



Powerlink Queensland
ANNUAL REPORT AND
FINANCIAL STATEMENTS

2014/15

Contents

Highlights	1
Financial overview	1
Safety	4
Operating in the NEM	5
Network strategy and operations	6
Network development	8
People	9
Environment and community	10
Corporate governance	13
Statistical summary	22
Index	24
Financial Statements	25

Corporate

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.

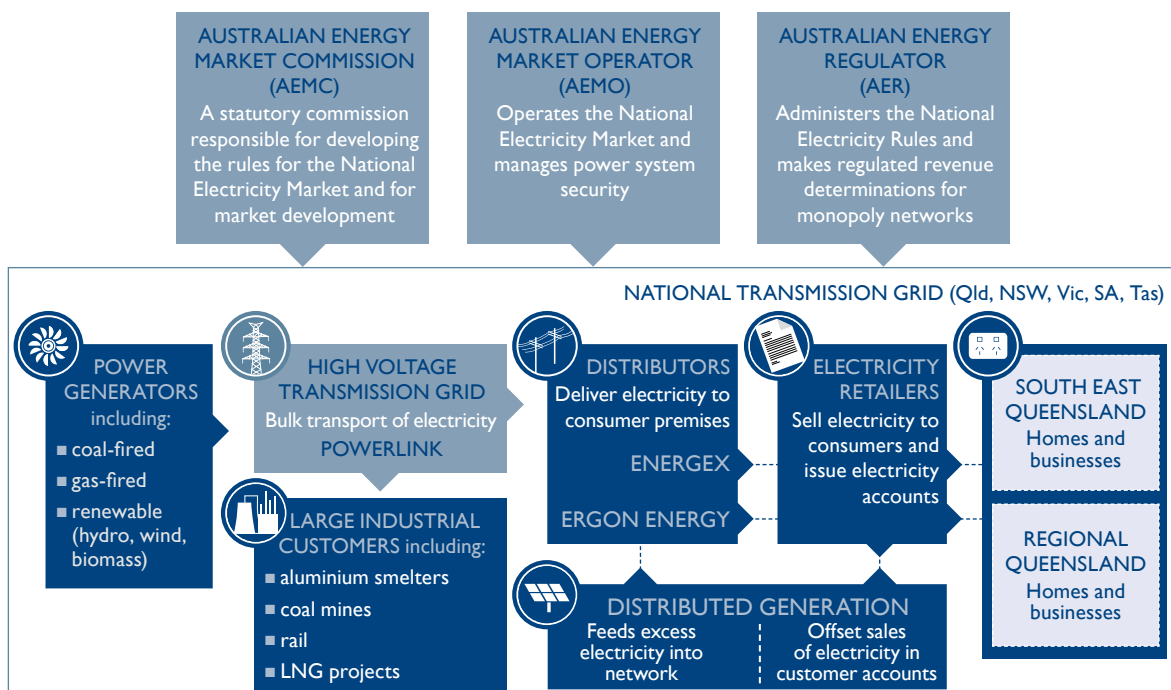
Our primary role is to provide a safe, cost effective and reliable transmission network to transport high voltage electricity generated at major power stations to the electricity distribution networks owned by Energex, Ergon Energy and Essential Energy (northern New South Wales). Powerlink does not buy or sell electricity.

We also transport electricity to New South Wales (NSW) via the Queensland/NSW Interconnector (QNI) transmission line and some large industrial customers such as rail companies, mines and mineral processing facilities that are directly connected to the transmission network. These large industrial connections are provided on a non-regulated (user pays) basis, when customers 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.

Our transmission network extends 1,700 kilometres from north of Cairns to the NSW border, and comprises 15,000 circuit kilometres of transmission lines and 135 substations.

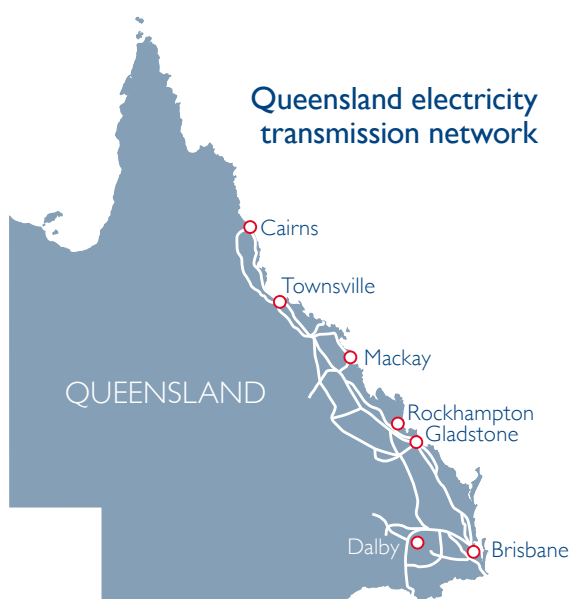
Powerlink is a Transmission Network Service Provider (TNSP) in the National Electricity Market (NEM). The majority of Powerlink's network is regulated under the National Electricity Law (NEL) and the National Electricity Rules (NER) by the Australian Energy Regulator (AER).

Powerlink's role in the Queensland power supply industry



Highlights

- Our revised Safety Management System provided an improved framework to manage our safety obligations and responsibilities for safety management.
- We began engaging with the Australian Energy Regulator (AER) for the Revenue Determination process applicable to Powerlink for the five-year period from 1 July 2017 to 30 June 2022.
- We established a Customer and Consumer Panel as a face-to-face forum for sharing information and obtaining stakeholder input and feedback to our decision making, processes and methodologies.
- To inform robust and meaningful forecasts for our Transmission Annual Planning Report (TAPR), we engaged with our stakeholders in relation to how advances in emerging technology are influencing future demand and energy needs.
- We completed four customer connection projects, making significant progress towards completing our overall program of six customer-requested transmission line and substation projects in the Surat Basin in South West Queensland.
- Two enterprise agreements – the Powerlink Managers Enterprise Agreement and the Working At Powerlink Union Collective Agreement 2015 – were negotiated and agreed by employees, their representatives and approved by the Fair Work Commission.



Financial overview

The 2014/15 financial year saw Powerlink deliver its highest ever level of energy demand over its transmission network due in part to the long hot summer experienced, in which maximum peak demand reached near record levels. Despite these high levels overall growth in energy demand remained subdued. With the recent moderate energy demand growth expected to continue into the future Powerlink has continued to reduce its network augmentation capital expenditure program.

Powerlink business performance

Total revenue for the 2014/15 year was \$995.9 million with Earnings Before Interest and Tax (EBIT) at \$477.1 million. In the current year, Powerlink changed its accounting policy with respect to regulated revenue over and under recoveries. Previously, Powerlink recognised the full amount of the revenue allowed under its Regulatory Determination and National Electricity Rules (NER) and any under (or over) recovery of this amount as an asset (or liability). This change in policy has resulted in lower grid revenue being recorded for the 2014/15 financial year. Under the regulatory principles, Powerlink is entitled to collect this under recovery in subsequent years.

Central to the efficient and effective delivery of services is Powerlink's focus on its 'controllable operating costs' which closed the year at \$207.7 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 2.9 per cent (2014/15 SCI target of 3.0 per cent).

Powerlink's Net Profit After Tax (NPAT) for 2014/15 was \$156.0 million, which was lower than the SCI target due to the change in the Regulated Revenue recognition policy.

Capital investment

Capital expenditure in 2014/15 was \$520.9 million, which was in line with the SCI expenditure forecast. Assets of approximately \$453.8 million were capitalised in the financial year.

The 2014/15 capital program associated with its regulatory network accounted for less than half of Powerlink's expenditure. In line with reduced growth in energy demand, augmentation capital expenditure accounted for less than 5 per cent of the total regulated capital works, with over 80 per cent of expenditure associated with replacing and refurbishing Powerlink's network that had reached the end of its technical life.

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 2014/15.

Borrowings

Powerlink's borrowing was in line with SCl expectations with a net increase in borrowings of \$290 million. However, the planned repayment of debt of \$85 million was not initiated. It was considered more commercially appropriate to retain additional cash funds at year end when taking into account the expected borrowings requirements for 2015/16. Powerlink's business gearing (defined as Debt to Fixed Assets) remains strong at 56.7 per cent, slightly above the SCl target of 55.2 per cent due to the decision to hold a higher closing cash position.

Dividends

In response to the direction from Powerlink's shareholding Ministers, dated 29 June 2015, under section 131(3) of the *Government Owned Corporations Act 1993*, the Board adopted a dividend payout ratio of 100 per cent resulting in a final dividend for 2014/15 of \$156.0 million. In addition to the 100% of profit after tax dividend to be distributed, a further distribution of \$1,121 million was declared.

Summary of Statement of Corporate Intent 2014/15

Our SCl for 2014/15, 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 SCl, 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)	\$573.6 million	\$477.1 million
Net Profit After Tax (NPAT)	\$218.6 million	\$156.0 million
Return on Assets	7.2%	6.0%
Return on Equity	8.2%	7.6%
Debt/Fixed Assets Ratio	55.2%	56.7%
Debt/Debt and Equity Ratio	61.3%	74.3%
Interest Cover Ratio (EBITDA)	3.3	3.0
Deliver shareholder value		
<i>To deliver dividends to shareholders while maintaining at least an "investment grade" business rating</i>		
Dividend Payout Ratio	80.0%	100.0%
Dividend provided	\$174.9 million	\$156.0 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	\$522.9 million	\$520.9 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	1.5
LTIDR (Duration Rate)	4	6.7
<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	3.0%	2.9%
<i>Achieve network performance targets (Calendar year 2014)</i>		
Transmission circuit parameters (1 January – 31 December 2014)		
– Peak transmission availability	≥98.76%	98.91%
– Transmission line availability	≥98.76%	98.36%
– Transformer availability	≥98.76%	98.89%
– Reactive plant availability	≥97.15%	97.72%
– Average outage duration	859 minutes	643 minutes
System reliability (1 January – 31 December 2014)		
Events in excess of 0.1 system minutes	No more than 4	2
Events in excess of 0.75 system minutes	No more than 1	Nil

* Excludes special dividend of \$1,121 million

Chairman's review



An important activity this year was establishing a dedicated team to engage with the Australian Energy Regulator (AER) and commence the process of providing detailed information for the Revenue Determination process applicable

to Powerlink for the five-year period starting 1 July 2017. Our aim is to secure an outcome that supports the safe, cost effective and reliable delivery of electricity transmission services that represent value to electricity consumers.

Capital expenditure totalled \$520.9 million with investment in non-regulated transmission infrastructure in the North West Surat Basin a significant component of the works in 2014/15.

Powerlink's Net Profit After Tax result was below target predominantly due to the change in Powerlink's accounting methodology with respect to regulated grid revenue. Powerlink now only recognises regulated revenue on an as collected basis.

A Shareholding Minister's direction included changes to Powerlink's gearing level to a level more commensurate with other commercial network businesses.

Our engagement with our customers, consumers and other stakeholders has demonstrated our commitment to addressing the impact of electricity prices and other key matters of importance. Powerlink's business strategy aligns with our stakeholders' focus on the cost of electricity as it aims to achieve improved efficiency and productivity in all aspects of the business.

We significantly improved the way we engage with landholders, to bring our activities into alignment with landholders' expectations and enable Powerlink to be more agile and responsive. The improvements included revisions to our consultation model for route selection and initiatives to implement land access protocols across the business.

Safety performance reporting across the organisation has continued to improve reinforcing our focus and expectations on safety.

Powerlink is actively participating in the activities associated with the State Government's review of the three Queensland network businesses.

It is pleasing that Powerlink has reached agreement with employees and their representatives for two new Enterprise Agreements. With these agreements in place, we can firmly focus on being a business that is effective for the future in an increasingly complex external environment.

I recognise and appreciate the contribution to business success made by Powerlink's highly-skilled employees, who remain focused on our strategic direction in this changing environment.

I would like to take the opportunity to thank the Directors for their support and input, and I particularly recognise former Chairman Stephen Rochester for his leadership.

Dr Julie Beeby
Chairman of the Board

Chief Executive's review



The 2014/15 year marked considerable change in Powerlink's operating environment, presenting challenges and opportunities that shaped our business and influenced our strategic decision making.

We recognise the need for ongoing changes in our business over the longer term, so we can continue to effectively adapt to the external environment.

Within this changing environment, we also maintained our focus on being a safe, commercial and performance focused organisation that creates and delivers valued outcomes for our stakeholders.

The flattening in energy and electricity peak demand, together with amendments to the reliability of electricity supply standards applied to Powerlink from 1 July 2014, resulted in continued moderation in regulated capital investment projects. The largest component of our capital works expenditure during the period was reinvestment occurring as assets reach the end of their life.

During the year we significantly progressed our non-regulated customer connection projects in the Surat Basin in South West Queensland, and this extension of our network is nearing its 2016 completion date.

With these factors in mind, we established processes for the ongoing review of our organisational resource needs against forecast business workload and we are developing strategies to ensure we are best placed to meet this changing environment.

Our newly established Customer and Consumer Panel was a key initiative in Powerlink's more contemporary approach to engaging with our stakeholders. I recognise the members of the panel for their participation in 2014/15 and their commitment to ongoing information sharing and input. Better engagement creates opportunities to be better informed, and improve our processes and decision making.

I wish to thank Powerlink's Board of Directors, in particular Julie Beeby who was appointed as Chairman after serving six years as a Director, and former Chairman Stephen Rochester for his leadership of the Board from 2012 to 2014.

In an environment of shifting stakeholder expectations and external reform, Powerlink people have demonstrated their ability to commit to and deliver our business strategy. We have challenged employees to seek and address opportunities to improve efficiency and performance, and their response has delivered commendable results.

