

Amended Statement of Corporate Intent 2010-11

(with deletions of commercially sensitive information)

Prepared by the Directors and Management of Stanwell Corporation Limited
for Shareholding Ministers' approval by:

The Honourable Rachel Nolan MP
Minister for Finance and The Arts

The Honourable Stephen Robertson MP
Minister for Energy and Water Utilities



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1. Executive Summary

Generator Review

On 25 November 2010, the outcomes of the Shareholder Review of the Queensland Government Owned Corporation Generators (Genco Review) were announced. The announcement proposes the rationalisation of the 3 generators into 2 from 1 July 2011. Whilst this has significant impacts on the results and operations of Stanwell Corporation Limited (Stanwell) going forward, it has also required a review of operations for the financial year 2010-11. Accordingly an Amended Statement of Corporate Intent (SCI) has been prepared with the following key issues for noting:

- Operational projects or costs not considered appropriate to proceed due to the Genco Review will be cancelled and are anticipated to absorb the additional expenditure identified above;
- It is anticipated that Stanwell will be allocated a share of the Queensland Governments costs of the Genco Review, the quantum and timing of this amount is not known and not anticipated in the 2010-11 financial year; and

On the basis that additional expenditure flowing from the Genco Review will be absorbed through changes in the business in the lead up to 1 July 2011 and that changes in capital expenditure are not material to either the balance sheet or cash flows it is considered appropriate that the financial results remain unchanged.

Financial Performance

Our solid performance is a result of the high level of availability across our asset portfolio, prudential financial management, and the benefits of our diversified revenue stream (including coal rebate revenue).

For 2010-11, Stanwell is forecast to achieve a net profit after-tax of \$44.0 million. This equates to a return on operating assets of 6.3%, including coal export rebates, which are driven by a range of variables including international coal prices, Australian dollar-US dollar exchange rate, export volumes and the proportion of coal sold in domestic and international markets. However, with challenging electricity market conditions and difficult trading environment combined with vertically integrated energy companies controlling the timing and nature of new generation, electricity generation margins are declining and require focus.

The Challenges

One of the key challenges facing Stanwell is the impact of the reduced price of electricity due to increased surplus generation in the electricity market in Queensland (due to the commissioning of new entrant plant) and the introduction of retailers with generation capacity, which operate their generation plant to strategically minimise volatility.

Over the next decade, the energy market will experience unprecedented change primarily driven by the introduction of the Carbon Pollution Reduction Scheme ('CPRS') and emissions trading. The regulatory framework for emissions reduction will structurally alter the nature of Queensland's energy supply sector and change energy consumption patterns.

Stanwell must continue to adapt its business to respond to these new circumstances. This will occur in an environment in which:

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|--|--|
| <ul style="list-style-type: none"> ▪ access to viable gas supplies for generation will be impacted by the emerging Liquefied Natural Gas ('LNG') industry; ▪ the emergence of large vertically integrated energy companies (as both customers and competitors for Stanwell) will erode value and opportunity for generator only portfolios; ▪ capital constraints still exist and hence accessing funds to improve existing generation assets and develop new ones will be challenging; and ▪ the balance of private and public sector ownership of generation assets is changing. | <hr/> <p>Develop energy options for the future.</p> <p>Increase generation margin.</p> <hr/> |
|--|--|

The combination of all of these challenges creates uncertainty for how the industry will respond to the State's future energy needs in a timely manner.

Our Response - Profitability Improvement Initiatives

As a result of our strong and consistent generation portfolio performance and the benefits of the coal revenue sharing arrangements with Wesfarmers, Stanwell has recorded solid financial results over the past four years. However with the challenging electricity market conditions and difficult trading environment placing significant pressure on financial performance going forward, Stanwell recognises the importance of efficiency, financial management and effective trading strategies. A range of profitability improvement initiatives will be given priority in 2010-11, including achievement of operational efficiency savings targets previously committed to. On the revenue front, Stanwell has to identify potential opportunities to secure long term electricity sales. These include both existing and new customers and these opportunities will be pursued only where they improve electricity gross margins.

Our Response – Refocus of Corporate Strategies

Pending the restructure of the Queensland Government Owned Corporation electricity generators and following the Queensland Government's announcement as detailed in the *Shareholder Review of Government Owned Generators Report*, Stanwell has refocused its corporate strategies from new business development activities and growth to one of cost performance and efficiencies.

Our Response – Business Development

Despite the refocus of corporate strategies, Stanwell will continue to progress both the Burdekin Hydro project and the gas plant project, whilst ensuring that we achieve the greatest possible value and outcomes from our upstream gas investments. Securing access to gas resources under the gas strategy will provide Stanwell with real options for the future including monetising the upstream gas investments. We will contribute to the completion of an accelerated pre-feasibility study into the Wandoan Power clean coal project as part of our short-listing in the Federal Government CCS Flagship Program. We will engage early with shareholding departments on all business development activities.

Stanwell has identified Solar Thermal as our most prospective renewable technology for Queensland. The Queensland Government is attempting to secure state-based bids via the Office of Clean Energy and has a policy for Government Owned Corporation facilitation of renewable energy, including solar energy. The Federal Government is also looking to accelerate the deployment of solar through the Solar Flagship program, where significant grant funding will be made available for a 150 MW solar thermal project. Stanwell is finalising reports that consider the technology choices within solar, suitable technology suppliers and development partners and sites within Queensland.

