amount of each major element of the emoluments of each Director of the Company and each of the five named officers of the Company and the consolidated entity receiving the highest emolument are:

DIRECTOR	FIXED REMUNERATION '000	SUPER CONTRIBUTIONS '000	TOTAL REMUNERATION '000
Else Shepherd (Chairman)	46	4	50
Merv Norman	29	2	31
Walter Threlfall	23	2	25
Patricia Conroy	23	2	25
Christina Sutherland	23	2	25

EXECUTIVE	FIXED REMUNERATION '000	SUPER CONTRIBUTIONS '000	TOTAL REMUNERATION '000
Chief Executive	295	40	335
General Manager Network	214	33	247
Manager Finance & Commercial Services	172	23	195
Manager Employee Relations & Development	146	22	168
Manager Engineering & Projects	145	20	165

\* Superannuation contributions are able to be "salary sacrificed" from the total fixed remuneration.

### Rounding

The corporation is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest one thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of the Directors.

E.E. Shepherd  
Chairman

September 2003

## financial statements >>

statement of financial performance	58
statement of financial position	59
statement of cash flows	60
notes to and forming part of the financial statements	61
directors' declaration	89
independent audit report	90