Merryn York
Chief Executive

Safety strategies

Keeping everyone safe from harm, our employees, contractors and community members, is essential at Powerlink.

Powerlink aspires to an interdependent safety culture, which means Powerlink expects and supports safe behaviour at all times from our employees and contractors, and encourages the sharing of safety outcomes.

Our Safe for Life program links safety projects and initiatives across eight interrelated focus areas to improve safety performance and leadership.

We established a new Safety Management System that provides an improved framework to manage Powerlink's safety obligations across all business activities and clearly identifies safety management responsibilities. The comprehensive framework provides essential tools that incorporate health and safety, and Electrical Safety Standards, procedures, work instructions, forms, checklists and guidelines.

Within the new Safety Management System, the revised incident management and investigation process establishes a single, consistent approach to managing safety incidents or events. The focus is on organisational learning and the care of people directly or indirectly affected by an incident.

Powerlink's Electrical Safety Management System retained certification under the *Electrical Safety Act 2002*, following the annual compliance audit undertaken by an external auditor.

Health and safety risks on-site and in the office have been more clearly defined and captured through the application of Powerlink's Safety Risk Management Framework, which is integrated with the overall Risk Management Framework. The framework has been underpinned by change management strategies. Key stakeholders at all levels within Powerlink have been engaged in developing and reviewing safety risk registers, containing detailed actions and accountabilities for workplace health and safety hazards.

Safety leadership and development

Powerlink's leaders are expected to model safety values, commitments and accountability to our workforce.

A review of the committee structure has increased accountability for safety at an executive level through the Executive Committee for Health and Safety.

A program of safety walkthroughs undertaken by all members of the Executive Team focuses on identified risk areas and involves face-to-face engagement with employees and contractors. The walkthroughs encourage people to identify risks associated with their work and gain commitment for the implementation of safety improvements.

The Be Safe training program was delivered to more than 90 per cent of employees over a six-month period. The program builds on the foundations of the Energised Safety Leadership workshops delivered to all managers

in the previous reporting period. Be Safe is designed to engage all employees in safety matters and embed safety behaviours. It supports Powerlink's safety culture by generating quality safety conversations at the team level that enhance employee awareness of their role in contributing to safe outcomes for themselves, their colleagues, our contractors and the community.

Safety performance

An enhanced safety performance reporting framework was applied during 2014/15 to promote consistent and effective reporting measures that monitor and drive safety performance improvements.

Performance data and indicators are monitored to allow for trend analysis by the Executive Committee for Health and Safety.

Extensive safety performance data, including near misses and emerging risks, is shared in a relevant way across the business, providing opportunities to leverage learning opportunities. Employees and managers now receive more transparent safety performance data, which supports the development of an interdependent safety culture.

Powerlink's reporting of Lost Time Injuries (LTIs) has improved and is integrated into ongoing risk reviews. An LTI is a work injury that resulted in time lost of one full shift or more (injuries that occur on journeys to/from work or during recess break are excluded). The Lost Time Injury Frequency Rate (LTIFR) is expressed as the number of LTIs per million hours worked. During 2014/15, Powerlink experienced three LTIs. Monthly LTI performance is presented on page 22.

Contractor safety

Powerlink monitors its contractors to ensure their safety performance meets our expectations. We value transparent safety reporting by contractors and promote safety improvement initiatives.

We recognise Powerlink's role in educating contractors who work on our sites about potential hazards. Our contractors' safety induction process has been improved through the development of a user-friendly e-learning package for contractors engaged at any Powerlink site. The package ensures consistent and comprehensive safety information is provided to all contractors, in addition to existing project-specific inductions.

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 on Powerlink easements. This information is contained in Powerlink's Management of Easement Co-use Requests Guideline.

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

Revenue and transmission pricing

Powerlink is mindful of its contribution to the electricity bills of Queensland consumers and takes steps to ensure transmission services are delivered as cost effectively as possible.

Through our improved engagement with Powerlink's stakeholders we have gained a better understanding of our customers' and electricity consumers' views. This engagement will occur on an ongoing basis as part of 'business as usual'. Powerlink's business strategy and activities are focused on improving efficiency and productivity across our business, to assist in achieving the lowest possible electricity price for Queenslanders.

Powerlink's maximum allowable regulated revenue for the provision of regulated transmission services is determined by the Australian Energy Regulator (AER) in accordance with the National Electricity Rules (NER). The AER's Final Revenue Determination applicable to the five-year regulatory period from 1 July 2012 to 30 June 2017 allows Powerlink to earn a maximum allowable revenue for 2014/15 (year three of the current five-year regulatory cycle) of \$933 million (excluding adjustments for network performance and other allowed adjustments).

Powerlink determines the transmission component of electricity costs by calculating Transmission Use Of System (TUOS) charges in accordance with the methodology in the NER and using revenues that are approved by the AER through the regulatory determination process.

Network customers who connect directly to Powerlink's transmission network (e.g. some large industrial customers) are also charged for the use of the transmission network which takes into account factors such as location and level of use.

Revenue determination process

Our engagement with the AER is well under way for the Revenue Determination process applicable to Powerlink for the five-year period from 1 July 2017 to 30 June 2022. Powerlink's Revenue Proposal to the AER will be lodged in January 2016, consistent with the AER's schedule. It will aim to achieve an outcome that supports the safe, cost effective and reliable delivery of valued transmission services. The process to develop Powerlink's proposal includes engagement with stakeholders through a variety of methods, including our newly established Customer and Consumer Panel.

In response to the AER's Economic Benchmarking and Category Analysis Regulatory Information Notices, Powerlink provided data and supporting information to benchmark the relative efficiency of Transmission Network Service Providers (TNSPs). The AER published its first Annual Transmission Benchmarking Report in November 2014. Powerlink supports a well-founded benchmarking framework that is underpinned by consistent underlying data, which is not yet being achieved in the AER process.

Regulatory consultation processes

Powerlink engages in National Electricity Market (NEM) consultations independently and also through Grid Australia (the association that represents the owners of Australia's electricity transmission and distribution networks in the NEM and Western Australia) and Energy Networks Association (the peak national body representing gas distribution and electricity network businesses throughout Australia). Among others, Powerlink participated in the following key regulatory consultation processes affecting the NEM and service providers:

- The Australian Energy Market Commission (AEMC) Operational Firm Access program which involves detailed design and testing of the proposed operational firm access concept considered as part of its Transmission Framework Review (TFR).
- NEM Governance Review which aims to review whether NEM governance arrangements reflect the changing energy market. The Review Panel is expected to provide its final report to the Council of Australian Governments (COAG) Energy Council in late 2015.

Network planning and reliability standards

Powerlink's network is planned, developed 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. This process involves collaboration with transmission businesses in other states, Distribution Network Service Providers (DNSPs) connected to our network, the Australian Energy Market Operator (AEMO) and other stakeholders.

Powerlink's Transmission Authority was amended by the Queensland Government on 1 July 2014. This change introduced a slightly lower reliability standard to enable investment (in many cases network development) to be deferred at a modest impact to reliability. The revised planning standard permits the network to be planned and developed with the assumption that some load will be at risk of interruption during a single contingency event.

Powerlink has established and started applying policy frameworks and methodologies to support the implementation of the amended planning standard, and will continue to maintain and operate its transmission network to achieve reliable supply outcomes for consumers while balancing the cost of providing transmission services.

The amended planning standard provides more cost effective development of network and non-network solutions to meet future electricity demand. It also has the effect of reducing Powerlink's overall outlook of capital investment compared to the previous standard. This is through deferring or reducing investment in network or non-network solutions required in response to forecast electricity demand or asset reinvestment decisions.

Network performance in 2014

The AER sets calendar year performance targets for Powerlink for the duration of each five-year regulatory period. The AER service target performance incentive scheme for Powerlink comprises two components:

- The network Service Component (SC) scheme focuses on lead indicators of network reliability. For 2014, Powerlink's performance exceeded AER targets.
- The Market Impact of Transmission Congestion (MITC) scheme focuses on outages that potentially have a negative impact on NEM participants. As forecast, Powerlink underperformed against this target in 2014, mainly due to the planned secondary systems replacement project at the Bulli Creek Substation in Southern Queensland.

Powerlink's performance against these targets for 2014 is reported in the SCI summary on page 2.

During the 2014 calendar year assessed by the AER, there was one network event that caused a major loss of supply to electricity customers, which is discussed on page 7 of this report.

Network strategy and operations

Electricity demand

Powerlink's Transmission Annual Planning Report (TAPR) was published in June 2015, consistent with the National Electricity Rules (NER) requirements. The TAPR provides the Australian Energy Market Operator (AEMO), National Electricity Market (NEM) participants and other stakeholders with information about forecast electricity and energy demand, and the transmission network's capability. It outlines potential network and non-network developments required in the future to continue to meet electricity demand in a timely manner. The TAPR also provides stakeholders with an overview of Powerlink's planning processes and decision making on potential future investments.

The TAPR indicates that the forecast for both energy and electricity peak demand across Queensland over the 10-year forecast period remains essentially flat, when excluding the positive effect of liquefied natural gas (LNG) development in the Surat Basin in South West Queensland. The State's transmission network delivered summer maximum demand is forecast to increase at an average rate of 0.9 per cent per annum over the next 10 years, from 7,777 megawatts in 2014/15 to 8,491 megawatts in 2024/25. Without the LNG sector, maximum delivered summer demand is forecast to increase over the period at a rate of 0.2 per cent per annum.

The long, hot 2014/15 summer in Queensland saw record monthly electricity demand in both October and March. This above forecast demand was mainly driven by electricity consumption in South East Queensland.

To support the review of the transmission network and development of the TAPR, for the first time Powerlink hosted a forum with a wide range of experts, including representatives from CSIRO, AEMO, Energex,

Ergon Energy, the Queensland Government, GHD and EY to discuss how advances in emerging technology are having an ever increasing impact on future demand and energy needs. As a result of this forum, several enhancements were made to the forecasting methodology including more explicit analysis of emerging technologies. To further increase transparency, Powerlink also published its forecasting model on its website for the first time.

In addition, we engaged stakeholders in relation to non-network solutions and the usefulness of information provided in the TAPR.

Powerlink invited stakeholders to attend the Transmission Network Forum in July 2015. This extended version of our standard TAPR presentation includes discussion of the TAPR findings as well as other transmission related issues that are of importance to stakeholders.

Capital works

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

In planning and developing our capital works projects, we are focused on achieving efficiencies that deliver value to Powerlink's stakeholders. We have made improvements in leveraging data, systems and processes for better and more transparent decision making and cost control.

Powerlink invested \$520.3 million in capital works projects throughout Queensland in 2014/15.

Sixty-eight per cent of Powerlink's capital works projects comprised non-regulated customer connection works, the costs of which are paid for by the customer making the connection request.

Reinvestment associated with assets reaching end of life is the largest component of Powerlink's capital expenditure, comprising 26 per cent of Powerlink's total investment and 82 per cent of regulated investment in capital works in 2014/15.

Reinvestment projects are undertaken when assets are reaching the end of their life. This includes 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 is driving initiatives to deliver cost savings for reinvestment projects and has generated efficient and cost effective approaches through engagement with external and internal experts.

In response to changes in Powerlink's investment drivers including customer demand and reliability standards, three substation projects in progress have been suspended for review of scope and timing against future needs. We are continuing to engage with our stakeholders to optimise our forward program of capital works projects and to ensure Powerlink can respond to future change in an agile way.

Developing the network in the Surat Basin

We made significant progress towards completing Powerlink's program of non-regulated project work in the Surat Basin in South West Queensland to provide electricity transmission services to Queensland's coal seam gas industry.

The projects are being progressively delivered and will comprise seven new substations and more than 250 kilometres of transmission line.

Throughout the projects, engagement has continued with landholders and other stakeholders contributing to improved land access protocols and engagement processes within Powerlink.

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.

Operational management

We began engaging with gas industry customers connected to Powerlink's new transmission infrastructure in South West Queensland to establish operating arrangements prior to the projects transitioning to the operational phase. Through constructive dialogue with our customers, we are establishing operating protocols and communication processes that support their operations.

Maintenance

Powerlink tracks its network maintenance programs and monitors progress against maintenance targets to ensure ongoing reliability of electricity supply. In 2014/15, we successfully delivered 99 per cent of planned maintenance of our transmission lines, substations and communication sites. During the period, Powerlink invested \$135.1 million in maintaining the transmission network to ensure the delivery of safe, cost effective and reliable transmission services that are valued by our stakeholders.

Efficiencies and improved decision making continue to evolve, with the roll-out of hand-held devices that enable field staff to record data and maintenance issues during routine substation maintenance now complete. The implementation of hand-held devices for other network maintenance functions is also progressing.

Business opportunities

Powerlink's strong technical expertise across all facets of transmission service delivery is key to our future plans to maximise opportunities to build our business capability and service offering within the transmission industry in Australia.

As a recognised expert, Powerlink was engaged by South Australian transmission company, ElectraNet to undertake a technical review of the specifications to upgrade their Static VAR Compensators in the greater metropolitan area of Adelaide and provide expertise during the procurement process.

Powerlink has long-term experience in delivering large-scale complex transmission solutions, with competitive advantages in easement acquisition, design, construction and ongoing maintenance. Powerlink has completed more than 30 transmission connection services for loads and generators in the last 15 years.

Contingency planning and corporate emergency response

As a Transmission Network Service Provider (TNSP), Powerlink is committed to working with relevant state agencies where appropriate on planning and responding to extreme weather events impacting the electricity network.

An updated Powerlink Corporate Emergency Management Handbook was implemented to deliver improvements to the consistency and clarity of processes and accountability.