Continued Focus on Operational Performance

Upgrades of existing assets will be undertaken including a major Unit outage of Unit 4 at Stanwell Power Station where Low Nitrous Oxide ('NOx') burners and the low pressure turbine upgrade and generator rewind will be installed. A generator rewind and core re-build will also be undertaken on Unit 2 at Barron Gorge Power Station.

Stanwell's health and safety performance has been below expectations over the past two years. We are committed to managing health and safety risks with the goal that no one gets hurt and to this end, we be implementing a new safety performance improvement plan, including adoption of the DuPont approach in a range of areas.

To assist Stanwell to comply with its future corporate governance quarterly reporting obligations to shareholding Ministers, the below summary of key performance indicators, provides an overview of Stanwell's Key Performance Indicators and 2010-11 budget figures.

Key Performance Indicators Summary

Quarter 2010-11				Key Performance Indicator	2010-11 Budget
Sept	Dec	Mar	June		
Financial					
39.3	42.5	64.5	40.4	EBITDA (\$M)	186.7
19.8	22.4	44.1	20.0	EBIT (\$M)	106.3
6.4	8.2	23.3	6.1	NPAT (\$M)	44.0
(9.7)	(8.6)	6.3	(10.3)	Economic profit (\$M)	(22.3)
4.5	5.3	11.0	4.8	Return on operating assets (%)	6.3
4.2	5.0	10.1	4.5	Return on assets (%)	5.8
4.5	6.1	17.0	4.5	Return on equity (%)	7.7
54.7	55.1	54.0	55.3	Debt/debt + Equity (%)	55.3
1.9	2.1	4.0	1.8	Interest Cover (times)	2.4
Operational performance - portfolio					
3,885.6	3,989.8	3,871.6	3,891.1	Total energy sent out (GWh)	15,638.1
63.7	66.1	67.7	66.2	Capacity factor %	65.9
86.1	87.7	96.2	94.1	Availability factor %	91.0
2.6	2.6	2.6	2.6	Forced outage factor %	2.6
				Average price earned (\$/MWh)	
				Volume weighted NEM price (\$/MWh)	
				O&M Expenditure (excluding fuel) (\$/MWh sent out)	
				Fuel cost (\$/MWh sent out)	
Operational performance – Stanwell Power Station (1,400 MW)					
1,995.2	2,047.3	1,972.7	2,022.8	Energy sent out (GWh)	8,038.0
88.2	89.2	96.6	94.0	Availability factor %	92.0
67.3	69.1	68.0	69.0	Capacity factor %	68.3
2.6	2.6	2.6	2.6	Forced outage factor %	2.6
Operational performance – Kareeya Hydro (86.4 MW)					
80.4	101.9	105.0	106.6	Energy sent out (GWh)	393.9
89.7	90.0	91.9	95.0	Availability factor %	91.7
42.1	53.4	56.3	56.5	Capacity factor %	52.0
3.0	3.0	3.0	3.0	Forced outage factor %	3.0
Operational performance – Barron Gorge Hydro (60 MW)					
20.9	27.0	112.3	27.2	Energy sent out (GWh)	187.4
30.3	46.9	94.4	94.4	Availability factor %	66.3
15.8	20.4	86.7	20.8	Capacity factor %	35.7
1.7	2.5	2.5	2.5	Forced outage factor %	2.3

Quarter 2010-11				Key Performance Indicator	2010-11 Budget
Sept	Dec	Mar	June		
Compliance, safety performance and human resources					
0	0	0	0	Environmental – Department of Environment and Resource Management (DERM) breaches	0
857.4	845.2	811.6	843.1	Greenhouse Gas Intensity - Portfolio (excluding Gladstone)(CO ₂ kg/MWh sent out)	839.1
1,803,525	1,844,731	1,780,856	1,822,910	Greenhouse Gas Emissions (tCO ₂ e)	7,252,112
0	0	0	0	All injury frequency rate	0
0	0	0	0	Lost time injury frequency rate (LTIFR) employees	0
0	0	0	0	Lost time injury duration rate (LTIDR) employees	0
0	0	0	0	Lost time injury frequency rate (LTIFR) contractors	0
10.0	10.0	10.0	10.0	Staff turnover (annualised %)	10.0
382.6	381.6	380.6	380.6	Net FTE personnel numbers	380.6
Investment					
28.0	34.5	22.6	36.6	Capital Expenditure (\$M)	122.6
				Stanwell Power Station – LP and Generator Upgrade:	
1.0	1.0	1.0	1.0	Cost performance index	1.0
1.0	1.0	1.0	1.0	Scheduled performance index	1.0
				Stanwell Power Station – Unit 4 Major Overhaul:	
1.0	1.0	1.0	1.0	Cost performance index	1.0
1.0	1.0	1.0	1.0	Scheduled performance index	1.0
				Stanwell Power Station – NOx Reduction Program:	
1.0	1.0	1.0	1.0	Cost performance index	1.0
1.0	1.0	1.0	1.0	Scheduled performance index	1.0

