



Powerlink Queensland

**Annual Report and
Financial Statements**

2013/14

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Powerlink Queensland

Mission

We responsibly deliver electricity transmission services that are valued by our shareholders, consumers, customers and the market.

Vision

Powerlink is a safe, commercial and performance focused organisation that creates and delivers valued outcomes.

Values

- Safe
- Respectful
- Proactive
- Ethical
- Cooperative

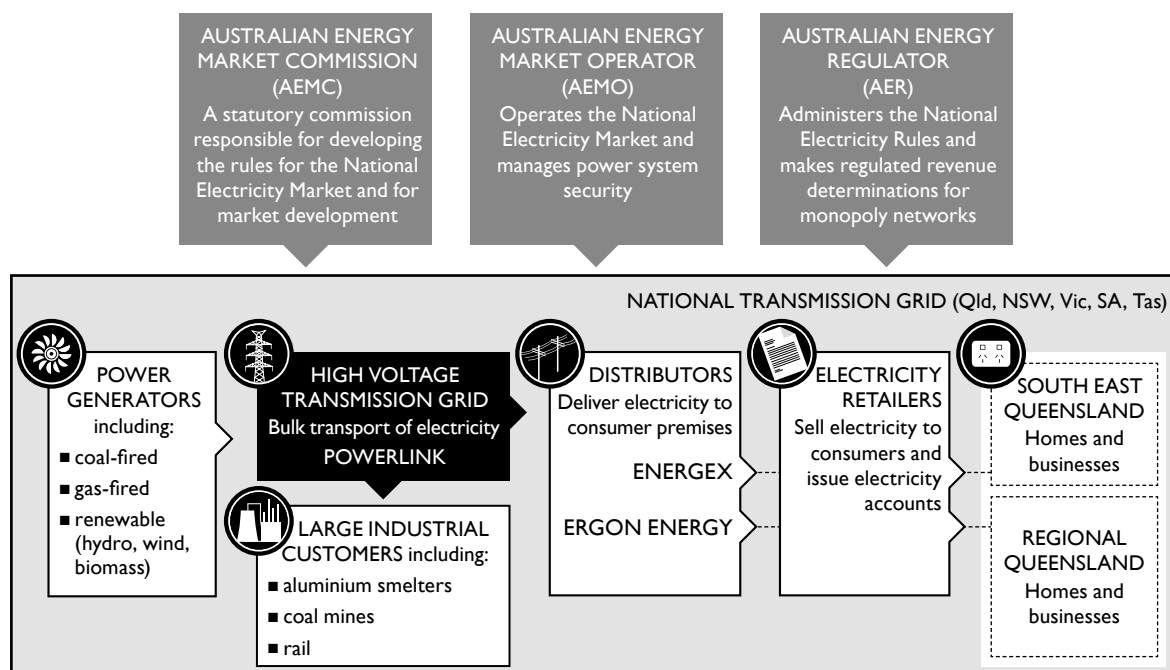
Powerlink profile

Powerlink is a State Government Owned Corporation that owns, develops, operates and maintains the high voltage transmission network in Queensland. Powerlink's network extends 1,700 kilometres from north of Cairns to the New South Wales (NSW) border, and comprises 15,000 circuit kilometres of transmission lines and 132 substations.

Our primary role is to provide a safe, cost effective and reliable transmission network to transport high voltage electricity from power stations where electricity is generated, to the electricity distribution networks owned by Energex, Ergon Energy and Essential Energy (northern NSW). We also transport electricity to some large industrial customers such as aluminium smelters, mines and rail companies that are directly connected to our high voltage electricity network, and to NSW via the Queensland/NSW Interconnector (QNI) transmission line. Powerlink does not buy or sell electricity.

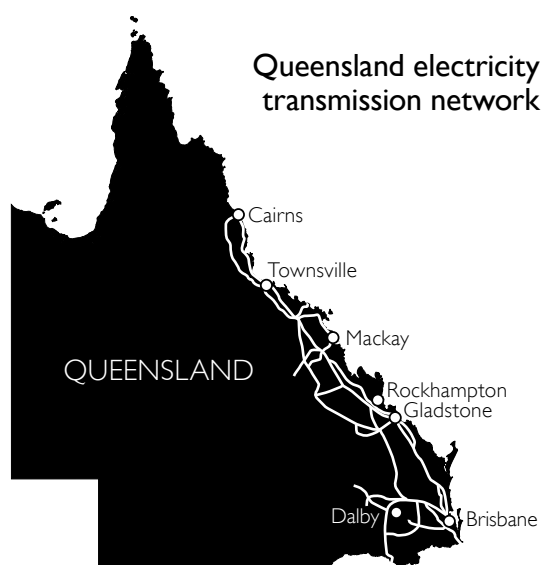
Powerlink is a Transmission Network Service Provider (TNSP) in the National Electricity Market (NEM). The majority of Powerlink's network is regulated under the National Electricity Law (NEL) and the National Electricity Rules (NER) by the Australian Energy Regulator (AER). A small number of transmission services are provided on a non-regulated basis, when large industrial customers (such as mines and generators) need to connect to the high voltage network. All costs associated with acquiring easements, constructing and operating the non-regulated network are paid for by the customer via commercial charges over the life of the agreement with the customer.

Powerlink's role in the Queensland power supply industry



Highlights

- Our *Safe for Life* program has improved our workplace health and safety risk management, safety practices and data reporting methods and is developing our managers as effective safety leaders.
- Our new business strategy builds on the achievements of the previous strategy and further focuses on safety, efficient service delivery, the agility in our people and our processes, and delivering value to our stakeholders, including electricity consumers.
- We worked cooperatively to provide the Queensland Government with data to inform decision making on new network reliability standards to better balance cost and reliability of supply to help meet community expectations. In June 2013, Powerlink had requested and received the ability to seek a variation of the reliability standard on a case-by-case basis. The Queensland Government decision to remove Powerlink's N-1 planning standard in preference of a more flexible planning approach came into effect on 1 July 2014.
- Our focus on developing long-term relationships with stakeholders and our understanding of what consumers value has been enhanced by our new Stakeholder Engagement Framework and research.
- We made a number of improvements to our processes and protocols for engaging with landholders and accessing land during the development, operation and maintenance of transmission infrastructure. The changes ensure our actions are better aligned to the expectations of landholders and other stakeholders.
- Powerlink performed positively against the annual network performance targets set by the Australian Energy Regulator (AER).



Reporting

This Annual Report has been prepared in accordance with the provisions of the *Government Owned Corporations Act 1993* (incorporating aspects of the *Financial Accountability Act 2009*) and the *Corporations Act 2001* and is presented to the Legislative Assembly of Queensland. It contains Powerlink's Financial Report for 2013/14.

Financial overview

The 2013/14 financial year saw the continued moderation of demand for electricity to be transported across the Powerlink network resulting from a range of factors including the take up of solar Photovoltaic (PV) by consumers and the slowdown in the mining and resource sectors. Powerlink continues to respond to these changes by revising its network augmentation capital expenditure program.

Powerlink business performance

Total revenue for the 2013/14 year was \$1,035.3 million with Earnings Before Interest and Tax (EBIT) closing at \$559.4 million.

Powerlink continued to focus on cost efficiency with 'controllable operating cost' for the year of \$190.2 million in line with the targets established for the business in the Statement of Corporate Intent (SCI). Powerlink measures cost efficiency as the percentage of 'controllable operating cost' over depreciated asset value, which for the year was 2.7 per cent (2013/14 SCI target of 2.9 per cent).

Powerlink's Net Profit After Tax (NPAT) for 2013/14 was \$205.8 million and represents an increase on the SCI target of \$4.9 million (2.5 per cent).

Capital investment

Capital expenditure in 2013/14 was \$423.7 million, with assets of approximately \$708.3 million capitalised in the financial year.

This capital expenditure was below the SCI expectations and reflects the response to the reduction in electricity demand. Notwithstanding the reduced demand growth, Powerlink is still required to replace and refurbish our ageing assets within the existing network to maintain a reliable transmission supply.

Borrowings

The reduced capital expenditure coupled with the stronger NPAT performance has enabled Powerlink to manage our cashflows and capital expenditure requirements with no net increase in borrowings for the year. Powerlink's business gearing (defined as Debt to Fixed Assets) remains strong and stable at 55.4 per cent, below the SCI target of 57.1 per cent.

Dividends

The Powerlink Board approved a dividend payout ratio of 80 per cent of the profit after income tax, exclusive of the effect of the ElectraNet sale price adjustment for 2013/14. The final dividend for 2013/14 is \$167.8 million.

Summary of Statement of Corporate Intent 2013/14

Our SCI for 2013/14, as agreed with our shareholding Ministers, details Powerlink's performance targets, priorities and strategies. The following table summarises the key financial and non-financial indicators, as incorporated in Powerlink's SCI, as well as our performance against these indicators.

Objectives	Performance targets	Performance outcomes
Meet financial targets		
<i>Achieve specified financial performance</i>		
Earnings Before Interest and Tax (EBIT)	\$547.4 million	\$559.4 million
Net Profit After Tax (NPAT)	\$200.9 million	\$205.8 million
Return on Assets	7.1%	7.4%
Return on Equity	8.1%	8.3%
Debt/Fixed Assets Ratio	57.1%	55.4%
Debt/Debt and Equity Ratio	63.5%	61.7%
Interest Cover Ratio (EBITDA)	3.2	3.2
Deliver shareholder value		
<i>To deliver dividends to shareholders while maintaining at least an "investment grade" business rating</i>		
Dividend Payout Ratio	80.0%	80.0% ¹
Dividend provided	\$160.7 million	\$167.8 million
Deliver our capital works program		
<i>Develop the Queensland transmission grid to meet customer electricity demands, and safety and reliability standards</i>		
Total capital forecast works expenditure	\$677.8 million	\$423.7 million
Meet non-financial targets		
<i>Compliant with relevant environmental legislation</i>		
Environment	To be compliant with relevant legislation	Compliant
<i>Achieve safety performance targets</i>		
LTIFR (Frequency Rate)	3	0.95
LTIDR (Duration Rate)	5	17.00 ²
<i>Achieve cost efficiency performance targets</i>		
– Total network maintenance cost/depreciated asset value	1.7%	1.7%
– Total controllable operating cost/depreciated asset value	2.9%	2.8%
<i>Achieve network performance targets (Calendar year 2013)</i>		
Transmission circuit parameters		
– Peak transmission availability	>98.76%	99.03%
– Transmission line availability	>98.76%	98.68%
– Transformer availability	>98.76%	98.22%
– Reactive plant availability	>97.15%	98.79%
– Average outage duration	859 minutes	604 minutes
System reliability		
Events in excess of 0.1 system minutes	No more than 2	Nil
Events in excess of 0.75 system minutes	No more than 1	Nil

¹Excludes ElectraNet sale price adjustment

²LTIDR reflects two Lost Time Injuries (LTI) that resulted in combined total of 34 days lost time. The LTIDR averages the number of days lost per LTI.

Chairman's review



The electricity industry in Queensland continues to be the focus of significant attention from government, electricity consumers and other stakeholders. Powerlink's focus has been on getting the balance right between cost

and reliability of electricity supply at a transmission level.

Powerlink's financial and non-financial stretch targets for 2013/14 incorporated targeted operational efficiencies and cost reductions (both operating and capital expenditure). Powerlink achieved or bettered these stretch targets while maintaining service outcomes and meeting mandated reliability of supply standards.

In response to reduced electricity demand Powerlink decreased its capital expenditure in the year by \$254 million to \$423.7 million, with a significant portion of the reduction in planned expenditure related to the regulated transmission network.

Overall Powerlink has been able to reduce its debt requirements and deliver improved profits and dividends.

Powerlink worked cooperatively to inform government decision making on transmission reliability of supply standards. The outcome of this reform has seen the government adopt a more flexible approach to planning standards from 1 July 2014, which will result in a reduction to overall network spending, and in time will reduce the transmission charges which flow through to consumers. In the short term, due to lower demand forecasts, Powerlink does not anticipate any change to expected reliability outcomes. In the longer term, Powerlink will seek to manage outcomes through operational mechanisms.

Powerlink is also planning for the longer-term by engaging with the government on its 30-year Electricity Strategy – PowerQ.

Powerlink aims to meet the expectations of electricity consumers and to provide a valued electricity transmission service. We continue to develop the business to meet the changing needs and values of its many and diverse stakeholders, including electricity consumers.

Powerlink's new Stakeholder Engagement Framework guides interactions and relationship building activities with electricity consumers and other stakeholder groups. The framework also aligns with the AER Consumer Engagement Guidelines for Network Service Providers, which will be considered during Powerlink's upcoming regulatory review process.

I acknowledge Board members and the Executive Team for leading Powerlink through this period of significant change, and recognise Christina Sutherland who completed her term on the Board during 2013/14 after serving a period of 12 years. The Board thanks Powerlink employees for their contribution to business performance and their responsiveness to the changing environment.

Stephen Rochester
Chairman of the Board

Chief Executive's review



The 2013/14 year is recognised as part of the most significant period of change ever experienced by Powerlink, with change driven by shifting consumer expectations, regulatory reform and increased economic pressure. Throughout

this period, Powerlink has focused on delivering transmission services safely and efficiently, while also reviewing, implementing improvements and planning for the future.

We continue to embed significant structural changes within the business, aimed at working smarter in the future to more efficiently deliver our services. The structural changes promote our focus on strengthening accountability and performance to facilitate being agile and responsive to external and internal changes.

Central to Powerlink's business strategy is the *Safe for Life* program which consolidates the business's focus on safety across all operations – work, health and safety as well as electrical safety. We have continued to enhance safety reporting to enable better monitoring and drive improvements.

The growth of solar Photovoltaic (PV) use and consumer response to rising electricity prices has had a dampening effect on electricity peak demand and usage. Forecasts published in Powerlink's Transmission Annual Planning Report (TAPR) show overall growth is expected to be driven by the emerging liquefied natural gas (LNG) industry in South West Queensland. Without the impacts of LNG, forecast maximum electricity demand and energy use slightly decline over the coming decade.

With the lower forecast demand and energy, assets reinvestment, including line refits and asset replacement, is now the largest component of Powerlink's regulated capital expenditure.

We are very conscious of the need to optimise network utilisation and drive productivity improvements in the delivery of Powerlink's services. Powerlink is focused on optimising the network to provide for long-term utilisation, including seeking alternative solutions to meeting reliability of supply standards.

Powerlink is progressing a number of projects to provide transmission services to the Surat Basin, a major natural mineral and energy resource zone in South West Queensland. During 2013/14, we delivered non-regulated customer connection projects for APLNG (Asia Pacific Liquefied Natural Gas). The cost of customer connection projects is fully paid for by the project partner, in this case APLNG, via commercial charges.

Our work in the Surat Basin has led to improvements in Powerlink's landholder engagement processes, which reflect feedback received from landholders.

I would like to thank Powerlink's people for working together to achieve strong business outcomes, and for maintaining their focus on delivering safe, commercial and performance focused transmission services that are valued by electricity consumers and our stakeholders.

Merryn York
Chief Executive

Safety

Safety strategies

Powerlink focuses on the safety of its people, contractors and the community.

The implementation of the *Safe for Life* program is central to Powerlink's business strategy. *Safe for Life* was launched to employees in July 2013 with strategies to maintain the high visibility of the program and to embed it within the business. Each of the eight key focus areas within the program enhance Powerlink's ability to manage safety and deliver safe outcomes.

Safe for Life has resulted in improvements to our methodologies for managing workplace health and safety risks and hazards. This includes developing and implementing a risk management framework, registers and a risk assessment process for a rigorous approach to controlling safety on site and in the office.

Improvements have also been achieved in the practices and approaches to safety issues, the health and wellbeing of employees including focusing on preventative behaviours, raising awareness of social health impacts and proactive injury management.

Powerlink's Electrical Safety Management System retained certification under the *Electrical Safety Act 2002* following the annual compliance audit undertaken by an external auditor in August 2013. Due to the significant change within the business, Powerlink undertook a modification audit of the system in February 2014. Improvement opportunities identified in both audits are being implemented.

Safety leadership

Powerlink strives to be an incident free workplace where every individual is responsible and accountable for safety, and leaders are active role models, demonstrating commitment to safe outcomes.

To realise this outcome, Powerlink created the *Energised Safety Leadership* program which uses an action learning approach to build the skills and knowledge of all Powerlink managers, providing support for the practical application of those skills in day-to-day activities.

The two-part workshop series was well received by managers and has led to a greater awareness and opportunities to support effective safety leadership. The workshop series provides information and tools to assist managers in driving change and effectively leading and role modelling safe behaviour. The action learning projects completed by participants following the workshops are designed to support proactive identification and mitigation of key safety risks, and build individual leadership capability through on-the-job application of key skills and tools provided through the workshops. A further program of work is under way to support front line managers to work with their teams to embed safety behaviours and to enhance all employees' awareness of their own role in contributing to the achievement of safe outcomes for their colleagues, our contractors and the community. Proactive engagement by all employees underpins our effective systems and processes for continued learning and safety improvement.

Safety performance

Powerlink's safety performance reporting framework promotes consistent and effective reporting measures to monitor and drive improvements and has been enhanced with better reporting of lead and lag indicators.

Under the *Safe for Life* program, safety performance data and information is visible across the business and is shared with employees. Safety performance is monitored by the Health and Safety Steering Committee.

A Lost Time Injury (LTI) is a work injury that resulted in time lost from work of one full shift or more (injuries that occur on journeys to/from work or during recess breaks are excluded). The Lost Time Injury Frequency Rate (LTIFR) is expressed as the number of LTIs per million hours worked. During 2013/14, Powerlink experienced two LTIs; both LTIs were related to field based activities. Monthly LTI performance is presented on page 22.

High voltage safety

The Queensland Electricity Entity Procedures for Safe Access to High Voltage Electrical Apparatus are essential to providing a safe system of work for anyone accessing the high voltage system.

A review of training practices and mapping of procedures has delivered more effective pathways to authorisation for Powerlink's switching operators and lines recipient roles. The improved Powerlink-specific pathways have reduced training times and improved the consistency of this training, resulting in cost efficiencies and a more flexible workforce. The revised switching training is under way, with lines recipient training expected to begin in early 2014/15.

Contractor safety

A new contractor induction program has been developed for implementation in 2014/15. The program will induct contractors intending to work at Powerlink's sites in addition to our current project-specific inductions. It primarily addresses electrical safety and recognises Powerlink's role in educating the contractors who work on our sites about potential hazards.

Powerlink facilitates bi-monthly safety forums involving our construction contractors to address safety challenges, share key learnings and improve safety culture. In January the forums' scope were extended to include environmental matters.

Public safety and infrastructure security

Public safety and the secure operation of Powerlink's network determine the terms and conditions of electricity transmission line easements. We provide information and advice to landholders about activities which may be allowed or prohibited where Powerlink easements are in place. This information is contained in Powerlink's Management of Co-use Guidelines.