The new handbook provided the framework for effective incident response and management of three loss of supply events on the transmission network, ensuring electricity supply was restored safely and as quickly as possible. In September 2014, an equipment failure at Collinsville Substation in North Queensland caused a loss of electricity supply in the Collinsville area. In January 2015, two network events caused by lightning strikes to Powerlink transmission lines in Far North Queensland resulted in electricity supply outages to areas including Cardwell, Tully, Innisfail, Edmonton, Chalumbin and Cairns.

Powerlink's emergency management procedures were activated when severe Tropical Cyclone Marcia approached the Queensland coast in February 2015. Our procedures ensured a high level of preparedness, with our Corporate Emergency Management Team strongly supported by internal technical experts in preparation for the cyclone impacting the Rockhampton region. The cyclone made landfall as a Category 5 storm and weakened as it continued through areas with Powerlink infrastructure in Central and Southern Queensland. Despite it being a Category 5 cyclone and its continued high intensity as it moved over land, no material impacts occurred to Powerlink's transmission network plant and equipment.

In March 2015, our emergency management procedures ensured a high level of preparedness when Cyclone Nathan approached the Far North Queensland coast as a Category 4 cyclone. The cyclone did not impact Powerlink's transmission network plant and equipment.

Much of South East Queensland experienced very heavy rainfall on 1 May 2015, leading to localised flooding, but there was no impact to Powerlink's transmission network plant and equipment. Our business-as-usual procedures ensured a high level of preparedness and the safety of Powerlink employees.

Ahead of the World G20 Leaders' Summit in Brisbane in November 2014, Powerlink undertook detailed operational preparedness and readiness activities to ensure reliability of electricity transmission supply to venues associated with the G20 summit.

An internal project to update Powerlink's business continuity plans and disaster recovery plans was initiated in 2014. This project will identify and deliver improved business continuity outcomes for Powerlink and is expected to be completed in December 2015.

Network development

Drivers for network development

Committed and future potential investments are assessed as required following consideration of three key factors:

- infrastructure reaching end of life
- connection of a major industrial customer directly to Powerlink's network
- electricity demand growth.

Regulated network developments

With the lower forecast in maximum electricity demand, asset reinvestment to meet current and future capacity is now the largest component of Powerlink's regulated capital expenditure. Powerlink routinely assesses the condition of assets and identifies the potential emerging risks to ensure existing assets are appropriately managed.

Individual asset investment decisions are not determined in isolation. Powerlink's integrated planning process takes account of both future changes in electricity demand and the condition of related network assets to deliver the most cost effective solutions to meet reliability of supply standards. Prior to building a transmission line or

substation, Powerlink also undertakes a thorough assessment of alternatives, including non-network solutions, and options to ensure the solution selected results in the lowest long-run cost to electricity consumers, while also meeting a balance of safety, reliability, and environmental factors.

For demand growth, Powerlink must apply the Australian Energy Regulator's (AER) Regulatory Investment Test for Transmission (RIT-T) when identifying network augmentation solutions over five million dollars. The RIT-T is an economic cost-benefit analysis that involves a process of consulting with interested parties and NEM participants to seek feedback on Powerlink's potential network development augmentation solution and generate credible alternative solutions for evaluation. Powerlink did not initiate a new RIT-T process during 2014/15.

Powerlink and TransGrid conducted joint planning investigations on options to upgrade the Queensland/ New South Wales Interconnector transmission line (QNI). A Project Assessment Conclusions Report published in November 2014 contained a final recommendation to not proceed with an upgrade of QNI power transfer capability.

Major network projects (regulated)

Major transmission developments and reinvestments completed in 2014/15

Region	Project
North Queensland	Collinsville to Proserpine 132kV transmission line replacement
	Chalumbin 275kV Substation secondary systems replacement
	Collinsville 132kV Substation replacement
Central Queensland	Gladstone 275kV Substation replacement (including Calliope River Substation)
	Bouldercombe 275kV Substation secondary systems replacement
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

Major transmission developments and reinvestments under construction in 2014/15

Region	Project
North Queensland	Garbutt to Alan Sherriff 132kV transmission line replacement
	Nebo Substation 275/132kV transformer replacements
	Moranbah area 132kV capacitor banks
	Nebo 275kV Substation replacement
	Proserpine 132kV Substation replacement
	Ross 275kV Substation secondary systems replacement
	Mackay 132kV Substation replacement
Central Queensland	Blackwater 132kV Substation replacement
	Callide A 132kV Substation replacement
	Moura 132kV Substation replacement
	Stanwell 275kV Substation secondary systems replacement

Major transmission developments and reinvestments under construction in 2014/15

Region	Project
Southern Queensland	Swanbank B 275kV Substation replacement
	Bulli Creek 275kV Substation secondary systems replacement
	Braemar 275kV Substation secondary systems replacement
	Blackwall 275kV Substation secondary systems replacement

Customer connection works (non-regulated)

Customer connection works commissioned in 2014/15

Region	Project	Customer
Southern Queensland	Jordan connection to Kumbarilla Park	QGC*
	Woleebee Creek connection to Wandoan South	QGC*
	Bellevue connection to Columboola	QGC*
	Condabri North connection to Columboola	APLNG*

Customer connection works under construction in 2014/15

Region	Project	Customer
Central Queensland	Wotonga connection for traction substation	Aurizon
Southern Queensland	North West Surat connections to Wandoan South	APLNG* and GLNG*

* Notes:

APLNG (Asia Pacific Liquefied Natural Gas) – a joint venture between Origin Energy, ConocoPhillips and Sinopec.

GLNG (Gladstone LNG) – a joint venture between Santos, Petronas, Total and Kogas.

QGC – a BG Group company.

People

Workforce

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 that are valued by electricity consumers, our customers, shareholders and the National Electricity Market (NEM). Our strategies are underpinned by a focus on strong employee engagement, organisational agility and individual accountability.

Powerlink's staff are employed in professional, technical, trade, specialist and administrative roles, with total workforce Full Time Equivalent (FTE) staffing as at end June 2015 of 1,049. 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 currently have site offices in Miles, Roma, Proserpine, Woree, Mackay and Pandoin, and a warehouse for equipment and spares in Narangba.

Powerlink values the experience and dedication of its employees. In 2015, we celebrated the significant service and loyal contribution of Mr Allan Badke, Powerlink's longest serving employee, who achieved 55 years in the electricity industry.

The Working at Powerlink Union Collective Agreement 2011 expired on 27 November 2014. Powerlink commenced negotiations with employee representatives in July 2014 for two replacement enterprise agreements:

- The Powerlink Managers Agreement 2014 will operate for three years with a nominal expiry date of 21 January 2018. In principle agreement was reached in November 2014 with employee representatives for a new Powerlink Managers Enterprise Agreement and, following a ballot of eligible managers, the new agreement was approved by the Fair Work Commission.
- The Working At Powerlink Union Collective Agreement 2015 applies to the majority of Powerlink employees and will operate for three years with a nominal expiry date of 28 February 2018. Following in principle agreement with employee representatives and a successful employee ballot, the Working at Powerlink Union Collective Agreement was approved by the Fair Work Commission.

Organisational structure

Changes to Powerlink's organisational structure have been progressively implemented and will support Powerlink to move forward as a performance focused business with clear accountabilities.

External factors are increasingly impacting on Powerlink, requiring us to be agile and change ready. Powerlink is undertaking a review of its organisational resources and capability requirements for the forecast business requirements and expects to reduce its workforce numbers during the next year.

Powerlink is committed to engaging and supporting our staff through this process and will meet the relevant consultation provisions of our existing workplace employment agreements and contracts.

Organisational development

Powerlink's performance management framework was enhanced so that it better supports the achievement of business objectives and better integrates with related initiatives, including our leadership strategy. Level-specific leadership accountabilities and standard performance agreement templates have been developed and implemented to enhance consistency and understanding of performance.

Our revised performance management framework better aligns individual and organisational objectives, clarifies position accountabilities and achievement of stretch targets through effective differentiation of performance.

Changes implemented to the performance planning and review process have improved the consistency of performance management practices, created a stronger link between the individual contribution of employees and achievement of business outcomes, and are driving constructive leadership conversations to support commercial performance and culture change.

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 through the year.

Powerlink is undertaking a program to align our Environmental Management System (EMS) to ISO14001:2015. A gap analysis was completed and a program is being implemented to transition our EMS to the new standard.

As part of the EMS review we implemented improvements to our environmental performance reporting. The current environmental performance scorecard provides transparent information which is instrumental in driving internal process improvements, as well as the development and implementation of targeted environmental training.

The environmental risk register was also reviewed and has been brought into alignment with ISO14001:2015. The risk process provides a repeatable process and transparent picture of the environmental risks and controls within the organisation. The risk register is a key input into the development of our environmental strategy. The strategy and its objectives aim to create value for the business by aligning with our internal environmental focus, the Powerlink business strategy and external expectations.

No reportable environmental incidents occurred during 2014/15. Should an incident occur, 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 potential business impacts are understood by relevant parties, and regulatory changes are implemented within the business. Powerlink has engaged with government on the regulatory reviews and the impact of regulatory change including planning reform, protected plants, environmental offsets, and biosecurity.

Koala offset program

The Powerlink Grandchester Koala Offset Project, delivered in partnership with Ipswich City Council and SEQ Catchments, secured a 20 hectare conservation site within the Grandchester Conservation Reserve, a site with high ecological and biodiversity significance.

This project has now restored the site with more than 12,500 koala food and shelter trees creating a refuge to increase the long-term survival of koalas. The tree growth and survival rate has been excellent, and the project has delivered significant environmental outcomes from a koala conservation and biodiversity perspective.

The Department of Environment and Heritage Protection confirmed that Powerlink is compliant in its delivery of environmental offsets for the impacts associated with projects in South East Queensland in the 2014/15 reporting period.

Strategic partnerships

Powerlink partnered with the Queensland Murray-Darling Committee (QMDC) to deliver a program to enhance biosecurity and weed management in the North West Surat Basin, particularly the Fairview, Wallumbilla, Yuleba and Wandoan regions in the vicinity of Powerlink's new transmission infrastructure. A working group meeting hosted by the program partners and attended by representatives of industry, government and landholders is guiding the development of a Powerlink/QMDC weed management strategy for the region.

The partnership program also involves a series of community action and education events. The first of these events was a planting day with Injune State School students that focused on positive planting practices and weed management while improving their school's community garden.

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 2014 report. The Clean Energy Regulator notified Powerlink that it was included in the scope of their 2014/15 audit program. Powerlink provided them with the limited assurance audit report, which met their requirements with no further action required.

Stakeholder engagement

In conducting Powerlink's business activities, we engage with diverse stakeholders including our customers, electricity consumers, landholders, communities, Traditional Owners, regulators, government and industry groups.

We have significantly strengthened our approach and processes for stakeholder engagement to build our social licence to operate and align with Powerlink's commitment to creating and delivering valued outcomes.

Powerlink's Stakeholder Engagement Framework and targeted action plans have been incorporated into our business-as-usual approach throughout the organisation, enabling us to further integrate the views of our stakeholders into Powerlink's decision making and processes.

To reinforce and facilitate these improvements, a new stakeholder management system, PQConnect, has been adopted and will be fully operational in early 2015/16. The system will help Powerlink track interactions with stakeholders, deliver on our commitments, improve information sharing across the business, and support us in strengthening our relationships with key contacts.

Powerlink's Complaints Management Framework has been updated to ensure our processes adhere to Australian Standards.

Stakeholder research and reporting

Powerlink recognises the importance of understanding electricity consumer and customer views on present and future industry issues.

Powerlink carried out its comprehensive biennial stakeholder survey in 2014, with the assistance of an independent research firm. The research aimed to better inform Powerlink about stakeholder perceptions, its social licence to operate, reputation and perceptions of performance.

The research findings informed Powerlink that consumers' main interest is the price of electricity and the need to balance cost to consumers with investment in the transmission network. Stakeholders told us that consumers are choosing to change their habits to reduce their energy use and costs. The responses also clearly indicated that stakeholders would value more information about Powerlink's future network investments in order to inform their own strategic planning.

In early 2015, Powerlink undertook additional targeted customer and consumer research to help us better understand and respond to matters important to our stakeholders around electricity transmission services. This valuable information will inform our approach to future engagement so that it best suits the needs of our customers and consumers.

Customer and consumer engagement

Powerlink's engagement with customer and consumer representatives is focused on building awareness, encouraging input and responding through relevant improvements in Powerlink's business planning and operational activities. Powerlink aims to ensure its service better reflects stakeholder views, priorities and expectations.

Our newly established Customer and Consumer Panel met for the first time in May 2015 and will now meet quarterly, or more regularly if required. The panel consists of a representative sample of Powerlink's stakeholders who were invited to participate in this face-to-face forum as a way to give input and feedback on our decision making, processes and methodologies. The panel will also enable Powerlink to keep stakeholders better informed about operational and strategic topics of relevance. The panel is independently facilitated and comprises directly connected customers, consumer advocates, industry associations and representatives of Energex, Ergon Energy and Powerlink.

Customer and consumer engagement in the Australian Energy Regulator (AER) Revenue Determination process applicable to Powerlink (for the five-year period from 1 July 2017 to 30 June 2022) will follow dedicated processes initiated by Powerlink and supported by our business-as-usual engagement activities. The Customer and Consumer Panel will play an integral role in this engagement process.

Our first Demand and Energy Forecasting Forum held in March enabled customers, consumers and other stakeholders to give direct input to the development of Powerlink's forecasting methodology and other information contained in the 2015 Transmission Annual Planning Report (TAPR). We continued to enhance engagement by inviting a wide range of stakeholders to participate in our first Transmission Network Forum to be held in July 2015.

