



POWERLINK QUEENSLAND
**STATEMENT OF
CORPORATE INTENT 2011/12**



Prepared by the Directors and Management of Powerlink Queensland
for shareholding Ministers, including the Minister for Finance and the Arts
and Minister for Energy and Water Utilities.

CONTENTS

PART 1	CORPORATE OBJECTIVES AND STRATEGIES	I
1.1	Main Undertaking	1
1.2	Corporate and Operational Objectives	2
1.3	Corporate and Operational Strategies	2
1.4	Corporate and Operational Performance Outcomes	5
1.5	Performance Drivers	5
1.6	Strategic Expectations Letters	10
PART 2	MANDATORY MATTERS	11
2.1	Financial Targets	11
2.2	Non-Financial Performance Targets	12
2.3	Assumptions	13
2.4	Community Service Obligations	13
2.5	Employment and Industrial Relations Plan	13
PART 3	ADDITIONAL MATTERS	14
3.1	Financials	14
3.2	Main Undertakings and Businesses	19
3.3	Capital Expenditure Program	20
3.4	Other Significant Expenses	22
3.5	Major Initiatives Being Undertaken	22
3.6	Sponsorship, Advertising, Corporate Entertainment, Donations, and Other Arrangements	23
3.7	Other	23
PART 4	PERFORMANCE AGREEMENT	26
	Directors' Statement and Agreement of shareholding Ministers	26
PART 5	ATTACHMENTS	27
	Attachment 1 Financial and Non-Financial Target Definitions	27
	Attachment 2 Employment and Industrial Relations Plan	28
	Attachment 3 Sponsorship, Advertising, Corporate Entertainment and Donations	51
	Attachment 4 WACC Calculations	54
	Attachment 5 Compliance with Government Policies	55
	GLOSSARY OF ABBREVIATIONS	56

PART I CORPORATE OBJECTIVES AND STRATEGIES

I.1 Main Undertakings

Powerlink Queensland (Powerlink) is a Queensland Government Owned Corporation established in 1995 under the *Government Owned Corporations (GOC) Act 1993*. It is a Transmission Entity under the *Electricity Act 1994*, and is the holder of a Transmission Authority from the Queensland Government that authorises the corporation to operate the Queensland electricity transmission grid.

Powerlink is governed by a Board of Directors with a Charter that includes the setting of strategies and operational objectives and financial objectives. The Board monitors the Corporation's activities and informs shareholders of developments and performance.

Powerlink is the Queensland Transmission Network Service Provider (TNSP) in the National Electricity Market (NEM), and owns, develops, operates and maintains the State's high voltage electricity transmission network, and is the Jurisdictional Planning Body responsible for transmission network planning in Queensland. These activities are regulated in accordance with the National Electricity Rules (Rules) and the *Electricity Act 1994*. The Economic Regulator for electricity transmission is the Australian Energy Regulator (AER).

Powerlink's Core Business is to:

- Deliver a reliable transmission service to electricity market participants via open, non-discriminatory access to the Queensland transmission grid, which connects power stations with customer/distribution network connection points. This involves planning, designing, constructing, operating and maintaining transmission assets to meet present and future needs for the transmission of electricity in its designated area in Queensland.

These activities are regulated in accordance with the Rules and the *Electricity Act 1994*.

- Provide non-prescribed (negotiated and non-regulated) transmission network connection services to new generators and loads wishing to connect to the transmission network, in compliance with the Rules.
- Establish and operate "network support" contracts with power generators or providers of non-network solutions, to complement transmission capacity in locations where network support is, for the time being, more economical than a transmission investment. These contracts enable "on request" operation of generators or other providers that would not otherwise be dispatched under normal electricity market conditions.
- Deliver system operator services to assist the Australian Energy Market Operator, (AEMO) to manage power system security in the Queensland region of the NEM.
- Provide metering services to measure electricity generation and usage at connection points to the transmission network in Queensland.
- As appointed by the Queensland Government, perform the functions of:
 - Jurisdictional System Security Coordinator in Queensland;
 - Jurisdictional Planning Body for the electricity transmission network in Queensland; and
 - Responsible Officer for Queensland under the NEM protocol.

Powerlink derives the majority (approximately 90%) of its revenue from the provision of prescribed (regulated) transmission services. Powerlink's regulated revenue for the five year period concluding in 2011/12 was determined by the AER in their report published in June 2007.

Regulated transmission prices are calculated in line with the approved AER revenue caps, with adjustments for the AER Service Target Performance Incentive Scheme, the Market Impact of Transmission Congestion (MITC) Scheme and the provisions of the Rules.

Powerlink's other major revenue sources include non-prescribed transmission network services, technical services and the provision of services to telecommunications carriers.

Customers for technical services have been secured from across Australia and in some cases outside Australia. Powerlink has shareholding Minister approval to pursue the provision of these services to agreed overseas countries.

Powerlink also receives returns from its investment in ElectraNet SA, the transmission entity in South Australia.

1.2 Corporate and Operational Objectives

Consistent with the medium to long-term corporate objectives as detailed in the 2011/12 to 2015/16 Corporate Plan, Powerlink's corporate and operational objectives for (SCI year) are:

Vision	To be the leading transmission network service provider in Australia, and one of the best in the world.
Mission	To deliver transmission network services and related services, at world class levels of safety, reliability and cost-effectiveness.
Objectives	<ul style="list-style-type: none"> ✓ Develop the grid to meet reliability standards as Queensland's load grows. ✓ Deliver a return on investments at least equal to that implicit in the WACC determined by the regulator. ✓ Maintain an "investment grade" credit rating. ✓ Retain leadership as the most cost effective TNSP in the NEM. ✓ Meet relevant environmental laws and regulations. ✓ Do all this safely (public & employees). ✓ Attract and retain the necessary skills and capabilities.

1.3 Corporate and Operational Strategies

Powerlink's "Operational Excellence" corporate strategy is fundamental to achieving its corporate and operational objectives for 2011/12, and continues to be a focus of all activities.



Cost Efficiency



Network Performance



Safety



Environment

Safety

Safety for both our employees and the general community continues to be the first consideration in all work associated with the construction, operation and maintenance of the transmission network.

Powerlink maintains a strong commitment to the proactive management of Workplace Health and Safety as an integral part of its business activities. A continuing program to regard safety as the priority consideration in the workplace serves to maintain the focus of all staff upon "Safety First".

A number of education and prevention initiatives operate within the overall Health and Safety program, including:

- Internal Audit – scheduled audits and inspections
- Sun Smart – annual voluntary screening program
- Safety Attributes – safety attributes testing
- Flu Buster – annual voluntary vaccinations

Powerlink continues to promote consistent workplace health and safety practices through its active involvement at the state and national level. Powerlink works with the broader Electricity Supply Industry in continuing to develop the Australian Industries Skills Passport. This work will introduce nationally consistent practices in training standards for competencies and authorisations.

Network Performance

The AER has set network performance targets and service performance targets that apply to Powerlink.

The network service standards performance incentive scheme is designed to deliver an equal possibility of a bonus or a penalty. Under this scheme, set for the regulatory period July 2007 to June 2012, Powerlink may earn a bonus or incur a penalty of up to 1% of the revenue cap.

Powerlink's network performance in the years from 2007 through to and including 2010 exceeded the AER targets. A bonus for performance in the 2010 calendar year will add approximately \$4.5 million to Powerlink's 2011/12 regulated revenue cap, subject to confirmation by the AER.

Powerlink is also subject to the recently introduced (13 July 2010) Market Impact of Transmission Congestion component. The MITC performance incentive scheme targets transmission network outages that have an adverse impact on generation dispatch outcomes. This currently operates on a 'bonus only' basis, until at least the start of the next regulatory period (1 July 2012).

For the period 13 July 2010 to 31 December 2010, Powerlink achieved an estimated bonus of \$6.9 million. Powerlink is entitled to collect this amount in 2011/12, subject to audit and acceptance by the AER.

The AER performance incentive scheme is designed to deliver an equal possibility of a bonus or a penalty, and thus a neutral outcome over time.

Powerlink aims to operate the transmission network to at least meet these AER targets.

Environment

The community, stakeholders and Powerlink's shareholding Ministers have expectations in regard to acceptable environmental performance. Powerlink addresses these expectations by applying an Environmental Management System, raising awareness among employees and contractors, and complying with relevant environmental legislation.

Powerlink reports its greenhouse gas emissions annually under the *National Greenhouse Energy Reporting Act*.

Powerlink's broader environmental management activities include:

- Sustainable Procurement – Works to construct and maintain Powerlink's network are undertaken under an Environmental Management Plan (EMP).
- Cultural Heritage – Powerlink meets its cultural heritage obligations through the development and implementation of Cultural Heritage Management Plans for its transmission projects.
- Biosecurity – Powerlink manages environmental impacts of weeds, pathogens and animal pests arising from its activities. We provide our employees with appropriate training, resources and procedures to undertake their work while ensuring Powerlink complies with its responsibilities. We also require the same of our contractors.

Cost Efficiency

International benchmarking continues to show that Powerlink remains in the top quartile internationally when measured against cost-efficiency and reliability. Powerlink intends to maintain this leadership position.

With more than 90% of Powerlink's revenue attributable to the regulated transmission business, regulated operating costs account for the major component of the business's expenditure. The opex allowances determined by the AER for Powerlink's regulatory period are based on an estimate of the efficient costs to operate the business, and the regulatory allowances include the delivery of ongoing productivity improvements. By operating the business at or within the regulatory opex allowance, Powerlink maintains its leadership position of having the lowest ratio of controllable operating cost to regulated asset base (a key benchmarking measure used by the AER) in the NEM.

Powerlink's strategy to enhance shareholder value focuses on three major elements:

(i) ***Develop the Networks We Own and Manage***

We plan and develop the transmission network to ensure a secure, reliable, safe and cost effective high voltage electricity grid in Queensland that meets customer needs.

(ii) ***Achieve Operational Excellence***

To maintain Powerlink's position as one of the leading transmission network service provider in Australia and one of the best in the world by achieving operational excellence in the key aspects of our business.

Safety Provide a safe environment for employees and the public.

Environment Demonstrate regard for the environment and comply with all relevant legislation.

Network Performance Meet or exceed the regulatory service standards.

Cost Efficiency Maintain the position as the most cost effective transmission entity in the NEM.

(iii) ***Grow Non-Regulated Profits (Selectively)***

Selectively grow Powerlink's non-regulated business to enhance profitability, and to develop and retain key skills by leveraging core competencies where we have a sustainable competitive advantage.

Continue to deliver good returns from the investment in ElectraNet SA.

1.4 Corporate and Operational Performance Outcomes

In accordance with the above corporate and operational objectives, Powerlink undertakes to achieve the following corporate and operational performance outcomes in 2011/12:

Key Corporate Performance Area	Objectives/Outcomes	Performance Measures/Outcomes
Deliver Capital Works Program	To develop the Queensland transmission grid to meet customer electricity demands, and safety and reliability standards.	To deliver the nominated capital works program; <i>Refer Section 3.3</i>
Meet Financial Targets	Achieve specified Financial Performance Targets.	Financial Performance Targets; <i>Refer Section 2.1</i>
Meet Non-Financial Targets	Achieve specified Non-Financial Performance Targets.	Non-Financial Performance Targets; <i>Refer Section 2.2</i>
Deliver ElectraNet Distributions	To deliver the forecast distributions from Powerlink's investment in ElectraNet.	ElectraNet SA Investment Distributions; <i>Refer Section 3.1</i>
Deliver Shareholder Value	To deliver dividends to shareholders, whilst maintaining at least an "investment grade" business credit rating.	Dividend Target and Dividend Payout Ratio; <i>Refer Section 2.1</i>

1.5 Performance Drivers

Powerlink plans to remain the most cost effective electricity transmission entity in the NEM. The business environment in which Powerlink operates is characterised by many elements, some of which are unique to Queensland, such as geography/decentralisation, ongoing demand growth, rapid expansion of the resources industry (eg. LNG and coal industries), mandated reliability of supply obligations, location of generation and key legislative requirements.

Electricity transmission is fundamentally a transportation business – the economics are driven by not only how much is transported (megawatts – MW), but also by how far it has to be transported (kms). In Queensland, the "how far" is very large – by way of illustration, the UK National grid would fit into a small corner of Queensland.

The key drivers for Powerlink in this environment include:

- Network Development
- Operational Excellence
- Customer and Community Relations

1.5.1 Network Development

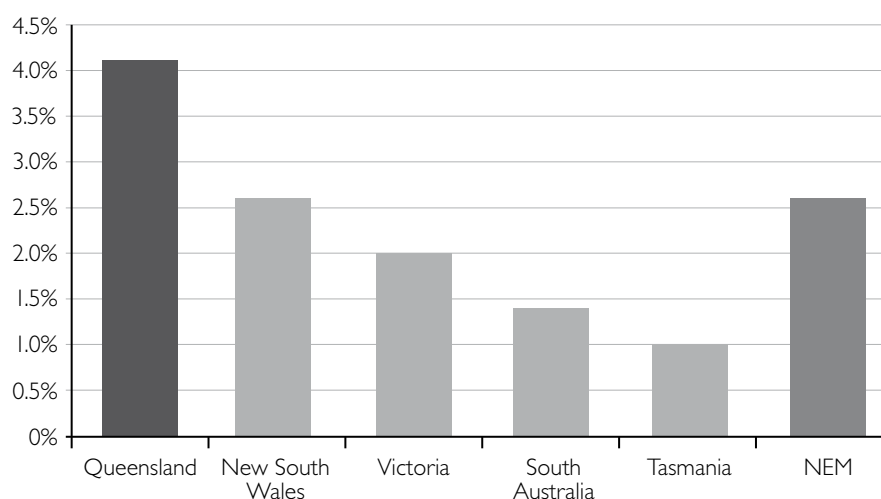
Load Growth

Powerlink follows a robust process in developing its load forecasts by consulting with market participants and directly connected customers, and engaging a consultant to concurrently conduct an independent top down assessment.