Safety information provided on Powerlink's website includes information for those working in the vicinity of transmission lines, fire-related matters and flood transmission line safety and emergency contacts.

Operating in the NEM

Revenue and transmission pricing

Powerlink continues to be mindful of its responsibility to minimise cost impacts on household electricity bills wherever possible. Our business operations include seeking and maximising opportunities to deliver reliability and service more efficiently and at a lower cost, to meet the expectations of our shareholders, consumers, customers and the market.

Powerlink's maximum allowable revenue for the provision of regulated transmission services is determined by the Australian Energy Regulator (AER) in accordance with the National Electricity Rules (NER) and published in the AER's final revenue determination applicable to the five-year period from 1 July 2012. Powerlink's maximum allowable revenue in 2013/14 was \$881.8 million.

Transmission Use of System (TUOS) charges comprise the transmission component of electricity costs. Powerlink is required to calculate transmission charges in accordance with the NER, using the revenue approved for Powerlink by the AER. The application of this required pricing methodology for the 2014/15 year results in fairly stable transmission prices for most directly connected transmission customers compared to 2013/14.

Regulatory issues

Powerlink's engagement in the development of the National Electricity Market (NEM) occurs independently and also through Grid Australia, the association that represents the owners of Australia's electricity transmission networks in the NEM and Western Australia. Powerlink participated in a number of processes affecting the NEM and service providers, including:

- The AER Better Regulation program, which aims to deliver an improved regulatory framework focused on promoting the long-term interests of electricity consumers. The program developed six new AER guidelines which set out the approach to the regulation of transmission network service providers and other businesses regulated by the AER.
- The Australian Energy Market Commission (AEMC) Optional Firm Access programs which involves detailed design and testing of the proposed optional firm access concept considered as part of its Transmission Framework Review (TFR). The Council of Australian Governments Energy Council continues to consider how to progress other recommendations from the TFR.
- Australian Energy Market Operator (AEMO) Review of Value of Customer Reliability – a NEM-wide review.
- The AER early application of the electricity transmission Service Target Performance Incentive Scheme version four which was published in December 2013.

Two Regulatory Information Notices (RINs) issued by the AER required Powerlink to provide information and data in relation to economic benchmarking and detailed category analysis. The AER's purpose in issuing RINs is to underpin its Better Regulation program, equip the regulator with information for regulatory reset processes, and enable it to benchmark Transmission Network Service Providers (TNSPs) and Distribution Network Service Providers (DNSPs).

Network planning and change to reliability standards

Powerlink's network is planned and operated to meet reliability standards set out in the NER, Queensland's *Electricity Act 1994* and Powerlink's Transmission Authority. Powerlink annually assesses the network's capability to meet forecast load growth, a process that involves collaboration with transmission businesses in other states, Queensland DNSPs, the New South Wales DNSP connected to our network and the AEMO.

In June 2013, in line with Powerlink's proposal, the Queensland Energy Regulator (QER) agreed to vary the N-1 network reliability criterion in Powerlink's Transmission Authority on a case-by-case basis.

Powerlink considers the application of the varied reliability of supply standard in all circumstances when planning and operating the network. However, to date the only opportunity for Powerlink to apply the varied reliability of supply standard was assessed in Powerlink's Regulatory Investment Test for Transmission (RIT-T) for supply to the Bowen Basin coal mining area, for which a Project Assessment Conclusions Report was released in July 2013. The report outlined the results of the planning investigation and consultation with Registered Participants and interested parties and recommended solutions to address future supply requirements. The result of the RIT-T and amendment to the reliability standard in this area was deferral of a potential transmission network augmentation and the associated capital expenditure.

More recently, the Queensland Government has taken further steps to examine the drivers of electricity prices and address the cost and reliability balance. In March 2014, the Queensland Government advised Powerlink that it would implement further reforms to Powerlink's electricity network reliability standards by removing the obligation to deliver on the N-1 planning standard in preference of a more flexible planning approach. This revised approach comes into effect on 1 July 2014 and Powerlink's Transmission Authority has been amended accordingly. Powerlink worked cooperatively with the Department of Energy and Water Supply to provide data to inform the decision making on the new reliability standards.

Network performance in 2013

The AER sets calendar year network performance targets for Powerlink for the duration of each five-year regulatory period. Powerlink's current regulatory period began on 1 July 2012. The AER service target performance incentive scheme for Powerlink comprises two components:

- The network service component focuses on lead indicators of network reliability. Powerlink's positive performance against these targets for 2013 is reported in the Summary of the SCI on page 2.
- The Market Impacts of Transmission Congestion (MITC) scheme focuses on outages that could potentially have an adverse impact on NEM participants. Powerlink's performance showed the business is delivering positive outcomes for the NEM by minimising network outages when they would contribute to a market impact.

During 2013 there were no events on the transmission network that caused a major loss of supply to electricity consumers.

Network strategy and operations

Electricity demand

Powerlink published its Transmission Annual Planning Report (TAPR) to National Electricity Market (NEM) participants on 30 June 2014, consistent with the National Electricity Rule's (NER) requirements. The TAPR provides information about forecast electricity demand, the transmission network's capability and potential network developments required in future years to ensure an efficient, safe and reliable network.

Similarly with last year and to inform the market, approximately mid year, Powerlink published an Energy and Demand Forecast Update in February 2014. This presented a reduction in the forecast energy and demand when compared with the 2013 Annual Planning Report (APR). Since the Update, there has been little change in the economic forecasts that underpin the energy and demand forecasts presented in the June 2014 TAPR.

While there has been significant investment in the resources sector, Queensland on the whole is still experiencing slow economic growth. Furthermore, the continued growth of solar Photovoltaic (PV) combined with consumer response to rising electricity prices has had a dampening effect on electricity usage including maximum demand, and on energy and demand transported across the transmission network.

Overall growth is expected to be driven by the emerging liquefied natural gas (LNG) industry in South West Queensland. On average, summer maximum demand is forecast to increase at an average rate of 0.9 per cent per annum over the next 10 years. Annual energy is forecast to increase at an average rate of 1.5 per cent per annum over the next 10 years for the medium economic outlook. The LNG industry remains a strong contributor to the 10-year growth forecast. Without the impacts of LNG, forecast maximum demand decline would be 0.2 per cent per annum and forecast energy decline would also be 0.2 per cent per annum over the 10-year forecast period.

Capital works program

Powerlink's capital works program ensures our transmission network continues to meet required reliability standards and electricity demand for more than two million electricity consumers. It also provides non-regulated connection transmission services to direct customers of Powerlink.

With the lower forecast of maximum demand reported in Powerlink's TAPR, assets reinvestment is now the largest component of Powerlink's capital expenditure, comprising 41 per cent of Powerlink's total investment and 53 per cent of regulated investment in capital works in 2013/14. Reinvestment projects are undertaken when assets are forecast to reach the end of their technical life and can include line refits, network reconfigurations, or replacing assets of a different type, configuration or capacity. Individual asset reinvestment decisions take into account future changes in demand and the condition based risks of other assets in the network to deliver cost effective solutions.

Powerlink invested \$423.7 million in capital works projects throughout Queensland in 2013/14 of which 26 per cent comprised non-regulated customer connection works, the costs of which are paid for by the customer making the connection request.

The reduction in forecast electricity demand reported in Powerlink's TAPR Energy and Demand Forecast February 2014 Update resulted in the deferral of several transmission network augmentation projects.

During the five years to 2018/19 Powerlink expects to invest \$2,107 million in capital works projects, of which 19 per cent will comprise non-regulated customer connection works. During that five-year period, 67 per cent of our regulated capital works projects will be reinvestment projects.

Extending the network into South West Queensland

Powerlink continued the delivery of seven non-regulated projects and two regulated projects in the Surat Basin to provide electricity transmission services to major natural mineral and energy resource zones in the region.

Powerlink's regulated projects include work to extend the transmission network into the region to meet the long-term needs of all electricity customers (residential, commercial and industrial).

On the non-regulated projects, Powerlink and environmental specialist GHD continued to engage with more than 40 landholders whose properties are potentially affected by the Wandoan South to Eurombah Transmission Network Project and the Transmission Network Extension in North West Surat Basin Project.

Several Environmental Impact Statements (EIS) were released during 2013/14 and construction activities commenced in some areas of the Surat.

CSIRO Future Grid Forum

Powerlink participated in the CSIRO Future Grid Forum through Grid Australia, along with representatives from across the electricity industry, government and community. The CSIRO convened the forum to develop and explore potential scenarios for Australia's energy future to 2050. The forum began an informed debate on potential futures and the way forward for the sector, with findings published in December 2013.

Maintenance

Powerlink tracks its critical and corrective network maintenance programs and monitors progress against targets. In 2013/14, we successfully delivered 99 per cent of planned maintenance of our transmission lines, substations and communication sites to ensure their ongoing reliability. During the period, Powerlink invested \$125 million in maintaining the network to efficiently and reliably deliver transmission services to the standards expected by electricity consumers, our customers and the electricity market.

In early 2014 we introduced hand-held devices that enable field staff to record data and maintenance issues during routine substation maintenance. The devices have enhanced the accuracy and timeliness of asset data used for decision making and prioritising maintenance. The project will be extended to maintenance of other transmission assets during 2014/15.

Contingency planning and corporate emergency response

There were no major incidents on Powerlink's transmission network during 2013/14. When tropical cyclones Dylan (January 2014) and Ita (April 2014) affected North Queensland, Powerlink worked with government departments and the State Disaster Coordination Group, however the cyclones had no material effect on our network.

Powerlink participated in internal exercises and an annual exercise with Australian Energy Market Operator (AEMO) to refine and ensure familiarity with our suite of corporate emergency management response plans. Our plans and procedures were reviewed to ensure alignment with changes to our organisational structure.

Network development

Drivers for network development

The main drivers that trigger the need for Powerlink to develop the transmission network include:

- Replacement of end of life infrastructure to maintain security of electricity supply. Where equipment has reached the end of its useful life, we consider the most appropriate and economic options, including complete replacement or life extension.
- Construction to directly connect a major industrial customer into the transmission network (a non-regulated connection). In this instance, the cost of acquiring easements, constructing and operating the transmission line or substation are paid for by the customer making the connection request over the life of the agreement.
- The need to build new infrastructure or implement non-network solutions to meet electricity demand. Powerlink is required to meet reliability of supply standards, at the lowest long-run cost to electricity consumers.

Regulated network developments

Prior to building a new transmission line or substation, Powerlink undertakes a thorough assessment of alternatives (including non-network solutions) and options to ensure the solution selected is the lowest long-run cost to electricity consumers, while also meeting a balance of reliability, safety, environmental and social factors.

Powerlink must apply the Regulatory Investment Test for Transmission (RIT-T) when identifying network augmentation solutions. The RIT-T is an economic cost benefit test developed by the Australian Energy Regulator (AER). It involves a consultation process that calls for interested parties and National Electricity Market (NEM) participants to provide feedback on Powerlink's potential network development augmentation solution and put forward any credible alternative solutions for evaluation.

Consultations on regulated network investments undertaken in 2013/14 were:

Consultation	Status
Supply to Southern Brisbane	Since the RIT-T began in March 2012, Energex and Powerlink load forecasts have been significantly reduced. A review undertaken jointly with Energex concluded that the forecast timing of network limitations has been deferred beyond the current five-year outlook. As a result the RIT-T will not proceed at this time.
QNI Upgrade Study	Powerlink and TransGrid have jointly assessed and consulted on the options for the upgrade of the Queensland/New South Wales Interconnector (QNI) transmission line. The Project Assessment Draft Report, published in March 2014, recommends the 'do nothing' option.

Major network projects (regulated)

Major transmission developments and replacements completed in 2013/14

Region	Project
North Queensland	Cardwell to Ingham 132kV transmission line replacement
	Moranbah 132kV Substation secondary systems replacement
Central Queensland	Calvale to Stanwell 275kV transmission line
Southern Queensland	Palmwoods 132kV Substation replacement
	Richlands 110kV Substation replacement
	Loganlea 110kV Substation replacement

Major transmission developments and replacements under construction in 2013/14

Region	Project
North Queensland	Chalumbin 275kV Substation secondary systems replacement
	Collinsville 132kV Substation replacement
	Nebo Substation 275/132kV transformers replacement
	Collinsville to Proserpine 132kV transmission line replacement
	Moranbah area 132kV capacitor banks
	Moranbah Substation 132/66kV transformer replacement
	Proserpine 132kV Substation replacement
	Mackay 132kV Substation replacement
Central Queensland	Bouldercombe 275kV Substation secondary systems replacement
	Gladstone 275kV Substation replacement (including Calliope River Substation which is now commissioned)
Southern Queensland	Western Downs to Halys 275kV transmission line and Western Downs and Halys substations
	Columboola to Western Downs 275kV transmission line and Columboola 275kV Substation
	Swanbank B 275kV Substation replacement
	Bulli Creek 275kV Substation secondary systems replacement
	Braemar 275kV Substation secondary systems replacement

Major transmission developments and replacements committed but not yet under construction

Region	Project
North Queensland	Garbutt to Alan Sherriff 132kV transmission line replacement
	Moura 132kV Substation replacement
	Ross 275kV Substation secondary systems replacement
	Nebo 275kV Substation replacement
Central Queensland	Blackwater 132kV Substation replacement
	Callide A 132kV Substation replacement
	Stanwell 275kV Substation secondary systems replacement
Southern Queensland	Blackwall 275kV Substation secondary systems replacement

Customer connection works (non-regulated)

Customer connection works commissioned in 2013/14

Region	Project	Customer
Southern Queensland	Condabri connections to Columboola	APLNG (Asia Pacific Liquefied Natural Gas) – a joint venture between Origin Energy, ConocoPhillips and Sinopec
	Orana connection	APLNG

Customer connection works under construction in 2013/14

Region	Project	Customer
Central Queensland	Wotonga connection for traction substation	Aurizon
Southern Queensland	North West Surat connections to Wandoan South	APLNG
		Santos GLNG (Gladstone LNG) – a joint venture between Santos, Petronas, Total and Kogas

People

Workforce profile

Powerlink's human resources strategies aim to ensure our people have the right skills, commitment and positive behaviours to enable Powerlink to meet our business objectives and deliver services which are valued by electricity consumers, our customers, shareholders and the National Electricity Market (NEM).

Powerlink's total workforce Full Time Equivalent (FTE) staffing as at June 2014 was 1,069 with staff employed in professional, technical, trade, specialist and administrative roles. About 95 per cent of our workforce operate from our offices in Virginia, Brisbane, including field staff who travel to site to undertake their work. We also have site offices in Miles, Chinchilla, Gladstone, Ingham, Mackay, Pandoin and Rockhampton, a regional presence in Roma, and a warehouse for equipment and spares in Narangba.

Discussions commenced on our new Enterprise Agreement (EA) in mid-2014. The EA will set the wages and conditions of employees for a period of up to three years, while seeking to achieve the best outcome for our business, electricity consumers, our customers and stakeholders. Our current EA expires in November 2014.

MAP Program

The Maximising Accountability and Performance (MAP) Program established a new organisational structure to ensure that Powerlink is a performance focused business with clear accountabilities.

The program, which formally concluded in December 2013, established a new high level organisational structure and revised structures for a number of functional areas to deliver efficiency and accountability improvements. Other projects, including the review and establishment of several key business functions were also completed as part of the program to support accountability and performance outcomes. Further implementation and embedding of the changes continues as part of 'business-as-usual'.

Performance management

Powerlink's performance management framework has been reviewed and redesigned to support the achievement of business objectives and to better integrate with related initiatives including our leadership strategy.

Level-specific leadership accountabilities and standard performance agreement templates will enhance the consistency and understanding of performance. The new framework focuses on building greater alignment between individual and organisational objectives, clarity of position accountabilities, and achievement of stretch targets through the effective differentiation of performance.

Changes to the performance planning and review process have been implemented initially for Executive and Group Managers, and will cascade to other managers and employees during 2014/15.

Employee engagement

Powerlink strives to have an agile and performance focussed culture underpinned by employee engagement and individual accountability. Our most recent employee engagement survey demonstrates that engagement is at a lower level than previously recorded, which is indicative of an organisation in transition and undergoing significant change.

The survey results informed the development of action plans to address key drivers of engagement and respond to key matters identified by our employees. The action plans are shared with employees and are intended to help build long-term engagement across the business.

Environment and community

Environmental management

Powerlink reviews environmental performance against internal performance indicators and relevant legislative requirements. This review is informed by a program of audits undertaken throughout the year.

Improvements to our environmental performance reporting have been developed and include consolidation of our key performance indicators. These improvements were implemented from 1 July 2014.

No reportable environmental incidents occurred during Powerlink's operations in 2013/14. However, should an incident occur in the future, our procedures ensure that we can effectively and responsibly manage the incident while engaging with relevant stakeholders.

Powerlink monitors changes to legislation and policy on an ongoing basis and engages appropriately with government agencies to ensure we continue to be compliant and the potential impacts on the business are understood by relevant parties. Regulatory change has been significant during 2013/14, and Powerlink has engaged with government on the regulatory reviews including protected plants, environmental offsets, biosecurity and planning legislative frameworks.

Emissions management and reporting

Powerlink reports annually on energy and greenhouse gas emissions to remain compliant with the *National Greenhouse and Energy Reporting Act 2007* (NGER Act). An independent limited assurance audit verified the accuracy of Powerlink's 2013 report. The Clean Energy Regulator notified Powerlink was included in the scope of their 2013/14 audit program. Powerlink provided them with the limited assurance audit report, which met their requirements with no further action required.

Stakeholder engagement

Our Stakeholder Engagement Framework has been developed to assist the delivery of Powerlink's mission by developing long-term relationships with stakeholders, aiding organisational learning and fostering mutual value creation. The framework was guided by the results of research undertaken with our stakeholder groups including electricity consumers, customers (directly connected to Powerlink's network), regulators, State and Local Governments, contractors and suppliers, landholders, industry associations, unions, and environmental and community groups.

Action plans are being developed and implemented for each stakeholder group to ensure the group's views and expectations are considered and addressed, and integrated into business-as-usual.

Consultation for infrastructure projects

Powerlink obtains easements and sites for electricity infrastructure in accordance with applicable legislation, including the *Acquisition of Land Act 1967* (ALA) and the Community Infrastructure Designation (CID) process under the *Sustainable Planning Act 2009* (SPA).

These acquisition and planning approval processes provide a transparent legislative framework, ensuring formal opportunities for landholder and stakeholder feedback, and are applied whether a project is initiated by Powerlink or by a major industrial customer.

Before constructing a new transmission line or substation we undertake an Environmental Impact Assessment (EIA) process involving appropriate environmental investigations and community consultation, as required by the SPA. Consultation with community members, landholders and stakeholders may include face-to-face communication, public advertising, media statements, newsletters, using the freecall phone line, publishing information on Powerlink's website and other written and verbal communication.