Landholder relations

Powerlink's engagement activities are better aligned with landholder expectations as a result of adjustments to our engagement practices that are supported by our organisational focus on achieving improvements in landholder relations.

We have implemented Powerlink's Land Access Protocol (LAP) across the business through a range of initiatives. The LAP informs landholders of the standards and commitments Powerlink will adhere to when accessing properties to carry out our business activities, and its implementation has resulted in improved outcomes for landholders and Powerlink.

Role specific training has been provided to employees and contractors to ensure people representing Powerlink understand the LAP and the behaviours and attitudes expected of them. Additional improvements to our land access and engagement processes, and related documentation, are under way to ensure consistency with the LAP.

Consultation for new infrastructure projects

Powerlink obtains easements and sites 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). This approval process is applied whether the project is initiated by Powerlink or by a major industrial customer.

To select new transmission line routes or substation sites, Powerlink uses a process which carefully assesses social, economic and environmental factors.

Powerlink's framework for stakeholder engagement and model for consultation for route selection have been revised following significant stakeholder consultation. The revised model for route selection involves earlier consultation activities in addition to Powerlink's legislated requirements. By adopting the revised framework we are ensuring Powerlink's approach is contemporary and agile to efficiently deliver Powerlink's business objectives and meet stakeholder expectations.

Land and property management

Strategic initiatives are under way to deliver efficiencies and a more contemporary approach to Powerlink's processes for land and property management, and easement co-use. Our approach will continue to protect Powerlink's rights in relation to property and land, while supporting and upholding the rights of landholders and stakeholders.

In addition to a comprehensive review of easement tenure and compensation status, a number of strategies have been implemented to assist in achieving long-term efficiency gains in Powerlink's land and property management.

Cultural Heritage

Powerlink recognises that Traditional land owners are key stakeholders in its operations and proactively engages with them to develop respectful and positive relationships.

Powerlink respects and manages Aboriginal and Historical Cultural Heritage throughout the life of our transmission assets. We meet our obligations under the *Queensland Aboriginal Cultural Heritage Act 2003* and the *Queensland Heritage Act 1992*, as well as Commonwealth legislation.

As construction works have progressed on transmission network projects in the North West Surat Basin, Powerlink and Traditional Owner groups have realised the benefits of our innovative approach of developing whole-of-claim area agreements. Powerlink has worked closely with each of the three Traditional Owner groups in the area, which has maintained a positive and cooperative relationship. There have been no major Cultural Heritage incidents or disputes arising on the projects.

We have also applied Powerlink's model of proactive engagement to other areas of the transmission network. Through open consultation and consideration for Traditional Owners' unique knowledge of the land, Powerlink has continued to develop relationships with groups in Central and South East Queensland to appropriately manage Cultural Heritage matters in all phases of our activities.

Electric and Magnetic Fields

Powerlink keeps abreast of issues that are important to landholders and stakeholders, 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 seeks guidance regarding EMF from the Energy Networks Association (ENA) – the peak national body representing gas distribution and electricity transmission and distribution businesses throughout Australia. Powerlink follows the ENA's EMF policy which recommends to its members that they design and operate their electricity generation, distribution and transmission systems prudently within relevant health guidelines.

Powerlink applies an approach of "prudent avoidance" in siting new transmission infrastructure. This means seeking to locate new transmission line easements and substations 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:

- Minister for Main Roads, Road Safety and Ports and Minister for Energy and Water Supply; and
- Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships.

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 (GOCs).

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 GOCs. There were no revisions made to the Guidelines that required changes to Powerlink's governance arrangements for 2014/15.

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 2014/15 are set out in the Directors' Report. The table below sets out the balance and tenure of Board members at Powerlink as at 30 June 2015.

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

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 publicly 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.

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.

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 2015, were:

- The Honourable Curtis Pitt, Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships, holding 50 percent of the A class voting shares and 100 per cent of the B class non-voting shares
- The Honourable Mark Bailey, Minister for Main Roads, Road Safety and Ports and Minister for Energy and Water Supply, holding 50 per cent of the A class voting shares

Powerlink Queensland Board

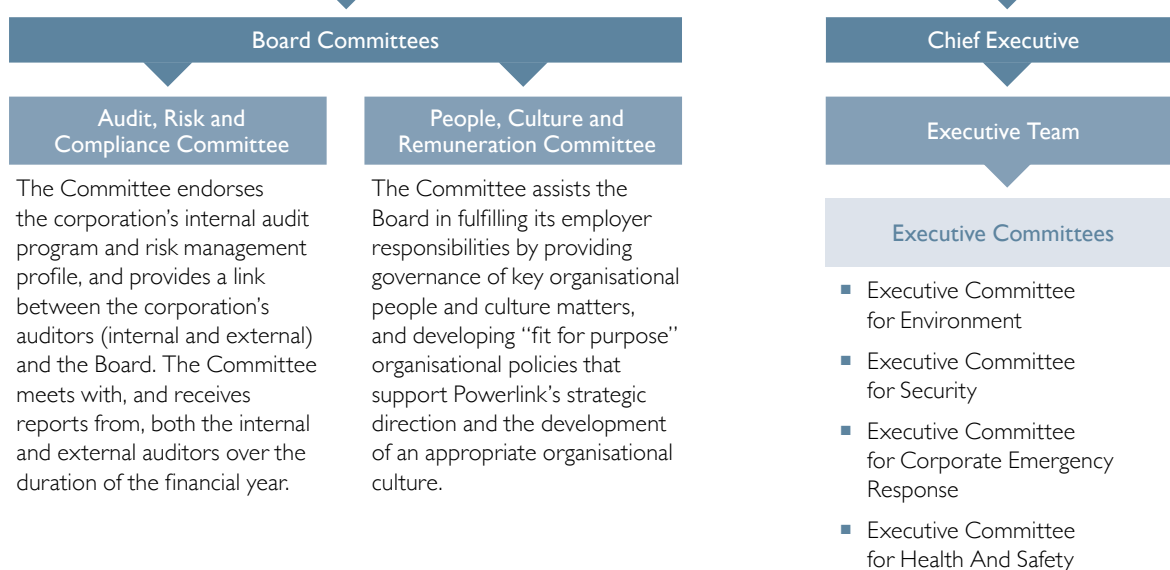
Key accountabilities of the Board

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
- endorsing 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 2014/15, 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

The Committee endorses the corporation's internal audit program and risk management profile, and provides a link between the corporation's auditors (internal and external) and the Board. The Committee meets with, and receives reports from, both the internal and external auditors over the duration of the financial year.

People, Culture and Remuneration Committee

The Committee assists the Board in fulfilling its employer responsibilities by providing governance of key organisational people and culture matters, and developing "fit for purpose" organisational policies that support Powerlink's strategic direction and the development of an appropriate organisational culture.

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 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 2015, the Board comprised five independent non-executive Directors. All Directors are appointed by the Governor in Council in accordance with the GOC Act. There were two changes to Powerlink's Directors in 2014/15. Mr Stephen Rochester resigned from the role of Chairman and Dr Julie Beeby was appointed Chairman in December 2014. A new Director, Mr David Stevens, was appointed to the Board in December 2014.

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.

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 pre-determined 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 the 2014/15 Board meetings, the Board held a Strategic Planning and Risk Workshop. The Board also travelled to the North West Surat region in May 2015 to meet landholders, local government representatives and view construction progress of Powerlink's infrastructure in the area.

The Board 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 2014/15 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.

	Finance & commercial	Governmental & stakeholder relations	Business strategy development	Corporate governance & risk management	Industry knowledge	HR & IR
Julie Beeby	●		●	●	●	●
Ken Howard	●		●	●	●	
Anne Barclay		●	●			●
David Stevens	●	●	●	●	●	
Julie Martin					●	

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 2015, number of meetings during the year and attendance are presented in the Directors' Report.

Audit, Risk and Compliance Committee

Chairman Mr Ken Howard

Members Dr Julie Beeby and Mr David Stevens

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.

As a matter of good governance practice, all directors (including those not members of the Audit, Risk and Compliance Committee) attend the meeting when the annual financial statements are considered.

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 Ms Anne Barclay

Members Dr Julie Beeby and Ms Julie Martin

The Committee assists the Board in fulfilling its employer responsibilities by providing governance of key organisational people and culture matters, and developing "fit for purpose" organisational policies that support Powerlink's strategic direction and the development of an appropriate organisational culture.

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 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 Policy that provides an overall framework and structure for the management of risk within Powerlink. Management regularly reports to the Board and Audit, Risk and Compliance Committee on key business risks.

An Executive Committee structure also operates in parallel with the Board Committees to address issues of 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, and 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 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 and corruption 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.

A new Working at Powerlink 2015 Union Collective Agreement and Powerlink Managers Agreement 2014 have been accepted by Powerlink employees. The Agreements have been approved by the Fair Work Commission.

The Agreements allow for Powerlink and its employees to respond to changes in the business environment and targets set by our owners and regulator. It continues to focus on developing Powerlink into a competitive and efficient workplace. 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 and performance pay is 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 four shareholding Ministers' directions in 2014/15:

- Queensland Capital Projects preliminary due diligence preparation – hybrid instrument
- Queensland Capital Projects preliminary due diligence preparation – lease
- Information provision to the Electricity Merger Working Group
- Powerlink 2014/15 Dividend.

Corporate entertainment and hospitality

The GOC Corporate Entertainment and Hospitality Guidelines establish reporting requirements for GOCs. Powerlink's corporate entertainment and hospitality expenditure for 2014/15 totalled \$15,628. There were no events above the individual reporting threshold of \$5,000.

Board of Directors



Julie Beeby

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

Chairman of the Board

(Appointed to Chairman December 2014, Board Member since 2008)

Julie has more than 25 years' experience in the minerals and petroleum industries in Australia 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 operations, business and strategy expertise through a succession of successful senior and executive positions in chemical plant, coal seam gas, explosives and mining areas.

Julie has previously held non-executive director positions on the Boards of two ASX200 companies, CRC Mining, Queensland Resources Council and Australian Coal Research. In 2014 Julie was appointed a member of the Queensland Government's ResourcesQ Partnership Group.

Julie 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 25 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 – an award winning firm established in 2000.

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

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

Anne has advised a diverse range of businesses including large publicly listed corporations, medium sized privately owned businesses, universities, state and local government organisations. Anne is Chairman of the Powerlink Board's People, Culture and Remuneration Committee.



Julie Martin

BE (Hons), MIEAust, GAICD

Board Member
(Appointed 2011)

Julie Martin has 19 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 People, Culture and Remuneration Committee.



David Stevens

BComm, FCPA, CTA, GAICD

Board Member
(Appointed 2014)

David has over 20 years' experience as a senior international strategy and finance executive across a diverse range of businesses related to strategy, business development, investment, infrastructure, finance, accounting, economics and tax. He is currently the founder and Managing Director of DGS Consulting Group, which specialises in private strategy and investment consulting.

David has held a number of senior positions in Australia and internationally including senior partner roles with PricewaterhouseCoopers in the Middle East and KPMG in Hong Kong/China. David is a director of the National Institute of Circus Arts.

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



Ken Howard

CFA, LLB, BEcon, F Fin, MSAA, GAICD

Board Member
(Appointed 2007)

Ken has more than 19 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 Treasurer and Fete Convenor for the MacGregor State School P&C (2013 to 2015) and a member of the CFA (Chartered Financial Analyst) Australia Brisbane Chapter executive team. Ken was a Director of Energex Retail and from 2001 to 2007.

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

Executive Team



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 process improvement, corporate IT strategy and IT 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 35 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 16 years.



Greg Rice

B Tech (Elec), FIEAust, GAICD

Executive Manager Infrastructure Delivery and Technical Services

Greg manages the division responsible for the coordination of all aspects of Powerlink's capital works program including the investigation, acquisition, design, construction, delivery and refurbishment of transmission assets, as well as the acquisition and management of land and property, and landholder relations.

Greg has more than 30 years' experience in the electricity sector covering generation, retail, transmission and distribution.



Julia Smith

B App Sc, BBus, GCCM, GAICD

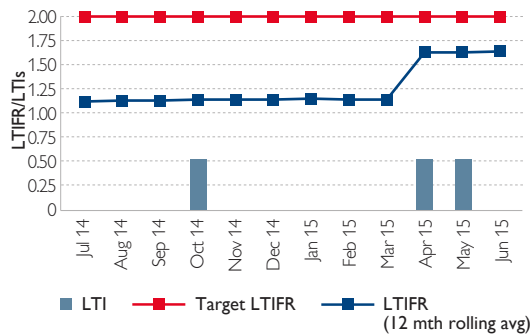
Executive Manager People and Culture

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 summary

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 2014/15

Voltage	Transmission Line		Underground Cable	
	Route km	Circuit km	Route km	Circuit km
330kV	0	0	0	0
275kV	48	96	0	0
132kV	19	38	0	0
110kV	0	0	0	0
66kV	0	0	0	0
Total	67	134	0	0

Capacitor banks, shunt reactors and Static VAR Compensators

Added in 2014/15

Voltage	Capacitor Banks		Reactors		SVCs		Location
	Total	MVAR	Total	MVAR	Total	MVAR	
330kV	0		0		0		
275kV	0		0		0		
132kV	0		0		0		
110kV	0		0		0		
Total	0		0		0		

Circuit breakers

Added in 2014/15

Voltage	Circuit Breakers	Location
330kV	0	
275kV	11	Wandoan South
132kV	17	Wandoan South, Pioneer Valley, Wotonga, Dinoun South
110kV	0	
66kV*	0	
Total	28	

* Equal to or less than 66kV

Circuit breakers

As at 30 June 2015

Voltage	Total Number**
330kV	31
275kV	485
132kV	512
110kV	273
66kV*	26
Total	1,327

* Equal to or less than 66kV

** During 2014/15 a number of 275kV, 132kV and 110kV circuit breakers were decommissioned

Capacitor bank, shunt reactors and Static VAR Compensators
Added in 2014/15

Voltage	Capacitor Banks		Reactors		SVCs	
	Total	MVA _r	Total	MVA _r	Total	MVA _r
330kV	3	440.0	4	144.0	0	0
275kV	28	3,880.0	17	746.0	8	2,510
132kV	31	1,455.5	0	0	14	1,681
110kV	33	1,800.2	0	0	0	0
66kV*	5	96.0	3	66.4	0	0
Total	100	7,671.7	24	956.4	22	4,191

* Equal to or less than 66kV

Substations/switching stations and communication sites
As at 30 June 2015

Voltage	Substations	Cable Transition	Communication**
330kV	4	0	
275kV	42	3*	
132kV	74	3	
110kV	15	3	
66kV	0	1	
Total	135	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.