2. Corporate Objectives and Strategies

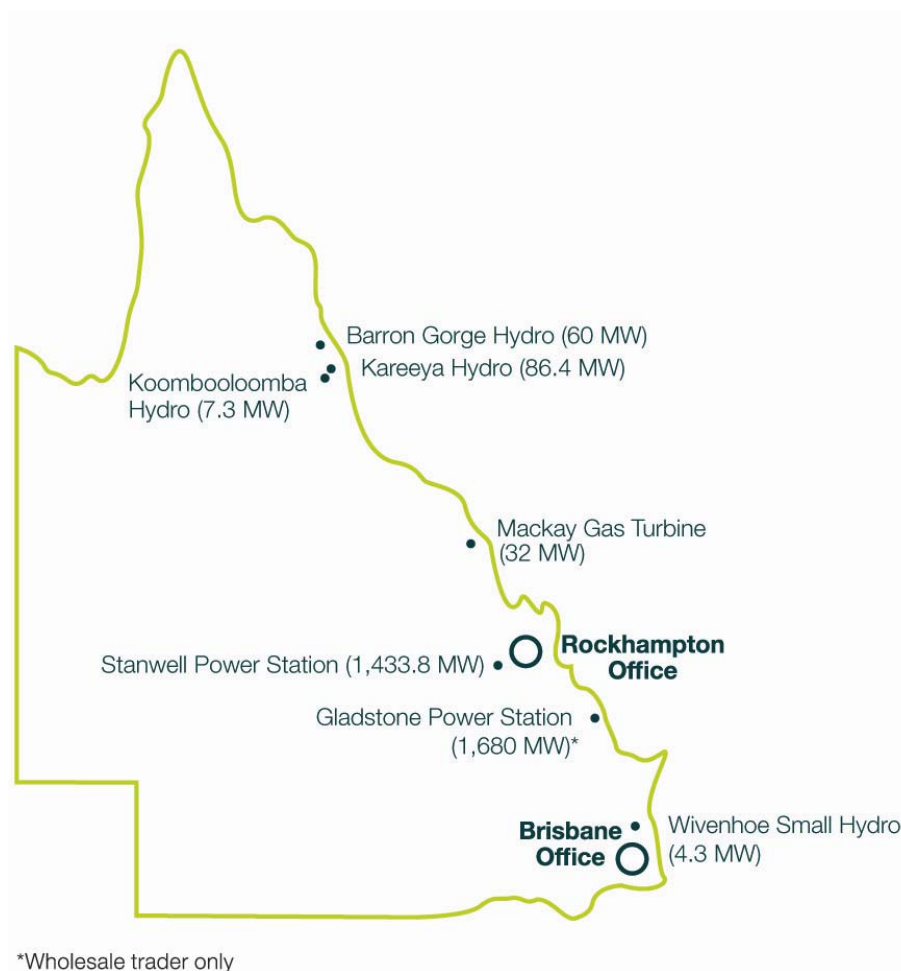
The Statement of Corporate Intent outlines the nature and scope of Stanwell strategies, objectives and actions for 2010-11 and is consistent with (and complements) our five-year Corporate Plan (2010-11 to 2014-15).

2.1 Core Business

Stanwell's core business is to generate and sell electricity, including participation in electricity trading arrangements under the *Electricity Act 1994*.

With an energy portfolio comprising coal-fired and hydro facilities throughout Queensland, Stanwell trades more than 30% of Queensland's electricity requirements. Our trading portfolio comprises:¹

- Stanwell Power Station, Central Queensland – 1,433.8 MW;
- Gladstone Power Station, Central Queensland – 1,680 MW (wholesale trader only);
- Kareeya Hydro, North Queensland – 86.4 MW;
- Barron Gorge Hydro, North Queensland – 60 MW;
- Mackay Gas Turbine, Central Queensland – 32 MW;
- Koombaloo Hydro, North Queensland – 7.3 MW; and
- Wivenhoe Small Hydro, South East Queensland – 4.3 MW.



¹ Until divestment of the Emu Downs Wind Farm in Western Australia, Stanwell (through its subsidiaries) is the owner of a 50% interest in the Emu Downs Wind Farm Joint Venture. Stanwell anticipates that the divestment of Emu Downs Wind Farm sale will complete in 2010-11.

2.2 Strategic Performance Drivers

Over the next decade, the energy market will experience unprecedented changes, primarily driven by the introduction of the Carbon Pollution Reduction Scheme ('CPRS') and emissions trading. The regulatory framework for emissions reduction will structurally alter the nature of Queensland's energy supply sector and change energy consumption patterns.

In response, Stanwell must adapt its business to capitalise on these new circumstances. This will occur in an environment in which:

- Access to viable gas supplies for generation will be impacted by the emerging Liquefied Natural Gas ('LNG') industry;
- The emergence of large vertically integrated energy companies (operating as both customers and competitors for Stanwell) will erode value and opportunity for generator only portfolios;
- Reducing operation costs are required to provide an efficiency dividend;
- Capital is constrained;
- Accessing funds to improve existing generation assets and develop new ones will be challenging; and
- The balance of private and public sector ownership of generation assets is changing.

Challenging market conditions will provide opportunities.

Stanwell's response will be cost effective and considered.

Through our strategies, Stanwell will respond to these challenges in a considered and cost-effective way, ensuring we build on our current strengths to achieve our Mission² and Vision³.

2.3 Corporate Objectives

Mission

Stanwell is an efficient and environmentally responsible organisation providing safe and reliable energy for Queensland.

Vision

By operating a diverse energy portfolio, Stanwell will:

- reduce its carbon intensity;
- capitalise on the opportunities presented by emerging industry challenges; and
- generate competitive rates of return for our shareholders.