Powerlink listened to feedback from community members in the North West Surat Basin and made the following adjustments to its engagement practices:

- funding landholders' reasonable costs for valuation and legal advice earlier in the compensation process
- introducing a consultation support allowance for landholders affected by more than one Powerlink project
- providing more opportunity for landholders to engage with senior management and participation in group landholder meetings
- appointment of two Local Relationship Managers, based in Roma, to provide a more convenient single point of contact for landholders and stakeholders
- extending submission periods on documents requiring public feedback
- providing specialist support to landholders making submissions on Environmental Impact Statements (EIS)
- enhancing landholder and community information sessions to include more opportunities for two-way communication.

We also progressed other engagement initiatives to strengthen our relationship with landholders, including:

- We developed a Land Access Protocol to ensure Powerlink's existing land access practices are more closely aligned with landholder expectations, industry standards and government expectations.
- We developed a Project Participation and Access Allowance to improve Powerlink's interactions with landholders and establish a positive relationship early in the EIA phase. The allowance is proposed to be paid to eligible landholders whose properties will be affected by field investigations.
- We enhanced weed and biosecurity management practices during the EIA phase of projects to minimise the spread of weeds, diseases and pests.

Powerlink has also developed a new community engagement model that is better aligned with contemporary stakeholder expectations, government requirements and our business needs. The model involves earlier discussion with key government representatives, councils, and peak bodies, and effectively involving the community during earlier phases of project development.

The community engagement model was developed with input from stakeholders including landholders and government representatives. Following a trial period, the model will be refined and evaluated to ensure it is fit-for-purpose and meets stakeholder expectations.

Projects on which landholders and stakeholders have been actively consulted during 2013/14 included:

Region	Regulated projects	Non-regulated projects
Southern Queensland	<ul style="list-style-type: none"> ■ Molendinar 275/110kV Substation augmentation ■ Proserpine Substation expansion ■ Springdale to Tarong 275/500kV transmission line ■ Halys 500kV Substation expansion 	<ul style="list-style-type: none"> ■ Wandoan South to Eurombah transmission network project ■ Transmission network extension in North West Surat Basin
South East Queensland	<ul style="list-style-type: none"> ■ Brisbane South Area transmission project ■ Blackwall to Springdale 500kV transmission line ■ Murarrie to Nudgee 275kV easement acquisition^^ 	
Central Queensland	<ul style="list-style-type: none"> ■ Northern Bowen Basin easement acquisition stages 1 and 2 ■ Moranbah Substation expansion* ■ Broadsound Lilyvale 275kV transmission line 	<ul style="list-style-type: none"> ■ Galilee Basin transmission project ■ Wotonga 132kV connection Substation
Northern Queensland	<ul style="list-style-type: none"> ■ Collinsville Proserpine 132kV transmission line replacement ■ Tully Substation expansion^ 	

^^ The scope of the Murarrie to Nudgee 275kV easement acquisition project is under review due to changes in load growth.

* The Moranbah Substation expansion project has been cancelled.

^ The scope of the Tully Substation expansion project has been revised due to current load growth forecasts.

Projects for which site access has been finalised during 2013/14

Region	Regulated projects	Non-regulated projects
Southern Queensland	<ul style="list-style-type: none"> ■ Molendinar 275/110kV Substation augmentation 	<ul style="list-style-type: none"> ■ Wandoan South to Eurombah transmission network project <ul style="list-style-type: none"> – Clifford Creek Substation – Dinoun South Substation – Eurombah Substation ■ Transmission network extension in North West Surat Basin <ul style="list-style-type: none"> – Blythdale Substation – Fairview Substation – Fairview South Substation
Central Queensland	<ul style="list-style-type: none"> ■ Northern Bowen Basin easement acquisition (Stage 1) 	<ul style="list-style-type: none"> ■ Wotonga 132kV connection Substation
Northern Queensland	<ul style="list-style-type: none"> ■ Collinsville Proserpine 132kV transmission line replacement 	

Biosecurity management

Powerlink works with landholders and councils to develop effective strategies to manage specific weeds and minimise their spread in accordance with the relevant legislation.

Our approach to biosecurity is captured in protocols that have been developed in consultation with landholders and stakeholders. Our new Biosecurity Access Protocol, developed with input from industry and the Queensland Weed Society, outlines appropriate strategies to identify weeds and prevent their spread. The protocol implementation has focused on activities that occur in the early phase of a project, which include field surveys and investigations, and landholder consultation.

Our new Land Access Protocol outlines Powerlink's commitments on biosecurity matters to landholders alongside other land access matters. To meet the specific requirements of the North West Surat Basin, we are engaging with relevant landholders and stakeholders to develop regionally-specific biosecurity protocols.

Powerlink continues to work with industry, stakeholders and government to ensure practices associated with biosecurity matters continue to improve and deliver tangible risk management outcomes.

Cultural Heritage

Powerlink respects and proactively manages Aboriginal and Historical Cultural Heritage for the life of our transmission projects. We meet the obligations outlined in the *Queensland Aboriginal Cultural Heritage Act 2003* and the *Queensland Heritage Act 1992*, and Federal Cultural Heritage legislation. Aboriginal Parties are key stakeholders in Powerlink's operations and are recognised as a significant landholding interest.

As we progress Powerlink's projects in the North West Surat Basin, we have developed positive and constructive relationships with the three Traditional Owner groups in the areas relevant to our projects – the Barunggam, Iman, and Mandandanji People. Powerlink has entered into whole-of-claim Cultural Heritage Management Agreements with each of these groups. This demonstrates our commitment to appropriately managing cultural heritage in all phases of our projects and working cooperatively with the relevant Traditional Owner group to reach mutually agreeable outcomes. The Traditional Owner groups take opportunities to present inductions to the construction workforce on topics including the value of cultural heritage and their expectations.

Koala offsets program

Powerlink engages with government to ensure our ongoing compliance with Koala Offset requirements.

The Koala Habitat Conservation Project, delivered in partnership with Ipswich City Council and SEQ Catchments, will establish and maintain 20 hectares of koala food and shelter trees in the Grandchester Conservation Estate and has delivered land management workshops for landholders in the Bremer region.

The project assists Powerlink to meet its obligations to offset impacts on koala habitat and other biodiversity values which occur as a result of our activities to build transmission infrastructure in South East Queensland.

In December 2013 the state regulator, the Department of Environment and Heritage Protection, confirmed Powerlink was compliant in its delivery of environmental offsets for the impacts associated with projects in South East Queensland during the 2012/13 reporting period.

Strategic partnerships

The GreenWorks program, which concluded in December 2013, was delivered in Southern Queensland through a partnership between the Lockyer Valley, Somerset, South Burnett and Toowoomba Regional Councils, Ipswich City Council, and Powerlink. The program delivered 14 worthwhile environmental projects, developed community spirit, and founded a legacy of environmental awareness and education.

Powerlink continued its partnership with the Bulimba Creek Catchment Coordinating Committee (B4C), a community landcare and catchment group working to protect and enhance the natural environment in Bulimba Creek in Brisbane. The opening of the B4C Sustainability Office on Powerlink-owned land marked a milestone in the relationship that has included a number of on-ground projects over the past decade.

A select number of sponsorships were undertaken in the fields of community, education, environment and industry. A review of Powerlink's broader approach to community investment and sponsorships is under way to ensure closer alignment with the business strategy.

Electric and Magnetic Fields

Powerlink keeps abreast of issues that are important to landholders, which includes Electric and Magnetic Fields (EMF). EMF occurs everywhere electricity is being used – including homes, offices and work sites or anywhere electricity is transported.

In Australia, the Federal Government agency responsible for EMF regulation is the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA). Powerlink follows the Energy Networks Association (ENA) EMF policy which recommends to its members that they design and operate their electricity generation, transmission and distribution systems prudently within relevant health guidelines. Powerlink applies an approach of 'prudent avoidance' in siting new transmission lines. This means seeking to locate new transmission line easements away from houses, schools and other buildings, where it is practical to do so and the added cost is modest.

Powerlink carries out EMF readings at the request of landholders. EMF readings at the boundary of a typical Powerlink easement are generally similar to those people would come across in their daily activities at home or work.

Corporate governance

Powerlink Queensland and its wholly-owned subsidiaries operate and are managed within a best practice corporate governance framework, encompassing the appropriate degree of accountability and transparency to all stakeholders.

Corporate Governance in Powerlink

Powerlink Queensland is a corporation established under the *Government Owned Corporation Act 1993* (GOC Act) and is a registered public company under the *Corporations Act 2001*. The Board of Directors has the overall responsibility for corporate governance of the Corporation.

Directors are appointed by the Government and report to the nominated shareholding Ministers of the Queensland Government. Powerlink's two shareholding Ministers are:

- Treasurer and Minister for Trade
- Minister for Energy and Water Supply.

The Queensland Government published its Corporate Governance Guidelines for Government Owned Corporations (Guidelines), which includes a Code of Conduct and Conflicts of Interest Best Practice Guide for Government Owned Corporations.

The Guidelines outline the expectations of shareholding Ministers and describe a set of comprehensive high quality corporate governance principles, and proper disclosure and reporting arrangements for all stakeholders, which are appropriate to Government Owned Corporations (GOCs). There were no revisions made to the Guidelines that required changes to Powerlink's governance arrangements for 2013/14.

Corporate governance in Powerlink is managed through the policies and practices adopted by the Board. The corporation commits to those governance policies and practices to ensure appropriate accountability and control systems are in place to achieve business outcomes and encourage and enhance sustainable business performance. This section of the Annual Report outlines Powerlink's corporate governance arrangements and describes its reporting and disclosure practices.

The Board

The Powerlink Board is responsible for the overall corporate governance of the corporation and its subsidiary companies, setting the organisation's strategic direction articulated in Powerlink's Statement of Corporate Intent (SCI) and Corporate Plan.

The Board has regard to the Guidelines in the overall scope and application of corporate governance within Powerlink. The Board sets goals for management and establishes the policies and operational framework for the corporation. It monitors performance of the Corporation, its Chief Executive, senior management and staff through regular direct reporting and via established committees.

Details relating to Powerlink Directors, Board Committee composition, and meetings in 2013/14 are set out in the Directors' Report.

The table below sets out the balance and tenure of Board members at Powerlink.

Board Balance	Board Tenure	Board Diversity
1 Non-Executive Chairman	0-2 years	2 Male 40%
4 Non-Executive Directors	2-4 years	1 Female 60%
	4-10 years	2

All Directors, including the Chairman, are independent, non-executive Directors appointed by the Governor in Council in accordance with the GOC Act

Corporate Governance Guidelines for GOCs – Queensland Government

Powerlink's corporate governance processes are consistent with Guidelines issued by the Queensland Government. Powerlink's corporate governance arrangements in reference to the Guidelines are:

Principle 1: Foundations of management and oversight

The Board Charter is publically available on Powerlink's website. The Charter, established by the Board, describes the Board's functions and responsibilities, which are to:

- set the corporation's values and standards of conduct
- provide leadership of the corporation within a framework of prudent and effective controls
- provide guidance and set the corporation's direction, and develop strategies and objectives
- set financial objectives and ensure that all necessary resources are available for the business to meet its objectives
- monitor implementation of strategies and performance
- inform shareholders of key issues, major developments and performance
- ensure an effective system for compliance and risk management is in place.

The Board and management work together to establish and maintain a legal and ethical environment and framework that ensures accountability.

Day to day management of the consolidated entity's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Chief Executive and senior executives as set out in the delegations policy. These delegations are reviewed on a regular basis.

The Powerlink Board undertook its annual evaluation of the performance of the Chief Executive against pre-agreed business and individual targets. The Chief Executive evaluated the annual performance of each senior executive against pre-agreed business and individual targets and submitted the outcomes of the evaluation to the Board for its consideration and approval.

Powerlink corporate governance framework

Shareholding Ministers

Our Shareholders

Powerlink has two shareholders who hold the shares on behalf of the State of Queensland. Our shareholding Ministers, as at 30 June 2014, were:

- The Honourable Tim Nicholls MP, Treasurer and Minister for Trade, holding 50 percent of the A class voting shares and 100 per cent of the B class non-voting shares
- The Honourable Mark McArdle MP, Minister for Energy and Water Supply, holding 50 per cent of the A class voting shares

Powerlink Queensland Board

Key accountabilities of the Board

The Powerlink Board establishes the overall corporate governance of the corporation and its subsidiary companies, and is responsible for:

- setting the corporation's values and standards of conduct, and ensuring that these are observed
- providing leadership of the corporation within a framework of prudent and effective controls
- setting the corporation's direction, strategies and financial objectives and ensuring that all necessary resources are available for the business to meet its objectives
- approving the Statement of Corporate Intent (SCI)
- monitoring financial outcomes and the integrity of reporting; in particular, approving annual budgets and longer-term strategic and business plans
- monitoring management's performance and implementation of strategy, and ensuring appropriate processes for risk assessment, management and internal controls are in place
- ensuring an effective system of corporate governance exists
- disclosing to shareholding Ministers relevant information on the operations, financial performance and financial position of the corporation and its subsidiaries
- providing of formal delegations of authority to the Chief Executive, management and other specified officers.

Membership and meetings

- All Directors, including the Chairman, are independent, non-executive Directors appointed by the Governor in Council in accordance with the GOC Act
- In 2013/14, Powerlink held 11 meetings of Directors. The attendance record of the Directors at meetings of the Board is presented in the Directors' Report section in the Annual Report

Board Committees

Audit, Risk and Compliance Committee

Key accountabilities

The Committee assists the Board in fulfilling its responsibilities in relation to:

- financial integrity
- laws, regulations and codes of conduct
- business risk management
- audit effectiveness.

People, Culture and Remuneration Committee

Key accountabilities

The Committee assists the Board in fulfilling its employer responsibilities by reviewing and reporting to the Board on policy and its application relating to:

- work, health and safety,
- organisational design
- employee remuneration
- performance and workplace relations.

Chief Executive

Executive Team

Executive Committees

- Executive Committee for Environment
- Executive Committee for Security
- Executive Committee for Corporate Emergency Response
- Executive Committee for Health And Safety

The Board Handbook is a key resource identifying the major reference documents that are relevant and will assist the Powerlink Directors in undertaking their roles and responsibilities. The Handbook serves as both an induction and an ongoing reference guide for Directors, and is updated annually by the Company Secretary.

New Directors attend induction sessions which provide an overview of Powerlink's operations and policies, and information on the Board and Committee functions. The induction process assists the Directors to understand their roles and responsibilities.

Principle 2: Structure the Board to add value

At 30 June 2014, the Board comprised five independent non-executive Directors. All Directors are appointed by the Governor in Council in accordance with the GOC Act. There was one change to Powerlink's Directors with one Director's term (Christina Sutherland) finishing in September 2013.

Details of the skills and experience of each current Director are presented separately in the Corporate Governance section of this Annual Report. The table below provides an overview of the significant strengths of the current Directors.

Directors' significant strengths

Stephen Rochester

- Financial and treasury
- Commercial and contracts
- Government relations
- Business strategy development
- Corporate governance
- Risk management

Ken Howard

- Commercial
- Industry knowledge
- Resource sector
- Corporate governance
- Risk management
- Finance and audit

Julie Beeby

- Resource sector
- Commercial
- Industry knowledge
- Work, health and safety
- Corporate governance
- Risk management
- Environmental management
- Business strategy development

Anne Barclay

- People and culture
- Industrial Relations
- Change management
- Government relations
- Business strategy development

Julie Martin

- Electrical engineering
- Industry knowledge

The Directors' Report includes a listing of the terms of office and appointment date for each Director.

In the event of Directors requiring independent professional advice, it is provided at the expense of Powerlink. All Directors, including the Chairman, continue to exercise independent judgement in the conduct of their responsibilities.

The Board continually assesses the ongoing independence of the Directors. All Directors are required to disclose any potential conflicts of interest at the commencement of each Board meeting. Any such conflicts are recorded in the minutes of the meeting.

All Directors are considered to be independent. No Directors are considered to have material supplier or customer relationships with the corporation. A predetermined specific materiality threshold has not been established by the Board. The Board's assessment of materiality is undertaken on a case-by-case basis taking into consideration the relevant facts and circumstances that may impact Director independence.

The Board annually reviews the individual and collective performance of the Directors and the Board, as a self assessment by the Directors, to assure itself that it operates in accordance with the Board Charter and the discharge of its responsibilities. A key element in this evaluation is the consideration of the continuing education and professional development of Directors.

In addition to business operational and performance matters, the Board specifically considers at each meeting key strategic issues relevant to the business including safety, environment, operational performance, stakeholder engagement, and corporate governance.

In addition to Board meetings, the Board held two workshops, including a Strategic and Operational Risk workshop and a Strategic Planning workshop. The Board conducted a site visit to the Mackay region as part of its program to develop a better understanding of the business and meet with key stakeholders. The Board also formally considers its information requirements on an annual basis to ensure it is receiving appropriate information to effectively carry out its responsibilities.

The Board undertook its annual review for 2013/14 and concluded that it is fulfilling its role with no obvious gaps in its performance, and that there was good interaction and relations with both shareholding Ministers and Powerlink management.

A structured internal process is in place to review and evaluate the performance of Board Committees. Each Board Committee submits an Annual Report of its activities to the Board.

Principle 3: Promote ethical and responsible decision-making

The Board has a Code of Conduct that guides Directors in carrying out their duties and responsibilities, sets out expected standards of behaviour, and includes policies relating to conflict of interest issues. A summary of this document is available on the Powerlink website.

The Board has developed a Share Trading Policy which is also available on the Powerlink website. The primary purpose of this policy is to mitigate the risk of inappropriate trading of shares by Powerlink employees, managers and Directors.

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

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

Principle 4: Safeguard integrity in financial reporting

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

These committees have documented mandates that are reviewed on a regular basis, at least every two years. The membership of both committees consists of non-executive Directors. Details of committee members at 30 June 14, number of meetings during the year and attendance are presented in the Directors' Report.

Audit, Risk and Compliance Committee

Chairman	Mr Ken Howard
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Members	Ms Julie Martin and Mr Stephen Rochester
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The Powerlink Audit, Risk and Compliance 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 meets with, and receives reports from, both the internal and external auditors over the duration of the financial year.

The Committee is responsible for considering the annual statutory financial statements for subsequent approval by the Board. The Chief Executive and Chief Financial Officer are required to provide an annual declaration that the financial statements represent a true and fair view, and are in accordance with accounting standards. The processes the Chief Executive and the Chief Financial Officer have in place to support their certifications to the Board are also considered by the Committee.

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

People, Culture and Remuneration Committee

Chairman	Dr Julie Beeby
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Members	Ms Anne Barclay and Mr Stephen Rochester
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The Committee assists the Board in fulfilling its employer responsibilities by reviewing and reporting to the Board on policy and its application relating to work, health and safety, organisational design, employee remuneration and performance and workplace relations.

Principle 5: Make timely and balanced disclosures

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

Principle 6: Respect the rights of shareholders

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

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

Quarterly progress reports on the performance against the SCI are prepared by the Board for submission to shareholding Ministers.