Queensland has experienced consistently high growth in summer peak electricity demand. Powerlink's 2010 Annual Planning Report (APR), published in June 2010, highlighted that the state wide summer maximum demand is forecast to increase by an annual average of 4.2% over the next 10 years. Annual energy to be delivered over the transmission grid is forecast to increase at an annual rate of 4.0% over the same period under a medium economic growth scenario.

Overall electricity demand growth forecasts in Queensland continue to be significantly higher than for the rest of the NEM, as shown in the graph below sourced from AEMO's 2010 Statement of Opportunities.

AEMO Statement of Opportunities 2010
Average Annual Growth Rate Summer Maximum Demand



Mandated Reliability Obligations

Powerlink is the sole holder of the Queensland transmission authority, which authorises it, under the Queensland *Electricity Act 1994*, to operate the high voltage transmission grid in the coastal region of Queensland, and is a registered TNSP in the NEM. Powerlink must comply with the relevant provisions of the Rules and its transmission authority.

A salient feature of the arrangements in Queensland is that Powerlink has mandated reliability obligations that drive non-discretionary investments in grid augmentations as electricity demand grows.

As a regulated monopoly, the processes that Powerlink must undertake to plan and augment the Queensland Grid are defined in the Rules and the AER's Regulatory Investment Test (RIT-T). The Rules require extensive consultation with market participants and interested parties, and comparison of transmission options with alternatives such as local generation and demand side management options. The AER's RIT-T defines the economic test that must be applied to justify transmission network augmentations.

In meeting these obligations, Powerlink's approach to network planning is economically based, subject to environmental, safety and land use planning legislation, and consistent with both the Rules and the RIT-T.

Capital Works

In meeting its mandated reliability of supply standards, Powerlink follows the processes outlined in the Rules for consultation with interested parties and economic assessment under the AER's RIT-T.

By ensuring that new capital works expenditure meets the AER's RIT-T, Powerlink can be confident that this expenditure will be included in the regulatory asset base.

The AER has adopted an "ex ante" framework for determining the levels of capital expenditure for the regulatory period (2007/08 to 2011/12). The "ex ante" framework is based on a determination by the AER at the start of the regulatory period of an efficient level of capex for the duration of the regulatory period.

The AER's capital expenditure provision made allowance for expected new works and cost increases, including exchange rate movements. Powerlink is carefully managing its capital works program taking into consideration the AER's capital expenditure allowance. To the extent that additional new works are required or that input costs increase, Powerlink is exposed to absorbing, in the short term, the additional expenditure due to the obligation to meet the mandated reliability obligations. However, actual capital expenditure is able to be included in the Regulatory Asset Base for the next regulatory period.

1.5.2 Operational Excellence

Safety

Electrical safety continues to be the first consideration in all work associated with the construction, operation and maintenance of the transmission network for both our employees and the general community. Powerlink continues to participate constructively in the development of standards, and applies processes that ensure compliance with national standards for working with electrical networks.

Powerlink has developed a set of fundamental occupational health and safety issues regarded as most critical to safe working in the electricity transmission industry. There is an ongoing education campaign within Powerlink on these safety fundamentals.

An independent external advisor audits Powerlink's safety policies, systems and practices annually.

Cost Efficiency

Powerlink's operational expenditure is increasing due to the growth and ageing of network assets, as well as rising input costs (materials escalation, Union Collective Agreement (UCA) outcomes, weather events, legislative changes). In this environment, Powerlink's costs are expected to increase at rates above CPI.

Notwithstanding this upward pressure on operating expenditure, Powerlink's real operating expenditure over the longer term is forecast to increase at a slower rate than the growth in the size and value of the network to be managed. This is due to targeting ongoing operational efficiencies and the harnessing of scale economies.

Powerlink continues to participate in international benchmarking to assess its performance against similar transmission businesses worldwide. The benchmarking focuses on the competing indicators of cost efficiency and service performance (network reliability).

This benchmarking continues to show that Powerlink consistently benchmarks in the top quartile internationally in both cost efficiency and service performance (network reliability) indicators. Powerlink intends to maintain this leadership position.

Powerlink operates an Asset Owner/Asset Manager/Service Provider ("AO/AM/SP") business model that supports the effective and efficient management of assets involved in the provision of transmission services.

Powerlink considers that the AO/AM/SP model remains an essential element in managing the complex, and sometimes conflicting, environment in which we operate. The model delivers an integrated and responsive management structure, capable of reconciling complex issues through well-defined responsibilities.

Network Performance

Powerlink has a geographically dispersed and technically diverse transmission network, requiring consistent and effective operating and maintenance strategies. To ensure that the network continues to deliver the required performance, Powerlink uses two strategic frameworks – plant management strategy (“doing the right thing”) and Work Management Strategy (“doing the thing right”). It is the combination of the two strategy aspects that enables Powerlink to deliver world-class network performance.

Participation in benchmarking studies is used to monitor the effectiveness of the strategies.

The AER administers two performance incentive schemes that will apply to Powerlink revenue in 2011/12.

- A network service standards performance incentive scheme that applies to transmission network service providers in the NEM: The scheme provides for a possible financial bonus or penalty resulting from actual performance measured against the service standard. The AER establishes individual targets that should result in a revenue neutral outcome over time unless there is an underlying change in performance.

Specific service standard performance targets were set by the AER for Powerlink for the current regulatory period. These include measures of circuit availability, loss of supply and duration of outages. The regulatory service standard targets for 2011/12 have been incorporated into Powerlink’s SCl performance targets.

- The Market Impact of Transmission Congestion scheme (MITC): A recently introduced scheme that targets outages that have an adverse impact on generation dispatch outcomes, and currently operates on a ‘bonus only’ basis.

Both of these schemes are subject to audit by the AER.

Environment

The community in which we operate has ever increasing expectations in regard to acceptable environmental performance. Powerlink addresses these expectations by implementing an Environmental Management System, raising awareness among employees and contractors, and complying with relevant environmental legislation. Powerlink is required to report greenhouse gas emissions under the *National Greenhouse Energy Reporting Act*, but is not required to participate in emissions trading.

Powerlink has adopted the Queensland State Government’s QFleet ClimateSmart Action Plan to minimise greenhouse gas emission from its fleet of vehicles.

1.5.3 Customer And Community Relations

Powerlink's principal customers comprise generators, electricity distribution entities (including one in NSW), and direct connect major loads including smelters, mines, coal seam gas, and the QR National rail transport network. All have agreements that are established either under prescribed or non-prescribed commercial arrangements.

The community consultation, environmental assessment and approval processes associated with future transmission line routes add to the timeframes for transmission development. Powerlink follows the processes outlined in the Rules for consultation with interested parties, and economic assessment under the Regulatory Investment Test.

In developing the transmission network, Powerlink follows an approved process under the *Sustainable Planning Act* (SPA), which requires that a comprehensive Environmental Impact Assessment (EIA) and related community consultation takes place.

As part of the EIA, Powerlink consults with key stakeholders in a project, including local landowners, communities, local government, environmental groups, Traditional Owners, and government agencies. Several opportunities are provided at key steps throughout the SPA-approved process for these groups to provide input into the project, with public comment invited on a number of key documents including the Draft Terms of Reference for the EIS, the Draft Environmental Impact Statement (EIS), and when Powerlink publicly notifies its intention to seek Ministerial designation as community infrastructure under SPA.

To ensure community members and stakeholders are aware of these opportunities and informed about the project, Powerlink uses numerous communication tools such as face-to-face meetings, phone calls, local newspaper advertisements, newsletters, notices, letters, and media releases. Where relevant, public displays at Council offices and community drop-in days are also undertaken.

Powerlink's engagement with stakeholders does not end when the EIA process is completed – this continues through the construction, operation and maintenance phases of the asset.

For more than 10 years, Powerlink has proactively worked to offset the broader social and visual impact of new transmission lines through the implementation of its Community Benefits Program. This proven approach provides tangible and lasting benefits to communities affected by a new line, and is applied during the construction phase of a project.

A key issue requiring future management is preventing encroachment of building developments close to Powerlink's existing strategically acquired vacant easements. Powerlink continues to work with local Councils, planners and developers who approve future developments to ensure they make an appropriate allowance for the proximity of these developments to future transmission lines. A successful element in providing awareness to local Councils is ongoing partnering with targeted Councils in greening/ environmental programs in areas where new transmission lines are planned for the future.

I.6 Strategic Expectations Letters

In January 2011, shareholding Ministers provided Powerlink with a letter setting out high level strategic planning and performance expectations to provide guidance for Powerlink in developing its strategic priorities.

In addition to its formal response to that correspondence, Powerlink has summarised the key matters identified in the letter and Powerlink's response, as presented below.

Strategic Priority	Powerlink response
Engage with communities regarding projects and activities	<p>Powerlink follows a Government-approved process under the <i>Sustainable Planning Act</i>, which includes an EIS and related public consultation on new transmission line routes.</p> <p>Powerlink also has an established process for engaging with communities in relation to its other activities.</p>
Engage with the AER on Powerlink's regulatory determination for the five-year period commencing 1 July 2012	<p>This is Powerlink's third regulatory determination and the business recognises the importance of the regulatory determination process.</p> <p>Powerlink has established a dedicated Revenue Reset Team to progress Powerlink's regulatory submission, due on 31 May 2011, with significant input from the business.</p>
Deliver transmission infrastructure within the National Electricity Rules to meet mandated reliability of supply standards	<p>Powerlink develops the regulated transmission network in a timely and cost effective manner to ensure it meets its reliability of supply obligations.</p> <p>Capital expenditure to meet this requirement takes into account the requirements of the National Electricity Rules, Regulatory Investment Test and the AER's capital expenditure allowances.</p>
Continued focus on the health and safety of employees and others	<p>Safety for both our employees and the general community continues to be the first consideration in all work associated with the construction, operation and maintenance of the transmission network.</p>
Negotiations on the next Enterprise Agreement, and consistency with Government Policies and Powerlink Employment and Industrial relations Plan	<p>Powerlink will follow the Government Policy Guidelines on Agreement Making in GOCs, which includes gaining Cabinet Budget Review Committee approval of the negotiation framework.</p>

PART 2 MANDATORY MATTERS

In accordance with section 119(3) of the *GOC Act*, the Board of Powerlink undertakes that the financial and non-financial targets in sections 2.1 and 2.2 and the financial statements in section 3.1 will form the basis for assessment of quarterly outcomes as reported to shareholding Ministers.

Definitions for the financial and non-financial SCI targets are provided in Attachment 1 and are consistent with the key performance indicator (KPI) definitions included in the corporate plan and quarterly reporting templates submitted by Powerlink to shareholding Ministers.

2.1 Financial Targets

In accordance with the above corporate and operational objectives, the Board of Powerlink undertakes to seek to achieve at least the following performance targets in 2011/12:

	2011/12 Budget	2009/10 Actual	2010/11 SCI	2010/11 Est. Actual
PERFORMANCE TARGETS				
• EBIT	\$478.7 M	\$374.7 M	\$417.2 M	\$427.3 M
• Net Profit After Tax (NPAT)	\$160.4 M	\$128.6 M	\$122.8 M	\$150.9 M
• Return on Assets (ROA) ¹	7.0%	6.5%	6.7%	6.8%
• Return on Equity (ROE)	7.0%	6.6%	5.9%	7.2%
• Dividend Payout Ratio	80%	80%	80%	80%
• Dividend Provided	\$123.4 M	\$100.2 M	\$96.6 M	\$116.8 M
PERFORMANCE INDICATORS				
• Debt/Debt + Equity Ratio	63.4%	62.4%	63.1%	62.2%
• Debt/Fixed Assets Ratio	59.6%	59.3%	59.6%	59.1%
• Interest Cover Ratio (EBITDA)	2.8	1.9	2.6	3.0
• Dividend Return on Share Capital	30.8%	25.0%	24.1%	29.1%

¹ Achieves Powerlink's Regulatory WACC

2.2 Non-Financial Performance Targets

In accordance with the above corporate and operational objectives, the Board of Powerlink undertakes to seek to achieve the following non-financial performance targets in 2011/12:

	2011/12 Budget	2009/10 Actual	2010/11 SCI	2010/11 Est. Actual
PERFORMANCE TARGETS				
<i>Cost Efficiency</i>				
• Total Network Maintenance Cost/ Replacement Asset Value	1.0%	1.0%	1.0%	1.0%
• Total Controllable Operating Cost/ Replacement Asset Value	1.8%	1.8%	1.8%	1.8%
<i>Environment</i>	Objective: Powerlink's objective is to be compliant with relevant legislation. Any reportable instances that may occur will be reported. Target: To be materially compliant.			
PERFORMANCE TARGETS				
<i>Safety</i>				
• Lost Time Calculation (LTC)	3.0	0.04	3.0	0.1
<i>Network Performance¹</i>	2011 Year	2009 Year	2010 Year	2010 Year
• Circuit Availability				
– Critical Circuits	>99.07%	99.20%	>99.07%	98.69%
– Non-Critical Circuits	>98.40%	97.94%	>98.40%	98.84%
– Peak Periods	>98.16%	97.98%	>98.16%	98.64%
• Average Outage Duration	1,033 minutes	707 minutes	1,033 minutes	649 minutes
• System Reliability				
– Events in excess of 0.2 system minutes	Not More Than 5	2	Not More Than 5	0
– Events in excess of 1.0 system minute	Not More Than 1	1	Not More Than 1	0
PERFORMANCE INDICATORS				
<i>Safety</i>				
• LTIFR (Frequency Rate)	---	1.1	---	5.0
• LTIDR (Duration Rate)	---	8.5	---	8.0
REPORTING REQUIREMENTS	Objective: To comply with data submission and reporting requirement timelines. Target: 100% Compliant			

¹ Applies to Calendar Year

2.3 Assumptions

Powerlink's undertaking to achieve its performance outcomes is predicated upon the following assumptions:

Assumptions	2011/12 Budget	2009/10 Actual	2010/11 SCI	2010/11 Est. Actual
<i>Economic Indices</i>				
CPI ¹	2.5%	2.6%	2.5%	2.5%
Asset Revaluation ¹	2.5%	2.89%	2.5%	2.5%
Salaries and Wages Growth	4.0% ²	---	4.5% ³	---
Income Tax Rate	30%	30%	30%	30%
<i>Business Growth</i>				
Energy Delivered at Connection Points	3.9%	1.1%	3.1%	(1.5)%
Maximum Demand (Summer), including Powerlink Bulk Loads ("as delivered" from the transmission grid) ³	5.2%	2.5%	3.8%	---
<i>Revenue Cap – Regulated</i>	\$ 821.5 M	\$ 667.0 M	\$ 731.6 M	\$ 728.1 M
<i>Network (Circuit kilometres)</i>	14,121	13,570	14,930	14,102

¹ Same rate as Asset Revaluation (reported 12-month period from March to March).