Substations/switching stations and transformers
Added in 2014/15

Voltage	Substations		Transformers		
	Total number	Location	Total number	Total Rating (MVA)	Location
330kV	0		0		
275kV	0		2	750	Wandoan South Transformer No1, Wandoan South Transformer No2
132kV	2	Wotonga, Dinoun South	0		
110kV	0		0		
Total	2		2	750	

Five-year history of transmission lines and underground cables
As at 30 June 2015

Voltage [^]	2011		2012		2013		2014		2015	
	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	5,990	8,387	6,032	8,458	6,293	8,981	6,512	9,419	6,557	9,509
132kV	2,796	4,468	2,785	4,364	2,820	4,521	2,841	4,564	2,787	4,458
110kV	238	416	238	416	222	420	215	413	215	413
66kV*	4	4	4	4	4	4	4	4	4	4
Total Lines	9,376	13,971	9,407	13,938	9,687	14,622	9,920	15,096	9,911	15,080
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	9,399	13,994	9,430	13,961	9,710	14,645	9,943	15,199	9,934	15,103

* Equal to or less than 66kV

[^] As constructed voltages

Index

A	Australian Energy Market Commission (AEMC)	5	P	performance management	10
	Australian Energy Market Operator (AEMO)	5, 6	Q	Queensland Murray-Darling Committee (QMDC)	10
	Asia Pacific Liquefied Natural Gas (APLNG)	9	R	Regulatory Information Notice (RIN)	5
	Australian Energy Regulator (AER)	1, 3, 5, 6, 8, 11		Regulatory Investment Test for Transmission (RIT-T)	8
B	biosecurity	10		reliability	2, 3, 5, 6, 7, 8
C	capital works	1, 2, 3, 6, 21		replacement	6, 8, 9
	consultation	3, 5, 10, 12	S	Stakeholder Engagement Framework	11
	CSIRO	6		Statement of Corporate Intent (SCI)	1, 2, 13, 14, 16
	Cultural Heritage	12		Surat Basin	1, 3, 6, 7, 10, 12
	Customer and Consumer Panel	1, 3, 5, 11	T	Transmission Annual Planning Report (TAPR)	1, 6, 11
D	Demand (electricity/energy)	1, 2, 3, 5, 6, 7, 8, 11		Transmission Network Forum	6, 11
	dividend	2, 17		Transmission Network Service Providers (TNSP)	5, 7
	Distribution Network Service Provider (DNSP)	5		transmission pricing	5
E	easement	4, 7, 12		Transmission Use of System (TUOS) charges	5
	Electric and Magnetic Fields (EMF)	12	W	weed	10
	Electrical Safety Management System	4			
	emergency response	7, 14, 16, 17			
	Energy Networks Association (ENA)	5, 12			
	engagement	3, 4, 5, 6, 7, 9, 11, 12, 15, 21			
G	Gladstone Liquefied Natural Gas (GLNG)	9			
	greenhouse	11			
	Grid Australia	5			
I	Ipswich City Council	10			
K	koala	10			
L	landholder	3, 4, 7, 10, 11, 12, 15, 21			
	Lost Time Injury	4, 22			
M	maintenance	2, 7			
	Market Impacts of Transmission Congestion (MITC)	6			
N	National Electricity Market (NEM)	5, 6, 8, 9			
	National Electricity Rules (NER)	1, 5, 6			
	network performance	2, 5, 6			
O	offset	10			
	outage	2, 6, 7			



Powerlink Queensland
FINANCIAL STATEMENTS

2014/15

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 26 August 2015. 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 for the financial year ended 30 June 2015 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:

Julie Beeby
Kenneth Howard
Julienne Martin
Anne Barclay

Stephen Rochester was Chairman and a director from the beginning of the financial year until his resignation.

Julie Beeby was appointed Chairman effective from 11 December 2014.

David Stevens was appointed a director effective from 11 December 2014.

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 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 - Powerlink Queensland

The proposed 2014/15 final dividend is based on 100% of the operating profit after income tax equivalent expense (\$155.986M) and an additional distribution of \$1,121M from retained earnings (2014: final dividend \$167.789M being 80% of the profit after income tax equivalent expense exclusive of the equity accounted associate sale price adjustment). This distribution and the increase in the dividend ratio for 2014/15 were made in response to a direction from the shareholding Ministers, dated 29 June 2015, under section 131(3)(b) of the *Government Owned Corporations Act 1993* and will be funded from borrowings to the extent necessary.

The dividends 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 details are either unknown and/or 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.

Emissions Reduction Fund

The Consolidated Entity does not trigger current thresholds for 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, the Consolidated Entity 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 2013/14 by external auditors, Net Balance. Powerlink's scope 1 emissions in 2013/14 (greenhouse gases emitted into the atmosphere as a result of the Consolidated Entity's activities) were 15,643.14 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 2015, and the numbers of meetings attended by each Director were:

Directors	Full meetings of directors		Meetings of committees			
			Audit & Risk		Remuneration	
	A	B	A	B	A	B
Stephen Rochester	5	5	2	2	3	3
Julie Beeby	11	11	2	2	7	7
Kenneth Howard	11	11	4	4	**	**
Julienne Martin	10	11	1	2	4	4
Anne Barclay	11	11	**	**	7	7
David Stevens	6	6	2	2	**	**

Meetings of directors (continued)

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

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 2015 were the Honourable Curtis Pitt, Treasurer and Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships on behalf of the State of Queensland, and the Honourable Mark Bailey, Minister for Main Roads, Road Safety and Ports and 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 28 October 2014.

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

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.

Indemnification and insurance of officers (continued)

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*.

The Consolidated Entity has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Consolidated Entity or of any related body corporate against a liability incurred.

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.

Julie Beeby
Chairman
Brisbane
26 August 2015



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 2015, 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

Contents

	Page
Financial statements	
Income statements	7
Statements of comprehensive income	8
Balance sheets	9
Statements of changes in equity	10
Statements of cash flows	12
Notes to the financial statements	13
Directors' declaration	64
Independent auditor's report to the members	65

Powerlink Queensland
Income statements
For the year ended 30 June 2015

	Notes	Consolidated Year ended		Powerlink Queensland Year ended	
		30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Revenue from continuing operations	3	995,871	1,034,883	996,087	1,038,304
Other income	4(a)	(433)	392	(433)	392
Less					
Expenses from continuing operations excluding finance costs expense	4(b)	(518,322)	(475,880)	(518,322)	(475,861)
Finance costs	4(b)	(252,994)	(262,022)	(252,994)	(262,022)
Profit before income tax equivalent		224,122	297,373	224,338	300,813
Income tax equivalent expense	5	(68,136)	(91,529)	(68,138)	(91,444)
Profit for the year		155,986	205,844	156,200	209,369
Profit is attributable to:					
Owners of Powerlink Queensland		155,986	205,844	156,200	209,369

Powerlink Queensland
 Statements of comprehensive income
 For the year ended 30 June 2015

	Notes	Consolidated Year ended		Powerlink Queensland Year ended	
		30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Profit for the year		155,986	205,844	156,200	209,369
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Changes in the fair value of cash flow hedges		362	(719)	362	(719)
<i>Items that will not be reclassified to profit or loss</i>					
Gain on revaluation of property, plant and equipment net of tax		72,078	147,303	72,078	147,303
Actuarial (losses)/gains on defined benefit superannuation fund net of tax		3,532	9,134	3,531	9,134
Other comprehensive income for the year, net of tax		75,972	155,718	75,971	155,718
Total comprehensive income for the year		231,958	361,562	232,171	365,087
Total comprehensive income for the year is attributable to:					
Owners of Powerlink Queensland		231,958	361,562	232,171	365,087
Total comprehensive income for the year attributable to owners of Powerlink Queensland arises from:					
Continuing operations		231,958	361,562	232,171	365,087

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

		Consolidated		Powerlink Queensland	
	Notes	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	6(a)	113,697	42,498	113,676	42,277
Trade and other receivables	6(b)	84,215	110,908	84,216	110,908
Inventories	7(a)	44,644	39,606	44,644	39,606
Other current assets	6(e)	7,404	7,424	7,404	7,424
Total current assets		249,960	200,436	249,940	200,215
Non-current assets					
Defined Benefit Fund Asset	7(g)	20,133	16,270	20,133	16,270
Other financial assets	7(f)	-	-	1	1
Property, plant and equipment	7(b)	7,835,220	7,503,713	7,835,220	7,503,713
Total non-current assets		7,855,353	7,519,983	7,855,354	7,519,984
Total assets		8,105,313	7,720,419	8,105,294	7,720,199
LIABILITIES					
Current liabilities					
Trade and other payables	6(c)	91,502	80,333	91,508	80,347
Current tax equivalent liabilities		(140)	32,782	(140)	32,959
Provisions	7(d)	1,290,448	182,703	1,290,448	182,703
Other current liabilities	6(d)	5,119	2,286	5,119	2,286
Total current liabilities		1,386,929	298,104	1,386,935	298,295
Non-current liabilities					
Interest Bearing Loans and Borrowings	6(g)	4,444,221	4,154,221	4,444,221	4,154,221
Deferred Tax Equivalent Liabilities	7(c)	602,134	575,821	602,134	575,825
Provisions	7(e)	26,018	25,989	26,018	25,989
Other non-current liabilities	6(f)	110,386	85,454	110,386	85,454
Total non-current liabilities		5,182,759	4,841,485	5,182,759	4,841,489
Total liabilities		6,569,688	5,139,589	6,569,694	5,139,784
Net assets		1,535,625	2,580,830	1,535,600	2,580,415
EQUITY					
Contributed equity	8(a)	401,000	401,000	401,000	401,000
Reserves	8(b)	1,056,680	984,240	1,056,680	984,240
Retained earnings	8(c)	77,945	1,195,590	77,920	1,195,175
Capital and reserves attributable to owners of Powerlink Queensland		1,535,625	2,580,830	1,535,600	2,580,415
Total equity		1,535,625	2,580,830	1,535,600	2,580,415

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

Powerlink Queensland
 Statements of changes in equity
 For the year ended 30 June 2015

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 2013		401,000	837,656	1,148,401	2,387,057
Profit for the period		-	-	205,844	205,844
Other comprehensive income		-	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	12(b)	-	-	(167,789)	(167,789)
Balance at 30 June 2014		401,000	984,240	1,195,590	2,580,830
Balance at 1 July 2014		401,000	984,240	1,195,590	2,580,830
Profit for the period		-	-	155,986	155,986
Other comprehensive income		-	72,440	3,532	75,972
Total comprehensive income for the year		-	72,440	159,518	231,958
Transactions with owners in their capacity as owners:					
Prior year adjustment intercompany tax consolidation		-	-	(177)	(177)
Dividends provided for or paid	12(b)	-	-	(1,276,986)	(1,276,986)
		-	-	(1,277,163)	(1,277,163)
Balance at 30 June 2015		401,000	1,056,680	77,945	1,535,625

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

Powerlink Queensland	Notes	Contributed equity \$'000	Other reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2013		401,000	837,656	1,144,460	2,383,116
Profit for the period		-	-	209,369	209,369
Other comprehensive income		-	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	12(b)	-	-	(167,789)	(167,789)
Balance at 30 June 2014		401,000	984,240	1,195,175	2,580,415
Balance at 1 July 2014		401,000	984,240	1,195,175	2,580,415
Profit for the period		-	-	156,200	156,200
Other comprehensive income		-	72,440	3,531	75,971
Total comprehensive income for the year		-	72,440	159,731	232,171
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	12(b)	-	-	(1,276,986)	(1,276,986)
Balance at 30 June 2015		401,000	1,056,680	77,920	1,535,600

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

Notes	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Cash flows from operating activities				
	1,027,210	1,060,616	1,027,210	1,060,616
	(231,426)	(210,333)	(231,415)	(205,874)
	23,201	25,569	23,201	25,569
	(252,036)	(261,601)	(252,036)	(261,601)
	(105,834)	(98,741)	(106,040)	(90,147)
	2,748	6,259	2,746	5,958
	-	-	218	3,722
	(2,187)	2,479	(2,187)	2,479
	(2,796)	(445)	(2,796)	(445)
	458,880	523,803	458,901	540,277
Cash flows from investing activities				
	(511,192)	(434,739)	(511,013)	(434,738)
	1,300	938	1,300	938
	(509,892)	(433,801)	(509,713)	(433,800)
Cash flows from financing activities				
	290,000	290,000	290,000	290,000
	-	(290,000)	-	(290,000)
12(b)	(167,789)	(177,402)	(167,789)	(177,402)
	122,211	(177,402)	122,211	(177,402)
Net increase (decrease) in cash and cash equivalents				
	71,199	(87,400)	71,399	(70,925)
	42,498	129,898	42,277	113,202
6(a)	113,697	42,498	113,676	42,277

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

1	Summary of significant accounting policies	15
2	Significant changes in the current reporting period	27
3	Revenue	28
4	Other income and expense items	28
4(a)	Other income	28
4(b)	Expenses from Continuing Operations	28
5	Income tax equivalent expense	29
6	Financial assets and financial liabilities	31
6(a)	Cash and cash equivalents	31
6(b)	Current assets - Trade and other receivables	32
6(c)	Current liabilities - Trade and other payables	32
6(d)	Current liabilities - Other current liabilities	33
6(e)	Current assets - Other current assets	33
6(f)	Other non-current liabilities	33
6(g)	Interest Bearing Loans and Borrowings	33
6(h)	Fair value measurements	35
7	Non-financial assets and liabilities	36
7(a)	Inventories	36
7(b)	Property, plant and equipment	37
7(c)(i)	Deferred tax equivalent assets	38
7(c)(ii)	Deferred tax equivalent liabilities	39
7(d)	Current liabilities - Provisions	40
7(e)	Non-current liabilities - Provisions	41
7(f)	Other financial assets	41
7(g)	Superannuation Commitments	41
8	Equity	45
8(a)	Contributed equity	45
8(b)	Reserves	45
8(c)	Retained earnings	46
9	Cash flow information	47
9(a)	Reconciliation of profit after income tax equivalent to net cash inflow from operating activities	47
9(b)	Non-cash investing and financing activities	47
10	Critical accounting judgements, estimates and assumptions	47
11	Financial risk management	48
12	Capital management	53
12(a)	Capital risk management	53
12(b)	Dividends	54
13	Employee Benefits	54

15	Remuneration of auditors	58
16	Contingencies	58
17	Commitments	59
18	Related party transactions	60
19	Subsidiaries	62
20	Events occurring after the reporting period	63
21	Settlements Residue	63

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 and its subsidiaries.