Principle 7: Recognise and manage risk

Risk assessment processes are inherent within Powerlink's business. Powerlink has an approved Risk Management Charter that provides an overall framework and structure for the management of risk within Powerlink. Management regularly reports to the Board on key business risks.

An Executive Committee structure also operates in parallel with the Board Committees to address issues of work, health and safety, environmental management, security, and corporate emergency response. Each of these committees submits reports to the Audit, Risk and Compliance Committee through the Chief Executive. Work, health and safety reports are presented to the People, Culture and Remuneration Committee through the Chief Executive.

The Executive Committee for Health and Safety develops and directs Powerlink's work, health and safety management practices, and also ensures that Powerlink complies with relevant work, health and safety legislation.

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

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

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

The corporation's internal control framework is designed to provide reasonable assurance regarding the achievement of the corporation's objectives. Implicit within this framework is the prevention of fraud (including corruption). Powerlink has a range of strategies and approaches that provides an effective fraud control framework that is closely integrated with the corporation's enterprise information management systems.

Powerlink's Employee Code of Conduct aims to ensure that Powerlink employees perform their work cost effectively, efficiently, cooperatively, honestly, ethically and with respect and consideration for others.

Principle 8: Remunerate fairly and responsibly

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

The membership and responsibilities of the Board's People, Culture and Remuneration Committee are presented above.

Powerlink's Remuneration Policy is designed to:

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

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

The Working at Powerlink 2011 Union Collective Agreement terminates on 27 November 2014. The Agreement allows for Powerlink and its employees to respond to changes in an environment of targets set by our owners and regulator. It has a focus to continue to develop Powerlink into a competitive and satisfying place to work. It recognises that the economic health of the company and the wellbeing of all employees depend upon the success of a shared commitment by all parties to this Agreement.

Award employees may be eligible for performance-based payments that are delivered as gainsharing and performance pay. Gainsharing is a payment subject to Board approval. The gainsharing payment is made subject to the Corporation's profitability target being exceeded and key organisation performance measures and stretch targets being achieved.

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

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

The fees paid to Directors for serving on the Board and on the Committees of the Board are determined by the Corporation's shareholding Ministers. Directors also receive reimbursement for expenditure incurred in performing their roles as Directors.

Shareholding Ministers' directions

There were two shareholding Ministers' directions in 2013/14:

- Revocation of the Application of the State Procurement Policy; and
- Powerlink Hybrid Market Sounding Section 158 Direction.

Corporate entertainment and hospitality

The *GOC Corporate Entertainment and Hospitality Guidelines* establish reporting requirements for GOCs. Powerlink's corporate entertainment and hospitality expenditure for 2013/14 totalled \$9,308. There were no events above the individual reporting threshold of \$5,000.

Board of Directors



Stephen Rochester

B.Ec, MAICD, FFTP

Chairman of the Board

(Appointed 2012)

Stephen is an established leader in public sector financing, the banking and finance industry, and the global financial markets, with a career spanning more than 35 years. He has been involved in all aspects of the provision of corporate treasury services to the Queensland public sector, as well as the establishment and operation of domestic and offshore borrowing programs, the development and implementation of liability management strategies, and the provision of infrastructure funding and financial risk management services.

Stephen held the position of Queensland Treasury Corporation's (QTC) inaugural Chief Executive for 22 years and also served as QTC's Chairman for two years. Stephen is currently a Director of Stanwell Corporation Limited and has previously held the positions of Chief Executive of Sun Retail, and Director of Tarong Energy Corporation Limited.

Stephen is a member of the Powerlink Board's Audit, Risk and Compliance Committee and the People, Culture and Remuneration Committee.



Anne Barclay

GCertBusiness, GAICD

Board Member

(Appointed 2012)

Anne Barclay has over 20 years' management experience including senior human resource management roles in large, complex organisations. Her business management experience includes co-founder and Director of HR Advantage Consulting – an award winning Brisbane-based firm.

As a management consultant Anne specialises in improving people management practices and organisational cultures, and managing and implementing change to improve business outcomes.

She has a strong interest in organisations that take a strategic approach to managing their investment in people to meet business needs, apply a continuous improvement mentality in what they do and how they do it, and have effective people management practices delivered by skilful and supported leaders and teams.

Anne works with a diverse client base including large publicly listed corporations, medium sized privately owned businesses, universities, and state and local government organisations. Anne is a member of the Powerlink Board's People, Culture and Remuneration Committee.



Julie Beeby

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

Board Member

(Appointed 2008)

Julie has worked in the minerals and petroleum industries in Australia for more than 25 years and her career has included work for several major Australian and US resources companies, including recently as Chief Executive Officer of WestSide Corporation, an ASX-listed, Queensland-based coal seam gas company.

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

Julie has also held non-executive director positions with Forge Group Ltd and Gloucester Coal Ltd. Most recently Julie was appointed a member of the Queensland Government's ResourcesQ Partnership Group.

Julie is Chairman of the Powerlink Board's People, Culture and Remuneration Committee.



Ken Howard

CFA, LLB, BEcon, GAICD

Board Member

(Appointed 2007)

Ken has more than 18 years' experience in the financial services sector principally as a stockbroker and financial planner, and has a keen interest in regulated utilities and corporate governance. Ken works at Morgans as a Private Client Advisor and his responsibilities include being the Responsible Executive (ASX) and the Responsible Manager (Australian Financial Services Licence) for the Morgans Brisbane dealing room. Ken is also a member of the Morgans compliance committee.

Ken is the Chair of the CFA (Chartered Financial Analyst) Australia Brisbane Chapter. From 1991 to 1998 Ken was an Infantry Officer in the Australian Army Reserve. Prior to joining the Powerlink Board of Directors Ken was a Director of Energex Retail.

Ken is the Chair of the Powerlink Board's Audit, Risk and Compliance Committee.



Julie Martin

BE (Hons), MIEAust, GAICD

Board Member

(Appointed 2011)

Julie Martin has 18 years' experience as an electrical engineer, having played a key role in a variety of large-scale infrastructure projects in Queensland. She is currently the HV Power Package Manager with Thiess responsible for the delivery of the high voltage traction substations to support the supply of the new Moreton Bay Rail Link.

Previously, Julie was the Senior Project Electrical Engineer for the QCLNG Upstream projects, primarily responsible for the delivery of QGC's high voltage distribution network.

In 2008 Julie won the Women in Community/Public Sector – Engineering category of the Smart Women – Smart State Awards for her work in the TrackStar Alliance program to deliver \$700 million worth of rail projects in South East Queensland.

Julie is a member of the Powerlink Board's Audit, Risk and Compliance Committee.

Executive Team profiles



Merryn York

BE (Hons), MEngSc, Grad Cert AppLaw, FIEAust, RPEQ

Chief Executive

Merryn has more than 25 years' experience in the Queensland electricity industry. Her career encompasses experience in strategic business development and asset management to optimise the long-term return on investment, network planning, regulatory affairs, customer management and strategic development of the transmission network.

Merryn attends the Board's Audit, Risk and Compliance Committee, the People, Culture and Remuneration Committee and the Harold Street Holdings and Powerlink Transmission Services meetings.



Maurie Brennan

BBus, MBA, CPA, FAICD

Chief Financial Officer

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

At Powerlink, Maurie manages finance, treasury, business planning, investment analysis, internal audit, legal and risk services, contract procurement, business processes improvement, corporate IT strategy and project delivery, and shareholder reporting. In addition, Maurie is Powerlink's Company Secretary.



Chris Hazzard

BE, Grad Bus Mgt, CEng, FIEAust, FAICD, RPEQ

Executive Manager Operations and Field Services

Chris has responsibility for ensuring the transmission network is operated and maintained in a strategic and coordinated way. Chris also oversees and provides direction for our IT support systems and plays a key role in ensuring Powerlink is equipped to ably respond to emergencies and issues.

Chris has more than 30 years' experience in the electricity industry, including management roles in asset management, operations, design, procurement and project delivery.



Garry Mulherin

BE

Executive Manager Investment and Planning

Garry's responsibilities include strategic business development and asset management to optimise the long-term return on Powerlink's investments in a way that meets the emerging expectations of our stakeholders, including our shareholders, customers, National Electricity Market participants, the Australian Energy Regulator, and the community.

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



Michelle Palmer

BComms, MA, MBA, GAICD

Executive Manager Stakeholder Relations and Corporate Services

Michelle has responsibility for Powerlink's strategic stakeholder engagement, communications, environmental and business resilience strategies as well as accountability for the provision of corporate services support.

Michelle has provided strategic reputation risk and communications counsel within the Queensland electricity industry for more than 15 years.



Greg Rice

B Tech (Elec), FIEAust, GAICD

Executive Manager Infrastructure Delivery and Technical Services

Greg manages the division responsible for the delivery of Powerlink's network capital works program, operational works where design and/or technical investigations are required, and provision of specialist technical advice.

Greg has more than 30 years' experience in the electricity sector covering generation, retail, transmission and distribution in both public and private sectors, and at senior and executive management levels.



Julia Smith

B App Sc, BBus, GCCM, GAICD

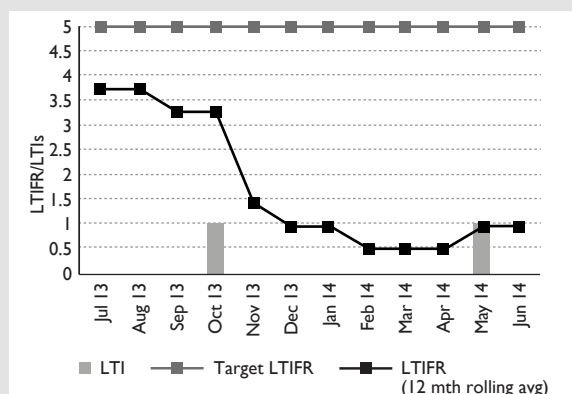
Executive Manager People and Culture

Julia has responsibility for the development of effective frameworks and systems for employee relations, occupational health and safety, electrical safety, organisational capability and culture (including organisational development, leadership development and talent management), safety training delivery and coordination, and delivery of human resources systems and services.

Prior to joining Powerlink, Julia held senior human resource management roles in fast moving consumer goods, financial services and infrastructure sectors.

Statistical summary¹

Lost Time Injury Frequency Rate (LTIFR)



A Lost Time Injury (LTI) is a work injury that resulted in time lost from work of one full shift or more (injuries that occur on journeys to/from work or during recess breaks are excluded). The Lost Time Injury Frequency Rate (LTIFR) is expressed as the number of LTIs per million hours worked.

Transmission lines and underground cables

Added in 2013/14

Voltage	Transmission Line		Underground Cable	
	Route km	Circuit km	Route km	Circuit km
330kV	0	0	0	0
275kV	171	342	0	0
132kV	22	45	0	0
110kV	0	0	0	0
66kV	0	0	0	0
Total	193	387	0	0

Capacitor bank, shunt reactors and Static VAR Compensators

Added in 2013/14

Voltage	Capacitor Banks		Reactors		SVCs		Location
	Total	MVar	Total	MVar	Total	MVar	
330kV	0		0		0		
275kV	0		2	70	0		Nebo, Chalumbin
132kV	5	270	0		0		Collinsville North, Dysart, Dysart, Newlands, Moranbah
110kV	0		0		0		
Total	5	270	2	70	0	0	

Substations/switching stations and transformers

Added in 2013/14

Voltage	Substations		Transformers		
	Total number	Location	Total number	Total Rating (MVA)	Location
330kV	0		0		
275kV	2	Orana, Columboola	2	750	Columboola
132kV	1	Condabri South	0		
110kV	0		0		
Total	3		2	750	

Circuit breakers

Added in 2013/14

Voltage	Circuit Breakers	Location
330kV	0	
275kV	26	Tarong, Calvale, Columboola, Orana, Western Downs
132kV	11	Condabri South, Collinsville North
110kV	6	Loganlea
66kV*	0	
Total	43	

* Equal to or less than 66kV

¹ Tables with added information only include new assets – they exclude reinvestments and decommissioned assets.

Energy output and delivery*

2013/14	2012/13	2011/12	2010/11	2009/10
Energy flowing into the grid (GWh)				
46,912	47,690	47,987	48,020	49,593
Energy delivered to customers (GWh)*				
45,169	45,650	45,394	45,240	46,745
Peak maximum demand (MW)				
8,365	8,453	8,707	8,836	8,891

* Embedded scheduled generation output is not included.

Circuit breakers

As at 30 June 2014

Voltage	Total Number ^{^^}
330kV	31
275kV	486
132kV	516
110kV	276
66kV*	26
Total	1,335

* Equal to or less than 66kV

^ During 2013/14 a number of 275kV, 132kV, 110kV and 66kV circuit breakers were decommissioned.

Substations/switching stations and communication sites

As at 30 June 2014

Voltage	Substations	Cable Transition	Communication*
330kV	4		
275kV	42	3*	
132kV	71	3	
110kV	15	3	
66kV		1	
Total	132	10	93

* Two of these cable transition sites are energised at 110kV

** A communication site may be owned by Powerlink or Powerlink may have a significant communications presence at a third party site.

Capacitor bank, shunt reactors and Static VAR Compensators

As at 30 June 2014

Voltage	Capacitor Banks		Reactors		SVCs	
	Total	MVar	Total	MVar	Total	MVar
330kV	3	440	4	144		
275kV	28	3,880	17**	746	8	2,510
132kV	31^	1,455.5			14	1,681
110kV	33	1,800.2				
66kV*	5	96	3^^	66.4		
Total	100	7,671.7	24	956.4	22	4,191

* Equal to or less than 66kV

** One 275kV reactor decommissioned

^ One 132kV capacitor bank decommissioned

^^ Two 66kV reactors decommissioned

Five-year history of transmission lines and underground cables

As at 30 June 2014

Voltage [^]	2010		2011		2012		2013		2014	
	Route km	Circuit km	Route km	Circuit km	Route km	Circuit km	Route km	Circuit km	Route km	Circuit km
Transmission Lines										
330kV	348	696	348	696	348	696	348	696	348	696
275kV	5,819	8,037	5,990	8,387	6,032	8,458	6,293	8,981	6,512	9,419
132kV	2,769	4,405	2,796	4,468	2,785	4,364	2,820	4,521	2,841	4,564
110kV	238	416	238	416	238	416	222	420	215	413
66kV*	4	4	4	4	4	4	4	4	4	4
Total Lines	9,178	13,558	9,376	13,971	9,407	13,938	9,687	14,622	9,920	15,096
Underground Cables										
275kV	10	10	10	10	10	10	10	10	10	10
132kV	4	4	4	4	4	4	4	4	4	4
110kV	8	8	8	8	8	8	8	8	8	8
66kV*	1	1	1	1	1	1	1	1	1	1
Total Cables	23	23	23	23	23	23	23	23	23	23
Total Lines & Cables	9,201	13,581	9,399	13,994	9,430	13,961	9,710	14,645	9,943	15,119

* Equal to or less than 66kV

^ As constructed voltages

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Powerlink Queensland

Financial Statements

2013/14

These financial statements are the consolidated financial statements of the consolidated entity consisting of Powerlink Queensland and its subsidiaries. The financial statements are presented in the Australian currency.

Powerlink Queensland is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Powerlink Queensland
33 Harold Street
Virginia Qld 4014

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report , which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 22 August 2014. The Directors have the power to amend and reissue the financial statements.

Directors' report

The Directors present their report together with the financial report of Queensland Electricity Transmission Corporation Limited trading as Powerlink Queensland (the Company) and of the Consolidated Entity being the Company and its subsidiaries, and the Consolidated Entity's interest in associates for the financial year ended 30 June 2014 and the auditor's report thereon.

Directors

The following persons were Directors of Powerlink Queensland during the whole of the financial year and up to the date of this report:

Stephen Rochester
Julie Beeby
Kenneth Howard
Julienne Martin
Anne Barclay

Christina Sutherland was a director from the beginning of the financial year until 30 September 2013 when the term of her appointment finished.

Principal activities

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

- (a) Delivery of a transmission service to electricity market participants via open, non-discriminatory access to the Queensland transmission grid which connects generating sites with customer/distribution connection points;
- (b) Provision of system operator services, up to 29 January 2014, to assist AEMO (Australian Energy Market Operator) to manage power system security in the Queensland region of the National Electricity Market;
- (c) Provision of metering services to measure electricity at generation and usage at connection points to the transmission network.

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

Dividends

The Directors have provided for a final dividend of \$167.789 million (2013: final dividend \$177.402 million plus interim dividend of \$339.2 million) being 80% of the profit after income tax equivalent expense exclusive of the effect of the ElectraNet sale price adjustment (2013: 90% of the profit after income tax equivalent expense excluding the contributions from equity accounted associates and excluding the items recognised in the income statement on the divestment of the investment in associates and which comprised the interim dividend paid during the financial year).

The final dividend will not be franked.

Review of operations

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

Environmental regulation

The Consolidated Entity is subject to environmental regulations under State and 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 and other sites.

The Consolidated Entity has an Executive Committee for Environment and a Board Audit, Risk and Compliance Committee that monitors compliance with environmental regulations.

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

Carbon Price Mechanism

The Consolidated Entity does not trigger current thresholds for the Carbon Tax or the proposed Emissions Reductions Fund "safeguarding emissions reduction" scheme which is due to be implemented on 1 July 2015.

Greenhouse gas and energy data reporting requirements

The Energy Efficiency Opportunities Act 2006 requires entities to assess their energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action they intend to take as a result. The threshold energy use for the Energy Efficiency Opportunities Act 2006 is 0.5 petajoules. During the reporting period, Powerlink Queensland remained exempt from the requirements of this Act.

The National Greenhouse and Energy Reporting Act 2007 (NGER) requires the Consolidated Entity to report its annual greenhouse gas emissions, including emissions associated with energy use. The first measurement period for this Act commenced from 1 July 2008. The Consolidated Entity has implemented systems and processes for the collection and calculation of the data required and submits its report to the Clean Energy Regulator each year before the 31 October deadline. Powerlink's NGER reporting methods and submissions were reviewed in 2012/13 by external auditors, Net Balance. Powerlink's scope 1 emissions in 2012/13 (greenhouse gases emitted into the atmosphere as a result of the Consolidated Entity's activities) were 14,494.47 tonnes of carbon dioxide equivalent.

Information on directors

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

Company secretary

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

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each Board Committee held during the year ended 30 June 2014, and the numbers of meetings attended by each Director were:

Meetings of directors (continued)

Directors	Full meetings of directors		Meetings of committees			
			Audit & Risk		Remuneration	
	A	B	A	B	A	B
Stephen Rochester	11	11	3	3	4	4
Julie Beeby	11	11	**	**	4	4
Kenneth Howard	11	11	3	3	**	**
Julienne Martin	11	11	3	3	**	**
Anne Barclay	11	11	**	**	3	3
Christina Sutherland	3	3	1	1	2	2

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

** = Not a member of the relevant committee

Retirement, election and continuation in office of directors

Christina Sutherland's term as a director ceased on 30 September 2013. There were no other changes in directors during the financial year.