² Salaries & Wages Growth assumption excludes any impacts of changes due to approved training plan progressions.

³ Temperature and diversity corrected.

2.4 Community Service Obligations

No community service obligations have been identified by Powerlink in 2011/12.

2.5 Employment and Industrial Relations Plan

An Employment and Industrial Relations Plan meeting the requirements of Section 149 of the *GOC Act* and the Guidelines for the Development of Employment and Industrial Relations Plans in Government Owned Corporations (E&IR Plan Guidelines) is provided to shareholding Ministers as Attachment 2 to this SCI.

The remuneration arrangements for the Directors, Chief Executive and all senior executives of Powerlink, in line with the E&IR Plan Guidelines, are also detailed in the E&IR Plan provided as Attachment 2 to the SCI.

PART 3 ADDITIONAL MATTERS

3.1 Financials

3.1.1 Consolidated

Profit and Loss Statement

POWERLINK QUEENSLAND (Consolidated)	2011/12 Budget (\$M)	2009/10 Actual (\$M)	2010/11 SCI (\$M)	2010/11 Est. Act (\$M)
<i>Operating Revenue</i>				
Total Operating Revenue	910.2	735.0	816.3	816.0
<i>Operating Expenses</i>				
Controllable Operating Expenses	168.0	143.8	157.0	159.6
Grid Support Costs	9.5	12.7	9.1	1.0
Depreciation	247.9	199.0	226.0	223.3
Other ¹	6.1	4.8	7.0	4.8
Total Operating Expenses	431.5	360.3	399.1	388.7
Earnings Before Interest and Tax (EBIT)	478.7	374.7	417.2	427.3
Interest Expense	258.4	195.9	244.8	218.8
Income Tax Equivalent Expense	66.1	54.9	51.7	62.5
Profit After Tax (PAT) <i>(Before Equity Accounting Entries)</i>	154.2	123.9	120.7	145.9
Share of net profits/(losses) of Associates ²	6.2	4.7	2.1	4.9
Net Profit After Tax (NPAT)	160.4	128.6	122.8	150.9
Dividends Provided for	123.4	100.2	96.6	116.8

Notes:

¹ Includes Cost of Disposal of Non-Current Assets & Expenses for the provision of external customer services.

² As this amount cannot be readily forecast, a best estimate is adopted for business planning purposes. The item does not have a material impact on NPAT and does not impact the forecast dividend provision for the year.

Balance Sheet – at 30 June of Relevant Financial Year

POWERLINK QUEENSLAND (Consolidated)	2011/12 Budget (\$M)	2009/10 Actual (\$M)	2010/11 SCI (\$M)	2010/11 Est. Act (\$M)
Current Assets				
Cash	30.0	120.3	30.0	109.3
Receivables	74.1	76.3	66.6	66.3
Other	36.9	35.3	42.3	35.3
Total Current Assets	141.0	231.9	138.9	210.9
Non-Current Assets				
Investments	183.4	139.6	138.8	156.7
Property, Plant & Equipment	6,806.1	5,634.4	6,149.2	6,039.7
Other	5.7	5.4	5.8	5.5
Total Non-Current Assets	6,995.2	5,779.4	6,293.8	6,201.9
Total Assets	7,136.2	6,011.3	6,432.7	6,412.8
Current Liabilities				
Creditors	45.5	70.2	22.6	28.4
Other	170.6	143.4	132.6	163.4
Total Current Liabilities	216.1	213.6	155.2	191.8
Non-Current Liabilities				
Borrowings	4,058.6	3,341.0	3,666.0	3,571.5
Other	513.5	441.1	472.1	475.4
Total Non-Current Liabilities	4,572.1	3,782.1	4,138.1	4,046.9
Total Liabilities	4,788.2	3,995.7	4,293.3	4,238.7
Net Assets	2,348.0	2,015.6	2,139.4	2,174.1
Shareholders Equity				
Share Capital	401.0	401.0	401.0	401.0
Reserves	817.7	556.5	671.0	680.9
Retained Earnings	1,129.3	1,058.1	1,067.4	1,092.2
Total Shareholders Equity	2,348.0	2,015.6	2,139.4	2,174.1

Equity Injections and Withdrawals ¹

POWERLINK QUEENSLAND (Consolidated)	2011/12 Budget (\$M)	2009/10 Actual (\$M)	2010/11 SCI (\$M)	2010/11 Est. Act (\$M)
Equity Injections	Nil	Nil	Nil	Nil
Equity Withdrawals	Nil	Nil	Nil	Nil
Net Equity	Nil	Nil	Nil	Nil

¹ Approval of the SCI does not constitute approval of forecast equity injections or withdrawals.

Dividends and Tax Equivalent Payments (TEPs) ²

POWERLINK QUEENSLAND (Consolidated)	2011/12 Budget (\$M)	2009/10 Actual (\$M)	2010/11 SCI (\$M)	2010/11 Est. Act (\$M)
Dividend Provided	123.4	100.2	96.6	116.8
Current TEPs Expense	66.1	54.9	51.7	62.5

² As identified in Profit and Loss Statement.

Statement of Cash Flows

POWERLINK QUEENSLAND (Consolidated)	2011/12 Budget (\$M)	2009/10 Actual (\$M)	2010/11 SCI (\$M)	2010/11 Est. Act (\$M)
<i>Cash Flows from Operating Activities</i>				
Cash Receipts in the course of Operations	894.2	702.9	804.0	816.2
Cash Payments in the course of Operations	(163.6)	(175.9)	(167.2)	(205.4)
Interest Received	2.2	4.4	0.8	6.6
Interest Paid	(258.4)	(187.1)	(244.8)	(218.8)
Tax Equivalent Payments	(61.4)	(43.4)	(47.2)	(56.3)
Net Cash Provided by Operating Activities	413.0	300.9	345.6	342.3
<i>Cash Flows from Investing Activities</i>				
Payments for Property Plant and Equip.	(859.0)	(477.7)	(574.0)	(482.4)
Proceeds ex Sale of Non-Current Assets	4.3	1.7	3.3	1.6
Other	(7.8)	(5.9)	(2.9)	(2.8)
Net Cash used in Investing Activities	(862.5)	(481.9)	(573.6)	(483.6)
<i>Cash Flows from Financing Activities</i>				
Proceeds from Borrowings	487.0	302.6	325.0	230.5
Dividends Paid	(116.8)	(98.8)	(97.0)	(100.2)
Other	---	---	---	---
Net Cash from Financing Activities	370.2	203.8	228.0	130.3
Net Increase/(Decrease) in Cash Held	(79.3)	22.8	0.0	(11.0)
Cash @ Beginning of the Financial Year	109.3	97.6	30.0	120.3
Cash @ End of the Financial Year	30.0	120.4	30.0	109.3

3.1.2 Key Assumptions

Powerlink's financial forecasts are based on the following key assumptions. Changes to these assumptions may impact on the projected financial results.

Regulated Revenue Cap

Powerlink derives the majority (approximately 90%) of its revenue from the provision of regulated transmission services. The SCI regulated revenue and expenditure financial forecasts are consistent with AER's regulated revenue determination for Powerlink. The 2011/12 financial year is the final year of the current 5-year regulatory period.

The actual revenue cap for 2011/12 depends on the annual change in CPI from March quarter to March quarter each year. The financial forecast is based on estimated CPI at the time the SCI is prepared.

Regulatory Pass Through Items

There are a number of cost items that are subject to regulatory "pass through" arrangements, such as "Network Support costs".

Should actual costs for pass through items vary from the regulatory allowances, Powerlink is able, with the consent of the AER, to adjust the revenue collections in subsequent years for any over/under recovery. Whilst this does not impact profitability, it does affect Powerlink's cashflows and ultimately, annual borrowing requirements.

Extraordinary Costs

Powerlink assets are subject to extreme climatic events, and transmission structures are designed to withstand high wind loadings. Nonetheless, events such as cyclones, severe wind events and severe flood events can cause major network damage. However, these are infrequent.

No specific provision for major asset damage is included in the SCI annual budget. However, the AER's self insurance regulatory allowances for Powerlink are available to offset (to some extent) these costs should they arise.

Network Performance – Service Standards Performance Incentive Scheme

The AER service standards performance incentive scheme is designed to deliver an equal possibility of Powerlink earning a bonus or penalty. For business planning purposes, Powerlink assumes a "Nil" bonus or penalty will apply in future financial years.

For 2011/12, a bonus of \$4.5 million (preliminary estimate, subject to AER confirmation and approval) was achieved for the 2010 calendar year and has been included in the 2011/12 regulated revenue cap.

Network Performance – Market Impact of Transmission Congestion Scheme (MITC)

This is a recently introduced scheme that targets transmission network outages that have an adverse impact on dispatch outcomes. For the period 13 July 2010 to 31 December 2010, an estimated bonus of \$6.9 million was achieved, subject to audit and acceptance by the AER, and has been included in the 2011/12 regulated revenue cap.

Dividends

Powerlink manages its overall cashflow requirements, including investments, dividends and operating expenditure, to achieve appropriate prudential requirements and maintain at least an "investment grade" business credit rating, and a specific target rating agreed with shareholding Ministers.

Powerlink has assumed a dividend payout ratio of 80% for 2011/12 for business planning purposes. In accordance with Section 131 of the GOC Act, Powerlink excludes "Share of net profits/(losses) of Associates" in determining the dividend amount.

Powerlink excludes "Share of net profits/(losses) of Associates" as this represents the equity-accounted portion of ElectraNet's profit/loss for the financial year. It is an unrealised gain/loss reflected in the Profit and Loss Statement.

Contestability

It is assumed that:

- Powerlink will continue to be a monopoly owner of transmission assets in Queensland; and
- Contestability of new non-prescribed transmission connection assets in Queensland will continue.

Subsidiary Companies

Powerlink has established subsidiary companies, Powerlink Transmission Services Pty Ltd (PTS) and Harold Street Holdings Pty Ltd (HSH), to pursue business investment opportunities.

ElectraNet SA – Investment

Through the subsidiaries mentioned above, Powerlink is a part owner in ElectraNet SA, the South Australian transmission network service provider. ElectraNet holds a 200-year lease over the South Australian transmission network assets.

Powerlink holds a 41.11% voting interest in ElectraNet. The other owners in ElectraNet are Hastings Funds Management Limited (19.94%), YTL Power International Berhad (33.5%) and UniSuper (5.45%). The investment comprises:

- Ordinary Equity (Voting Rights)
- Shareholder Loan Notes
- Preferred Loan Notes

ElectraNet SA – Distributions

The estimated level of Loan Note distributions is subject to ElectraNet's financial performance, capital investments requirements and credit rating agency outcomes. For business planning purposes, Powerlink has assumed full distributions.

ElectraNet SA – Equity Accounting

To comply with the equity accounting requirements of Australian Accounting Standards, Powerlink must bring to account its portion of the ElectraNet accounting loss or profit in its Profit and Loss Statement. Whilst an estimate of the ElectraNet accounting entries have been incorporated in the financial forecasts, the actual amount that will be brought to account is outside Powerlink's control. As such the Net Profit After Tax result will vary depending on the actual ElectraNet result.

Whilst any variations may impact Powerlink's actual Net Profit After Tax result, this variation is excluded from determining the level of dividends for the financial year.

Potential Investments Outside Queensland

Powerlink is not aware of other investment opportunities outside of Queensland at this time.

COAG/MCE Energy Reforms

Powerlink has assumed no significant change affecting its financial position or structure as a result of the reviews instituted by COAG or the MCE.

One of COAG's reforms which has affected transmission companies, is the establishment of a new national transmission planning function within the Australian Energy Market Operator (AEMO), whose primary output will be a 10 year strategic development plan for the national electricity grid, which is updated annually.

As the responsibility for transmission investment decisions in Queensland remains with Powerlink, we will still need to plan and develop the Queensland grid to maintain reliability of supply.

The MCE has asked the AEMC to undertake a review of the transmission frameworks in the NEM, with this review expected to be finalised in 2011.

Emission Trading/Carbon Tax

The *National Greenhouse and Energy Reporting Act 2007*, introduces a single national reporting framework for greenhouse gas emissions, greenhouse gas projects, energy consumption and energy production of corporations from July 2008 to underpin the introduction of an emissions trading scheme.

The Act requires controlling corporations to register and report if they emit greenhouse gases, produce energy, or consume energy at or above specified quantities per financial year.

As transmission losses are covered by the legislation, Powerlink reports this in accordance with the Act.

Adoption of an emissions trading scheme has been deferred with the announcement of the proposed introduction of a carbon tax. Powerlink does not expect any impacts in 2011/12 from any carbon tax arrangements proposed by the Federal Government. Powerlink is required to provide open and non-discriminatory access to its transmission grid.

Adoption of a carbon tax may result, over time, in a change in the generation mix and generation pattern in Queensland, and Powerlink's transmission network planning will take this into account.

Transmission to Mt Isa

Powerlink's transmission licence applies to the east-coast of Queensland and does not extend to western Queensland, including the Mt Isa Region.