We will achieve this by:

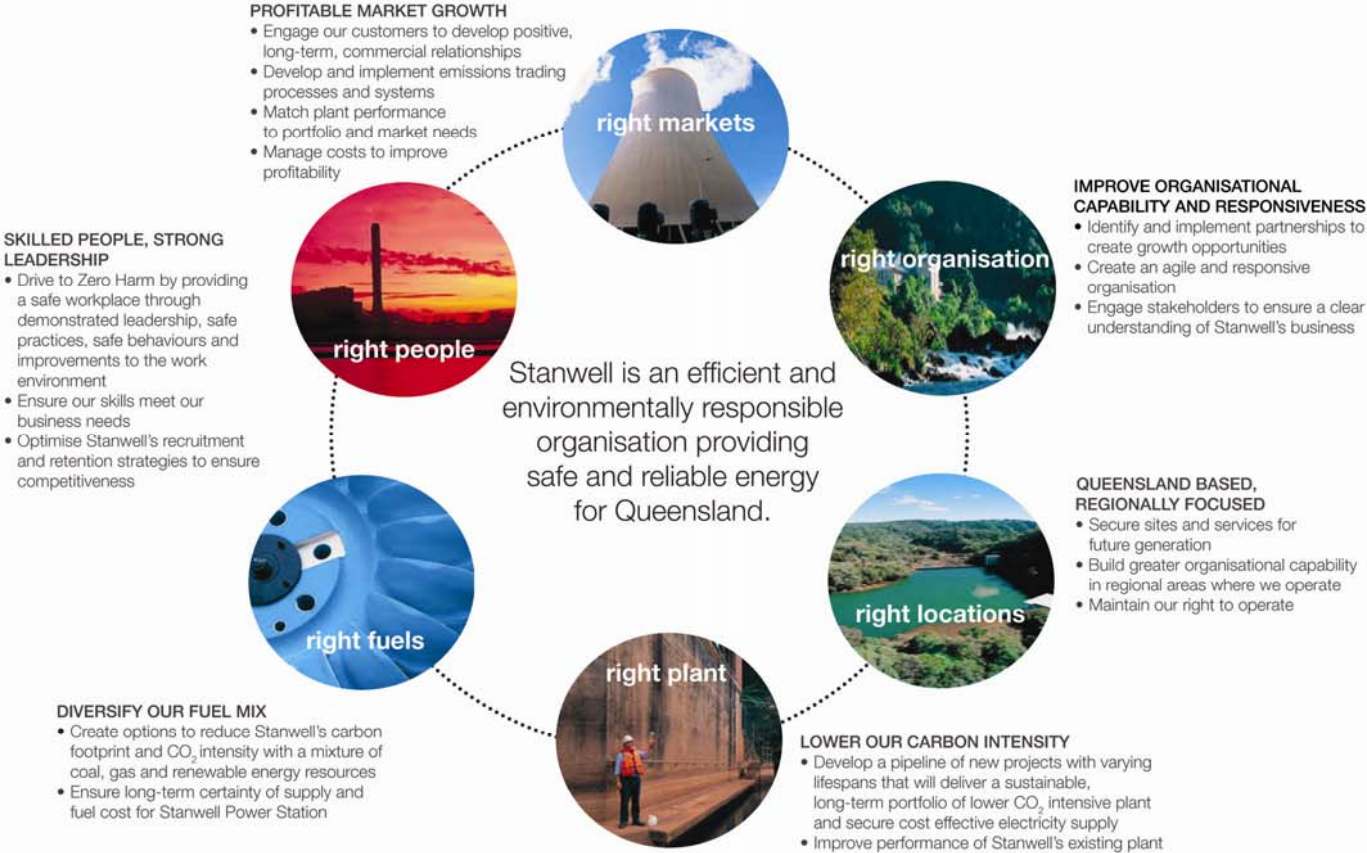
- protecting the health of our people;
- balancing our plant types and fuel sources to include coal, gas and renewables;
- improving the performance of our existing assets;
- responding to market and customer needs; and
- engaging talented people and strengthening our regional presence.

² Please refer to section 2.3 – Corporate Objectives, Mission.

³ Please refer to section 2.3 – Corporate Objectives, Vision.

OUR STRATEGIC OBJECTIVES

By operating a diverse energy portfolio, Stanwell will reduce its carbon intensity, capitalise on the opportunities presented by emerging industry challenges and generate competitive rates of return for our shareholders.



2.4 Corporate Strategies, Actions and Performance Outcomes

Consistent with our Corporate Plan 2010-11 to 2014-15, Stanwell's key corporate strategies and proposed actions for achieving our corporate objectives⁴ for 2010-11 are:

Strategic Objective: Right People – Skilled people, strong leadership		
Strategy	Rationale/Actions	Outcomes
Drive to zero harm by providing a safe workplace through demonstrated leadership, safe practices, safe behaviours and improvements to the work environment.	Implement initiatives that continue to improve our safety performance and eliminate hazards for the benefit of our employees and contractors.	Equal to or greater than 5% improvement on the AIFR (All Injury Frequency Rate) for 2009-10. OH&S Management System Audits – zero major non-compliances.
Ensure our skills meet our business needs.	Implement actions arising from the skills capability review undertaken to assess current organisational capability in relation to the delivery of Stanwell's Strategic Objectives.	Identified action plans implemented.
Optimise Stanwell's recruitment and retention strategies to ensure competitiveness.	Review Stanwell's key employee processes to ensure alignment with our future needs.	Staff turnover rate to be comparable to industry rates.
Strategic Objective: Right Markets – Profitable market growth		
Strategy	Rationale/Actions	Outcomes
Engage our customers to develop positive long term, commercial relationships.	Pursue revenue opportunities with both existing and new customers with the aim to improve gross margin. Updating our trading systems to flexibly manage our future trading needs.	Boyne Smelter Limited (BSL) Long Term Power Purchase Agreement (LTPPA) Commences 01 Jan 2011. One significant large structured value adding transaction completed.
Develop and implement Emissions Trading processes and systems. ⁵	Implement systems and processes that allow Stanwell to comply with the Carbon Pollution Reduction Scheme and associated emissions trading scheme. Monitor and review alternative Carbon reduction schemes or variations to CPRS that may emerge.	Carbon Manager appointed. Systems and processes implemented to ensure compliance to legislation prior to commencement. Plans adjusted to accommodate any change of timing or approach.
Match plant performance to portfolio and market needs.	Operate our existing portfolio plant to a regime that best meets the needs of the market.	Portfolio average availability >91%. Portfolio average forced outage factor ≤2.6%. Stanwell Power Station ('SPS') summer availability >96%. SPS 2015 and beyond project to review asset life plans and refurbishment requirements substantially progressed.
Manage costs to improve profitability. ⁶	Reduce controllable costs across the organisation to improve the return to Shareholders.	Provide an efficiency dividend to Shareholders of \$5M per year in the form of cost savings for the years 2010-11 to 2013-14.

⁴ For Stanwell's Strategic Objectives, refer to section 2.3.

⁵ The need for the Emissions Trading processes and systems is dependent upon the finalisation of legislation.

⁶ For Stanwell's approach to improving commercial returns, refer to section 4.5.

2.4 Corporate Strategies, Actions and Performance Outcomes (continued)

Strategic Objective: Right Fuels – Diversify our fuel mix		
Strategy	Rationale/Actions	Outcomes
Create options to reduce Stanwell's carbon footprint and Carbon Dioxide (CO ₂) intensity with a mixture of coal, gas and renewable energy resources.	Identify and secure access to potential energy resources.	Icon Energy Exploration Program investment. Determine if Stanwell's shareholding in Blue Energy should be maintained. Additional gas resource opportunities identified and progressed after the current gas positions are resolved. Solar data monitoring program under way at a number of locations.
Ensure long term certainty of supply and fuel cost for SPS.	Review SPS's key fuel arrangements so as to achieve a better match between supply chain flexibility and forecast market conditions.	SPS rail agreement revised to provide long term flexibility by June 2011. Complete sale of MDL 162.
Strategic Objective: Right Plant – Lower our Carbon Intensity		
Strategy	Rationale/Actions	Outcomes
Develop a pipeline of new projects with varying life spans that will deliver sustainable long term portfolio of lower CO ₂ intensive plant and secure cost effective electricity supply.	Investigate a range of project opportunities that will lead to future low emission plant.	Gas plant prefeasibility study complete. Burdekin Hydro Feasibility Study complete. Wandoan Clean Coal project with CCS – accelerated pre-feasibility study proceeds to completion. Solar Thermal Concept Study initiated.
Improve performance of Stanwell's existing plant.	Continue to develop and implement performance improvements that have a positive impact on Stanwell's portfolio emission intensity.	Barron Gorge Power Station ('BGPS') Unit 2 Generator rewind completed. SPS Unit 4 LP Turbine Upgrade and Generator Rewind completed by December 2010.

2.4 Corporate Strategies, Actions and Performance Outcomes (continued)

Strategic Objective: Right Organisation – Improve organisational capability and responsiveness		
Strategy	Rationale/Actions	Outcomes
Create an agile and responsive organisation.	Ensure we have the right systems and processes to deliver our strategic plan.	Plant Information Management System (PIMS) commitment decision reached – subject to final business case (project to make plant data available in corporate data warehouse).
Engage stakeholders to ensure a clear understanding of Stanwell's business.	Improve and maintain key stakeholder perceptions in areas where Stanwell has, or intend to have, our operations.	Key stakeholders have a clear understanding of Stanwell's business.
Strategic Objective: Right Locations – Queensland based, regionally focused		
Strategy	Rationale/Actions	Outcomes
Maintain our Right to Operate.	Manage our impact on the environment to meet legislative and permit conditions.	<p>SPS Unit 4 Low NOx burners upgrade complete by December 2010.</p> <p>Zero Level 4 and 5 environmental incidents.⁷</p> <p>No material external environmental audit non-conformances.</p> <p>Right to Operate is maintained.</p>

2.5 Operational Objectives

Stanwell's key operational objectives for 2010-11 are:

- Provide a healthy and safe workplace for all employees, contractors, sub-contractors and visitors;
- Responsibly manage the impact Stanwell's generating assets have on the environment;
- Effectively manage plant performance to position the plant to enable optimal return on investment for the life of the asset; and
- Provide technical support for growth investments and new initiatives.

⁷ Environment Definition: +Level 4 or 5 environmental incident: An event leading to material or serious environmental harm and may result in prosecution. The environmental regulator is notified.

2.6 Key Business Risks and Emerging Issues

Stanwell operates within a complex and highly regulated business environment, combining the challenges of heavy industry, infrastructure development and energy markets. These challenges introduce risks to health and safety, the environment, assets and cash flows. Significantly robust control and action programmes will be required to manage these risks on an ongoing basis.