Remuneration report

Principles used to determine the nature and amount of remuneration

Directors

Responsibility for determining and reviewing compensation for the Directors resides with the shareholding Ministers, who as at 30 June 2014 were the Honourable Timothy Nicholls, Treasurer and Minister for Trade on behalf of the State of Queensland, and the Honourable Mark McArdle, Minister for Energy and Water Supply on behalf of the State of Queensland.

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

Directors are not entitled to receive any performance related remuneration.

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

Directors' fees

The current base remuneration was last reviewed with effect from 1 July 2012.

Key management personnel pay

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

Details of remuneration

Amounts of remuneration

Details of the remuneration of the key management personnel of the Consolidated Entity (as defined in AASB 124 Related Party Disclosures) are set out in Note 14.

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

- *Chief Executive*
- *Chief Financial Officer*
- *Executive Manager Infrastructure Delivery and Technical Services*
- *Executive Manager Investment and Planning*
- *Executive Manager Operations and Field Services*
- *Executive Manager People and Culture*
- *Executive Manager Stakeholder Relations and Corporate Services*

Loans to Directors and Executives

There are no loans to any Director or any key management personnel of the Consolidated Entity.

Indemnification and insurance of officers

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

The liabilities insured include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Consolidated Entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

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

The Company indemnifies the Directors and officers of the Company and its Australian based subsidiaries.

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

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

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important.

Details of the amounts paid or payable to the auditor (Queensland Audit Office) or their delegate (Deloitte Touche Tohmatsu) for audit and non-audit services provided during the year are set out in Note 15 - Remuneration of Auditors, of the financial statements and supporting notes.

Auditor's independence declaration

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

Rounding of amounts

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

Parent Entity Disclosures

The Consolidated Entity has elected to adopt Class order 10/654 allowing the disclosure of parent entity financial statements and notes thereto. The class order provides relief from the requirement preventing disclosure of single entity financial statements and disclosures of specific parent entity financial information under regulation 2M.3.01 of the Corporation Regulations.

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

A handwritten signature in black ink, appearing to read 'Stephen Rochester', with a long horizontal stroke extending to the right.

Stephen Rochester
Chairman
Brisbane
22 August 2014

To the Directors of Queensland Electricity Transmission Corporation Limited,

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

Independence Declaration

As lead auditor for the audit of Queensland Electricity Transmission Corporation Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been –

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



N George CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

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Powerlink Queensland
Income statements
For the year ended 30 June 2014

		Consolidated Year ended 30 June 2014 \$'000	30 June 2013 \$'000	Powerlink Queensland Year ended 30 June 2014 \$'000	30 June 2013 \$'000
	Notes				
Revenue from continuing operations	2	1,034,883	972,093	1,038,304	1,312,776
Other income	3(a)	392	353,477	392	157
Less					
Expenses from continuing operations excluding finance costs expense	3(b)	(475,880)	(438,208)	(475,861)	(438,021)
Finance costs	3(b)	(262,022)	(246,934)	(262,022)	(246,934)
Share of profit/(loss) from associates		-	8,811	-	-
Profit before income tax		297,373	649,239	300,813	627,978
Income tax expense	4	(91,529)	(192,288)	(91,444)	(83,315)
Profit for the year		205,844	456,951	209,369	544,663
Profit is attributable to:					
Owners of Powerlink Queensland		205,844	456,951	209,369	544,663

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

		Consolidated Year ended 30 June 2014 \$'000	30 June 2013 \$'000	Powerlink Queensland Year ended 30 June 2014 \$'000	30 June 2013 \$'000
	Notes				
Profit for the year		205,844	456,951	209,369	544,663
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Changes in the fair value of cash flow hedges	7(b)	(719)	(1,246)	(719)	503
<i>Items that will not be reclassified to profit or loss</i>					
Gain on revaluation of property, plant and equipment net of tax	7(b)	147,303	116,403	147,303	116,403
Actuarial (losses)/gains on defined benefit superannuation fund net of tax	7(c)	9,134	8,955	9,134	8,955
Other comprehensive income for the year, net of tax		155,718	124,112	155,718	125,861
Total comprehensive income for the year		361,562	581,063	365,087	670,524
Total comprehensive income for the year is attributable to:					
Owners of Powerlink Queensland		361,562	581,063	365,087	670,524
Total comprehensive income for the year attributable to owners of Powerlink Queensland arises from:					
Continuing operations		361,562	581,063	365,087	670,524

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

		Consolidated		Powerlink Queensland	
		30 June	30 June	30 June	30 June
		2014	2013	2014	2013
Notes		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
	5(a)	42,498	129,898	42,277	113,202
Cash and cash equivalents					
Trade and other receivables	5(b)	110,908	93,368	110,908	101,853
Inventories	6(a)	39,606	36,715	39,606	36,715
Other current assets	5(e)	7,424	4,444	7,424	4,444
Total current assets		200,436	264,425	200,215	256,214
Non-current assets					
Defined Benefit Fund Asset	6(g)	16,270	5,071	16,270	5,071
Other financial assets	6(f)	-	-	1	1
Property, plant and equipment	6(b)	7,503,713	7,147,161	7,503,713	7,147,161
Total non-current assets		7,519,983	7,152,232	7,519,984	7,152,233
Total assets		7,720,419	7,416,657	7,720,199	7,408,447
LIABILITIES					
Current liabilities					
Trade and other payables		80,333	89,377	80,347	89,368
Current tax equivalent liabilities		32,782	32,624	32,959	32,801
Provisions	6(d)	182,703	196,258	182,703	191,817
Other current liabilities	5(d)	2,286	3,954	2,286	3,954
Total current liabilities		298,104	322,213	298,295	317,940
Non-current liabilities					
Interest Bearing Loans and Borrowings	5(g)	4,154,221	4,154,221	4,154,221	4,154,221
Deferred tax liabilities	6(c)	575,821	517,009	575,825	517,013
Provisions	6(e)	25,989	25,790	25,989	25,790
Other non-current liabilities	5(f)	85,454	10,367	85,454	10,367
Total non-current liabilities		4,841,485	4,707,387	4,841,489	4,707,391
Total liabilities		5,139,589	5,029,600	5,139,784	5,025,331
Net assets		2,580,830	2,387,057	2,580,415	2,383,116
EQUITY					
Contributed equity	7(a)	401,000	401,000	401,000	401,000
Reserves	7(b)	984,240	837,656	984,240	837,656
Retained earnings	7(c)	1,195,590	1,148,401	1,195,175	1,144,460
Capital and reserves attributable to owners of Powerlink Queensland		2,580,830	2,387,057	2,580,415	2,383,116
Total equity		2,580,830	2,387,057	2,580,415	2,383,116

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

Consolidated Entity	Notes	Attributable to owners of Powerlink Queensland			Total equity \$'000
		Contributed equity \$'000	Other reserves \$'000	Retained earnings \$'000	
Balance at 1 July 2012		401,000	783,281	1,138,316	2,322,597
Profit for the year		-	-	456,951	456,951
Other comprehensive income		-	115,156	8,955	124,111
Transfers between reserves and retained earnings		-	(60,781)	60,781	-
Total comprehensive income for the year		-	54,375	526,687	581,062
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	11(b)	-	-	(516,602)	(516,602)
Balance at 30 June 2013		401,000	837,656	1,148,401	2,387,057
Balance at 1 July 2013		401,000	837,656	1,148,401	2,387,057
Profit for the year		-	-	205,844	205,844
Other comprehensive income	7(b)	-	146,584	9,134	155,718
Total comprehensive income for the year		-	146,584	214,978	361,562
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	11(b)	-	-	(167,789)	(167,789)
Balance at 30 June 2014		401,000	984,240	1,195,590	2,580,830

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

Powerlink Queensland
Statements of changes in equity
For the year ended 30 June 2014
continued...

Powerlink Queensland	Notes	Contributed equity \$'000	Other reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2012		401,000	720,750	1,107,444	2,229,194
Profit for the year		-	-	544,663	544,663
Other comprehensive income		-	116,906	8,955	125,861
Total comprehensive income for the year		-	116,906	553,618	670,524
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	11(b)	-	-	(516,602)	(516,602)
Balance at 30 June 2013		401,000	837,656	1,144,460	2,383,116
Balance at 1 July 2013		401,000	837,656	1,144,460	2,383,116
Profit for the year		-	-	209,369	209,369
Other comprehensive income	7(b)	-	146,584	9,135	155,719
Total comprehensive income for the year		-	146,584	218,504	365,088
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	11(b)	-	-	(167,789)	(167,789)
Balance at 30 June 2014		401,000	984,240	1,195,175	2,580,415

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

	Consolidated		Powerlink Queensland	
	Year ended		Year ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
Notes	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Receipts from customers	1,060,616	933,986	1,060,616	933,986
Payments to suppliers and employees	(210,333)	(216,917)	(205,874)	(216,732)
Other operating receipts	25,569	35,828	25,569	31,203
Finance Costs Paid	(261,601)	(240,803)	(261,601)	(240,803)
Income tax equivalent paid	(98,741)	(240,192)	(90,147)	(99,506)
Interest received	6,259	15,935	5,958	3,833
Dividends received	-	-	3,722	350,135
Goods and Services Tax Paid	2,479	10,356	2,479	10,355
Other operating payments	(445)	(1,175)	(445)	(1,175)
Net cash inflow from operating activities	523,803	297,018	540,277	771,296
Cash flows from investing activities				
Payments for property, plant and equipment	(434,739)	(612,704)	(434,738)	(612,704)
Proceeds from sale of property, plant and equipment	938	1,774	938	1,774
Proceeds from/(payments for) investments	-	570,000	-	93,005
Net cash (outflow) from investing activities	(433,801)	(40,930)	(433,800)	(517,925)
Cash flows from financing activities				
Proceeds from borrowings	290,000	300,000	290,000	300,000
Repayment of borrowings	(290,000)	-	(290,000)	-
Dividends paid to company's shareholders 11(b)	(177,402)	(485,878)	(177,402)	(485,878)
Net cash (outflow) from financing activities	(177,402)	(185,878)	(177,402)	(185,878)
Net (decrease) increase in cash and cash equivalents	(87,400)	70,210	(70,925)	67,493
Cash and cash equivalents at the beginning of the financial year	129,898	59,688	113,202	45,709
Cash and cash equivalents at end of year	42,498	129,898	42,277	113,202
5(a)				

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

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The accounting policies have been applied consistently by all entities in the Consolidated Entity. The financial statements include separate financial statements for Powerlink Queensland (the Company) as an individual entity and the Consolidated Entity consisting of Powerlink Queensland, its subsidiaries and its associates.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, and Interpretations issued by the Australian Accounting Standards Board, the *Corporations Act 2001*, and the *Queensland Government Owned Corporations Act 1993*.

Powerlink Queensland is a for profit entity for the purpose of preparing the financial statements.

Going Concern

The financial statements have been prepared on a going concern basis. As at 30 June 2014, the current liabilities exceed current assets for the Consolidated Entity by \$97.668 million (Parent Entity \$98.080 million). The State of Queensland has indicated support to Powerlink for additional borrowings to fund operational and capital requirements. The Directors believe that the strong operational cash flows and the funding available support the preparation of the financial statements under the going concern assumption.

(i) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the Consolidated Entity. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 9 <i>Financial Instruments</i>	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting.	When adopted, the standard will affect the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The new hedging rules align hedge accounting more closely with the group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.	Must be applied for financial years commencing on or after 1 January 2017 *. The group has not yet assessed how its own hedging arrangements would be affected by the new rules, and it has not yet decided whether to adopt any parts of AASB 9 early. In order to apply the new hedging rules, the group would have to adopt AASB 9 and the consequential amendments to AASB 7 and AASB 139 in their entirety.

* The mandatory application of this standard may be further deferred once the IASB has agreed on a mandatory date for the equivalent international standard.

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

(ii) *New and amended standards adopted by the group*

The Consolidated Entity has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2013:

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) *New and amended standards adopted by the group (continued)*

- AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 128 *Investments in Associates and Joint Ventures*, AASB 127 *Separate Financial Statements* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*
- AASB 2012-10 *Amendments to Australian Accounting Standards - Transition Guidance and other Amendments* which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period
- AASB 2011-4 *Amendments to Australian Accounting Standards* to remove individual Key Management Personnel disclosure.
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*
- AASB 119 *Employee Benefits (September 2011)* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle* and
- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*
- AASB 2012-9 *Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039*
- AASB CF 2013-1 *Amendments to the Australian Conceptual Framework* and AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments*.

The adoption of AASB 13 and AASB 119 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. These are explained and summarised in Note 13 below. The other standards only affected the disclosures in the notes to the financial statements.

(iii) *Historical cost convention*

These financial statements have been prepared on the basis of historical costs, except for the

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

(iv) *Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 9.

(b) Principles of consolidation

(i) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

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

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(i) Subsidiaries (continued)

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Powerlink Queensland ('Company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Powerlink Queensland and its subsidiaries together are referred to in this financial report as the Consolidated Entity or the Group.

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement, within finance costs. All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(d) Revenue recognition

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

Revenue is recognised for the major business activities using the methods outlined below.

(i) Grid sales revenue

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

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

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

(ii) Other revenue

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

1 Summary of significant accounting policies (continued)

(d) Revenue recognition (continued)

(iii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Consolidated Entity and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence, refer note .

(e) Income tax equivalents

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Powerlink Queensland and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax equivalent is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Investment allowances and similar tax incentives

Companies within the Consolidated Entity may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The Consolidated Entity accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

1 Summary of significant accounting policies (continued)

(f) Leases

Leases of property, plant and equipment where the Consolidated Entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Consolidated Entity as lessee are classified as operating leases (Note 17). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Consolidated Entity is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated balance sheet based on their nature.

(g) Impairment of assets

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

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

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

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

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note for further information about the group's accounting for trade receivables and Note 10(c) for a description of the Consolidated Entity's impairment policies.

1 Summary of significant accounting policies (continued)

(i) Trade receivables (continued)

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

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

(j) Inventories

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

(k) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Consolidated Entity designates certain derivatives as either:

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 10(a). Movements in the hedging reserve in shareholder's equity are shown in Note 7(b)(ii). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

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

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

(ii) Cash flow hedge

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

1 Summary of significant accounting policies (continued)

(k) Derivatives and hedging activities (continued)

(ii) Cash flow hedge (continued)

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

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

(iii) Derivatives that do not qualify for hedge accounting

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

(iv) Forward Starting Loans

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

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

(l) Fair value estimation

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

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

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

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

(m) Property, plant and equipment

(i) Supply System Assets

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

1 Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

(ii) Freehold Land and Buildings and Easements

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

(iii) Other Property Plant and Equipment

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

(iv) Acquisition of Assets

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

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

(v) Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(vi) Revaluation

Within the other land and buildings category, the fair value of easements is based on historic purchase cost increased by the Australian Bureau of Statistics Weighted Average of Eight Capital Cities Index at the end of each financial year.

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

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

The valuation of the asset category other property, plant and equipment (refer Note 6(b)) does not take into account price index movements.

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

(vii) Depreciation

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

- Supply system assets	12 - 50 years
- Buildings	7- 40 years
- Other Property, plant and equipment	3 -10 years

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

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

1 Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

(viii) Derecognition and Disposal of Assets

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

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

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

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

(p) Borrowing costs

Borrowing costs include interest and costs incurred in connection with the arrangement of borrowings. As the Consolidated Entity's policy is to value all work in progress at fair value, there is no requirement therefore to capitalise borrowing costs associated with the qualifying capital projects. All borrowing costs are expensed as incurred.

(q) Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(r) Other liabilities

Other liabilities include amounts for unearned revenues, which represent moneys received by the Consolidated Entity for which the Consolidated Entity has not provided the corresponding goods and services (refer Notes 5(d) and 5(f)).

1 Summary of significant accounting policies (continued)

(s) Employee benefits

(i) *"Wages and salaries, annual leave and "time-off-in-lieu" leave"*

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

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

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

(ii) *Other long-term employee benefit obligations*

The liability for long service leave is recognised in the provision for long service leave and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheets if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) *Superannuation benefit obligations*

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

A liability or asset in respect of the defined benefit superannuation plan is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, outside of profit or loss directly, in other comprehensive income.

Contributions to the defined contribution contribution section of the Consolidated Entity's superannuation plan and other independent defined contribution superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Past service costs are recognised immediately in profit or loss.

(iv) *At-risk performance remuneration*

Employees of the Consolidated Entity are eligible for performance payments based on individual and/or small team performance during the year. In addition, award employees are eligible for a gainsharing payment based on corporate results (refer Note 7(a)).

1 Summary of significant accounting policies (continued)

(s) Employee benefits (continued)

(v) Termination benefits

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

(t) Contributed equity

Ordinary shares are classified as equity. Refer Note 7(a).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Dividends

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

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

(v) Goods and Services Tax (GST)

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

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

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

(w) Rounding of amounts

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

(x) Electricity market operations

National Electricity Market

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

Pursuant to the Rules, the IRSR balance is received by Powerlink Queensland and is applied to offset transmission network charges (refer Note 21).