(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.

(i) Going concern

The financial statements have been prepared on a going concern basis. As at 30 June 2015, the current liabilities exceed current assets for the Consolidated Entity by \$1,136.969M (2014:\$97.668M) (Parent Entity \$1,136.995M (2014:\$98.080M)). The excess of current liabilities to current assets primarily resulting from the provision for a special dividend of \$1,121M in terms of a directive from the Consolidated Entity's shareholding Ministers. The State of Queensland has provided 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.

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 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.

Summary of significant accounting policies

(a) Basis of preparation (continued)

(ii) *New standards and interpretations not yet adopted (continued)*

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 and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	<p>Following the changes approved by the AASB in December 2014, the group no longer expects any impact from the new classification, measurement and derecognition rules on the group's financial assets and financial liabilities. While the Consolidated Entity has yet to undertake a detailed assessment of the debt instruments currently classified as available-for-sale financial assets, it would appear that they would satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.</p> <p>There will also 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.</p> <p>The new hedging rules apply a more principles based approach and aligns hedge accounting more closely with the group's risk management practices. The new standard also introduces expanded disclosure requirements and changes in presentation.</p> <p>The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. The group has not yet assessed how its own hedging arrangements and impairment provisions would be affected by the new rules.</p>	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

Summary of significant accounting policies

(a) Basis of preparation (continued)

(ii) *New standards and interpretations not yet adopted (continued)*

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 15 <i>Revenue from Contracts with Customers</i>	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.	Management is currently assessing the impact of the new rules. At this stage, the group is not able to estimate the impact of the new rules on the group's financial statements. The group will make more detailed assessments of the impact.	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the group: 1 July 2018.

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

(iii) *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 2014:

- AASB 2013-3 *Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-4 *Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting*
- Interpretation 21 *Accounting for Levies*
- AASB 2014-1 *Amendments to Australian Accounting Standards*

The adoption of AASB 13-3 had a minor impact on the impairment disclosures. Other than that, the adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

Summary of significant accounting policies

(a) Basis of preparation (continued)

(iv) *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.

(v) *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 10.

(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.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Powerlink Queensland ('Company' or 'parent entity') as at 30 June 2015 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 income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Summary of significant accounting policies

(c) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

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 billed in a period may vary from the annual revenue cap, the regulated revenue recognised for the period is on an as billed basis. Refer Note 2

(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.

(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.

(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 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.

Summary of significant accounting policies

(e) Income tax equivalents (continued)

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

Deferred tax assets and liabilities 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.

(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.

Summary of significant accounting policies

(g) Impairment of assets (continued)

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 11(c) for a description of the Consolidated Entity's impairment policies.

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.

Summary of significant accounting policies

(k) Derivatives and hedging activities (continued)

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 11(a). Movements in the hedging reserve in shareholder's equity are shown in Note 8(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.

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.

Summary of significant accounting policies

(l) Fair value estimation (continued)

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

(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 purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liability undertaken at the date of the acquisition plus incidental costs attributable 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 freehold land and easements 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.

Summary of significant accounting policies

(m) Property, plant and equipment (continued)

(vi) Revaluation (continued)

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 7(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.

(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.

Summary of significant accounting policies

(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 6(d) and 6(f)).

(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 high quality corporate 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.

Summary of significant accounting policies

(s) Employee benefits (continued)

(iii) Superannuation benefit obligations (continued)

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 high quality corporate 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.

(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 8(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.

Summary of significant accounting policies

(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 Significant changes in the current reporting period

The financial position and performance of the Consolidated Entity was particularly affected by a change in the method of recognition of deferred under and over recoveries of regulated grid revenues.

With effect from 1 July 2014, Powerlink Queensland changed its accounting methodology with respect to regulated revenue under and over recoveries -refer Note 1(d)(i). Previously, Powerlink Queensland accrued or deferred allowed regulated revenues through recognising the full amount of revenue allowed under its revenue determination and recognising any under (or over) recovery of this amount as an asset (or liability) to be adjusted in future revenues to be received from customers.

Under the National Electricity Rules, Powerlink Queensland is entitled to include any under/over recovery of regulated grid service revenue when setting the charges for future periods.

There is no definitive guidance on the accounting treatment for regulatory receivables or provisions within existing accounting standards. However the Australian Accounting Standards Board (AASB) has commented, in response to the International Accounting Standards Board's (IASB) Invitation to Comment ITC32 Reporting the Financial Effects of Rate Regulation; that it has a view that, in most cases, regulatory deferral account balances do not meet the asset and liability recognition criteria as contained in the Conceptual Framework. To date, consensus has not been achieved and divergent views continue to be debated by the IASB.

Powerlink Queensland has not applied the change in accounting methodology retrospectively and has not restated the comparative period as it does not consider the receivable for regulated revenue under recoveries previously recognised at 30 June 2014 to be material in order to require a retrospective restatement of the comparative period.

Effects of the change in methodology for current and comparative years are:

	2014/2015 Year	2013/2014 Year
Over/(under) recovery of regulated revenue cap - effect on profit after income tax equivalent expense	(\$61.5M)	(\$17.4M)

3 Revenue

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Revenues from continuing operations				
Grid Sales Revenue	973,151	1,000,726	973,151	1,000,726
Total Grid Sales Revenue	973,151	1,000,726	973,151	1,000,726
<i>Other revenue</i>				
Interest	2,748	6,259	2,746	5,958
Dividends	-	-	218	3,722
Other	19,972	27,898	19,972	27,898
Total Other Revenue	22,720	34,157	22,936	37,578
Total Revenues from Continuing Operations	995,871	1,034,883	996,087	1,038,304

4 Other income and expense items

(a) Other income

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Net gain/(loss) on disposal of property, plant and equipment	(433)	392	(433)	392
Total Other Income	(433)	392	(433)	392

(b) Expenses from Continuing Operations

<i>Finance costs</i>				
Interest Expense	210,473	220,055	210,473	220,055
Other	42,521	41,967	42,521	41,967
Total Finance Costs Expended	252,994	262,022	252,994	262,022

Other income and expense items

(b) Expenses from Continuing Operations (continued)

	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Profit before income tax equivalent includes the following specific expenses:				
<i>Continuing Operating Expenses</i>				
Network Operations	16,300	13,943	16,300	13,943
Network Maintenance	118,791	111,163	118,791	111,163
Grid Support	2,644	-	2,644	-
Corporate/Business Support	84,686	71,104	84,686	71,085
Other	5,416	2,740	5,416	2,740
Depreciation	290,485	276,930	290,485	276,930
Total Expenses from Continuing Operations excluding Finance Costs Expensed	518,322	475,880	518,322	475,861
<i>Employee benefits expenses</i>				
Defined Contribution Superannuation expense through profit or loss	5,312	3,911	5,312	3,911
Employee Benefit expense through profit or loss	110,289	106,999	110,289	106,999
Total employee benefits expenses	115,601	110,910	115,601	110,910

5 Income tax equivalent expense

(a) Income tax equivalent expense

	Consolidated		Powerlink Queensland	
	Year ended 30 June 2015 \$'000	30 June 2014 \$'000	Year ended 30 June 2015 \$'000	30 June 2014 \$'000
Current tax	74,074	98,900	74,076	98,815
Deferred tax	(5,938)	(7,371)	(5,938)	(7,371)
	68,136	91,529	68,138	91,444

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

(Increase)/decrease in deferred tax equivalent assets (Note 7(c)(i))	312	248	312	248
(Decrease)/increase in deferred tax equivalent liabilities (Note 7(c)(ii))	(6,250)	7,123	(6,250)	7,123
	(5,938)	7,371	(5,938)	7,371

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

	Consolidated		Powerlink Queensland	
	Year ended 30 June 2015 \$'000	30 June 2014 \$'000	Year ended 30 June 2015 \$'000	30 June 2014 \$'000
Profit from continuing operations before income tax equivalent expense	224,122	297,373	224,338	300,813
	224,122	297,373	224,338	300,813

5 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 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Tax equivalent at the Australian tax rate of 30.0% (2014 - 30.0%)	67,237	89,212	67,301	90,244
<i>Increase in income tax equivalent expense due to:</i>				
Prior year adjustment	(41)	(22)	(41)	(22)
Other differences	1,564	2,978	1,567	2,978
	68,760	92,168	68,827	93,200
<i>Decrease in income tax equivalent expense due to:</i>				
Tax exempt revenues	-	-	(65)	(1,117)
Building capital allowances	(624)	(639)	(624)	(639)
	(624)	(639)	(689)	(1,756)
Total income tax equivalent expense	68,136	91,529	68,138	91,444

(c) Amounts recognised directly in equity

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Aggregate current and deferred tax equivalent 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 equivalent - debited (credited) directly to equity	32,246	66,188	32,246	66,188

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

	Notes	Consolidated Year ended		Powerlink Queensland Year ended	
		30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Gains on revaluation of property, plant and equipment	8(b)	30,890	63,136	30,890	63,136
Cash flow hedges	8(b)	197	(308)	197	(308)
Actuarial gains/(losses) on retirement/resignation benefit obligation		1,159	3,360	1,159	3,360
		32,246	66,188	32,246	66,188

(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 Note 1(e).

5 Income tax equivalent expense (continued)

(e) Tax consolidation legislation (continued)

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.

6 Financial assets and financial liabilities

(a) Cash and cash equivalents

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash balance comprises:				
Cash on hand	2	2	2	2
Bank balances	424	2,242	424	2,240
Cash on deposit with Qld Treasury Corporation (QTC)	113,271	40,254	113,250	40,035
Closing Cash Balance	113,697	42,498	113,676	42,277

(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 11. 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.

Financial assets and financial liabilities

(b) Current assets - Trade and other receivables

	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Net trade receivables				
Trade receivables	83,493	110,934	83,491	110,908
Other	(3)	(26)	-	-
	83,490	110,908	83,491	110,908
Prepayments	725	-	725	-
	84,215	110,908	84,216	110,908

(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.

(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 11.

(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 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Current liabilities				
Trade payables	64,949	52,764	64,952	52,780
Deposits	3	3	3	3
Other payables	26,550	27,566	26,553	27,564
	91,502	80,333	91,508	80,347

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.

Financial assets and financial liabilities

(d) Current liabilities - Other current liabilities

	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Unearned Revenue	4,988	1,787	4,988	1,787
Derivative Financial Instruments	131	499	131	499
Total other current liabilities	5,119	2,286	5,119	2,286

(e) Current assets - Other current assets

	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Work in progress - Customer Works	965	1,301	965	1,301
Prepayments	6,078	6,032	6,078	6,032
Other	361	91	361	91
	7,404	7,424	7,404	7,424

(f) Other non-current liabilities

	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Unearned revenue	109,204	84,225	109,204	84,225
Other	1,182	1,229	1,182	1,229
Total other non-current liabilities	110,386	85,454	110,386	85,454

(g) Interest Bearing Loans and Borrowings

	Consolidated					
	30 June 2015			30 June 2014		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Unsecured						
Queensland Treasury Corporation	-	4,444,221	4,444,221	-	4,154,221	4,154,221
Total unsecured borrowings	-	4,444,221	4,444,221	-	4,154,221	4,154,221

Financial assets and financial liabilities

(g) Interest Bearing Loans and Borrowings (continued)

	Powerlink Queensland					
	30 June 2015			30 June 2014		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Unsecured						
Queensland Treasury Corporation	-	4,444,221	4,444,221	-	4,154,221	4,154,221
Total unsecured borrowings	-	4,444,221	4,444,221	-	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 2015 and 2014 reporting periods, see Note 12 for details.

(ii) Fair value

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

Consolidated Entity	At 30 June 2015		At 30 June 2014	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
On-balance sheet (iii)				
QTC Loans	4,444,221	4,761,669	4,154,221	4,422,729
	<u>4,444,221</u>	<u>4,761,669</u>	<u>4,154,221</u>	<u>4,422,729</u>
Powerlink Queensland				
On-balance sheet (iii)				
QTC Loans	4,444,221	4,761,669	4,154,221	4,422,729
	<u>4,444,221</u>	<u>4,761,669</u>	<u>4,154,221</u>	<u>4,422,729</u>

(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 11.