During the 2010-11 financial year, Stanwell expects to face the following significant risks/issues:

Risk / Issue	Description	Strategic Objective
Electricity Trading Revenue	Stanwell's trading revenue is negatively impacted by the reduced price of electricity due to increased surplus generation in the electricity market in Queensland (due to commencement of new entrant plant) and the introduction of retailers with generation capacity, which operate their generation plant to strategically minimise volatility.	Right Markets
Introduction of Carbon Pollution Reduction Scheme (CPRS)	<p>Stanwell's coal-fired generation assets will attract significant liabilities upon the introduction of the CPRS.</p> <p>This will require trading new financial products (carbon permits) and developing systems and processes to support this.</p> <p>Uncertainty surrounding the passage and major elements of the legislation has reduced liquidity in forward markets for electricity, making it difficult to appropriately hedge future exposures.</p> <p>This risk is subject to many dynamic factors in the electricity and carbon markets including entrance of new gas, renewable and clean-coal plant, retirement rate of existing carbon intense coal plant and speculation within the carbon market itself.</p>	Right Fuels, Right Plant
Government initiatives for reducing carbon intensity	<p>The principal considerations for Stanwell are the incentives for gas fired power generation available through Queensland's Gas Scheme, which increases to 15% in 2010, and the increased national Renewable Energy Target of 20% by 2020.</p> <p>In general, climate change impacts upon existing assets will require longer term responses to allow plant to maintain capability as physical parameters change (ambient temperature, level of rainfall and intensity of storms).</p>	Right Plant, Right Markets, Right Locations
Coal Export Revenues	For 2010-11 Stanwell is forecast to achieve a net profit after-tax of \$44.0 million. This equates to a return on operating assets of 6.3%. However, this reduces to less than 1% excluding coal export rebates, which are driven by a range of variables including international coal prices, Australian dollar-US dollar exchange rate, export volumes and the proportion of coal deployed in domestic and international markets.	Right Markets, Right Plant
Project Development Feasibility/Approvals	<p>Stanwell will continue to develop new generation project options suitable to the business environment and in accordance with Government guidelines.</p> <p>Along with the financial effects of the CPRS, significant regulatory hurdles will affect the feasibility of projects. In particular, the regulatory regime governing CO₂ transport and sequestration will affect the degree to which clean coal projects can be commercially funded and how quickly and efficiently they can be brought to market.</p>	Right Plant
Queensland Gas Market	<p>Significant volumes of un-contracted coal seam gas are anticipated between 2010 and 2015 as gas fields 'ramp up' production to meet LNG plant feedstock demand, predominantly located in Gladstone.</p> <p>Existing and new build gas-fired generation present a channel to market for this ramp gas, leading to the possibility of 'flooding' the electricity market and depressed wholesale electricity prices.</p>	Right Fuels, Right Plant
Physical Security of Critical Infrastructure	<p>Across Australia, coal related infrastructure (including power stations) have been targeted by climate change protestors using a range of tactics including trespass and disruption of physical processes.</p> <p>Stanwell has in place security and response plans to address the risks associated with these events including safety, generation disruption, financial loss and corporate image. Stanwell is working with the Queensland Police Service and other industry participants via the Issue Motivated Infrastructure Disruption Reference Group.</p>	Right Organisation
Generator Review	The outcome of the State Government's Government Owned Corporation Generator Review has the potential to impact upon Stanwell's financial, trading and operational strategies and the achievements of its objectives	Right Organisation

3. Mandatory Matters

3.1 Financial Targets

In accordance with Stanwell's corporate objectives, Stanwell will strive to achieve the following financial performance targets during 2010–11.

Quarter 2010-11					2008-09 Actual	2009-10 Budget	2009-10 Forecast	2010-11 Budget
Sept	Dec	Mar	June					
Financial Indicators								
39.3	42.5	64.4	40.5	EBITDA (\$M)	205.3	242.0	298.7	186.7
19.8	22.4	44.1	20.0	EBIT (\$M)	278.5	167.2	221.8	106.7
6.4	8.2	23.3	6.1	NPAT (\$M)	195.6	95.2	137.6	44.0
(13.1)	(12.1)	2.7	(13.8)	Economic Profit (\$M) ⁸	N/A	38.6	53.8	(36.3) ⁹
4.5	5.3	11.0	4.8	Return on Operating Assets (%)	15.7	9.2	12.6	6.3
4.2	5.0	10.1	4.5	Return on Assets (%)	14.5	8.3	11.5	5.8
4.5	6.1	17.0	4.5	Return on Equity (%)	23.1	17.3	17.5	7.7
54.7	55.1	54.0	55.3	Debt/Debt + Equity (%)	21.2	66.0	51.0	55.3
1.9	2.1	4.0	1.8	Interest Cover (times)	22.1	5.4	7.2	2.4
Operational Performance								
Average price earned (\$/MWh)								
Volume weighted NEM price (\$/MWh)								
O&M Expenditure (excluding fuel) (\$/MWh sent out)								
Fuel Cost (\$/MWh sent out)								
Investment								
28.9	34.5	22.6	36.6	Capital Expenditure (\$M) ¹⁰	80.3	177.0	98.5	122.6

⁸ Economic Profit is: EBIT – Notional tax expense – ((total Assets – non interest bearing liabilities) * cost of capital)

⁹ Economic Profit is negative in 2010-11 due principally to lower coal rebate and electricity revenue.

¹⁰ Refer to section 4.4 for details of the Capital Expenditure Program.