2 Revenue

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
Revenues from continuing operations				
Grid Sales Revenue	1,000,726	927,603	1,000,726	927,603
Total Grid Sales Revenue	1,000,726	927,603	1,000,726	927,603
<i>Other revenue</i>				
Interest	6,259	13,192	5,958	3,833
Dividends	-	-	3,722	350,135
Other	27,898	31,298	27,898	31,205
Total Other Revenue	34,157	44,490	37,578	385,173
Total Revenues from Continuing Operations	1,034,883	972,093	1,038,304	1,312,776

3 Other income and expense items

(a) Other income

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
Net gain on disposal of property, plant and equipment	392	157	392	157
Divestment of Equity Accounted Associate	-	353,320	-	-
Total Other Income	392	353,477	392	157

(b) Expenses from Continuing Operations

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
Profit before income tax includes the following specific expenses:				
<i>Finance costs</i>				
Interest Expense	220,055	206,325	220,055	206,325
Other	41,967	40,609	41,967	40,609
Total Finance Costs Expensed	262,022	246,934	262,022	246,934
<i>Continuing Operating Expenses</i>				
Network Operations	13,943	13,450	13,943	13,450
Network Maintenance	111,163	102,433	111,163	102,433
Corporate/Business Support	71,104	55,485	71,085	55,298
Other	2,740	8,248	2,740	8,248
Depreciation	276,930	258,592	276,930	258,592
Total Expenses from Continuing Operations excluding Finance Costs Expensed	475,880	438,208	475,861	438,021

Other income and expense items

(b) Expenses from Continuing Operations (continued)

Employee benefits expenses

Defined Contribution Superannuation expense through profit or loss	3,911	3,497	3,911	3,497
Employee Benefit expense through profit or loss	106,999	93,306	106,999	93,306
Total employee benefits expenses	110,910	96,803	110,910	96,803

4 Income tax equivalent expense

(a) Income tax equivalent expense

	Consolidated Year ended 30 June 2014 \$'000	30 June 2013 \$'000	Powerlink Queensland Year ended 30 June 2014 \$'000	30 June 2013 \$'000
Current tax	98,900	233,390	98,815	88,335
Deferred tax	(7,371)	(5,843)	(7,371)	(5,020)
Reversal of deferred tax liability in relation to divestment of equity accounted associate	-	(35,259)	-	-
	91,529	192,288	91,444	83,315

Deferred income tax expense/ (revenue) equivalent included in income tax equivalent expense comprises:

(Increase)/decrease in deferred tax assets (Note 6(c)(i))	248	(3,058)	248	(3,058)
(Decrease)/increase in deferred tax liabilities (Note 6(c)(ii))	7,123	(2,785)	7,123	(1,962)
	7,371	(5,843)	7,371	(5,020)

(b) Numerical reconciliation of income tax equivalent expense to prima facie tax payable

	Consolidated Year ended 30 June 2014 \$'000	30 June 2013 \$'000	Powerlink Queensland Year ended 30 June 2014 \$'000	30 June 2013 \$'000
Profit from continuing operations before income tax equivalent expense	297,373	649,239	300,813	627,978
	297,373	649,239	300,813	627,978
Tax equivalent at the Australian tax rate of 30.0% (2013 - 30.0%)	89,212	194,772	90,244	188,393
<i>Increase in income tax equivalent expense due to:</i>				
Prior year adjustment	(22)	64	(22)	64
Temporary differences	2,978	460	2,978	460
Capital gains	-	141,451	-	-
	92,168	336,747	93,200	188,917

Decrease in income tax equivalent expense due to:

Tax exempt revenues	-	(142,754)	(1,117)	(105,041)
Building capital allowances	(639)	(561)	(639)	(561)
Temporary differences	-	(1,144)	-	-
	(639)	(144,459)	(1,756)	(105,602)

4 Income tax equivalent expense (continued)

(b) Numerical reconciliation of income tax equivalent expense to prima facie tax payable (continued)

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
Total income tax equivalent expense	91,529	192,288	91,444	83,315

(c) Amounts recognised directly in equity

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity: Net deferred tax - debited (credited) directly to equity	66,188	21,875	66,188	54,060

(d) Tax expense (income) relating to items of other comprehensive income

		Consolidated Year ended		Powerlink Queensland Year ended	
	Notes	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
Gains on revaluation of land and buildings	7(b)	63,136	22,831	63,136	49,885
Cash flow hedges	7(b)	(308)	(729)	(308)	215
Actuarial gains/(losses) on retirement benefit obligation		3,360	(227)	3,360	3,960
		66,188	21,875	66,188	54,060

(e) Tax consolidation legislation

Powerlink Queensland and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in Note1(e).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Powerlink Queensland.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Powerlink Queensland for any current tax payable assumed and are compensated by Powerlink Queensland for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Powerlink Queensland under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

5 Financial assets and financial liabilities

(a) Current assets - Cash and cash equivalents

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Cash balance comprises:				
Cash on hand	2	3	2	3
Bank balances	2,242	4,081	2,240	4,078
Cash on deposit with Qld Treasury Corporation (QTC)	40,254	125,814	40,035	109,121
Closing Cash Balance	42,498	129,898	42,277	113,202

(i) Reconciliation to cash flow statement

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows.

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See Note 1(h) for the Consolidated Entity's other accounting policies on cash and cash equivalents.

(iii) Deposits at call

Cash on deposit with QTC earns interest at floating rates based on daily QTC deposit rates.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(iv) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

(v) Risk exposure

The Consolidated Entity's exposure to interest rate risk is discussed in Note 10. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Current assets - Trade and other receivables

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Net trade receivables				
Trade receivables	110,908	93,368	110,908	93,368
Other	-	-	-	8,485
	110,908	93,368	110,908	101,853

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

(ii) Provision for Impairment of Receivables

The Consolidated Entity has not considered it necessary to raise a provision for the impairment of receivables as all receivables are considered recoverable.

Financial assets and financial liabilities

(b) Current assets - Trade and other receivables (continued)

(iii) Foreign exchange and interest rate risk

Information about the Consolidated Entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 10.

(iv) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

(c) Current liabilities - Trade and other payables

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade payables	52,764	64,870	52,780	64,862
Deposits	3	28	3	28
Other payables	27,566	24,479	27,564	24,478
	80,333	89,377	80,347	89,368

Trade payables are unsecured and are usually paid within 30 days of recognition.

(i) Fair Value

Due to their short term nature, the carrying amounts of the Consolidated Entity's and the Company's trade and other payables are a reasonable approximation of fair value.

(d) Current liabilities - Other current liabilities

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Unearned Revenue	1,787	3,935	1,787	3,935
Derivative Financial Instruments	499	-	499	-
Other	-	19	-	19
Total other current liabilities	2,286	3,954	2,286	3,954

Financial assets and financial liabilities

(e) Current assets - Other current assets

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Work in progress - Customer Works	1,301	612	1,301	612
Prepayments	6,032	3,203	6,032	3,203
Other	91	629	91	629
	7,424	4,444	7,424	4,444

(f) Non-current liabilities - Other non-current liabilities

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Unearned revenue	84,225	9,189	84,225	9,189
Other	1,229	1,178	1,229	1,178
Total other non-current liabilities	85,454	10,367	85,454	10,367

(g) Interest Bearing Loans and Borrowings

	Consolidated					
	30 June 2014			30 June 2013		
	Current	Non-current	Total	Current	Non-current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Unsecured						
Queensland Treasury Corporation	-	4,154,221	4,154,221	-	4,154,221	4,154,221
Total unsecured borrowings	-	4,154,221	4,154,221	-	4,154,221	4,154,221

	Powerlink Queensland					
	30 June 2014			30 June 2013		
	Current	Non-current	Total	Current	Non-current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Unsecured						
Queensland Treasury Corporation	-	4,154,221	4,154,221	-	4,154,221	4,154,221
Total unsecured borrowings	-	4,154,221	4,154,221	-	4,154,221	4,154,221

* Further information relating to loans from related parties is set out in Note 18.

(i) Compliance with loan covenants

Powerlink Queensland has complied with the financial covenants of its borrowing facilities during the 2014 and 2013 reporting periods, see Note 11 for details.

Financial assets and financial liabilities

(g) Interest Bearing Loans and Borrowings (continued)

(ii) Fair value

The carrying amounts and fair values of borrowings at the end of the reporting period are:

Consolidated Entity	At 30 June 2014		At 30 June 2013	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
On-balance sheet (iii)				
QTC Loans	4,154,221	4,422,729	4,154,221	4,364,233
	4,154,221	4,422,729	4,154,221	4,364,233
Powerlink Queensland				
	At 30 June 2014		At 30 June 2013	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
On-balance sheet (iii)				
QTC Loans	4,154,221	4,422,729	4,154,221	4,364,233
	4,154,221	4,422,729	4,154,221	4,364,233

(iii) On-balance sheets

The borrowings are carried on the Balance Sheet at an amount different to the aggregate net fair value. The Directors have not caused those liabilities to be adjusted to the aggregate net fair value as it is intended to retain those securities until maturity.

The carrying amounts of the Consolidated Entity's borrowings are denominated in Australian dollars.

(iv) Risk exposures

Information about the Consolidated Entity's exposure to interest rate and foreign exchange risk is provided in Note 10.

(h) Fair value measurements

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Consolidated Entity has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Consolidated Entity - at 30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Derivatives used for hedging	59	-	-	59
Total financial assets	59	-	-	59
Financial Liabilities				
Derivatives used for hedging	499	-	-	499
Total financial liabilities	499	-	-	499

Financial assets and financial liabilities

(h) Fair value measurements (continued)

(i) Fair value hierarchy (continued)

Consolidated Entity - at 30 June 2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Derivatives used for hedging	587	-	-	587
Total financial assets	587	-	-	587
Powerlink Queensland - at 30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Derivatives used for hedging	59	-	-	59
Total financial assets	59	-	-	59
Financial Liabilities				
Derivatives used for hedging	499	-	-	499
Total financial liabilities	499	-	-	499
Powerlink Queensland - at 30 June 2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Derivatives used for hedging	587	-	-	587
Total financial assets	587	-	-	587

There were no transfers between levels 1,2 and 3 for recurring fair value measurements during the year.

The Consolidated Entity's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

6 Non-financial assets and liabilities

(a) Inventories

	Consolidated 30 June 2014 \$'000	30 June 2013 \$'000	Powerlink Queensland 30 June 2014 \$'000	30 June 2013 \$'000
Current Assets				
Maintenance and Construction Stock	39,606	36,715	39,606	36,715
	39,606	36,715	39,606	36,715

Non-financial assets and liabilities

(b) Property, plant and equipment

Consolidated Entity and Powerlink Queensland	Work in Progress \$'000	Freehold Land and Easements \$'000	Buildings \$'000	Supply System Assets \$'000	Other Property, Plant and Equipment \$'000	Total \$'000
At 1 July 2012						
Cost or fair value	751,869	499,964	79,851	6,588,737	127,519	8,047,940
Accumulated depreciation	-	-	(11,817)	(1,276,383)	(76,894)	(1,365,094)
Net book amount	751,869	499,964	68,034	5,312,354	50,625	6,682,846

Year ended 30 June 2013

Opening net book amount	751,869	499,964	68,034	5,312,354	50,625	6,682,846
Revaluation surplus	-	13,252	2,109	150,927	-	166,288
Additions	558,284	-	-	-	-	558,284
Depreciation charge	-	-	(2,285)	(235,351)	(20,956)	(258,592)
Disposals	-	(1,454)	-	-	(211)	(1,665)
Transfers from work in progress	(605,379)	20,741	9,665	554,777	20,196	-
Closing net book amount	704,774	532,503	77,523	5,782,707	49,654	7,147,161

At 30 June 2013

Cost or fair value	704,774	532,503	91,639	7,305,670	141,366	8,775,952
Accumulated depreciation	-	-	(14,116)	(1,522,963)	(91,712)	(1,628,791)
Net book amount	704,774	532,503	77,523	5,782,707	49,654	7,147,161

Consolidated Entity and Powerlink Queensland	Work in Progress \$'000	Freehold Land and Easements \$'000	Buildings \$'000	Supply System Assets \$'000	Other Property, Plant and Equipment \$'000	Total \$'000
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Year ended 30 June 2014

Opening net book amount	704,774	532,503	77,523	5,782,707	49,654	7,147,161
Revaluation surplus	-	16,345	2,276	191,818	-	210,439
Additions	423,727	-	-	-	-	423,727
Depreciation charge	-	-	(2,879)	(253,547)	(20,504)	(276,930)
Disposals	-	(475)	-	-	(209)	(684)
Transfers from work in progress	(684,943)	19,122	110	649,975	15,736	-
Closing net book amount	443,558	567,495	77,030	6,370,953	44,677	7,503,713

At 30 June 2014

Cost or fair value	443,558	567,495	94,396	8,171,618	151,520	9,428,587
Accumulated depreciation	-	-	(17,366)	(1,800,665)	(106,843)	(1,924,874)
Net book amount	443,558	567,495	77,030	6,370,953	44,677	7,503,713

Non-financial assets and liabilities

(b) Property, plant and equipment (continued)

(i) Valuation of Property, Plant and Equipment

Powerlink's supply system assets, work in progress, freehold land and building and easements are carried at fair value.

The Consolidated Entity has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is contained in Note 5(h). Property, Plant and Equipment has been classified under Level 3 in determining fair value.

An income based approach to valuation was undertaken by Powerlink Queensland as at 30 June 2014 using the following key assumptions and approach:

- a major proportion of Powerlink's assets are subject to regulation in the form of a regulated revenue cap and it is assumed that they will continue to be subject to regulation in the future;
- cash flows have been projected based on forecasts of prudent and efficient operating costs and revenue consistent with existing regulatory determinations, regulatory methodologies and existing connection and access agreements which satisfy fair value definitions contained in relevant accounting standards;
- future capital expenditure and related revenues have been excluded from the cash flows;
- residual asset values have been determined using the best information available; and
- determination of a discount rate to convert future cash flows into present day values. The discount rate applied was the regulatory rate for regulated assets and the Consolidated Entity's hurdle rate for non-regulated assets, reflecting both the time value of money and the risks inherent in the projected cash flows for the assets.

(c) Deferred tax balances

(i) Deferred tax equivalent assets

	Consolidated		Powerlink Queensland	
	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
Notes				
The balance comprises temporary differences attributable to:				
Accruals	249	241	245	237
Provisions	15,958	15,718	15,958	15,717
Cash flow hedges	150	-	150	-
Total deferred tax equivalent assets	16,357	15,959	16,353	15,954
Set-off of deferred tax equivalent liabilities pursuant to set-off provisions	6(c)(ii) (16,357)	(15,959)	(16,353)	(15,954)
Net deferred tax equivalent assets	-	-	-	-
Movements:				
Opening balance at 1 July 2013	15,959	15,423	15,955	15,421
Credited/(charged) to profit or loss	150	3,058	150	3,058
Credited/(charged) to equity	248	(2,522)	248	(2,524)
Closing balance at 30 June 2014	16,357	15,959	16,353	15,955
Deferred tax assets expected to be recovered within 12 months	7,852	7,769	7,848	7,764
Deferred tax assets expected to be recovered after more than 12 months	8,505	8,190	8,505	8,190
	16,357	15,959	16,353	15,954

Non-financial assets and liabilities

(c) Deferred tax balances (continued)

(ii) Deferred tax equivalent liabilities

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
The balance comprises temporary differences attributable to:				
Property, plant and equipment	582,826	525,408	582,826	525,408
Receivables	390	184	390	184
Prepayments	35	39	35	39
	583,251	525,631	583,251	525,631
<i>Other</i>				
Defined Benefit Fund Surplus	4,881	1,521	4,881	1,521
Inventories	4,028	5,628	4,028	5,628
Cash flow hedges	18	176	18	176
Rent Received in Advance	-	12	-	11
Sub-total other	8,927	7,337	8,927	7,336
Total deferred tax equivalent liabilities	592,178	532,968	592,178	532,967
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 6(c)(i))	(16,357)	(15,959)	(16,353)	(15,954)
Net deferred tax equivalent liabilities	575,821	517,009	575,825	517,013
Movements:				
	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2013	532,968	519,858	532,967	483,394
Charged/(credited) to profit or loss	(7,123)	(2,784)	(7,122)	(1,962)
Charged/(credited) to equity	66,333	15,894	66,333	51,535
Closing balance at 30 June 2014	592,178	532,968	592,178	532,967
Deferred tax liabilities expected to be settled within 12 months	4,471	6,039	4,471	6,038
Deferred tax liabilities expected to be settled after more than 12 months	587,707	526,929	587,707	526,929
	592,178	532,968	592,178	532,967

(d) Current liabilities - Provisions

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Dividends	167,789	177,402	167,789	177,402
Onerous contracts	153	686	153	686
Restructuring costs	991	852	991	852
Other provisions	-	4,441	-	-
Employee benefits	13,770	12,877	13,770	12,877
	182,703	196,258	182,703	191,817

Non-financial assets and liabilities

(d) Current liabilities - Provisions (continued)

Information about individual provisions:

(i) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated Entity and Powerlink Queensland 2014	Dividends \$'000	Onerous contracts \$'000	Restructuring obligations \$'000	Other \$'000
Carrying amount at the start of the year	177,402	686	852	4,441
- additional provisions recognised	167,789	-	991	5,559
Amounts used during the year	(177,402)	(533)	(852)	(10,000)
Carrying amount at end of year	167,789	153	991	-

(ii) Onerous Contracts

In 2012 the Consolidated Entity entered into a non-cancellable lease for office accommodation. Due to changes in its activities and office accommodation requirements, the lease premises became surplus to existing and forecast office accommodation needs. The premises has been sublet for the remaining lease term, but changes in market conditions has meant that the rental income from the sub-lease is lower than the rental expense. The obligation for the discounted future payments, net of expected sub-lease income, has been provided for.

(iii) Restructuring costs

The Consolidated Entity is currently undertaking a review of its organisational structure and organisational responsibilities. As part of this review, a number of positions have been identified as surplus to requirements and negotiations are being undertaken with affected staff as to voluntary redundancy compensation arrangements. The provision reflects the estimated staff restructuring costs identified as at 30 June 2014.

(iv) Amounts not expected to be settled within 12 months

The current provision for employee entitlements includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro rata payments in certain circumstances. The entire amount is presented as current, since the Consolidated Entity does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Consolidated Entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	Consolidated 30 June 2014 \$'000	30 June 2013 \$'000	Powerlink Queensland 30 June 2014 \$'000	30 June 2013 \$'000
Current leave obligations expected to be settled after 12 months	1,132	239	1,132	239

(e) Non-current liabilities - Provisions

	Consolidated 30 June 2014 \$'000	30 June 2013 \$'000	Powerlink Queensland 30 June 2014 \$'000	30 June 2013 \$'000
Employee benefits	24,723	24,560	24,723	24,560
Onerous contracts	1,266	1,230	1,266	1,230
	25,989	25,790	25,989	25,790

Non-financial assets and liabilities

(e) Non-current liabilities - Provisions (continued)

(i) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated and Powerlink Queensland 2014	Onerous contracts \$'000	Total \$'000
Carrying amount at start of year	1,230	1,230
- unwinding of discount	131	131
Amounts used during the year	(95)	(95)
Carrying amount at end of year	1,266	1,266

(f) Non-current assets - Other financial assets

	Consolidated 30 June 2014 \$'000	30 June 2013 \$'000	Powerlink Queensland 30 June 2014 \$'000	30 June 2013 \$'000
Shares in subsidiaries* (Note 19)	-	-	1	1
	-	-	1	1

* Represents investments in unlisted controlled entities at cost

(g) Superannuation Commitments

(i) Superannuation plan

The Consolidated Entity contributes to an industry multiple employer superannuation fund, the Electricity Supply Industry Superannuation (Qld) Ltd. Members, after serving a qualifying period, are entitled to benefits from this scheme on retirement, resignation, retrenchment, disability or death. The Consolidated Entity has one plan with a defined benefit section and a defined contribution section. The defined benefit section is only open to existing employees who have always been in the section, and is not open to new employees.

The defined benefit account of this plan provides defined lump sum benefits based on years of service and final average salary. Employee contributions to the scheme are based on percentages of their salaries and wages. The Consolidated Entity also contributes to the plan.

The Trust Deed of the plan states that, if the plan winds up, after the payment of all costs and the payment of all member benefits in respect of the period up to the date of termination, any remaining assets are to be distributed by the Trustee of the plan, acting on the advice of an actuary to the participating employers.