Financial assets and financial liabilities

(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.

Recurring fair value measurements

Consolidated Entity - at 30 June 2015	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets					
Derivatives used for hedging - foreign exchange contracts		349	-	-	349
Total financial assets		349	-	-	349
Financial Liabilities					
Derivatives used for hedging - foreign exchange contracts	11(a)	131	-	-	131
Total financial liabilities		131	-	-	131

Consolidated Entity - at 30 June 2014	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets					
Derivatives used for hedging - foreign exchange contracts		59	-	-	59
Total financial assets		59	-	-	59
Financial liabilities					
Derivatives used for hedging - foreign exchange contracts	11(a)	499	-	-	499
Total financial liabilities		499	-	-	499

Recurring fair value measurements

Powerlink Queensland - at 30 June 2015	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets					
Derivatives used for hedging - foreign exchange contracts		349	-	-	349
Total financial assets		349	-	-	349
Financial Liabilities					
Derivatives used for hedging - foreign exchange contracts	11(a)	131	-	-	131
Total financial liabilities		131	-	-	131

Financial assets and financial liabilities

(h) Fair value measurements (continued)

(i) Fair value hierarchy (continued)

Powerlink Queensland - at 30 June 2014	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets					
Derivatives used for hedging - foreign exchange contracts		59	-	-	59
Total financial assets		59	-	-	59
Financial liabilities					
Derivatives used for hedging - foreign exchange contracts	11(a)	499	-	-	499
Total financial liabilities		499	-	-	499

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.

7 Non-financial assets and liabilities

(a) Inventories

	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Current Assets				
Maintenance and Construction Stock	44,644	39,606	44,644	39,606
	44,644	39,606	44,644	39,606

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 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

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

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 2015

Opening net book amount	443,558	567,495	77,030	6,370,953	44,677	7,503,713
Revaluation surplus	-	7,853	1,029	94,086	-	102,968
Additions	520,945	-	-	-	-	520,945
Depreciation charge	-	-	(3,304)	(268,978)	(18,203)	(290,485)
Disposals	-	(1,448)	-	(185)	(288)	(1,921)
Transfers from work in progress	(453,799)	8,686	128	436,260	8,725	-
Closing net book amount	510,704	582,586	74,883	6,632,136	34,911	7,835,220

At 30 June 2015

Cost or fair value	510,704	582,586	95,743	8,709,760	153,436	10,052,229
Accumulated depreciation	-	-	(20,860)	(2,077,624)	(118,525)	(2,217,009)
Net book amount	510,704	582,586	74,883	6,632,136	34,911	7,835,220

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 6(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 2015 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

Notes	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
The balance comprises temporary differences attributable to:				
Accruals	223	249	223	245
Provisions	15,667	15,958	15,667	15,958
Cash flow hedges	39	150	39	150
Total deferred tax equivalent assets	15,929	16,357	15,929	16,353
Set-off of deferred tax equivalent liabilities pursuant to set-off provisions	7(c)(ii) (15,929)	(16,357)	(15,929)	(16,353)
Net deferred tax equivalent assets	-	-	-	-

Non-financial assets and liabilities

(c) Deferred tax balances (continued)

(i) Deferred tax equivalent assets (continued)

	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Movements:				
Opening balance at 1 July 2014	16,357	15,959	16,353	15,955
Credited/(charged) to profit or loss	(318)	150	(314)	150
Credited/(charged) to equity	(110)	248	(110)	248
Closing balance at 30 June 2015	15,929	16,357	15,929	16,353
Deferred tax assets expected to be recovered within 12 months	7,748	7,852	7,748	7,848
Deferred tax assets expected to be recovered after more than 12 months	8,181	8,505	8,181	8,505
	15,929	16,357	15,929	16,353

(ii) Deferred tax equivalent liabilities

	Consolidated 30 June 2015 \$'000	30 June 2014 \$'000	Powerlink Queensland 30 June 2015 \$'000	30 June 2014 \$'000
The balance comprises temporary differences attributable to:				
Property, plant and equipment	605,932	582,826	605,932	582,826
Receivables	290	390	290	390
Prepayments	31	35	31	35
	606,253	583,251	606,253	583,251
<i>Other</i>				
Defined Benefit Fund Surplus	6,040	4,881	6,040	4,881
Inventories	5,665	4,028	5,665	4,028
Cash flow hedges	105	18	105	18
Sub-total other	11,810	8,927	11,810	8,927
Total deferred tax equivalent liabilities	618,063	592,178	618,063	592,178
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 7(c)(i))	(15,929)	(16,357)	(15,929)	(16,353)
Net deferred tax equivalent liabilities	602,134	575,821	602,134	575,825
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Movements:				
Opening balance at 1 July 2014	592,178	532,968	592,178	532,967
Charged/(credited) to profit or loss	(6,250)	(7,123)	(6,250)	(7,122)
Charged/(credited) to equity	32,135	66,333	32,135	66,333
Closing balance at 30 June 2015	618,063	592,178	618,063	592,178
Deferred tax liabilities expected to be settled within 12 months	6,091	4,471	6,091	4,471
Deferred tax liabilities expected to be settled after more than 12 months	611,972	587,707	611,972	587,707
	618,063	592,178	618,063	592,178

Non-financial assets and liabilities

(d) Current liabilities - Provisions

	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Dividends	1,276,986	167,789	1,276,986	167,789
Onerous contracts	155	153	155	153
Restructuring costs	178	991	178	991
Employee benefits	13,129	13,770	13,129	13,770
	1,290,448	182,703	1,290,448	182,703

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 2015	Dividends \$'000	Onerous contracts \$'000	Restructuring obligations \$'000
Carrying amount at the start of the year	167,789	153	991
- additional provisions recognised	1,276,986	155	178
Amounts used during the year	(167,789)	(166)	(991)
- unwinding of discount	-	13	-
Carrying amount at end of year	1,276,986	155	178

(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 2015.

(iv) Leave obligations

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.

Non-financial assets and liabilities

(d) Current liabilities - Provisions (continued)

(iv) Leave obligations (continued)

	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Current leave obligations expected to be settled after 12 months	70	1,132	70	1,132

(e) Non-current liabilities - Provisions

	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Employee benefits	24,798	24,723	24,798	24,723
Onerous contracts	1,220	1,266	1,220	1,266
	26,018	25,989	26,018	25,989

(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 2015	Onerous contracts \$'000	Total \$'000
Carrying amount at start of year	1,266	1,266
- unwinding of discount	109	109
Amounts used during the year	(155)	(155)
Carrying amount at end of year	1,220	1,220

(f) Other financial assets

	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'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.

Non-financial assets and liabilities

(g) Superannuation Commitments (continued)

(i) Superannuation plan (continued)

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 4(b)

(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:

	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Fair value of defined benefit plan assets	83,427	83,976	83,427	83,976
Present value of the defined benefit obligation	(63,294)	(67,706)	(63,294)	(67,706)
Net surplus/(deficit) in the balance sheets	20,133	16,270	20,133	16,270

(iii) Categories of plan assets

The major categories of plan assets are as follows:

	Consolidated		Powerlink Queensland	
	30 June 2015 %	30 June 2014 %	30 June 2015 %	30 June 2014 %
Cash	12.0	10.0	12.0	10.0
Property	10.0	10.0	10.0	10.0
Equity instruments	52.0	50.0	52.0	50.0
Debt instruments	7.0	10.0	7.0	10.0
Alternative assets	19.0	20.0	19.0	20.0
	100.0	100.0	100.0	100.0

(iv) Significant estimate: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	Consolidated		Powerlink Queensland	
	Year ended 30 June 2015	30 June 2014	Year ended 30 June 2015	30 June 2014
Discount rate - Australia	3.6%	3.0%	3.6%	3.0%
Expected return on plan assets	3.6%	3.0%	3.6%	3.0%
Future salary increases	4.0%	4.0%	4.0%	4.0%

Non-financial assets and liabilities

(g) Superannuation Commitments (continued)

(iv) Significant estimate: actuarial assumptions and sensitivity (continued)

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

	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2015	2014	2015	2014	2015	2014
Discount rate	0.5	0.5	Decrease by 4.8%	Decrease by 5.2%	Increase by 5.2%	Increase by 5.6%
Salary growth rate	0.5	0.5	Increase by 5.2%	Increase by 5.2%	Decrease by 4.9%	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.

(v) Risk exposure

Through its defined benefit plan, the Consolidated Entity is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate with reference to high quality corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities which are expected to outperform high quality corporate bonds in the long term while providing volatility and risk in the short term. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long term nature of the plan liabilities, it is considered appropriate that a reasonable portion of plan assets should be invested in equity securities and real estate to leverage the return generated by the fund.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however this will be partially offset by an increase in the value on the plan's debt investments
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of the plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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.

(vi) Defined benefit liability employer contributions

The weighted average duration of the defined benefit obligation is 9 years (2014 - 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 2015	5,042	4,236	18,407	102,862	130,547
Defined benefit obligation - 30 June 2014	6,358	4,291	16,447	109,068	136,164

Non-financial assets and liabilities

(g) Superannuation Commitments (continued)

(vii) Reconciliations

	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
<i>Reconciliation of the present value of the defined benefit obligation, which is fully funded:</i>				
Balance at the beginning of the year	(67,706)	(75,325)	(67,706)	(75,325)
Current service cost	(2,763)	(3,071)	(2,763)	(3,071)
Interest cost	(1,936)	(2,269)	(1,936)	(2,269)
Actuarial gains and (losses)	635	6,652	635	6,652
Benefits paid	9,843	9,050	9,843	9,050
Contributions by members	(685)	(767)	(685)	(767)
Provisions for contributions tax	(682)	(1,976)	(682)	(1,976)
Balance at the end of the year	(63,294)	(67,706)	(63,294)	(67,706)
<i>Reconciliation of the fair value of plan assets:</i>				
Balance at the beginning of the year	83,976	80,396	83,976	80,396
Expected return on plan assets	2,451	2,463	2,451	2,463
Actuarial gains and (losses)	4,739	7,821	4,739	7,821
Contributions by Company	1,419	1,579	1,419	1,579
Benefits paid	(9,843)	(9,050)	(9,843)	(9,050)
Contributions by members	685	767	685	767
Balance at the end of the year	83,427	83,976	83,427	83,976

(viii) Amounts recognised in profit or loss

The amounts recognised in profit or loss are as follows:

	Consolidated		Powerlink Queensland	
	Year ended 30 June 2015 \$'000	30 June 2014 \$'000	Year ended 30 June 2015 \$'000	30 June 2014 \$'000
Current service cost	2,763	3,071	2,763	3,071
Interest cost	1,936	2,269	1,936	2,269
Expected return on plan assets	(2,451)	(2,463)	(2,451)	(2,463)
Total included in employee benefits expense	2,248	2,877	2,248	2,877

(ix) 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.

Non-financial assets and liabilities

(g) Superannuation Commitments (continued)

(ix) Employer contributions (continued)

During the most recent review it was noted by the actuary that the defined benefit section of the plan is in a strong financial position and will be able to meet its existing and future liabilities without any further employer contributions. As a result the actuary advised the Consolidated Entity that it is able to cease its employer contributions. The Consolidated Entity will cease employer contributions to the defined benefits fund plan effective from 1 July 2015.

8 Equity

(a) Contributed equity

(i) Share capital

		Powerlink Queensland		Powerlink Queensland	
	Notes	30 June 2015 Shares	30 June 2014 Shares	30 June 2015 \$'000	30 June 2014 \$'000
Ordinary shares					
Fully paid	8(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 2015.

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 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.

Equity

(b) Reserves (continued)

	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Revaluation surplus - property, plant and equipment	1,056,626	984,548	1,056,626	984,548
Cash flow hedges	54	(308)	54	(308)
	1,056,680	984,240	1,056,680	984,240

Notes	Consolidated		Powerlink Queensland	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000

Movements:

Revaluation surplus - Property, plant and equipment

Opening balance at 1 July 2014	7(b)	984,548	837,245	984,548	837,245
Revaluation - gross		102,968	210,439	102,968	210,439
Deferred tax		(30,890)	(63,136)	(30,890)	(63,136)
Balance 30 June 2015		1,056,626	984,548	1,056,626	984,548

Cash flow hedges

Opening balance at 1 July 2014		(308)	411	(308)	411
Revaluation - gross		560	(1,028)	560	(1,028)
Deferred tax		(198)	309	(198)	309
Balance 30 June 2015		54	(308)	54	(308)

(c) Retained earnings

Movements in retained earnings were as follows:

	Notes	Consolidated		Powerlink Queensland	
		30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Balance 1 July 2014		1,195,590	1,148,401	1,195,175	1,144,460
Net profit for the year		155,986	205,844	156,200	209,369
Dividends	12(b)	(1,276,986)	(167,789)	(1,276,986)	(167,789)
Actuarial gains/(losses) on defined benefit plans net of tax recognised directly in retained earnings		4,214	10,131	4,213	10,131
Defined benefit fund contributions tax		(682)	(997)	(682)	(996)
Prior Year adjustment intercompany tax consolidation		(177)	-	-	-
Balance 30 June 2015		77,945	1,195,590	77,920	1,195,175

9 Cash flow information

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

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Profit for the year from continuing operations after income tax equivalent	155,986	205,844	156,200	209,369
Depreciation	290,485	276,930	290,485	276,930
Net (gain)/loss on sale of non-current assets	433	(392)	433	(392)
<i>Change in operating assets and liabilities:</i>				
(Increase)/decrease in trade debtors	27,761	(18,222)	27,761	(18,224)
(Increase)/decrease in inventories	(5,037)	(2,892)	(5,037)	(2,892)
(Increase)/ decrease in deferred tax equivalent assets	316	(248)	313	(248)
(Decrease)/ increase in creditors	29,123	76,408	29,133	76,408
(Decrease)/ increase in provision for income taxes equivalent payable	(32,923)	158	(33,123)	8,668
(Decrease)/ increase in deferred tax equivalent liabilities	(5,091)	(7,122)	(5,091)	(7,122)
(Decrease)/ increase in other provisions	(1,423)	(3,830)	(1,423)	611
(Increase)/decrease in prepayments	(750)	(2,831)	(750)	(2,831)
Net cash inflow/(outflow) from operating activities	458,880	523,803	458,901	540,277

(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.