3.2 Non-Financial Performance Targets¹¹

Stanwell will also undertake various operational activities to strive to achieve the following non-financial operational performance targets in relation to the overall generation portfolio in 2010–11.

Quarter 2010–11					2008–09 Actual	2009–10 Budget	2009–10 Forecast	2010–11 Budget
Sept	Dec	Mar	June					
Capacity Factor (%)								
67.3	69.1	68.0	69.0	Stanwell Power Station	68.7	71.1	70.8	68.3
42.1	53.4	56.3	56.5	Kareeya Hydro	66.0	51.1	57.9	52.0
15.8	20.4	86.7	20.8	Barron Gorge Hydro	50.4	36.8	24.6	35.7
36.9	34.3	21.2	28.8	Koombooloomba Hydro	37.3	30.3	16.8	30.3
12.6	12.6	11.8	12.8	Wivenhoe Small Hydro	10.9	6.1	8.8	12.5
63.7	66.1	67.7	66.2	Portfolio Capacity Factor ¹²	N/A	68.3	66.5	65.9
Availability (%)								
88.2	89.2	96.6	94.0	Stanwell Power Station	95.1	92.2	93.0	92.0
89.7	90.0	91.9	95.0	Kareeya Hydro	89.6	91.9	93.4	91.7
30.3	46.9	94.4	94.4	Barron Gorge Hydro	91.6	79.7	71.2	66.3
94.0	94.0	92.9	94.0	Koombooloomba Hydro	88.0	92.5	93.7	93.7
96.9	96.9	89.1	96.9	Wivenhoe Small Hydro	93.2	95.0	96.5	95.0
86.1	87.7	96.2	94.1	Portfolio Availability Factor ¹²	N/A	91.7	92.3	91.0
Planned Outage Factor (%)¹³								
9.2	8.2	0.8	3.4	Stanwell Power Station	4.4	5.4	5.3	5.4
7.3	7.0	5.1	2.0	Kareeya Hydro	8.8	5.1	4.9	5.3
68.0	50.6	3.1	3.1	Barron Gorge Hydro	8.0	17.8	27.1	31.4
1.0	1.0	2.1	1.0	Koombooloomba Hydro	6.0	2.5	1.6	1.3
1.1	1.1	8.9	1.1	Wivenhoe Small Hydro	2.0	3.0	2.5	3.0
11.3	9.7	1.1	3.3	Portfolio Planned Outage Factor ¹²	N/A	5.8	6.1	6.4
Forced Outage Factor (%)								
2.6	2.6	2.6	2.6	Stanwell Power Station	0.5	2.4	1.6	2.6
3.0	3.0	3.0	3.0	Kareeya Hydro	1.7	3.0	1.7	3.0
1.7	2.5	2.5	2.5	Barron Gorge Hydro	0.5	2.5	1.7	2.3
5.0	5.0	5.0	5.0	Koombooloomba Hydro	6.1	5.0	4.6	5.0
2.0	2.0	2.0	2.0	Wivenhoe Small Hydro	4.8	2.0	1.0	2.0
2.6	2.6	2.6	2.6	Portfolio Forced Outage Factor ¹²	N/A	2.4	1.6	2.6

¹¹ Non-Financial Targets for Mackay Gas Turbine have not been incorporated because the Mackay Gas Turbine is only expected to operate in very high spot price periods or under the direction of NEMMCO.

¹² This non-financial performance indicator was new for the 2009-10 financial year.

¹³ This includes a Maintenance Outage Factor.

3.2 Non-financial Performance Targets (continued)

Quarter 2010-11					2008-09 Actual	2009-10 Budget	2009-10 Forecast	2010-11 Budget
Sept	Dec	Mar	June					
Environment								
0.0	0.0	0.0	0.0	Level 4 and 5 incident ¹⁴	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	Environmental Breaches - DERM ¹⁵	0.0	0.0	0.0	0.0
903.9	901.1	902.8	901.2	Greenhouse Gas Intensity ¹⁶ – Stanwell Power Station only (CO ₂ kg/MWh sent out)	927.6	902.0	900.0	902.2
857.4	845.2	811.6	843.1	Greenhouse Gas Intensity ¹⁶ – Portfolio(excluding Gladstone) (CO ₂ kg/MWh sent out)	843.1	839.0	839.3	839.0
1,803,525	1,844,731	1,780,856	1,822,910	Greenhouse Gas Emissions (tCO ₂ e)	7,277,109	7,200,597	7,344,450	7,252,112
108.2	135.4	221.6	139.4	Renewable Energy Production (GWh sent out)	758.5	601.2	590.0	604.6
Health and Safety¹⁷								
0.0	0.0	0.0	0.0	All injury frequency rate	173.4	0.0	115.0	0.0
0.0	0.0	0.0	0.0	LTIFR (Employees)	1.5	0.0	10.4	0.0
0.0	0.0	0.0	0.0	LTIFR (Contractors)	21.1	0.0	4.2	0.0
0.0	0.0	0.0	0.0	LTISR (Employees)	24.4	0.0	84.9	0.0
0.0	0.0	0.0	0.0	LTIDR (Employees)	16.0	0.0	8.1	0.0
0.0	0.0	0.0	0.0	Notifiable Incidents(Stanwell)	6.0	0.0	10.0	0.0
Corporate Governance, Reporting and Compliance (%)¹⁸								
100	100	100	100	Timely compliance with data submission and reporting requirements	100	100	100	100

¹⁴ Environment Definition: +Level 4 or 5 environmental incident: An event leading to material or serious environmental harm and may result in prosecution. The environmental regulator is notified.