The Consolidated Entity may at any time, by notice to the Trustee, terminate its contributions. In respect of the defined contributions section of the plan, the employer has a liability to pay the monthly contributions due prior to the effective date of the notice, but there is no requirement for an employer to pay any further contributions, irrespective of the financial condition of the plan.

The Consolidated Entity may benefit from any surplus in the Fund in the form of a contribution reduction. Any reduction in contributions would normally be implemented only after advice from the plan's actuary.

All monetary amounts are in Australian dollars and have been rounded to the nearest \$1,000. Actuarial gains or losses associated with the defined benefit plan are recognised directly in retained earnings.

The following sets out details in respect of the defined benefit section only. The expense recognised in relation to the defined contribution section is disclosed in Note 2.

(ii) Defined Benefit Plan Balance Sheet Amounts

The amounts recognised in the balance sheet arising from the Consolidated Entity's obligation in respect of its defined benefit plan is as follows:

Non-financial assets and liabilities

(g) Superannuation Commitments (continued)

(ii) Defined Benefit Plan Balance Sheet Amounts (continued)

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Fair value of defined benefit plan assets	83,976	80,396	83,976	80,396
Present value of the defined benefit obligation	(67,706)	(75,325)	(67,706)	(75,325)
Net surplus/(deficit) in the balance sheets	16,270	5,071	16,270	5,071

(iii) Change in accounting policy

The Consolidated Entity has applied the revised accounting standard for employee benefits from 1 July 2013. This has affected some of the amounts recognised and disclosed in the financial statements. Due to the immateriality of the amounts involved, the information shown in this note has not been restated based on the new rules. Refer Note 13(b).

(iv) Categories of plan assets

The major categories of plan assets are as follows:

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	%	%	%	%
Cash	10.0	10.0	10.0	10.0
Property	10.0	10.0	10.0	10.0
Equity instruments	50.0	50.0	50.0	50.0
Debt instruments	10.0	10.0	10.0	10.0
Alternative assets	20.0	20.0	20.0	20.0
	100.0	100.0	100.0	100.0

(v) Significant estimate: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	Consolidated		Powerlink Queensland	
	Year ended	30 June	Year ended	30 June
	30 June	2013	30 June	2013
	2014		2014	
Discount rate - Australia	3.0%	3.2%	3.0%	3.2%
Expected return on plan assets	3.0%	6.0%	3.0%	6.0%
Future salary increases	4.0%	4.0%	4.0%	4.0%

The sensitivity of the defined benefit obligation to changes in the significant assumptions is:

	Change in assumption	Impact on defined benefit obligation	Change in assumption
		Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 5.2%	Increase by 5.6%
Salary growth rate	0.5%	Increase by 5.2%	Decrease by 4.9%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Non-financial assets and liabilities

(g) Superannuation Commitments (continued)

(vi) Risk exposure

The average age of defined benefit fund members is 51 years and the average future-working lifetime is approximately 9 years which indicates a medium to longer time horizon. To match this liability profile, the defined benefit fund assets are invested in a balanced strategy with holdings in all the major asset classes.

(vii) Defined benefit liability employer contributions

The weighted average duration of the defined benefit obligation is 9 years (2013 - 9 years). The expected maturity analysis of undiscounted defined benefit obligations is as follows:

Consolidated Entity and Parent Entity	Less than a year \$'000	Between 1 - 2 years \$'000	Between 2 - 5 years \$'000	Over 5 years \$'000	Total \$'000
Defined benefit obligation - 30 June 2014	6,358	4,291	16,447	109,068	136,164
Defined benefit obligation - 30 June 2013	8,850	4,668	16,265	123,507	153,290

(viii) Reconciliations

	Consolidated 30 June 2014 \$'000	30 June 2013 \$'000	Powerlink Queensland 30 June 2014 \$'000	30 June 2013 \$'000
<i>Reconciliation of the present value of the defined benefit obligation, which is fully funded:</i>				
Balance at the beginning of the year	(75,325)	(79,892)	(75,325)	(79,892)
Current service cost	(3,071)	(3,494)	(3,071)	(3,494)
Interest cost	(2,269)	(1,954)	(2,269)	(1,954)
Actuarial gains and (losses)	6,652	9,062	6,652	9,062
Benefits paid	9,050	4,084	9,050	4,084
Contributions by members	(767)	(802)	(767)	(802)
Provisions for contributions tax	(1,976)	(2,329)	(1,976)	(2,329)
Balance at the end of the year	(67,706)	(75,325)	(67,706)	(75,325)

Reconciliation of the fair value of plan assets:

Balance at the beginning of the year	80,396	71,764	80,396	71,764
Expected return on plan assets	2,463	4,081	2,463	4,081
Actuarial (gains) and losses	7,821	6,178	7,821	6,178
Contributions by Company	1,579	1,655	1,579	1,655
Benefits paid	(9,050)	(4,084)	(9,050)	(4,084)
Contributions by members	767	802	767	802
Balance at the end of the year	83,976	80,396	83,976	80,396

Non-financial assets and liabilities

(g) Superannuation Commitments (continued)

(ix) Amounts recognised in profit or loss

The amounts recognised in profit or loss are as follows:

	Consolidated Year ended 30 June 2014 \$'000	30 June 2013 \$'000	Powerlink Queensland Year ended 30 June 2014 \$'000	30 June 2013 \$'000
Current service cost	3,071	3,494	3,071	3,494
Interest cost	2,269	1,954	2,269	1,954
Expected return on plan assets	(2,463)	(4,081)	(2,463)	(4,081)
Total included in employee benefits expense	2,877	1,367	2,877	1,367

(x) Employer contributions

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. Actuarial assessments are made at no more than three yearly intervals, and the last such assessment was made as at 30 June 2013.

The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. To achieve this objective the actuary has adopted a method of funding known as the aggregate funding method.

This funding method seeks to have benefits funded by a total contribution which is expected to be a constant percentage of members salaries and wages over their working lifetimes.

Funding recommendations made by the actuary are based on assumptions of various matters such as future salary levels, mortality rates, membership turnover and interest rates.

Using the funding method described above and the abovementioned actuarial assumptions as to plans and future experience, the Fund's actuary has not recommended that additional contributions beyond the current contribution level be made.

Total employer contributions expected to be paid by the Consolidated Entity to the defined benefit section of the plan for the year ended 30 June 2015 are \$1.419 million.

7 Equity

(a) Contributed equity

(i) Share capital

		Powerlink Queensland 30 June 2014 Shares	30 June 2013 Shares	Powerlink Queensland 30 June 2014 \$'000	30 June 2013 \$'000
Notes					
Ordinary shares					
Fully paid	7(a)(ii)	401,000,000	401,000,000	401,000	401,000
Total Contributed Equity		401,000,000	401,000,000	401,000	401,000

(ii) Ordinary shares

Issued and Paid Up Capital

Consists of 2 "A" Class voting shares of \$1.00 each and 400,999,998 "B" Class non-voting shares of \$1.00 each. Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital, and issued shares do not have a par value.

There was no movement in the issued and paid up capital during the financial year ended 30 June 2014.

Equity

(a) Contributed equity (continued)

(ii) Ordinary shares (continued)

Terms and Conditions of Contributed Equity - Ordinary Shares

Ordinary shares entitle the holder to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up, on shares held.

Holders of "A" Class ordinary shares are entitled to one vote per share at shareholders' meetings.

(b) Reserves

Nature and purpose of other reserves

(i) Revaluation surplus - property, plant and equipment

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets, and investments in associates, measured at fair value in accordance with the applicable Australian Accounting Standards, as described in Note 1(m). The balance standing to the credit of the surplus may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

(ii) Cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in Note 1(k). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Revaluation surplus - property, plant and equipment	984,548	837,245	984,548	837,245
Cash flow hedges	(308)	411	(308)	411
	984,240	837,656	984,240	837,656

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Notes				

Movements:

Revaluation surplus - Property, plant and equipment

Opening balance at 1 July 2013	6(b)	837,245	781,624	837,245	720,842
Revaluation - gross		210,439	166,288	210,439	166,288
Deferred tax		(63,136)	(49,885)	(63,136)	(49,885)
Revaluation - associate		-	(87,836)	-	-
Deferred tax -associate		-	27,054	-	-
Balance 30 June 2014		984,548	837,245	984,548	837,245

Cash flow hedges

Opening balance at 1 July 2013		411	1,657	411	(92)
Revaluation - gross		(1,028)	718	(1,028)	718
Deferred tax		309	(215)	309	(215)
Revaluation - associate		-	(2,693)	-	-
Deferred tax - associate		-	944	-	-
Balance 30 June 2014		(308)	411	(308)	411

Equity

(c) Retained earnings

Movements in retained earnings were as follows:

	Notes	Consolidated		Powerlink Queensland	
		30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
Balance 1 July 2013		1,148,401	1,138,316	1,144,460	1,107,444
Net profit for the year		205,844	456,951	209,369	544,663
Dividends	11(b)	(167,789)	(516,602)	(167,789)	(516,602)
Actuarial gains/(losses) on defined benefit plans net of tax recognised directly in retained earnings		10,131	11,284	10,131	11,284
Defined benefit fund contributions tax		(997)	(2,329)	(996)	(2,329)
Divestment of interest in Associate - Asset Revaluation Reserve		-	60,781	-	-
Balance 30 June 2014		1,195,590	1,148,401	1,195,175	1,144,460

8 Cash flow information

(a) Reconciliation of profit after income tax equivalent to net cash inflow from operating activities

	Consolidated		Powerlink Queensland	
	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
Profit for the year from continuing operations after income tax equivalent	205,844	456,951	209,369	544,663
Depreciation	276,930	258,592	276,930	258,592
Transfers from hedge reserve on divestment of associate	-	4,531	-	-
Net (gain)/loss on sale of non-current assets	(392)	(353,477)	(392)	(157)
Share of (profit)/loss of associates not received as dividends or distributions	-	(8,811)	-	-
<i>Change in operating assets and liabilities:</i>				
(Increase)/decrease in trade debtors	(18,222)	19,114	(18,224)	16,369
(Increase)/decrease in inventories	(2,892)	(14,582)	(2,892)	(14,582)
(Increase)/ decrease in deferred tax assets	(248)	(621)	(248)	(620)
(Decrease)/ increase in creditors	76,408	(19,839)	76,408	(19,840)
(Decrease)/ increase in provision for income taxes payable	158	(11,321)	8,668	(15,131)
(Decrease)/ increase in deferred tax liabilities	(7,122)	(35,962)	(7,122)	(441)
(Decrease)/ increase in other provisions	(3,830)	2,964	611	2,964
(Increase)/decrease in prepayments	(2,831)	(521)	(2,831)	(521)
Net cash inflow/(outflow) from operating activities	523,803	297,018	540,277	771,296

(b) Non-cash investing and financing activities

No financing or investing activities were undertaken by the Consolidated Entity during the period which did not result in cash flows during this period.

9 Critical accounting judgements, estimates and assumptions

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

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

(a) Defined Benefit Plans

Various actuarial assumptions are required when determining the Consolidated Entity's post employment obligations. These assumptions and the relative carrying amounts are discussed in Note 7.

(b) Employee Entitlements

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

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

(c) Recovery of Deferred Tax Equivalent Assets

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

(d) Revaluation of Property, Plant and Equipment

The revaluation of property, plant and equipment is affected by the application of the Australian Bureau of Statistics Weighted Average of Eight Capital Cities Index at the end of each financial year.

(e) Fair Value of Property, Plant and Equipment

Due to the absence of an active market, supply system assets, work in progress, freehold land and buildings and easements are carried at fair value where fair value is estimated using an income based approach. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing fair value, a number of key estimates and assumptions are adopted for expected future cash flows. These are discussed in Note 2 and Note 6(b)

10 Financial risk management

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

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

10 Financial risk management (continued)

(a) Derivatives

Derivatives are only used for economic hedging purposes and not as trading or speculative instruments. The group has the following derivative financial instruments:

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Current assets				
Forward foreign exchange contracts - cash flow hedges	59	587	59	587
Total current derivative financial instruments assets	59	587	59	587
Current liabilities				
Forward foreign exchange contracts - cash flow hedges	499	-	499	-
Total current derivative financial instruments liabilities	499	-	499	-

(i) Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The Consolidated Entity's accounting policy for its cash flow hedges is set out in Note 1(k). For hedged forecast transactions that result in the recognition of a non-financial asset, the Consolidated Entity has elected to include related hedging gains and losses in the initial measurement of the cost of the asset.

(ii) Fair value measurements

For information about the methods and assumptions used in determining the fair value of derivatives please refer to Note 5(h).

(b) Market risk

(i) Foreign exchange risk

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

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

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

The carrying amounts of the Consolidated Entity's and Company's financial assets and liabilities are all denominated in Australian dollars.

(ii) Exposure

The Consolidated Entity's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

10 Financial risk management (continued)

(b) Market risk (continued)

(ii) Exposure (continued)

	30 June 2014			30 June 2013		
	USD \$'000	EURO \$'000	OTH \$'000	USD \$'000	EURO \$'000	OTH \$'000
Forward exchange contracts						
- buy foreign currency (cash flow hedges)	27,561	1,118	483	2,912	1,466	1,325
Net exposure	27,561	1,118	483	2,912	1,466	1,325

All the forward foreign exchange contracts are hedging forecast purchases.

(iii) Other Price risk

Consolidated Entity and Company Sensitivity

Based on the financial instruments held at 30 June 2014, had the Australian dollar weakened/strengthened by 10% against the hedged currencies, with all other variables held constant, the Consolidated Entity's post tax profit for the year would not have been affected as the foreign forward exchange contracts are used to hedge the purchase of equipment for the construction of the Consolidated Entity's supply system assets. Equity would have been \$3.151M higher/\$2.578M lower (2013: \$0.695M higher/\$0.569M lower) had the Australian dollar weakened/strengthened by 10% against the hedged currencies.

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

(iv) Interest rate risk

Consolidated Entity and Company sensitivity

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

The Consolidated Entity and the Company borrow exclusively from QTC, a Queensland Government owned corporation. QTC manages the borrowings on behalf of the Consolidated Entity and the Company within agreed pre-determined benchmarks. The composition of the QTC debt instruments are managed to align, as closely as possible, with the Company's revenue outcomes from the Australian Energy Regulator (AER), which is issued by the AER every 5 years. Under the borrowing arrangements with QTC, the Company's book interest rate is reviewed annually. Movements in book interest rates reflect additional borrowings and the results of active management during the period. The next book rate review is scheduled to take affect from 1 July 2014. During 2014 and 2013, all the Consolidated Entity's borrowings were denominated in Australian dollars.

(c) Credit risk

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

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

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

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

10 Financial risk management (continued)

(c) Credit risk (continued)

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

Details of any impairment of financial assets are contained in Note 5(b).

(i) Impaired Trade Receivables

The Consolidated Entity has recognised a loss of \$275.8 thousand (2013: \$1.2 thousand) in respect of impaired trade receivables during the year ended 30 June 2014.

(ii) Trade receivables past due but not impaired

As of 30 June 2014, trade receivables of \$1,650 thousand (2013: \$1,131 thousand) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Up to 3 months	1,649	1,102	1,649	1,102
3 to 6 months	1	29	1	29
	1,650	1,131	1,650	1,131

(d) Liquidity risk

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

Surplus funds are invested with the Queensland Treasury Corporation and have on call access.

Financing arrangements

Under the funding arrangements entered into between the Company and the Company's shareholding Ministers, any undrawn approved funding lapses at the end of each financial year. The Company seeks approval from the shareholding Ministers for funding requirements for the forthcoming year on an annual basis, and these approved borrowings form part of the State of Queensland's borrowing program. For the 2014/15 year, the Company has secured approval for additional borrowings to meet forecast operational requirements. Should further additional funds beyond this requirement be required to maintain liquidity and/or meet operational requirements, approval for the additional funds must be sought from the Queensland Treasurer.

Maturities of financial liabilities

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

10 Financial risk management (continued)

(d) Liquidity risk (continued)

Maturities of financial liabilities

Contractual maturities of financial liabilities	0 - 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
Consolidated Entity - at 30 June 2014	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives					
Trade payables	80,333	-	-	80,333	80,333
Borrowings (excluding finance leases)	243,296	973,791	4,323,510	5,540,597	4,154,221
Total non-derivatives	323,629	973,791	4,323,510	5,620,930	4,234,554

Derivatives

Gross settled (forward foreign exchange contracts - cash flow hedges)

- (inflow)	(59)	-	-	(59)	(59)
- outflow	499	-	-	499	499
Total Derivatives	440	-	-	440	440

Contractual maturities of financial liabilities	0 - 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
Consolidated Entity - at 30 June 2013	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives					
Trade payables	89,377	-	-	89,377	89,377
Borrowings (excluding finance leases)	238,784	955,742	4,377,381	5,571,907	4,154,221
Total non-derivatives	328,161	955,742	4,377,381	5,661,284	4,243,598

Derivatives

Gross settled (forward foreign exchange contracts - cash flow hedges)

- (inflow)	(587)	-	-	(587)	(587)
Total Derivatives	(587)	-	-	(587)	(587)

10 Financial risk management (continued)

(d) Liquidity risk (continued)

Maturities of financial liabilities (continued)

Contractual maturities of financial liabilities	0 - 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
Powerlink Queensland - at 30 June 2014	\$'000	\$'000	\$'000	\$'000	\$'000

Non-derivatives

Trade payables	80,347	-	-	80,347	80,347
Borrowings (excluding finance leases)	243,296	973,791	4,323,510	5,540,597	4,154,221
Total non-derivatives	323,643	973,791	4,323,510	5,620,944	4,234,568

Derivatives

Gross settled (forward foreign exchange contracts - cash flow hedges)					
- (inflow)	(59)	-	-	(59)	(59)
- outflow	499	-	-	499	499
Total Derivatives	440	-	-	440	440

Contractual maturities of financial liabilities	0 - 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
Powerlink Queensland - at 30 June 2013	\$'000	\$'000	\$'000	\$'000	\$'000

Non-derivatives

Trade payables	89,368	-	-	89,368	89,368
Borrowings (excluding finance leases)	238,784	955,742	4,377,381	5,571,907	4,154,221
Total non-derivatives	328,152	955,742	4,377,381	5,661,275	4,243,589

Derivatives

Gross settled (forward foreign exchange contracts - cash flow hedges)					
- (inflow)	(587)	-	-	(587)	(587)
Total Derivatives	(587)	-	-	(587)	(587)

11 Capital management

(a) Capital risk management

The Consolidated Entity's and the Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in line with shareholding Ministers' expectations.

The Consolidated Entity's overall strategy remains unchanged, to maintain at least an "investment grade" business credit rating.

Capital management

(a) Capital risk management (continued)

The capital structure of the Consolidated Entity consists of debt, which includes borrowings disclosed in Note 5(g) cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in Notes 7(a), 7(b) and 7(c) respectively.

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

Operating cash flows are used to maintain and expand the Consolidated Entity's property, plant and equipment, as well as to make routine outflows of tax, dividends and servicing of debt.