Powerlink notes that the Queensland Government and Queensland Resources Council have jointly supported a competitive process to examine electricity supply options to meet the longer term needs of the Mt Isa region. That process is continuing, and requires potential providers of non-regulated solutions to compete with each other to establish whether a satisfactory service can be provided. Powerlink is not involved in this process and no capital investment allowances are included in the SCI.

3.2 Main Undertakings and Businesses

Regulated Transmission Network

Powerlink's total property, plant and equipment, including works currently under construction, will total more than \$6.8 billion at 30 June 2012. Powerlink's network of high voltage transmission lines and substations delivers electricity from Queensland power stations to major connection points of supply to distribution corporations, major Queensland industrial loads, and to and from the NSW grid.

The AER, as the Economic Regulator for electricity transmission, reviews the opening regulatory asset base (RAB) at the commencement of each regulatory period. It sets an "ex ante" level of capital works expenditure to apply over the period of the revenue cap determination.

The AER will allow all new assets providing prescribed services to be rolled into the Regulated Asset Base at the end of a regulatory period (regardless of whether the ex-ante allowance is exceeded), provided that the appropriate consultation and approvals processes have been undertaken. Powerlink ensures that appropriate consultation and approvals processes are undertaken.

Whilst Powerlink is carefully managing its capital works program taking into consideration the AER's capital expenditure allowance, there is an over-arching obligation to meet the mandated reliability standards.

Non-Prescribed Transmission Network Connections

The competitive electricity market presents opportunities for Powerlink to win new network connection business when generators or major customer loads seek new connections to the transmission grid or modifications to existing connections. These are opportunistic in nature, and are dependent on new generation developments and new major customer loads as they emerge.

Telecommunications

Powerlink has an extensive telecommunications network in Queensland required for operating the regulated electricity transmission business. Limited surplus capacity in this network presents a non-regulated business opportunity to provide services to telecommunications carriers.

Shareholding Ministers have approved Powerlink's investment in selective non-regulated capital projects utilising this limited surplus capacity to provide wholesale telecommunication services.

Powerlink has been working closely with the Department of Public Works to explore options for how Powerlink could support an early rollout of the proposed National Broadband Network (NBN) fibre to the homes in Queensland, without threatening the security of Powerlink's core electricity transmission functions.

It is possible that Powerlink could provide telecommunication backhaul services in coastal regional Queensland to help meet the NBN needs on a commercial and competitive basis.

3.3 Capital Expenditure Program

Proposed Capital Works Expenditure

Powerlink undertakes to notify shareholding Ministers of all investments greater than \$20 million immediately following their approval by the Powerlink Board. Regulated investments greater than \$100 million and non-regulated investments greater than \$60 million will be submitted to shareholding Ministers for approval, following their approval by the Powerlink Board.

Total capital works expenditure in 2011/12 is forecast to be \$859.0 million (excluding financing costs during construction).

Proponents such as generators and large industrial customers may wish to directly connect to the transmission network. Powerlink is required to offer these proponents non-prescribed (unregulated) transmission network services on an open and non-discriminatory basis.

Powerlink's capital works expenditure forecast for 2011/12 includes approved non-prescribed (unregulated) transmission network connections currently under construction. However, it does not take into account non-prescribed transmission network connections that are being discussed or negotiated with proponents, and where the decision to proceed or not, and the timing thereof, rests with the proponent. Should any of these developments proceed, Powerlink will assess if that development would have any material impact on the capital expenditure requirements for 2011/12. Increases in the 2011/12 capital works program may require an increase in borrowing requirements, and Powerlink will seek approval for borrowing increases should this need arise.

3.3.1 Major Assets Under Construction

Project	Estimated Total Cost	Total Expenditure to 31 Dec '10	Estimated Expenditure 2010/11	Estimated Expenditure 2011/12	Expected Completion Date
<i>Shareholding Minister Approved</i>					
Ingham to Yabulu South 275/132kV Transmission Line Replacement	\$121.4 M	\$74.1 M	\$42.8 M	\$30.0 M	Summer 11/12
South West Queensland Augmentation	\$278.0 M	\$34.0 M	\$85.0 M	\$62.8 M	Summer 12/13
Gladstone Substation Replacement	\$164.0 M	\$8.7 M	\$41.7 M	\$37.4 M	Winter '13
Columboola to Wandoan Area Network Augmentation	\$102.0 M	Nil	\$0.6 M	\$45.1 M	Winter '13
Columboola to Western Downs Network Augmentation	\$156.0 M	Nil	\$0.8 M	\$5.0 M	Winter '14
Calvale to Stanwell 275kV Transmission Line	\$128.5 M	\$0.2 M	\$3.0 M	\$42.4 M	Summer 13/14
Halys to Blackwall 500kV Augmentation	\$530.0 M	\$4.0 M	\$3.2 M	\$9.2 M	Summer 14/15
<i>Board Approved</i>					
Belmont 110kV Substation Refurbishment – Stage 1	\$50.3 M	\$36.9 M	\$3.0 M	\$11.1 M	Summer 11/12
Cardwell to Tully 132kV Transmission Line Replacement	\$63.0 M	\$1.2 M	\$2.8 M	\$34.0 M	Summer 13/14
Richlands Substation Primary and Secondary Plant Replacement	\$33.0 M	\$0.2 M	\$1.6 M	\$19.9 M	Summer 12/13
Swanbank B 275kV Substation Rebuild	\$57.9 M	Nil	\$1.0 M	\$27.7 M	Summer 12/13
Ingham South to Cardwell 132kV Transmission Line Replacement	\$66.3 M	\$0.4 M	\$1.7 M	\$7.6 M	Summer 13/14

Powerlink has the following approved non-prescribed (unregulated) transmission network connections currently under construction.

- QR National Rail Connections – Wycarbah, Bluff, Raglan and Duaringa
- APLNG Columboola Connection
- Eagle Downs Mine Transmission Connection
- QGC Gas Processing Plants Transmission Connection
- BMA Goonyella Riverside Mine Transmission Connection

3.3.2 Major Capital Expenditure Planned to Commence in 2011/12

No new major projects for which construction is planned to commence in 2011/12 are required to be approved in 2011/12. However, some major capital works projects relating to future years will be considered by the Powerlink Board. Shareholding Ministers will be notified of these projects as this occurs, and where required, submitted for approval.

3.3.3 Business Development (Material Expenditure on Projects Being Considered)

No projects are being considered.

3.3.4 Total Capital Expenditure

Description	Estimated Total Cost	Total Expenditure to 31 Dec '10	Estimated Expenditure 2010/11	Estimated Expenditure 2011/12
Total Shareholding Minister Approved	\$1,479.9 M	\$71.0 M	\$177.1 M	\$231.9 M
Total Board Approved	\$270.5 M	\$2.3 M	\$10.1 M	\$100.3 M
Total Non-Prescribed Transmission Network Connections	---	---	---	\$144.8 M
Total Other Projects	---	---	---	\$382.0 M
Total Capital Expenditure:				\$859.0 M

3.4 Other Significant Expenses

There are no other significant expenses.

3.5 Major Initiatives Being Undertaken

Regulatory Determination

As a Transmission Network Service Provider (TNSP) in the National Electricity Market (NEM), Powerlink's activities are regulated in accordance with the National Electricity Rules (Rules) and the *Electricity Act 1994*. The Economic Regulator for electricity transmission is the Australian Energy Regulator (AER).

Powerlink's next regulatory determination covers the five year period from 2012/13 to 2016/17. Powerlink is required to submit its regulatory application to the AER by 31 May 2011. The AER is required to make its final regulatory determination for Powerlink by 30 April 2012.

This is Powerlink's third regulatory determination and the business recognises the importance of the regulatory determination process. It will continue to be a major focus for the business in 2011/12.

Powerlink established a dedicated Revenue Reset Team to progress Powerlink's regulatory submission, due on 31 May 2011, with significant input from the business. The Reset Team will manage the discussions and negotiations with the AER and its consultants, with support from senior executive management as required.

Powerlink has a stakeholder management plan in place to consult with key stakeholders throughout the revenue determination process. This ensures Powerlink understands, and can effectively manage, expectations, and is in a position to address or respond to issues as they arise.

The AER's Draft Regulatory Determination is expected to be delivered in late November or early December 2011. The Reset Team will coordinate Powerlink's response to the Draft Regulatory Determination.

The outcomes of the regulatory determination will not impact the financial forecasts for 2011//12 financial year.

3.6 Sponsorship, Advertising, Corporate Entertainment, Donations and Other Arrangements

Consistent with the *Corporate Entertainment and Hospitality Guidelines* and Powerlink's Corporate Entertainment and Hospitality Policy, Powerlink has budgeted the following total amounts for Sponsorship, Advertising, Corporate Entertainment, Donations and Other Arrangements for 2011/12. Full details of the budgeted expenditure are provided in Attachment 3 to the SCl.

Activity	Budget 2010/11	Est. Actual 2010/11	Budget 2011/12
Sponsorship	\$331,500	\$292,500	\$288,000
Donations	\$12,000	\$10,000	\$12,000
Advertising ¹	N/A	N/A	N/A
Corporate Entertainment	\$150,000	\$132,547	\$140,000
Other	N/A	N/A	N/A
Total	\$493,500	\$435,047	\$440,000

¹ As a general policy, Powerlink only undertakes advertising that is directly associated with its operational activities.

3.7 Other

As part of its performance agreement with shareholding Ministers, the Board of Powerlink provides the following additional undertakings.

3.7.1 Prudent Financial Management

The Board will ensure Powerlink takes full responsibility to ensure that prudent financial practices will be applied both within the corporation and within its subsidiaries (whether fully controlled or otherwise).

Without limiting the obligations imposed on the board and the CEO by the *GOC Act* and, where applicable, the *Corporations Act 2001*, this includes a commitment to:

- abide by the *Code of Practice for Government Owned Corporations' Financial Arrangements* (Code of Practice), as issued by the Queensland Government.
- establish, maintain and implement appropriate financial risk management practices and policies required and as specified in the Code of Practice.

3.7.2 Capital Structure

Powerlink will prudently manage the financing of Powerlink's existing business and new business developments. As an integral part of the financing of the Corporation, the overall debt will be managed to ensure that Powerlink maintains the appropriate credit rating or other rating as directed by shareholding Ministers. Powerlink's Board will ensure it complies with this.

3.7.3 Weighted Average Cost of Capital (WACC)

The Board will ensure that Powerlink reviews its WACC on a regular basis.

As a regulated monopoly, Powerlink's is set by the AER for each regulatory period. The methodology and guidelines for determining the rate is set out in the Rules. The regulatory WACC set for Powerlink in the current AER Decision (14 June 2007) is 8.76% for the period ending 30 June 2012.

Details of Powerlink's WACC calculations are provided in Attachment 4.

3.7.4 Dividend Policy and Payment

While the dividend process is governed by the *GOC Act* and the *Corporations Act 2001*, the Board will also ensure that Powerlink's dividend policy takes into account the return its shareholders expect on their investments. Powerlink's policy is to recommend and pay a dividend amount equivalent to 80% (or the percentage approved by shareholding Ministers, if different) of Powerlink's adjusted consolidated profit for 2011/12.

The Board adopts such a policy on the basis of its shareholders agreeing to provide the necessary funding for projects which have received Board and shareholding Ministers' approval or for the maintenance of Powerlink's approved capital structure or for ensuring the operational viability of Powerlink. Powerlink's Board undertakes to adhere to the dividend policy.

The dividend letter provided by the Board to shareholding Ministers in May 2012 will provide an estimate of the dividend for the financial year ending 30 June, noting the potential for adjustment, and recommend a dividend as a percentage of adjusted consolidated profit for the financial year.

'Adjusted profit' is defined as:

- a) the total of income less expenses (including income tax equivalent expense), excluding the components of other comprehensive income¹; and
- b) adjusted for material non-cash items including any associated tax credit or expense.

Powerlink commits to providing information in its dividend letter to shareholding Ministers for 2011/12 that includes, but is not limited to, the following:

- a statement that:
 - the legal and accounting requirements of section 254T (and any other applicable requirements) of the *Corporations Act 2001* at the time of dividend payment will be necessary before the dividend is paid;
 - compliance by the Board with the requirements of the *Corporations Act 2001* will be necessary before the dividend is paid;
- the current estimated amount of consolidated profit for the financial year (excluding components of other comprehensive income);
- the current estimated amount of 'adjusted consolidated profit' for the financial year;
- details of adjustments made to determine the 'adjusted consolidated profit' from the estimated consolidated profit and a statement providing a breakdown of the value and reason for each adjustment;
- a statement that adjustment items or further adjustment items may be identified during the audited financial statement preparation;
- Powerlink's recommended dividend as a percentage of the estimated 'adjusted consolidated profit';
- the current estimated dollar amount of the proposed dividend for the financial year ending 30 June;
- a statement that the dividend is to be declared out of profits.

¹ Other comprehensive income comprises items of income and expense that are not recognised in profit or loss or permitted by Australian Accounting Standards.

When determining the actual dividend to be paid based on the final audited financial results, the Board will ensure shareholding Ministers are consulted through their Departments and that written agreement is received for any material changes to the adjustment items previously identified in May and for any subsequent new adjustment items identified that result in a material reduction in the actual dividend.

3.7.5 Corporate Governance Guidelines for Government Owned Corporations

The Board of Powerlink undertakes to continually monitor and review its corporate governance arrangements to reflect good practice, having regard to the Corporate Governance Guidelines for Government Owned Corporations (Corporate Governance Guidelines).

Powerlink has adopted all the recommendations in the Corporate Governance Guidelines.

3.7.6 Risk Management

The Board of Directors of Powerlink has ultimate responsibility for the management of all potential internal and external risks for the Corporation. The Corporation's risk identification and management process is monitored by the Audit and Compliance Committee, which is a subcommittee of the Board and reports to the Board on a regular basis.