10 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.

10 Critical accounting judgements, estimates and assumptions (continued)

(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 7(b)

11 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, i.e. 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.

(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 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Current assets				
Forward foreign exchange contracts - cash flow hedges	349	59	349	59
Total current derivative financial instruments assets	349	59	349	59
Current liabilities				
Forward foreign exchange contracts - cash flow hedges	52	499	52	499
Forward Commodity Exchange Contracts - Aluminium Hedges	80	-	80	-
Total current derivative financial instruments liabilities	132	499	132	499

11 Financial risk management (continued)

(a) Derivatives (continued)

(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 6(h).

(b) Market risk

(i) Foreign exchange risk and commodity risk

The Consolidated Entity is exposed to currency risk and commodity 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 and commodity exposures are managed within approved policy parameters using forward foreign exchange and commodity 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:

	30 June 2015			30 June 2014		
	USD \$'000	EURO \$'000	OTH \$'000	USD \$'000	EURO \$'000	OTH \$'000
Forward exchange contracts						
- buy foreign currency (cash flow hedges)	4,411	182	-	27,561	1,118	483
Net exposure	4,411	182	-	27,561	1,118	483

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 2015, 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 \$0.540M higher/\$0.4441 lower (2014: \$3.151M higher/\$2.578M 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.

11 Financial risk management (continued)

(b) Market risk (continued)

(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 effect from 1 July 2015. During 2015 and 2014, 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.

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 6(b).

(i) Impaired Trade Receivables

The Consolidated Entity has recognised a loss of \$NIL (2014: \$275.8 thousand) in respect of impaired trade receivables during the year ended 30 June 2015.

(ii) Trade receivables past due but not impaired

As of 30 June 2015, trade receivables of \$392 thousand (2014: \$1,650 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
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Up to 3 months	333	1,649	333	1,649
3 to 6 months	59	1	59	1
	392	1,650	392	1,650

11 Financial risk management (continued)

(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 2015/16 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.

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 2015	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives					
Trade payables	91,502	-	-	91,502	91,502
Borrowings (excluding finance leases)	277,516	1,107,964	4,383,712	5,769,192	4,444,221
Total non-derivatives	369,018	1,107,964	4,383,712	5,860,694	4,535,723

Derivatives

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

- (inflow)	(349)	-	-	(349)	(349)
- outflow	132	-	-	132	132
Total Derivatives	(217)	-	-	(217)	(217)

11 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
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
Powerlink Queensland - at 30 June 2015	\$'000	\$'000	\$'000	\$'000	\$'000

Non-derivatives

Trade payables	91,508	-	-	91,508	91,508
Borrowings (excluding finance leases)	277,516	1,107,964	4,383,712	5,769,192	4,444,221
Total non-derivatives	369,024	1,107,964	4,383,712	5,860,700	4,535,729

Derivatives

Gross settled (forward foreign exchange contracts - cash flow hedges)					
- (inflow)	(349)	-	-	(349)	(349)
- outflow	132	-	-	132	132
Total Derivatives	(217)	-	-	(217)	(217)

11 Financial risk management (continued)

(d) Liquidity risk (continued)

Maturities of financial liabilities (continued)

	0 - 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000

Non-derivatives

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

12 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.

The capital structure of the Consolidated Entity consists of debt, which includes borrowings disclosed in Note 6(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 8(a), 8(b) and 8(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.

Powerlink Queensland has approval under the State Borrowing Program for the 2015/16 year of \$1,220M, which Powerlink Queensland believes is sufficient to meet operational requirements including the payment of the dividend for the 2014/15 year.

In response to a direction from the shareholding Ministers dated 29 June 2015, under section 131(3)(b) of the Government Owned Corporations Act 1993, an additional dividend was declared as discussed in Note 12(b) to facilitate the regearing of the Company.

There has not been any material changes in strategy or policy subsequent to the previous year ended 30 June 2014.

Capital management

(a) Capital risk management (continued)

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 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Total debt	4,444,221	4,154,221	4,444,221	4,154,221
Property, plant & equipment	7,835,220	7,503,713	7,835,220	7,503,713
Gearing ratio	56.7%	55.4%	56.7%	55.4%

Powerlink Queensland has complied with the financial covenants of its borrowing facilities during the 2015 and 2014 reporting periods.

The increase in the gearing ratio for the year ended 30 June 2015 resulted primarily from the level of borrowings (\$290M) (2014: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 2015 the Consolidated Entity had only long term borrowings.

(b) Dividends

(i) Ordinary shares

	Consolidated		Powerlink Queensland	
	Year ended 30 June 2015 \$'000	30 June 2014 \$'000	Year ended 30 June 2015 \$'000	30 June 2014 \$'000
Ordinary shares				
Unfranked final dividend proposed	1,276,986	167,789	1,276,986	167,789
	1,276,986	167,789	1,276,986	167,789

The 2014/15 final dividend is based on 100% of operating profit after income tax equivalent expense and an additional distribution of \$1,121M from retained earnings (2014: 80% of the operating profit after income tax equivalent expense exclusive of the effect of the equity accounted associate sale price adjustment). This distribution and the increase in the dividend ratio for 2014/15 were made in response to a direction from the shareholding Ministers, dated 29 June 2015, under section 131(3)(b) of the *Government Owned Corporations Act 1993* and will be funded from borrowings to the extent necessary.

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

13 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 2014/15 year were granted/approved by the Board on 17 September 2014. 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 2014/15 year were granted/approved by the Board on 17 September 2014. There have not been any alterations of the terms and conditions to the grant since the grant/approval date.

13 Employee Benefits (continued)

(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 2014/15 was granted/approved by the Board on 17 September 2014. 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:

Aggregate at -risk performance remuneration	2014/15	2013/14
	\$6.346m	\$6.002m
Total salaries and Wages paid	\$150.138m	\$148.626m
Number of employees receiving performance payments	1,006	1,029

(v) Number of Employees

Number of employees (full time equivalents) at year end: 1,049 (2014: 1,024)

14 Key management personnel disclosures

The 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 - Until his resignation.

Julie Beeby - Effective from 11 December 2014

(ii) Directors

Julie Beeby

Anne Barclay

Kenneth Howard

Julienne Martin

David Stevens - Director from 11 December 2014

(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:

2014/15 Financial Year

- Chief Executive - M E York
- Chief Financial Officer - M D Brennan
- Executive Manager Infrastructure Delivery and Technical Services - G Rice
- 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

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

Key management personnel disclosures

(b) Other key management personnel (continued)

(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.

(c) Details of remuneration

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

2015	Short term	Post employment		
	Fixed Remuneration \$'000	Superannuation \$'000	Total \$'000	
Name				
Stephen Rochester	45	4	49	
Julie Beeby	72	7	79	
Anne Barclay	45	4	49	
Kenneth Howard	43	9	52	
Julienne Martin	45	4	49	
David Stevens	29	3	32	
Total	279	31	310	

2014	Short term	Post employment		
	Fixed Remuneration \$'000	Superannuation \$'000	Total \$'000	
Name				
Stephen Rochester	86	8	94	
Julie Beeby	41	4	45	
Anne Barclay	34	3	37	
Kenneth Howard	30	9	39	
Julienne Martin	34	3	37	
Christina Sutherland	10	1	11	
Total	235	28	263	

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:

Key management personnel disclosures

(c) Details of remuneration (continued)

(ii) Other key management personnel (continued)

2015	Short term		Post employment	Long term benefits	Total
	Fixed Remuneration \$'000	At Risk Payments \$'000	Superannuation# \$'000	Annual and Long service leave \$'000	
Chief Executive	568	43	100	55	766
Chief Financial Officer	320	23	56	26	425
Executive Manager Investment and Planning	301	27	53	9	390
Executive Manager Operations and Field Services	227	14	36	7	284
Executive Manager Stakeholder Relations and Corporate Services	211	17	37	6	271
Executive Manager People and Culture	265	18	27	13	323
Executive Manager Infrastructure Delivery and Technical Services	294	-	50	10	354
Total	2,186	142	359	126	2,813

Includes both employee and employer superannuation contributions.

2014	Short term		Post employment	Long term benefits	Total
	Fixed Remuneration \$'000	At Risk Payments \$'000	Superannuation# \$'000	Annual and Long service leave \$'000	
Chief Executive	544	54	97	16	711
Chief Financial Officer	309	32	55	9	405
Executive Manager Investment and Planning	277	16	48	12	353
Executive Manager Operations and Field Services	231	18	23	6	278
Executive Manager Stakeholder Relations and Corporate Services	201	12	35	6	254
Executive Manager People and Culture	247	19	25	7	298
Executive Manager Infrastructure Delivery and Technical Services + *	268	21	33	8	330
Total	2,077	172	316	64	2,629

+ 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.

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.

Key management personnel disclosures

(d) Director term and appointment

Julie Beeby (Chairman)

Current term 3 years commencing October 2014. First appointed October 2008.

Anne Barclay

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

Kenneth Howard

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

Julienne Martin

Current term 3 years commencing October 2014. First appointed October 2011.

David Stevens

Current term 2 years 9 months commencing December 2014. First appointed December 2014.

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 Year ended		Powerlink Queensland Year ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	\$	\$	\$	\$
<i>Queensland Audit Office</i>				
Audit and review of financial statements	201,700	222,500	201,700	212,500
Total remuneration for audit and other services	201,700	222,500	201,700	212,500

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 2015 (2014:NIL).

(b) Contingent liabilities

The Consolidated Entity had no contingent liabilities of a material nature as at 30 June 2015 (2014: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
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<i>Property, plant and equipment</i>				
	147,080	301,208	147,080	301,208
	147,080	301,208	147,080	301,208

(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.

	Consolidated		Powerlink Queensland	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	\$'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	2,867	2,847	2,867	2,847
Later than one year but not later than five years	5,904	5,442	5,904	5,442
Later than five years	2,962	3,193	2,962	3,193
	11,733	11,482	11,733	11,482

17 Commitments (continued)

(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
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Within one year	761	732	761	732
Later than one year but not later than five years	3,361	3,231	3,361	3,231
Later than five years	2,306	3,196	2,306	3,196
	6,428	7,159	6,428	7,159

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 2015 owned 100% (2014: 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).

(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 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
<i>Sales of goods and services</i>				
Parent Entity	868,986	957,193	868,986	957,193
	868,986	957,193	868,986	957,193

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
<i>Purchases of goods and services</i>				
Parent Entity	72,999	79,158	72,999	79,158
	72,999	79,158	72,999	79,158

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
<i>Dividend revenue</i>				
Subsidiaries	-	-	218	3,722
	-	-	218	3,722

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
<i>Interest revenue</i>				
Parent Entity	2,727	5,753	2,725	5,452

	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
<i>Other Transactions</i>				
Dividend paid to ultimate parent entity	167,789	177,402	167,789	177,402
Borrowing Costs - Parent Entity	252,871	261,936	252,871	261,936
	420,660	439,338	420,660	439,338

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 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
<i>Current receivables (sales of goods and services)</i>				
Parent Entity	59,299	62,772	59,299	62,772
	59,299	62,772	59,299	62,772
<i>Current payables (purchases of goods and services)</i>	-	-	-	-

(f) Loans to/from related parties

	Consolidated		Powerlink Queensland	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Loans from ultimate Australian parent entity</i>				
Beginning of the year	4,154,221	4,154,221	4,154,221	4,154,221
Loans advanced	290,000	290,000	290,000	290,000
Loans repayments made	-	(290,000)	-	(290,000)
Interest charged	252,871	261,936	252,871	261,936
Interest paid	(252,871)	(261,936)	(252,871)	(261,936)
End of year	4,444,221	4,154,221	4,444,221	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 **	
			2015 %	2014 %
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.

19 Subsidiaries (continued)

Significant investments in subsidiaries (continued)

** 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 (2014:NIL).

21 Settlements Residue

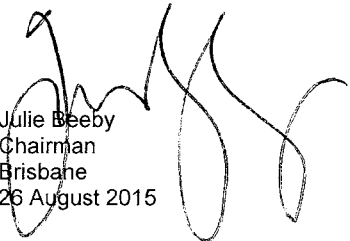
	Consolidated Year ended		Powerlink Queensland Year ended	
	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Opening balance	-	-	-	-
Residue transferred from AEMO	74,292	71,321	74,292	71,321
Interest earned	-	-	-	-
Transfer to Powerlink Queensland to offset network charges	(74,292)	(71,321)	(74,292)	(71,321)
Balance at end of year	-	-	-	-

Directors' declaration

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 and the company's financial positions as at 30 June 2015 and of their 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*.


Julie Beeby
Chairman
Brisbane
26 August 2015

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 –

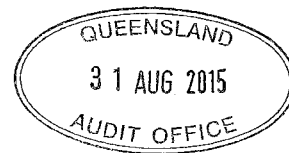
- (a) the financial report of Queensland Electricity Transmission Corporation Limited is in accordance with the *Corporations Act 2001*, including –
- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2015 and of their performance for the year 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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