The Consolidated Entity's policy is to borrow centrally using facilities provided by Queensland Treasury Corporation to meet anticipated funding requirements.

There has not been any material changes in strategy or policy subsequent to the previous year ended 30 June 2013.

Gearing ratio

The Consolidated Entity's management monitor capital on the basis of a gearing ratio on an annual basis through its reporting to the Board and shareholding Ministers and Queensland Treasury Corporation. This ratio is calculated as debt to fixed assets.

		Consolidated		Powerlink Queensland	
		30 June	30 June	30 June	30 June
		2014	2013	2014	2013
	Notes	\$'000	\$'000	\$'000	\$'000
Total debt		4,154,221	4,154,221	4,154,221	4,154,221
Property, plant and equipment	6(b)	7,503,713	7,147,161	7,503,713	7,147,161
Gearing ratio		55.4%	58.1%	55.4%	58.1%

Powerlink Queensland has complied with the financial covenants of its borrowing facilities during the 2014 and 2013 reporting periods.

The decrease in the gearing ratio for the year ended 30 June 2014 resulted primarily from the reduced level of borrowings (NIL) required to finance the Consolidated Entity's capital expenditure program.

Debt is defined as long and short term borrowings. For the financial year ended 30 June 2014 the Consolidated Entity had only long term borrowings.

(b) Dividends

(i) Ordinary shares

	Consolidated		Powerlink Queensland	
	Year ended	30 June	Year ended	30 June
	30 June	2013	30 June	2013
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Unfranked interim dividend	-	339,200	-	339,200
Unfranked final dividend proposed	167,789	177,402	167,789	177,402
	167,789	516,602	167,789	516,602

In consultation with the shareholding Ministers, a final dividend has been recommended at 80% of the operating profit after income tax equivalent expense exclusive of the effect of the ElectraNet sale price adjustment (2013: 90% of the operating profit after income tax equivalents excluding the contributions from equity accounted associates and excluding the items recognised in the income statement on the divestment of the investment in the associates which comprised the interim dividend paid during the financial year).

The unfranked interim dividend in the 2012/13 financial year was paid from proceeds available to the Consolidated Entity following the divestment of its investment in an associate, ElectraNet Pty Ltd.

Capital management

(b) Dividends (continued)

(i) Ordinary shares (continued)

Pursuant to the National Tax Equivalent Manual, Powerlink Queensland and its controlled entities are not required to maintain a franking account.

12 Employee Benefits

Information in respect of each category of performance related payment is as follows:

(i) Performance payments - Other Key Management Personnel

Performance payments to other key management personnel are dependent on the performance of individual key management personnel against pre-agreed business and individual targets. The performance payments made in the 2013/14 year were granted/approved by the Board on 17 September 2013. There have not been any alterations of the terms and conditions to the grant since the grant/approval date.

(ii) Performance payments - All Other Employees

Performance payments to all other employees are dependent on the performance of employees against individual/team pre-agreed performance targets. The performance payments made in the 2013/14 year were granted/approved by the Board on 17 September 2013. There have not been any alterations of the terms and conditions to the grant since the grant/approval date.

(iii) Gainsharing Payments

Gainsharing payments are available to award employees based on the Company results. The amount is a fixed sum for all eligible employees. The payment made in 2013/14 was granted/approved by the Board on 17 September 2013. There have not been any alterations of the terms and conditions to the grant since the grant/approval date.

(iv) At-Risk Performance Remuneration

The aggregate at-risk performance remuneration is at follows:

	2013/14	2012/13
Aggregate at -risk performance remuneration	\$6.002m	\$6.256m
Total salaries and Wages paid	\$148.626m	\$138.989m
Number of employees receiving performance payments	1029	1052

(v) Number of Employees

Number of employees (full time equivalents) at year end: 1,024 (2013: 1,028)

13 Changes in accounting policies

As explained in Note 1(a) above, the Consolidated Entity has adopted a number of new or revised accounting standards this year that have resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

(a) Consolidated financial statements and joint arrangements

AASB 10 *Consolidated Financial Statements* was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements and in Interpretation 112 *Consolidation - Special Purpose Entities*.

The Consolidated Entity has reviewed its investments in other entities to assess whether the conclusion to consolidate is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Changes in accounting policies

(b) Employee benefits

The adoption of the revised AASB 119 Employee Benefits resulted in two changes to the entity's accounting policy which had an immaterial affect on items recognised in the financial statements:

- All past service costs are now recognised immediately in profit or loss. Previously, past service costs were recognised on a straight line basis over the vesting period if the changes were conditional on the employees remaining in service for a specified period of time (the vesting period). The Consolidated Entity had unrecognised past service cost of \$NIL as at 1 July 2013. Any such costs would have been adjusted against retained earnings on adoption of the revised standard (NIL as at 1 July 2012).
- The amount of net defined benefit expense that is recognised in profit or loss under the revised standard is higher than the amount that would have been recognised under the old rules, with an equal and opposite change to the amount that is recognised as remeasurement in other comprehensive income. This is the result of the replacement of the expected return on plan assets and separate interest expense with a net interest amount. The net impact on total comprehensive income is nil and there is also no adjustment to the amounts recognised in the balance sheet from this change.

The revised standard does not mandate where to present remeasurements in equity. Powerlink Queensland has chosen to retain their previous policy of recognising remeasurements directly in retained earnings.

While the revised standard must be adopted retrospectively, due to the immaterial amounts of the changes, no financial statements were restated for the comparative period.

The revised standard has also changed the accounting for the Consolidated Entity's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This did change the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change was immaterial since the majority of the leave is still expected to be taken within a short period after the end of the reporting period.

(c) Fair value measurement

AASB 13 *Fair Value Measurement* aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

Previously the fair value of financial liabilities (including derivatives) was measured on the basis that the financial liability would be settled or extinguished with the counterparty. The adoption of AASB 13 has clarified that fair value is an exit price notion, and as such, the fair value of financial liabilities should be determined based on a transfer value to a third party market participant. As a result of this change, the fair value of derivative liabilities changed on transition to AASB 13, due to incorporating own credit risk into the valuation.

As required under AASB 13, the change to fair value measurements on adoption of the standard is applied prospectively, in the same way as a change in an accounting estimate. As a consequence, the fair value of derivative liabilities relating to forward foreign exchange contracts did not change as at 1 July 2013. Accordingly comparative amounts have not been restated.

(d) Impact on financial statements

Due to the immaterial amounts resulting from the changes in the entity's accounting policies, prior year financial statements have not been restated.

14 Key management personnel disclosures

The specified Directors of Powerlink Queensland during the financial year were:

(a) Directors

Directors of Powerlink Queensland are appointed by the shareholding Ministers for a fixed term with specified expiry dates. The following persons were directors of the Consolidated Entity during the financial year:

(i) *Chairman*

Stephen Rochester

(ii) *Directors*

Anne Barclay

Julie Beeby

Kenneth Howard

Julienne Martin

Christina Sutherland (term finished 30/9/13)

(b) Other key management personnel

The following positions had authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, during the financial year:

2013/14 Financial Year

- Chief Executive - M E York
- Chief Financial Officer - M D Brennan
- Executive Manager Infrastructure Delivery and Technical Services - G Rice (from 7/4/14); R Vitelli (1/7/13 to 17/1/14)
- Executive Manager Investment and Planning - K G Mulherin
- Executive Manager Operations and Field Services - C D Hazzard
- Executive Manager People and Culture - J K Smith
- Executive Manager Stakeholder Relations and Corporate Services - M Palmer

2012/13 Financial Year

- Chief Executive - M E York
- Chief Financial Officer - M D Brennan
- Executive Manager Infrastructure Delivery and Technical Services - R Vitelli
- Executive Manager Investment and Planning - K G Mulherin
- Executive Manager Operations and Field Services - C D Hazzard
- Executive Manager People and Culture - J K Smith
- Executive Manager Stakeholder Relations and Corporate Services - M Palmer

(i) *Remuneration of other key management personnel*

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

The People, Culture and Remuneration Committee assesses the appropriateness of the nature and amount of compensation of other key management personnel on a periodic basis by reference to relevant employment market conditions to assist the Company to attract, retain and motivate high calibre individuals. Shareholder guidelines and policy in relation to remuneration of other key management personnel are followed.

The remuneration arrangements include a total fixed remuneration component which provides some flexibility for packaging of superannuation, motor vehicles and other costs, as well as a performance pay component which rewards out performance of pre-agreed business and individual targets.

Other key management personnel are employed under employment agreements. Their current employment agreements either have a fixed term or do not have an expiry date. The agreements provide a notice period from five (5) weeks to six (6) months depending on the particular contract and provision for severance payment should the Company elect to terminate the agreement. The severance payment is in accordance with the employment agreement.

Key management personnel disclosures

(c) Details of remuneration

(i) Details of the nature and amount of each major element of the remuneration of each Director are:

Name	Short term	Post employment	Total
	Fixed Remuneration \$'000	Superannuation \$'000	
Stephen Rochester	86	8	94
Anne Barclay	34	3	37
Julie Beeby	41	4	45
Kenneth Howard	36	3	39
Julienne Martin	34	3	37
Christina Sutherland	10	1	11
Total	241	22	263

Name	Short term	Post employment	Total
	Fixed Remuneration \$'000	Superannuation \$'000	
Stephen Rochester	86	8	94
Anne Barclay	16	1	17
Julie Beeby	36	3	39
Kenneth Howard	26	2	28
Julienne Martin	34	3	37
Christina Sutherland	46	4	50
Walter Threlfall	9	1	10
Total	253	22	275

Directors' remuneration excludes insurance premiums paid by Powerlink Queensland in respect of the Directors' and Officers' liability insurance contracts, and premiums in respect of Directors' and Officers' supplementary legal expenses, as the contracts do not specify premiums paid in respect of individual Directors and Officers. Information relating to insurance contracts is set out in the Directors' Report.

(ii) Other key management personnel

Details of the nature and amount of each major element of the remuneration to each of the other key management personnel of both Powerlink Queensland and the Consolidated Entity, inclusive of performance payments are:

Position	Short term	Post employment	Long term benefits	Total
	Fixed Remuneration \$'000	At Risk Payments \$'000	Superannuation# \$'000	
Chief Executive	544	54	97	711
Chief Financial Officer	309	32	55	405
Executive Manager Investment and Planning	277	16	48	353
Executive Manager Operations and Field Services	231	18	23	278
Executive Manager Stakeholder Relations and Corporate Services	201	12	35	254
Executive Manager People and Culture	247	19	25	298
Executive Manager Infrastructure Delivery and Technical Services+	268	21	33	330
Total	2,077	172	316	2,629

Key management personnel disclosures

(c) Details of remuneration (continued)

(ii) Other key management personnel (continued)

+ Remuneration disclosed reflects a change in incumbents during the financial year. "At-risk" payment reflects remuneration to outgoing incumbent.

Includes both employee and employer superannuation contributions.

	Short term		Post employment	Long term benefits		
2013						
Position	Fixed Remuneration \$'000	At Risk Payments \$'000	Superannuation# \$'000	Annual and Long service leave \$	Termination benefits \$	Total \$'000
Chief Executive	507	46	90	22	-	665
Chief Operating Officer *	838	32	35	-	792	1,697
Chief Financial Officer	299	22	52	15	-	388
Executive Manager Investment and Planning	255	22	45	15	-	337
Executive Manager Operations and Field Services	221	15	23	6	-	265
Executive Manager Stakeholder Relations and Corporate Services	192	13	34	6	-	245
Executive Manager People and Culture	235	20	23	14	-	292
Executive Manager Infrastructure Delivery and Technical Services	295	26	29	12	-	362
Total	2,842	196	331	90	792	4,251

Includes both employee and employer superannuation contributions.

* Fixed Remuneration shown for the Chief Operating Officer includes payout of accrued employee entitlements on termination .

Other key management personnel remuneration excludes insurance premiums paid by the parent entity in respect of Directors' and Officers' liability insurance contracts and premiums in respect of Directors' and Officers' supplementary legal expenses, as the contracts do not specify premiums paid in respect of individual Directors and Officers. Information relating to the insurance contracts is set out in the Directors' Report.

(d) Director term and appointment

Stephen Rochester (Chairman)

Current Term 3 years 4 months First appointed May 2012

Anne Barclay

Current term 2 years and 9 months. First appointed 20 December 2012

Julie Beeby

Current term 3 years commencing October 2011. First appointed October 2008.

Kenneth Howard

Current term 2 years and 9 months commencing 20 December 2012. First appointed January 2007.

Julienne Martin

Current term 3 years commencing October 2011. First appointed October 2011.

15 Remuneration of auditors

Remuneration for audit or review of the financial statements of Powerlink Queensland or any entity of the Consolidated Entity.

Amounts received or due and receivable by the auditors of Powerlink Queensland:

	Consolidated		Powerlink Queensland	
	Year ended		Year ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>Queensland Audit Office</i>				
Audit and review of financial statements	222,500	224,000	212,500	213,000
Total remuneration for audit and other services	222,500	224,000	212,500	213,000

The audit and review of the financial statements of the Consolidated Entity and Powerlink Queensland is conducted by Deloitte Touche Tohmatsu as Delegate of the Auditor General of Queensland, Queensland Audit Office.

16 Contingencies

(a) Contingent assets

The Consolidated Entity had no contingent assets of a material nature as at 30 June 2014 (2013:NIL).

(b) Contingent liabilities

The Consolidated Entity had no contingent liabilities of a material nature as at 30 June 2014 (2013:NIL)

17 Commitments

(a) Capital Expenditure Commitments

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

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<i>Property, plant and equipment</i>				
Within one year	301,208	207,703	301,208	207,703
	301,208	207,703	301,208	207,703

(b) Non-cancellable operating leases

The Consolidated Entity leases property primarily for the placement of communication equipment. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. Excess office space is sub-let to third parties also under non-cancellable operating leases.

The Consolidated Entity provides the option of novated motor vehicle leases for its employees. These leases are non-cancellable operating leases expiring from one to five years.

17 Commitments (continued)

(b) Non-cancellable operating leases (continued)

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i>				
Within one year	2,847	3,108	2,847	3,108
Later than one year but not later than five years	5,442	4,448	5,442	4,448
Later than five years	3,193	2,420	3,193	2,420
	11,482	9,976	11,482	9,976

(c) Lease commitments: Consolidated Entity as lessor

(i) Non-cancellable operating leases

Excess office accommodation has been sublet to third parties under non-cancellable operating leases.

Sub-lease receipts

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Within one year	732	645	732	645
Later than one year but not later than five years	3,231	3,107	3,231	3,107
Later than five years	3,196	4,052	3,196	4,052
	7,159	7,804	7,159	7,804

18 Related party transactions

(a) Parent entities

The parent entity within the Consolidated Entity is Powerlink Queensland. The ultimate Australian parent entity is the State of Queensland which at 30 June 2014 owned 100% (2013: 100%) of the issued ordinary shares of Powerlink Queensland.

The Consolidated Entity has a related party relationship with its parent entity (includes other agencies and departments of the State of Queensland) and associates.

(b) Directors

Directors' Shareholdings

No shares in Powerlink Queensland were held by Directors' of the Company, Consolidated Entity or their Director related entities.

Loans to Directors

No loans have been made or are outstanding to Directors of the Company, Consolidated Entity or their Director related entities.

(c) Subsidiaries and Associates

Interests in subsidiaries are set out in Note 19.

18 Related party transactions (continued)

(d) Transactions with other related parties

The following transactions occurred with related parties:

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
<i>Sales of goods and services</i>				
Parent Entity	957,193	1,020,591	957,193	1,020,591
	957,193	1,020,591	957,193	1,020,591

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
<i>Purchases of goods and services</i>				
Parent Entity	79,158	79,536	79,158	79,536
	79,158	79,536	79,158	79,536

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
<i>Dividend revenue</i>				
Subsidiaries	-	-	3,722	350,135
	-	-	3,722	350,135

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
<i>Interest revenue</i>				
Parent Entity	5,753	10,420	5,452	3,811
Associates	-	2,748	-	-
	5,753	13,168	5,452	3,811

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
<i>Other Transactions</i>				
Dividend paid to ultimate parent entity	177,402	485,878	177,402	485,878
Borrowing Costs - Parent Entity	261,936	246,905	261,936	246,905
	439,338	732,783	439,338	732,783

18 Related party transactions (continued)

(e) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<i>Current receivables (sales of goods and services)</i>				
Parent Entity	62,772	70,980	62,772	70,980
	62,772	70,980	62,772	70,980
<i>Current payables (purchases of goods and services)</i>				
Parent Entity	-	92	-	92
	-	92	-	92

(f) Loans to/from related parties

	Consolidated		Powerlink Queensland	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<i>Loans from ultimate Australian parent entity</i>				
Beginning of the year	4,154,221	3,854,221	4,154,221	3,854,221
Loans advanced	290,000	300,000	290,000	300,000
Loans repayments made	(290,000)	-	(290,000)	-
Interest charged	261,936	246,905	261,936	246,905
Interest paid	(261,936)	(246,905)	(261,936)	(246,905)
End of year	4,154,221	4,154,221	4,154,221	4,154,221

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

(g) Terms and conditions

All transactions were made on normal commercial terms and conditions, except there are no fixed terms for the repayment of loans to wholly owned subsidiaries and loans from the ultimate parent entity (Queensland Treasury Corporation loans). Outstanding balances are unsecured and are repayable in cash.

19 Subsidiaries

Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in Note 1(b). The country of incorporation is also their principal place of business. Principal activities of both subsidiaries are to act as holding companies for investments made by the parent company, Powerlink Queensland.

Name of entity	Country of incorporation	Class of shares	Equity holding **	
			2014 %	2013 %
Harold Street Holdings Pty Ltd *	Australia	Ordinary	100	100
Powerlink Transmission Services Pty Ltd *	Australia	Ordinary	100	100

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission.

** The proportion of ownership interest is equal to the proportion of voting power held.

20 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years (2013:NIL).

21 Settlements Residue

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
Opening balance	-	-	-	-
Residue transferred from AEMO	71,321	82,029	71,321	82,029
Interest earned	-	-	-	-
Transfer to Powerlink Queensland to offset network charges	(71,321)	(82,029)	(71,321)	(82,029)
Balance at end of year	-	-	-	-

In the opinion of the Directors' of Queensland Electricity Transmission Corporation Limited (the Company):

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This Directors' report is signed in accordance with a resolution of directors made pursuant to S.298(2) of the *Corporations Act 2001*.



Stephen Rochester
Chairman
Brisbane
22 August 2014

To the Members of Queensland Electricity Transmission Corporation Limited

Report on the Financial Report

I have audited the accompanying financial report of Queensland Electricity Transmission Corporation Limited ("the company"), which comprises the balance sheets as at 30 June 2014, the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Queensland Electricity Transmission Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion –

- (a) the financial report of Queensland Electricity Transmission Corporation Limited is in accordance with the *Corporations Act 2001*, including –
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



N George CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane



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