The risk management framework is designed to ensure that all potential financial, operational and other risks are regularly identified, assessed, monitored and reported to the Audit and Compliance Committee and the Powerlink Board, as appropriate, along with risk mitigation and management plans. In particular, potential security risks have been considered and identified and a framework to respond to security threats has been developed. The Board will continually monitor security risks and update Powerlink's response framework as necessary.

3.7.7 Compliance with Government Policies

The Board of Powerlink and its subsidiaries will comply with all relevant Government policies and guidelines as set out in Attachment 5. In particular, Powerlink and its subsidiaries will comply with the approval, notification, reporting and other requirements of those policies and guidelines.

PART 4 PERFORMANCE AGREEMENT

Directors' Statement and Agreement of Shareholding Ministers

This SCI and all attachments, for 2011/12, are presented in accordance with Chapter 3, Part 8 of the *GOC Act*.

In accordance with Chapter 1, Part 3, Section 7 of the *GOC Act*, the SCI represents a formal performance agreement between the Board of Powerlink and its shareholding Ministers, (Minister for Finance and The Arts and Minister for Energy and Water Utilities) with respect to the financial and non-financial performance targets specified for the financial year. The SCI also represents an acknowledgment of and agreement to major activities, objectives, undertakings, policies, investments and borrowings of Powerlink for 2011/12.

This SCI is consistent with Powerlink's 2011/12 to 2015/16 Corporate Plan submitted to, and agreed to by, shareholding Ministers in accordance with Chapter 3, Part 7 of the *GOC Act*.

In signing the document the Board of Powerlink undertakes to ensure that the document, and all reports to shareholding Ministers, are prepared with accuracy and timeliness.

In signing this document Powerlink's Board undertakes to achieve the targets proposed in the SCI for 2011/12.

Major changes to key assumptions and outcomes detailed in this SCI, and which come to the Board's attention during the year, will be brought to the attention of shareholding Ministers. Any modifications to this SCI will be dealt with in accordance with the *GOC Act*.

This SCI is signed by the Chairman on behalf of all the Directors in accordance with a unanimous decision of the Board of Powerlink.

Else Shepherd
Chairman

Shareholding Ministers

Rachel Nolan MP
Minister for Finance and The Arts

Stephen Robertson MP
Minister for Energy and Water Utilities

PART 5 ATTACHMENTS

ATTACHMENT I.

FINANCIAL AND NON-FINANCIAL TARGET DEFINITIONS

Return on Total Assets	$\frac{\text{Earnings Before Interest and Tax (EBIT)}}{\text{Average Total Assets}}$
Dividend Return on Share Capital	$\frac{\text{Dividends}}{\text{Share Capital}}$
Return on Equity	$\frac{\text{Net Profit After Tax (NPAT)}}{\text{Average Total Equity}}$
Debt to Debt + Equity	$\frac{\text{Total Debt}}{\text{Total Debt plus Total Equity (end of year)}}$
Debt to Fixed Assets	$\frac{\text{Total Debt}}{\text{Total Closing Fixed Assets (including WIP)}}$
Interest Cover (EBITDA)	EBITDA/Interest Expense (Cashflow Statement)
Dividends Provided	Dividend calculated using Dividend Payout Ratio (cashflow occurs in following year)
Dividend Payout Ratio	Dividend as % of Net Profit After Tax (excluding "Share of net profits/(losses) of Associates")
Total Distributions	Tax Equivalent Liability + Dividends Provided
Lost Time Calculation (LTC)	$\frac{\text{Total Deficit Points}}{(\text{No. of Employees}/100)}$ <i>"An indication of financial and personal loss. Higher deficit points are given to longer-term absences from work due to work-related injury and illness."</i>
Lost Time Injury Frequency Rate (LTIFR)	$\frac{\text{No. of Injury Occurrences} \times 1,000,000}{\text{No. of Hours Worked}}$
Lost Time Injury Duration Rate (LTIDR)	$\frac{\text{No. of Working Days Lost} \times 1,000,000}{\text{No. of Injury Occurrences}}$
System Minute	A measure of energy not supplied during transmission disturbances. One system minute is the amount of energy that would be transported during one minute at the system maximum demand.

EMPLOYMENT AND INDUSTRIAL RELATIONS PLAN

Shareholder Information

I. E&IR Philosophy/Direction

Employment arrangements within Powerlink are driven by, and integrally linked to, the Mission, Vision and Objectives of the organisation. Powerlink places high value on the well being of our employees and this value underpins all employment policies and practices. We will know we are successful in our relations with our employees when they, and their families, see Powerlink as a safe, enjoyable and rewarding place to work.

Powerlink utilises organisational culture surveys of all employees as a means of driving continuous improvement initiatives within the workplace. The most recent survey was conducted in the second half of 2009, and again showed very positive results.

Powerlink strives to have an open, consultative approach with staff, and create a positive working environment, working with staff in the implementation of any workplace changes, and resolving all issues locally within the business. Effective management and industrial representation will play a constructive role in Powerlink and they are important contributors in maintaining a stable, safe and efficient work environment. A reasonable and effective relationship between all employees and their industrial representatives is seen as desirable and will be pursued.

Our primary Employment and Industrial Relations goals for this year are to:

- Negotiate and commence the implementation a new enterprise agreement;
- Maintain a focus on resourcing and retention; and
- Continue to improve our workplace initiatives stemming from our workplace culture programme and corporate values.

I.1 Powerlink's 4 Steps Ahead Program

Powerlink's 4 Steps Ahead Program has been in place for more than 10 years, and provides consistency of direction and focus to staff, highlighting the people and culture agenda that we have maintained over these years. We see this program as contributing to a constructive workplace for staff as well as producing positive outcomes for the business.

"Winning in a Changing World" is achieved by harnessing the opportunities presented by change. This is being achieved through the use of change management plans for all significant changes in Powerlink, including communication plans that inform employees on the impacts of change and assists them in adapting to change faster. Encouraging flexibility in approaches to work at both the organisational and personal level supports this.

"Leadership First" provides for a continued program to develop skilled leaders at all levels to lead the organisation. The adoption and application of proven leadership and relationship principles is a program in which the whole workforce has the opportunity to participate. These programs are key to encouraging employees to work cooperatively to harness the strengths of the whole organisation.

"Developing Employees and Rewarding Performance" incorporates an integrated performance management system that applies to all employees. This system incorporates regular feedback, recognising and rewarding outstanding performance, and ensuring the organisation is able to develop and retain highly capable, motivated individuals who maintain the required skill sets to meet the organisation's future business needs.

"Delivering World Class Business Performance" in a commercial environment is being achieved through the involvement of the workplace in national and international benchmarking studies relevant to our lines of activity, and by implementing continuous improvement opportunities that are identified from these studies.

1.2 Operational Excellence

Powerlink has instigated strategies for “Achieving Operational Excellence”. Achieving these goals and challenges is only possible through the skills, commitment and expertise of our people, and so our focus is on:

- Having the right capability.
- Achieving work/life balance.
- Focusing on areas of expertise.
- Maintaining our successful culture.

Powerlink has structured goals, performance indicators and targets in relation to acquisition and deployment of skills, people management, equity, workplace health and safety and environmental awareness. Consultative structures provide industrial organisations a place in these employee-focussed processes.

Job security is recognised as important for our employees and is addressed through workplace agreement provisions, including redundancy provisions which incorporate redeployment and retraining as first options.

1.3 Contractor Arrangements

Powerlink commits to the responsible use of contractors by providing for levels of competency and safe work systems and practices at least equivalent to those operating within Powerlink, and the application of relevant Award or Agreement conditions.

In the first quarter of 2010, Powerlink implemented a ‘Panel Agreement for Transmission Lines’ model for engaging contractors for its major transmission line services.

Powerlink has implemented a Procurement Strategy for the design, construction, partial procurement and testing of its Substations. The implementation process involves a number of criteria, including consideration of the Contractor’s Industrial Relations Plans.

The strategy requires Contractors on the Panel to compete for works via a contestable arrangement. Under the terms of AS4902 and AS4000, Powerlink retains the ability to refuse the appointment of any major subcontractor proposed by the Contractor, but should not do so unreasonably. This does not entitle Powerlink to otherwise influence the selection of subcontractors by the Contractor.

Powerlink maintains a programme of audits on project related matters such as safety and environment.

Within the limitations imposed by various laws, these contracts contain governance arrangements in relation to employment and industrial relations that allow Powerlink to conduct an initial assessment of the contractor’s compliance with its obligations, including that:

- The contractor has a documented industrial relations management plan;
- The contractor complies with the provisions of applicable industrial instruments that have been certified, registered or otherwise approved under the relevant legislation;
- The contractor ensures that staff have the necessary skills and Queensland licenses (if applicable) to carry out the work;
- The contractor adheres to the Queensland Code of Practice for the Building and Construction Industry; and
- The contractor provides Powerlink with details of any significant employment or industrial relations issues that are likely to impact delivery of the contract.

Under the Panel Agreement, Powerlink will confirm, via regular meetings with the Contractors, that they are compliant and obtain updates on the status of any emerging industrial relations matters. Powerlink also retains the ability to request the Contractor provide evidence of compliance should an event arise.

2. Significant and Emerging Issues

Significant issues for Powerlink are the continued development of the National Electricity Market (NEM) and the exposure of Transmission Network Service Providers (TNSP), including Powerlink, to economic regulation by an independent regulator, the Australian Energy Regulator (AER). Queensland's demand for electricity continues to grow, and this is reflected in Powerlink's record capital expenditure program provided for by the AER to proactively satisfy these demand growth needs.

The Queensland resources sector is expected to grow substantially with the various LNG and mining projects that are planned (or have commenced). This may present some present challenges to the resourcing of some skills categories where there is overlap. Powerlink experienced similar conditions in the mining boom prior to the Global Financial Crisis, and was able to manage attraction and retention of resources reasonably well. This reflects the attractiveness of the total employment proposition, which includes a very positive workplace culture.

The AER delivered its final Regulatory Revenue Determination for Powerlink in June 2007. The determination provides an expenditure allowance for the 5 year regulatory period (2007/08 – 2011/12). The network performance targets set by the Regulator are demanding and present an ongoing challenge, given the growth of the network. Powerlink has now started the process in which the AER will determine the revenue and network performance targets for the next regulatory period (2012/13 to 2016/17).

The consequences of Powerlink's business environment are:

- A continued focus on retention and resourcing, requiring innovation and proactive strategies in this area, such as our Retention programme. This is assisting us to better understand what aspects of our employment offer attract and retain staff, as well as seeking to identify any matters that cause staff to leave the business, so we can address these where possible.
- Managing the labour costs arising from the workplace agreement by identifying and implementing work practice and process improvements.

Powerlink's long-standing Chief Executive has announced his planned retirement in the early part of the 2011/12 financial year. The Board has initiated a recruitment process, including advertising in the national media, to recruit a new Chief Executive.

The current Working at Powerlink 2008 Union Collective Agreement continues as a transitional agreement under the *Fair Work Act 2009 (Cth)* (Fair Work Act), with a nominal expiry on 19 November 2011. Preparations for the negotiation of the 2011 Enterprise Agreement are occurring in line with the Government Owned Corporations Bargaining Guidelines 2010, with negotiations anticipated to commence in May 2011.

Broader changes to bargaining and representation arising from the introduction of the Federal Government's Fair Work Act will impact Powerlink's 2011 Enterprise Agreement negotiations. We are not anticipating any significant impacts as a consequence of the Modern Award (i.e. Electrical Power Industry Award 2010), due to Powerlink's current Workplace Agreement provisions being superior overall.

3. Non-Executive Directors Remuneration

Board Meeting Fees

Director fees are paid to Directors as an annual fee. Annualised remuneration applying on 1 January 2011 is:

Directors	Directors Fees	Committee Fees	Super or Equivalent	Other	Total
Else Shepherd (Chairman)	\$74,999	\$4,166	\$7,125	---	\$86,290
Julie Beeby	\$29,166	\$4,166	\$3,000	---	\$36,332
Stuart Copeland	\$29,166	\$4,166	\$3,000	---	\$36,332
Ken Howard	\$29,166	\$4,862	\$3,063	---	\$37,091
Christina Sutherland	\$29,166	\$4,862	\$3,063	---	\$37,091
Walter Threlfall	\$29,166	\$5,556	\$3,125	---	\$37,847

Superannuation

In accordance with remuneration guidelines for directors approved by shareholding Ministers, directors are paid superannuation at the statutory Superannuation Guarantee Levy rate, or its equivalent.

4. CEO and Senior Executives Remuneration

CEO and Senior Executives

The remuneration details at this time are:

CEO/Senior Executives	Total Fixed Remuneration ¹	Employer Superannuation Contributions	Total Remuneration	Performance Payment in 2010/11 ²
Gordon Jardine, Chief Executive	563,386	56,338	619,724	86,450
Simon Bartlett, Chief Operating Officer	425,469	42,546	468,015	65,410
Maurie Brennan, Chief Financial Officer	303,766	30,376	334,142	45,330
Julia Smith ³ , Manager Human Resources and Development	216,691	19,309	236,000	N/A ³
Michelle Palmer, Manager Corporate Communications	187,782	18,778	206,560	26,410

Note:

¹ Includes any salary sacrifice items (eg. motor vehicle, superannuation and other benefits) and cash salary.

² Relates to previous financial year.

³ Not applicable as appointed 17 January, 2011 and performance payment relates to previous financial year.

Performance Payments to Employees:

The performance payment details for the last financial year 2009/10 are:

Financial Year	Aggregate At-Risk Performance Remuneration \$'000	Total Salaries and Wage Payments \$'000	Employees Receiving Performance Payments
2009 – 2010	\$5.7 million	\$108.32 million	878

Employment and Industrial relations Plan

I. Employment

Except for any construction work where compliance with the National Construction Code and Guidelines is required, the following approach is applied.

I.1 Employment Conditions

Employees' conditions are in accordance with Powerlink's Working at Powerlink 2008 Union Collective Agreement, which was lodged under federal government legislation with the Workplace Authority on 20 November 2008. This agreement presently covers more than 968 employees. In accordance with the 2006 Work Choices legislation, this Agreement has incorporated the terms and conditions of the Electricity Generation, Transmission and Supply Award State 2002 and Family Leave Award State, making it a single, comprehensive reference document for employees.

This Agreement was developed in compliance with the Government Policy Guidelines on Agreement Making in GOCs.

Key features of the negotiated agreement include:

- A three year agreement with 4.5% wage increases per annum;
- Increased paid maternity/adoption leave provisions, with family leave provisions incorporated into the agreement;
- Rolling EFT payments into base rates of pay;
- Increases to the Transmission Network Reliability Allowance and the Transmission Network Reliability Payment;
- Indexing allowances annually by the wage increase (4.5%); and
- Maintaining no forced redundancy provisions.

Implementation of new or changed provisions arising from this Agreement were finalised prior to 1 July 2009. Provisions were implemented through a range of administrative measures including the updating of any relevant procedures. These changes were then communicated to employees.

Employment conditions are also sourced from the Electricity Regulation 2006. Hours of work are predominantly 36.25 per week, worked in a flexible pattern to suit the continuity of work.

Some employees covered by Alternative Working Arrangements contained within the Working at Powerlink Agreement work up to 40 hours per week, and are compensated in accordance with conditions agreed within the Workplace Agreement.

Long service leave provisions in the Electricity Regulation provide for 13 weeks leave after 10 years service, and an ongoing accrual of 1.3 weeks for each subsequent year of service.

Powerlink has a preference for the regulation of employment conditions via collective agreements with unions.

Workplace Agreement employees are also eligible for both:

- a) a gainsharing payment based on corporate results; and
- b) performance pay based on individual and small team performance during a financial year.

Powerlink ensures the principles of merit and equity are upheld in its processes for the recruitment, selection and promotion of staff.

The attached Schedule of Minimum Employment, Industrial Relations and Job Security Principles for Government Owned Corporation Employees (September 2010) forms part of this Plan. Where there are differences between the conditions contained in the Schedule of Minimum Standard Conditions and Entitlements and those contained in the Corporation's industrial instruments or policies, the Corporation's industrial instruments or policies will prevail.

2. Enterprise Bargaining

The Working at Powerlink 2008 Union Collective Agreement has a nominal expiry date of 19 November 2011. Powerlink is currently following the Government Policy Guidelines on Agreement Making in Government Owned Corporations, which includes working through the process of gaining Cabinet Budget Review Committee approval of our negotiation framework.

Powerlink's agreement contains a commitment by employees to participate in a range of broad productivity and process improvement initiatives, which can include actively participating in teams to improve processes and their outcomes, implementation of resulting changes, technology initiatives, and the change management processes that assist in facilitating all such changes in Powerlink as well as a commitment to a continuous improvement methodology and proactively participating in teams to improve process outcomes.

Such initiatives are identified and implemented through a continuous improvement approach, and therefore it is not possible to pre-identify the full range of opportunities which are likely to be identified and implemented across the life of the agreement.

Powerlink's time-proven approach has been to measure overall outcomes, and in terms of outcomes for our shareholders, these ultimately manifest themselves in the controllable operating costs of the business, which are shown in the main body of the Statement of Corporate Intent. The opportunities for improvement through the 2008 agreement have been factored into Powerlink's plan to improve its cost-efficiency (controllable opex to RAB) ratio from 2.9% to 2.6% by 2013/14. It should be noted that international benchmarking shows Powerlink to be at the least-cost frontier of international electricity transmission businesses.

Productivity Initiatives

In keeping with Powerlink's approach to continuous improvement, a review of current commercial and residential leasing strategies has been undertaken to ensure practices for managing living-away-from-home conditions for contractors and employees are both sound and consistent with ATO rules. This is resulting in FBT, administrative and accommodation costs savings.

Powerlink has also sought to have its major contractors (via their appropriately qualified and trained employees) undertake roles such as safety observers. This has resulted in improvements in the utilisation of internal and external resources, and facilitates timely delivery of projects.

Another initiative involved the reduction in design labour costs associated with the development of substation secondary system control and protection panels, through the use of template based design techniques. Several major capital projects have been implemented over the period 2009/2010 using the template based designs, which has seen a saving in labour hours per panel designed.

In combination with the above continuous improvement initiatives and Powerlink's broader initiatives, Powerlink is on track to meet the \$4.8 million to \$5.6 million predicted savings over the three year life of the current Workplace Agreement.

Employee Flexibility

Enterprise agreement outcomes from previous agreements relating to fortnightly pays, annual leave loading payment etc. have been carried forward. Annual leave loading and EFT are now incorporated into base salary rates.

Powerlink offers a range of flexible working arrangements which have been developed to take into account the business needs of Powerlink, its customers, the preferences of employees, including parental responsibilities, and health and safety considerations of all employees. These include:

- Paid Family leave as follows:
 - 14 weeks paid maternity and adoption leave;
 - 1 week paid paternity leave; and
 - 8 weeks paid primary care giver leave.
- Unpaid family leave provisions including:
 - Up to 2 years unpaid leave; and
 - Part time work on return from leave up till the child is of school age;
- Flexible start and finish times where mutually agreed;
- Jobsharing and part time working opportunities;
- Working from home opportunities, on a case by case basis, for both long term work arrangements and temporary arrangements to assist with family/carer responsibilities;
- Purchased leave (reduced working week) for those with dependent family members of up to an extra 4 weeks of leave per annum; and
- Special leave without pay (eg. for career break, study leave for a period of up to 52 weeks etc);
- Leave without pay; and
- Phased retirement options for mature aged employees that are mutually beneficial to the employee and Powerlink.

Employees are also supported in their career development through Powerlink paying 50% of costs of relevant and approved ongoing studies, and enabling time off to attend lectures of up to 4 hrs per week. This time can be used for residential studies where relevant.

Contracting Out

Powerlink is committed to orderly and sustainable best practices in relation to the use of contractors, the use of labour hire arrangements and, where necessary, the employment by contractors of skilled overseas staff to cover labour shortages through employer sponsored Temporary Long Stay Subclass 457 Visas. Contractors are also encouraged to develop the relevant skills locally, but Powerlink recognises that the total demand for infrastructure resources in Australia exceeds the local supply, and that this situation may continue for a number of years, notwithstanding local training efforts.

Contractual arrangements require contractors to ensure that their workers have the necessary occupational licences to work in Queensland prior to being engaged to undertake any work.

Superannuation

Employer superannuation contributions for all employees are made to the ESI Superannuation Scheme, except for those employees who have existing membership of QSuper, who may remain in that fund. In accordance with the enterprise agreement, Powerlink contributes 9% of an employee's salary or 10% where the employee contributes 5% of their salary.

Powerlink will notify shareholding Ministers and Government (if applicable) where the use of the surplus is to be used to provide an additional benefit to employees beyond what is provided for in the Workplace Agreement.

Currently, 156 employees are defined benefit members and 876 are defined contribution members.

3. Workforce Planning

A comprehensive workforce planning process has been used in Powerlink for over 12 years. This strategic planning model for labour resourcing contains both a 5 year resourcing plan aligned to the forward-looking grid plan for the State, and a workforce plan which identifies the detailed resourcing requirements for a one year outlook. This process is repeated annually and integrated with the annual budget cycle.

The Capital work program for Powerlink is expected to increase significantly in the next few years, and at this stage we are refining our assessment of the impact this will have on staffing. Capital work is primarily undertaken by external construction companies, but is designed and project managed by Powerlink employees. Due to variability in the quantum and mix of capital projects, Powerlink uses a combination of permanent, fixed term and labour hire to appropriately resource these activities. Any minor variability in resource requirements will be managed by adjusting the levels of labour hire resource.

3.1 Trainees and Apprentices

Powerlink keeps a watchful eye on the external labour market and internal employee movements to proactively manage future resourcing.

Firstly, Powerlink has a range of well established trainee and development schemes to provide for future staffing needs. The number of trainees has been increasing in recent years in line with our increase in employee numbers, as part of our efforts to grow our own pool of experienced staff. In total, our development schemes continue to account for around 10% of our employees, and this includes apprentices (41%), engineering officers (13.7%), graduate engineers (31.3%), environmental officers (1.1%), administration (5.4%) and information technology (6.8%). These schemes will assist with future succession planning needs. The graduates and trainees are offered study support to complete relevant tertiary studies as well as in-house professional development programs.

Powerlink has apprentices in all field areas, being lines, substations, and secondary systems.

Our graduate engineer development programme is also being maintained to meet future anticipated needs. These graduates undertake a 5 year rotation program, to experience different parts of the business, creating well rounded professionals to meet the future needs of Powerlink. We promote our graduate opportunities through attendance at Career Fairs, and through our Vacation work experience program. We have had a large number of high calibre students apply for our graduate program each year, as our program is highly regarded by electrical engineering students.

Our workplace agreement reflects this commitment to the recruitment and development of graduates, trainees and apprentices.

Powerlink notes advice from Treasury that Government made a commitment to maintain 5,000 public sector apprenticeship and trainee positions over four years to April 2013 across the Queensland public sector agencies, Government Owned Corporations, government departments and statutory authorities. Notwithstanding, Powerlink's workforce planning and employment policies have been, and continue to be, underpinned by a clear recognition of the need for a skilled and viable workforce which takes into account the need for on-going renewal and appropriate training to ensure there is sufficient capacity within the organisation to replace retiring or departing employees.

Apprentices and trainees are an important part of this forward planning. Powerlink will continue to make available apprenticeship and trainee opportunities consistent with its workforce planning, training programs, business needs and regulatory constraints.

3.2 Other Resourcing strategies, including 457 Visas

Powerlink continues to be quite successful in being able to attract staff in what has been a challenging resource market. While most recruitment has been within Australia, a selective overseas recruitment programme exists in order to meet resourcing requirements that cannot be sourced domestically. Powerlink has obtained pre-approval from the Department of Immigration for up to thirty (30) section 457 visas (for skills categories which are in short supply in Australia), and has thus far engaged nine engineers, five engineering officers and one live substation technical expert via this arrangement over a 2 year period, eleven of whom have now obtained permanent residency status. A further four employees have initiated the process to become permanent residents. Such recruitment will continue to be limited to circumstances where attempts at local recruitment have proven unsuccessful. Consistent with this approach, Powerlink maintains a large number of development positions, provides development opportunities for existing staff and is recruiting locally where possible. All employees on section 457 visas are engaged in accordance with relevant legislation and, as a minimum, on the same terms and conditions as employees covered by the Working at Powerlink 2008 Union Collective Agreement.

Powerlink also has senior representation on the boards of the Power Engineering Alliance (PEA) and now the Australian Power Institute (API). Established by the electricity industry, these aim to boost the quality and numbers of power engineering graduates with the skills and motivation for a career in the power industry. Powerlink was heavily involved in establishing the model to promote power engineering at an Undergraduate level, firstly in Queensland, and then at a national level. Powerlink contributes to bursaries to students, funding to subsidise University projects (such as upgrading laboratories), subsidies to academics, along with providing students with vacation practice experience.

In addition to these strategies, Powerlink encourages the rotation and movement of employees across different areas of the business to ensure there is an appropriate depth and breadth of skills and competencies, to further support future succession needs.

3.3 Resourcing challenges

Powerlink continues to attract staff due to our excellent reputation in the industry as a good employer, as we support staff development, offer a positive working culture and have superior working conditions.

One of our primary strategies for resourcing for the future is to develop our own people. Powerlink continues to be very active in developing its staff and planning for future needs. Our approach to succession is to develop people with a breadth of capability so that we have a pool of organisational talent at a range of levels.

This enables us to have a pool of people ready to take on wider roles as they become available. We offer a suite of management and leadership development programs that assist staff to move into higher positions. We support a wide range of technical training, offering staff a range of opportunities including internal training, post graduate modules, support for higher tertiary studies and attendance at conferences. Finally, we actively encourage secondments and acting opportunities so that staff are able to experience other roles, which assists in creating a more flexible workforce.

In the past year, we have experienced strong application pools for most positions. However, the market is expected to get tighter for some skill sets in the next few years as the resource demands from the LNG projects and other mining/resources projects in Queensland ramp up. We will continue to rely on our brand name as an employer of choice to attract employees, where we cannot compete with the private sector on remuneration alone.

Workforce Planning Numbers

Workforce Plan	30-Jun-11	30-Jun-12	30-Jun-13
Total Directly Employed Workforce:	994	1,024	1,042
Apprentices & Trainees (Group)	0	0	0
Contractor Employees (Trade/Technical /Professional/ Administrative/Clerical)	45	55	63
Total Workforce:	1,039	1,079	1,105

Workforce numbers are due to increase as Powerlink's project workload reflects predicted expansion in non-regulated work, more capital work and an increasing focus on refurbishment of ageing assets.

Powerlink is also subject to an AER revenue determination in 2012 which will shape regulated capex, opex and thus workforce requirements. Powerlink is continuing to prepare its revenue submission (due May 2011) and it is important to recognise that workforce numbers in 2012/13 and beyond are subject to the outcome of the AER's revenue determination (due May 2012).

In house apprentice numbers have increased from previous years as a result of Powerlink's move to directly employing all apprentices rather than using an external service provider.

4. Workplace Health and Safety

Powerlink maintains a strong commitment to the proactive management of Workplace Health and Safety as an integral part of its business activities. A continuing program to regard safety as the priority consideration in the workplace serves to maintain the focus of all staff upon "Safety First".

Powerlink's Operational Excellence corporate strategy has Safety (including workplace, health and electrical safety) as a key focus.

4.1 Health and Safety Programs

To ensure that Powerlink maintains and continues to promote the "Safety First" culture, a number of education and prevention programs are being utilised. The programs include:

- *Flu Buster* – Consists of education and prevention campaign on influenza which includes vaccinations for staff.
- *Sun Smart* – Offers current Powerlink employees an annual voluntary screening program aimed at maximising the early detection of skin cancer and minimising the associated trauma and costs in treating late stage skin cancer.
- *Internal Audit* – Consists of scheduled audits and inspections being conducted on our staff, contractors, systems and the environment with the audits identifying improvement opportunities relating to workplace health and safety and electrical safety.
- *Safety Attributes* – Safety attributes testing is a mechanism to proactively identify opportunities for ongoing enhancements to the workforce safety culture. The outcomes are assessed against existing health and safety programs to confirm cost effective and outcome effective improvements to workforce safety culture.

4.2 Powerlink's WH&S System

The Powerlink Queensland Safety Management System (SMS) was most recently audited by Queensland Risks Management Consultants (QRM) in September 2010. A certificate of compliance was issued, verifying that Powerlink's electrical safety management system is effective and continues to comply with legislative requirements. The audit findings indicated that "...the audit has found that Powerlink Queensland (PLQ) has in place a robust Safety Management System (SMS) which is inclusive of a significant focus on electrical safety related to high voltage."

A Workplace Health and Safety Officer (WHSO) Assessment was also performed against the criteria approved by the *Chief Executive of Workplace Health and Safety Queensland* in October 2010.

Overall, the documented processes and field practices reviewed by the WHSO assessment were found to be consistent with the legislative requirements. The skills and knowledge applied by field personnel in the areas of High Voltage (HV), climbing and working at height were found to be extensive.

Where system improvements are identified through internal and external audit programs, they are captured within Powerlink's Workplace Health and Safety Continuous Improvement Action Plan (CIAP) and reported to Powerlink's Safety Steering Committee for review on a quarterly basis.

The next external audit is scheduled to occur in the latter part of 2011.

Powerlink will continue to appoint a qualified person as workplace health and safety officer in its workplace(s) where 30 or more workers are normally employed at the workplace.

4.3 Improvement Initiatives

Powerlink continues to promote consistent practices through its active involvement at the state and national level. Powerlink worked with the Electricity Supply Industry Organisation in continuing to develop the Australian Industries Skills Passport. This work will continue to be undertaken which will introduce nationally consistent practices in training standards for competencies and authorisations within Powerlink. As part of the implementation of the Electricity Supply Industry Passport, a number of improvement initiatives were identified resulting in the introduction of alternate training delivery strategies.

From October 2009 to February 2010, Powerlink offered employees a skin cancer screening. The skin cancer screenings have been conducted by Ford Health doctors at Powerlink sites in Brisbane. 366 participants have completed a skin check in 2009/10. Of the employees that had the screening, 68 participants (18.5%) were identified at a risk due to skin lesions of concern. These individuals were recommended to seek further investigation or treatment with a skin specialist within 2 days, 2 weeks, 1-3 months or 6 months of their skin cancer screening respectively.

Powerlink Pandemic plans and associated documents have been reviewed. Our experience with the H1N1 pandemic 09 and round table discussions and meetings with the TISN (Trusted Information Sharing Network for Critical Infrastructure Protection), which is a federal Government initiative, has identified opportunities for improvement. An Emergency Exercise (Droplet) undertaken by Human Resources and Development also contributed to a number of updates to the plan.

As part of Powerlink's commitment to safety at work and in the community, we have renewed our partnership with the Paraplegic Benefit Fund Australia (PBF) for 2010/11. Information sessions have been conducted and planned throughout the business by PBF representatives who have experienced a spinal cord injury. The sessions promote Powerlink's philosophy of safety being a priority and a core life value.

The presentations also promote a fund specifically set up for Powerlink employees. This means that should an employee, employee's spouse or children (regardless of age) sustain a permanent spinal cord injury, they are covered 24 hours a day, 365 days a year, and eligible to claim a \$100,000 member benefit within weeks of sustaining the injury.

As part of Powerlink's continuous improvements to ensure the health and safety of personnel, Powerlink has recently updated the Personal Protective Clothing (PPC) range for all personnel. During the project, Powerlink reviewed the risk profile and acknowledged technological advances in the range of PPC that is currently available. A trial of the clothing was also undertaken by field staff to evaluate the comfort and fit of the selected PPC. A new vendor has been appointed to provide PPC, with availability of the new range starting in February 2011.

4.4 Equal Employment Opportunity (EEO) and Anti-Discrimination

Powerlink is firmly committed to a policy of Equal Employment Opportunity (EEO) and eliminating unlawful discrimination, and has guidelines for the Prevention of Bullying and Harassment and Sexual Harassment. Powerlink does not tolerate practices contrary to these policies and guidelines, and hence any significant breaches can impact on the continued employment of anyone involved.

These policies are used in the recruitment, selection and promotion of employees. They are also included in the induction training provided to all new staff, and are the subject of periodic awareness briefings across the organisation. During 2009/2010, management and employee briefing sessions and training were completed throughout Powerlink.

Consistent with the Government's focus, Powerlink continues to implement work and family strategies such as the provision of purchased leave for dependant care purposes.

The government Advisory Standard on prevention of workplace bullying is supported within Powerlink, and is made available to all staff through the induction programme and the Powerlink information portal.

Powerlink provides EEO Census data to the Public Service Commission for inclusion in the OPSC Annual Report & EEO Statistical Bulletin, by the end of each financial year.

4.5 Redundancy Provisions

Powerlink's redundancy provisions focus on redeployment and retraining, but provide for the following in case of redundancy:

- 6 months notice of redundancy or 13 weeks early separation payment.
- 3 weeks per year of service severance payment, to a maximum of 75 weeks.
- Pro-rata long service leave.
- Outplacement and retraining support.

The Workplace Agreement provides a commitment to no forced redundancies, unless formally approved by shareholding Ministers, subject to employees accepting reasonable redeployment and retraining.

4.6 Interstate Acquisitions/Operations

Powerlink has a minority shareholding interest in ElectraNet SA, the transmission entity in South Australia. Powerlink has no employees based interstate.

4.7 Joint Venture Projects

Not applicable.

5. Management of the Relationship with Unions

A reasonable and effective relationship between all employees and their industrial representatives is seen as desirable. To this end, the Working at Powerlink 2008 Union Collective Agreement includes consultative arrangements between Powerlink, and workplace representatives. Powerlink seeks to maintain open communication channels with union delegates and officials through briefings and consultation at a workplace or organisational level as appropriate. Early recognition of potential issues at the local level and discussions between local managers, employees and union delegates is encouraged and practised.

5.1 Consultation

The shareholding Ministers' departments and the Public Sector Industrial and Employee Relations Division of the Department of Justice and Attorney General have been consulted on this plan, as have relevant unions and staff. Further to this, reviews of employment conditions occurring during the preceding period took place with a consultative and co-operative approach, whereby any issues identified by the employer, employees, delegates or unions were discussed at the earliest practicable stage .

6. Reporting

Powerlink will provide a brief report on performance against this Plan to OGOC in January 2012.



MINIMUM EMPLOYMENT,
INDUSTRIAL RELATIONS AND JOB
SECURITY PRINCIPLES FOR
GOVERNMENT OWNED CORPORATION
(GOC) EMPLOYEES

Minimum Employment, Industrial Relations and Job Security Principles for Government Owned Corporation (GOC) Employees

Context

The Queensland Government through shareholding Ministers holds the principal financial interest in Government Owned Corporations (GOCs). Consequently Government is an important stakeholder in GOCs, which operate in the national marketplace. Government also has a leadership role setting minimum employment standards and providing an example of a model employer.

Rationale

The Government is committed to ensuring employment conditions are maintained, and that standards within GOCs reflect community and Government sector standards (i.e. GOC employment and industrial relations policies). These principles were introduced in order to ensure that there is some certainty regarding minimum employment standards, industrial relations practices and job security, especially with GOCs operating in the federal industrial relations jurisdiction.

Objective

The principles set out below, which have been endorsed by Government, confirm the Government's position on minimum employment conditions and industrial relations practices in GOCs. These principles should be read in conjunction with all relevant legislation, policies and procedures that apply to GOCs.

As a general principle, GOCs, including any GOC subsidiaries within Queensland, should maintain employment arrangements and policies without reduction in entitlements or protections, unless otherwise agreed with unions. GOCs should also work cooperatively with unions to resolve issues using services available at the State level where possible.

Application

GOC shareholding Ministers request that GOCs put in place available safeguards to maintain standard employment conditions, industrial relations practices and job security through the provisions of GOC Employment and Industrial Relations Plans (E&IR Plans). E&IR Plans form part of the annual Statements of Corporate Intent which are considered and approved by the shareholding Ministers by 30 June each year in accordance with the *Government Owned Corporations Act 1993*. Departure from this approach should only be undertaken where there is a legal requirement to do so.

Principles

1. Consultative Arrangements

GOCs shall endeavour to deal with industrial relations matters cooperatively through consultative arrangements with employees and union delegates at the workplace level and through employees and/or delegates and union representatives or officials at the organisation level. Paid involvement of delegates and relevant employees shall be considered in relation to such consultative arrangements. This should be the case where their involvement facilitates the resolution of industrial relations issues or assists the employer in developing and implementing new initiatives, provided they are not involved in industrial action. Where paid union meetings have been available as a result of an award/enterprise agreement or alternatively existing custom and practice, such arrangements shall be continued.

2. No Disadvantage

It is the position of the Government that GOCs must ensure the rates of pay and conditions of employment in an industrial instrument will meet the federal legislation approval requirements. Additionally, conditions of employment in existing GOC industrial instruments are not to be reduced, except as required by relevant federal legislation or as agreed between the relevant industrial parties.

3. Enterprise Agreements

GOCs must comply with the relevant legislation and Government policies and principles for bargaining, such as the Government Wages Policy.

The following conditions of employment and practices shall continue.

a) Enterprise agreements, with unions as parties to the agreement, shall be the preferred means of industrial regulation of rates of pay and conditions of employment. Enterprise agreements can include a broad range of matters such as:

- rates of pay;
- employment conditions e.g. hours of work, meal breaks and overtime;
- consultative mechanisms;
- dispute resolution procedures; and
- deductions from wages for any purpose authorised by an employee.

Enterprise Agreements should not include unlawful content (such as discriminatory or objectionable terms).

GOCs may use flexibility terms, including existing alternative employment arrangements, as a mechanism for providing additional or different terms and conditions to individual employees. These will not result in terms and conditions which undercut legislated minima or minimum conditions as set by the Government. For example, GOCs must not provide less than the minimum entitlement to annual leave in exchange for additional remuneration. Parties should be better off overall under the resulting arrangement. GOCs are required to provide the Government Department responsible for Industrial Relations with details on the number and terms of individual flexibility or alternative employment arrangements entered into, as requested from time to time.

b) New individual common law contracts may only be made for enterprise agreement covered employees where the total fixed remuneration equates to or exceeds:

- (i) the respective GOC enterprise agreement remuneration envelope (top rate from the agreement plus applicable superannuation and annual leave components); and/or
- (ii) the equivalent of the Queensland Public Service AO8 level per annum plus 12.75% plus the equivalent of annual leave loading plus any overtime component;

unless otherwise negotiated within an enterprise agreement.

4. Union Encouragement

GOCs will facilitate access for their employees to union representatives in a fair and reasonable way. Arrangements should take into account the specific circumstances of the GOC to support the efficient operation of, or service provision by the GOC.

At the point of engagement, employees are to be provided with a document indicating that the corporation encourages employees to join and maintain financial membership of an organisation of employees that has the right to represent their industrial interests.

Union delegates and job representatives have a role to play within a workplace, including during the agreement making process.

The existence of accredited union delegates and/or job representatives is to be encouraged. Accredited union delegates and/or job representatives shall not be unnecessarily hindered in the reasonable and responsible performance of their duties.

5. Right of Entry of Union Officers to the Workplace

The rights and obligations that may be exercised by officials and employers in relation to right of entry are provided for under the relevant legislation.

Written notice may be required to be given by the official before entering a workplace and should be provided in accordance with the requirements outlined under the relevant legislation. Further, the legislation provides the conditions upon which the permit holders must abide, including complying with reasonable occupational health and safety requests, acting in a proper manner and not interrupting the normal continuity of work.

An employer will not unreasonably refuse, delay or obstruct a permit holder from exercising their rights. However, it should be noted that by law, entry to certain operations subject to national/state security initiatives can only occur under escort unless the necessary authorities are held. It is recommended that union officials make contact with GOCs beforehand to ensure necessary compliance before entering workplaces where this might be the case e.g. ports, airports and other essential infrastructure installations.

6. Industrial Relations Education Leave

Unless an award/enterprise agreement and/or custom and practice provides otherwise, paid time off not exceeding five days per union in any one year non-cumulative, is to be made available to a duly elected or appointed union representative or delegate. A written application shall be made by the union at least 6 weeks in advance (or such lesser period as provided for in an award/enterprise agreement or custom or practice or as is mutually agreed by the union and the GOC), to attend courses or seminars conducted by the union or specific training courses approved and accredited by the union.

The GOC shall give consideration to the special requirements of any regionally based workplaces in applying the limits on paid time off referred to above. The granting of such leave is subject to it not unreasonably interfering with the GOC's operations. The scope, content and level of such courses or seminars shall be such as to contribute to a better understanding of industrial relations within the GOC's operations.

7. Payroll Deductions of Union Fees

Requests from employees for payroll deduction of union fees are to be accommodated where the service has previously been provided. It is noted that Government agencies provide this facility without charge to relevant unions.

8. Job Security

In any situation of redundancy, options for redeployment and retraining of staff shall be exhausted before the offer of voluntary redundancy arrangements is considered. The Government Department responsible for Industrial Relations should be consulted prior to the offer of voluntary redundancy arrangements. There shall be no forced redundancies of award or agreement staff, or contract employees who would ordinarily be subject to awards or agreements, at GOCs without the explicit and written sanction of relevant shareholding Ministers.

Enterprise agreements and/or workplace arrangements should contain provisions relating to redeployment, retraining and last resort redundancy for excess employees. In general, existing redundancy entitlements should not be enhanced unless it is necessary to do so in order to comply with the minimum redundancy entitlements contained within the relevant legislation.

9. Use of Contractors

The following general principles should be followed when using contractors.

(a) Contractors and/or labour on-hire arrangements are to be utilised in an orderly and responsible manner, such that there is not a detrimental effect on the State's or public interest (e.g. causing disruption to services to the public or causing damage to the economy or standing of the State).

(b) It is recognised that circumstances arise where the use of contractors is either desirable or essential. These circumstances are seen to be within the following guidelines:

- (i) the work volume, type of work or specialisation required is beyond the capacity of resources or staff;
- (ii) it is in the public interest to undertake such work. Public interest includes issues of cost effectiveness; or
- (iii) the security and tenure of employment of additional staff required to meet work peaks cannot be guaranteed.

(c) The use of contractors is not to be exercised to avoid training for existing staff or employing new staff to cater for emerging areas of work. "Emerging areas of work" does not include one-off works or temporary work peaks.

(d) In addition, contractors and/or their employees are not to be appointed to any position as permanent employees unless normal advertising and selection processes have been followed.

10. Termination of Employment

Responsible and defensible policies and procedures regarding the management of performance, conduct and capacity of staff should be in place and adhered to, except where situations arise warranting summary dismissal under common law.

a) If an employee's conduct, capacity or performance is deficient:

- (i) ensure the employee is given an opportunity to respond formally to any allegation about their conduct, capacity or performance; and
- (ii) ensure the employee is formally warned about the conduct, capacity or performance and is given reasonable opportunity to rectify any deficiency; and
- (iii) ensure the employee has a right to be represented through all parts of the process.

b) If dismissal is subsequently determined:

- (i) provide the employee with a clear reason for dismissal, detailing the process followed to seek improvement as referred to above; and
- (ii) ensure clarity as to whether the dismissal is related to the employee's conduct, capacity or performance.

c) If an employee is in their probationary period the legislative provisions and GOC policy relevant to probation are to apply.

11. Resolution of Disputes

Dispute resolution is the process by which disputes within the workplace are finalised between, or for the parties, and is **separate to the processes that deal with industrial action during bargaining**.

Enterprise agreements are required to contain a dispute resolution clause which details the procedure for dealing with disputes. Disputes should be resolved following the same principles as the good faith bargaining requirements.

The Dispute Resolution Procedure should:

- provide a consistent and clear approach for the parties to deal with and resolve disputes early on;
- list the nominated parties to assist in resolving disputes; and
- detail the range of functions and conditions agreed between the parties to determine, on a case by case basis, the best way to deal with particular disputes (eg. through a negotiated, mediated, arbitrated or adjudicated outcome).

Under the *Fair Work Act 2009* (Cth) the dispute resolution provision of an enterprise agreement must include a procedure that requires or allows Fair Work Australia (FWA), or another person who is independent of the employer, employees or employee organisations covered by the agreement to settle disputes.

The parties to the enterprise agreement are to reach agreement about the dispute resolution provider. If agreement can not be reached about the dispute resolution provider the default provider should be FWA.

The *Industrial Relations Act 1999* (IR Act) was amended in 2007 to provide for parties in the federal industrial relations jurisdiction to have access to the Queensland Industrial Relations Commission (QIRC), by mutual agreement, to conciliate and/or arbitrate matters in dispute. The QIRC is still available as an option for parties to agree to be the dispute resolution provider under an enterprise agreement.

A party to a dispute can then refer the matter to the FWA tribunal, QIRC or the relevant agreed dispute resolution provider if discussions at the workplace level do not achieve a resolution.

The procedure must provide for dealing with disputes about any matters arising under the agreement or in relation to National Employment Standards. The procedure must also allow for the representation of employees covered by the agreement for the purposes of dispute resolution. Where the legislation provides a model dispute resolution procedure the GOC must ensure their procedure as a minimum covers all matters provided for in the model procedure.

GOCs are reminded of the requirement to liaise with and inform the Government Department responsible for Industrial Relations matters in accordance with the policy, 'Guidance for Chief Executive Officers - Agreement Making and Industrial Relations in Government Owned Corporations'. Due to the sensitive nature of industrial disputes and the potential impact of industrial action threatened or taken, GOCs are expected to advise and inform the Government Department responsible for Industrial Relations as a priority.

ATTACHMENT

GUIDELINES: Establishing a Dispute Resolution Procedure

The GOC and Union/s shall have regard to the following principles in establishing a disputes resolution procedure.

Step 1 Resolution at the Workplace Level

Involves genuine attempt to resolve the issue using consultative arrangements with employees and union delegates and if necessary, with union officers.

If there is no resolution at the work place level, proceed to next level (Step 2).

Step 2 Dispute Resolution Process [including QIRC assistance if relevant]

Who

The disputes procedure shall list the nominated tribunal or person(s) agreed between the parties to assist in resolving disputes. Tribunals or person/s may include Fair Work Australia, the Queensland Industrial Relations Commission (QIRC) or, alternatively a person who is independent of the employers, employees and industrial organisation(s) covered by the agreement.

How

*The parties may determine the appropriate approach to disputes generally and must agree in their enterprise agreement how the dispute is to be resolved. If the parties agree to utilise the QIRC, the parties must submit a **referral agreement** to the QIRC as to how disputes are to be resolved by the QIRC [refer to section 273A (1)(b) under the Industrial Relations Act 1999].*

What

General Provisions

Provisions covered in the disputes resolution procedure must be agreed between the parties. Such provisions can include:

- (i) commitment from parties to follow agreed process;
- (ii) determine appropriate timeframes to deal the dispute;
- (iii) the allocation of any costs associated with a dispute process will be as agreed between the parties on a case-by-case basis, or if no agreement can be reached each party shall meet its own costs;
- (iv) work as directed unless the employee has a reasonable concern

about an imminent risk to their health or safety; and

(v) at any time industrial action is threatened or taken during the process, either party may directly proceed to Fair Work Australia for assistance.

Any time industrial action is threatened or taken, the GOC must inform the Government Department Responsible for Industrial Relations as a priority.

Functions of QIRC

The following provisions are consistent with the functions available under section 273A (4) of the Industrial Relations Act 1999:

- (a) conciliating;
- (b) arbitrating;
- (c) granting a remedy or other relief; and/or
- (d) deciding any other issue or question.

Furthermore, a decision by the QIRC in performing the dispute resolution functions does not bind the parties unless the ***referral agreement*** provides for the decision to bind the parties.

ATTACHMENT 3

SPONSORSHIP, ADVERTISING, CORPORATE ENTERTAINMENT AND DONATIONS

Table 1: Sponsorship, Advertising, Corporate Entertainment and Donations – Details of Individual Expenditure Items

Activity	Description/Benefit	Budget 2010/11 (\$)	Estimated Actuals 2010/11 (\$)	Budget 2011/12 (\$)	Sept	Dec	Mar	Jun	Per Head Budget 2011/12 (\$)
Sponsorship & Donations									
Engineers Australia	EA Branch & Engquest Program	10,000	13,000	13,000		13,000			
Energy Users Assoc. of Aust.	Conference and Qld Forum	12,000	10,100	13,000	8,000		5,000		
Planning Institute of Aust.	Conference and Awards	16,000	9,100	10,000				10,000	
Local Govt. Assoc. of Qld	State and Regional Conferences	23,500	24,100	24,500			10,000	14,500	
QUEST Net	Conference	14,000	12,600	13,000			13,000		
Qld Energy Museum	Preservation of Industry Info.	140,000	145,000	45,000				45,000	
Qld Landcare Foundation	Conference	9,000	8,200	9,000			9,000		
Qld Weeds Symposium	Conference	7,000	4,100	5,500		5,500			
Total over \$5,000		231,500	226,200	133,000	8,000	18,500	37,000	69,500	
Other (total) below \$5,000		100,000	66,300	155,000	30,000	25,000	30,000	70,000	
Total Sponsorship & Donations (1):		331,500	292,500	288,000	38,000	43,500	67,000	139,500	
Donations									
Staff Nominated Charity	Christmas Sponsorship	12,000	10,000	12,000			12,000		
Total over \$5,000		12,000	10,000	12,000	---	---	12,000	---	
Other (total) below \$5,000		---	---	---	---	---	---	---	
Total Donations (2):		12,000	10,000	12,000	Nil	Nil	12,000	Nil	

Activity	Description/Benefit	Budget 2010/11 (\$)	Estimated Actuals 2010/11 (\$)	Budget 2011/12 (\$)	Sept	Dec	Mar	Jun	Per Head Budget 2011/12 (\$)
Advertising ¹									
Total over \$5,000		---	---	---	---	---	---	---	
Other (total) below \$5,000		---	---	---	---	---	---	---	
Total Advertising (3):		Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Corporate Entertainment									
• Staff Recognition Event	Engineering & Projects	15,000	15,537	16,000		16,000			70
• Staff Recognition Event	Network Field Services	11,000	12,900	13,000		13,000			70
• Staff Recognition Event	Network Operations	10,000	10,704	11,000		11,000			70
• Staff Recognition Event	Quarter Century Club Dinner	20,000	11,506	15,000		15,000			80
Total over \$5,000		56,000	50,647	55,000	---	55,000	---	---	
Other (total) below \$5,000		94,000	81,900	85,000	17,000	30,000	19,000	19,000	
Total Corporate Entertainment (4):		150,000	132,547	140,000	17,000	85,000	19,000	19,000	
Other									
Total over \$5,000		---	---	---	---	---	---	---	
Other (total) below \$5,000		---	---	---	---	---	---	---	
Total Other (5):		Nil	Nil	Nil	Nil	Nil	Nil	Nil	
TOTAL (1)+(2)+(3)+(4)+(5)		493,500	435,047	440,000	55,000	128,500	98,000	158,500	

¹ As a general policy, Powerlink only undertakes advertising that is directly associated with its operational activities.

Table 2: Corporate Entertainment – Details of Total Forecast Expenditure under \$5,000.

Activity	Budget 2010/11 (\$)	Estimated Actuals 2010/11 (\$)	No. of Activities 2011/12	Budget 2011/12 (\$)	Sept	Dec	Mar	Jun
Corporate Entertainment Total								
• Staff Functions	55,000	35,000	45	35,000	7,000	14,000	7,000	7,000
• Business Development	37,000	45,000	50	48,000	10,000	15,000	12,000	11,000
• Stakeholder and Community Engagement	2,000	1,900	2	2,000	---	1,000	---	1,000
Total under \$5,000:	94,000	81,900		85,000	17,000	30,000	19,000	19,000

¹ Expenditure is GST exclusive

ATTACHMENT 4**WACC CALCULATIONS**

WACC PARAMETER	AER Powerlink Determination WACC Parameter Value (June 2007)
Nominal Risk Free Rate (R_f)	5.68% (10-Year)
Market Risk Premium (MRP)	6.0%
Equity Beta (B_e)	1.0
Debt Margin	1.14% (10-Year)
Benchmark Credit Rating	BBB+
Gearing	60% Debt
"Vanilla" Discount Rate (WACC)	8.76%

ATTACHMENT 5

COMPLIANCE WITH GOVERNMENT POLICIES

Government Policies and Guidelines:

- Biannual Reporting: Guidelines for the Preparation of Interim Reports (2009)
- Code of Practice for Government Owned Corporations' Financial Arrangements (2009)
- Corporate Entertainment and Hospitality Guidelines (2008)
- Corporate Governance Guidelines for Government Owned Corporations (2009)
- Cost of Capital Principles – Government Owned Corporations (2006)
- Government Owned Corporations Air Travel Policy (2009)
- Government Owned Corporations Bargaining Guidelines (2010)
- Government Owned Corporations Governance Arrangements for Chief and Senior Executives (2009)
- Government Owned Corporations Guidelines for the Preparation of Statements of Corporate Intent and Corporate Plans (2010)
- Government Owned Corporations Release of Information Arrangements (2010)
- Government Owned Corporation Subsidiaries - Key Shareholder Requirements for Constitutions (2006)
- Government Owned Corporations Wages Policy (2010)
- Guidance for Chief Executive Officers - Agreement Making and Industrial Relations in Government Owned Corporations (2010)
- Guidelines for the Development of Employment and Industrial Relations Plans in Government Owned Corporations (2009)
- Guidelines for Export of Services by Government Owned Corporations (2001)
- Investment Guidelines for Government Owned Corporations (2009)
- Local Industry Policy: A Fair Go for Local Industry (2008)
- Minimum Disclosure Requirements for Directors and Chief and Senior Executives of Government Owned Corporations (2010)
- Minimum Employment, Industrial Relations and Job Security Principles for Government Owned Corporation Employees (2009)
- Purchasing Carbon Offsets for Queensland Government Air Travel (2008)
- QFleet ClimateSmart Policy (2008)
- Queensland Code of Practice for the Building and Construction Industry (2009)
- Sport and Recreation Sponsorship Policy (2009)
- State Procurement Policy (2010)

GLOSSARY OF ABBREVIATIONS

AEMC	Australian Energy Management Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
APR	Annual Planning Report
COAG	Council of Australian Governments
ETI	ElectraNet Transmission Investments
MCE	Ministerial Council on Energy
MITC	Market Impact of Transmission Congestion
NEM	National Electricity Market
NER	National Electricity Rules
Rules	National Electricity Rules
TNSP	Transmission Network Service Provider
UCA	Union Collective Agreement
WACC	Weighted Average Cost of Capital



POWERLINK QUEENSLAND

ABN 82 078 849 233

33 Harold Street Virginia
Queensland Australia 4014

PO Box 1193 Virginia
Queensland Australia 4014

Telephone: (07) 3860 2111
Facsimile: (07) 3860 2100

www.powerlink.com.au



This document has been printed on an environmentally-responsible paper
manufactured from 100% recycled paper waste in a process chlorine free environment.