¹⁵ Number of Environmental Protection Act penalty infringement notices or prosecution actions. This was a new non-financial performance indicator for the 2009-10 financial year.

¹⁶ Previously Greenhouse Gas Intensity was reported as Carbon Intensity.

¹⁷ Stanwell strives to maintain a continuous focus on the health and safety of all employees, contractors and visitors.

¹⁸ Stanwell strives to achieve the highest standards of corporate governance, with a particular focus on compliance with all Government policies and reporting requirements to ensure that Shareholding Ministers and Stanwell's Board is provided with the level of financial and non-financial information necessary for informed decision making.

3.2 Non-financial Performance Targets (continued)

Quarter 2010–11					2008–09 Actual	2009–10 Budget	2009–10 Forecast	2010–11 Budget
Sept	Dec	Mar	June					
Human Resources								
10.0	10.0	10.0	10.0	Personnel turnover (annualised)	8.0	0.0	10.0	10.0
382.6	381.6	380.6	380.6	Net FTE personnel numbers	373.3	395.5	395.5	380.6
Energy Sent Out (GWh)								
1,995.2	2,047.3	1,972.7	2,022.8	Stanwell Power Station	7,845.3	7,942.8	8,160.5	8,038.0
0.0	0.0	0.0	0.0	Mackay Gas Turbine	0.1	0.0	0.1	0.0
80.4	101.9	105.0	106.6	Kareeya Hydro	495.4	386.7	446.4	393.9
20.9	27.0	112.3	27.2	Barron Gorge Hydro	264.2	193.5	129.4	187.4
5.7	5.3	3.2	4.4	Koombooloomba Hydro	22.7	18.6	10.3	18.6
1.2	1.2	1.1	1.2	Wivenhoe Small Hydro	4.1	2.3	3.9	4.7
1,782.2	1,807.1	1,677.3	1,728.9	Gladstone Power Station	7,541.1	7,426.3	7,471.3	6,995.5
3,885.6	3,989.8	3,871.6	3,891.1	Total Energy Sent Out	16,300.8	15,970.2	16,221.9	15,638.1
(1,806.4)	(1,806.4)	(1,767.2)	(1,786.7)	Gladstone Power Station Purchases ¹⁹	(7,166.7)	(7,166.6)	(7,166.7)	(7,166.7)
2,079.2	2,183.4	2,104.4	2,104.4	Net Energy Sent Out	9,134.1	8,803.6	9,055.2	8,471.4

¹⁹ This relates to the purchases made to meet the 810 MW commitment to Boyne Smelter Limited.

3.3 Assumptions

Stanwell's achievement of its performance outcomes is predicated on the following assumptions:

	2008–09 Actual	2009–10 Budget	2009–10 Forecast	2010–11 Budget
Economic Indices				
CPI (%) ²⁰	3.1	3.1	3.1	3.0
Wages Growth (%) ²¹	5.16	4.5 ^{plus}	4.5 ^{plus}	4.5 ²²
Long Term Interest Rates (%)	7.0	6.7	6.7	6.6
Dividend Payout Ratio (%) ²³	80.0	80.0	80.0	80.0
Electricity Revenue				
Average price earned (\$/MWh)				
Volume weighted NEM price (\$/MWh)				
Total Revenue:				
Net Pool Sales (\$M)				
Contract (\$M)				
Ancillary Services (\$M)				
Other (\$M)				
Volume of Contracts:				
Flat Contracts (MW)				
Average Strike Price for Contracts:				
Flat Contracts (\$/MWh)				
Other (whole of meter renewable energy contracts) (\$/MWh)				
Coal Rebate Revenue				
Exchange Rate US\$				
Average Reference Price (A\$)				
Volume (million tonnes)				
Total Coal Rebate Revenue (\$M)				

²⁰ Source: Access Economics five year forecasts.

²¹ The Wage Growth % is predominantly determined as a result of the finalisation of EBA negotiations.

²² Stanwell will comply with the Government Owned Corporations Wages Policy as existing EBAs expire and require re-negotiation.

²³ The dividend forecast represents 80% of net profit after tax however dividends paid may be adjusted to exclude asset impairment adjustments or unrealised gains in the fair value of derivatives that may be recognised in each financial reporting period.

3.3 Assumptions (continued)

	2008–09 Actual	2009–10 Budget	2009–10 Forecast	2010–11 Budget
Other Revenue				
REC Price (\$/REC)				
REC volume sold				
NGAC price (\$/NGAC)				
NGAC volume sold ('000s)				
NEM				

Time-weighted annual pool price (\$/MWh)				
Energy				
Total energy produced (GWh)				
Total Energy sent out (GWh)	16,300.8	15,970.2	16,221.9	15,638.1
Energy used (GWh)				
Contract Volume sold (GWh)				

3.4 Community Service Obligations

No Community Service Obligations have been identified for Stanwell for 2010-11.

3.5 Employment and Industrial Relations Plan

An Employment and Industrial Relations Plan meeting the requirements of Section 171 of the *Government Owned Corporations Act* ('GOC Act') has been provided to shareholding Ministers and is included as Attachment 1.

For an outline of the key features and significant and emerging issues associated with Stanwell's Employment and Industrial Relations Plan, please refer to sections 4.8 and 4.9.

4. Additional Matters

4.1 Financials – Group Consolidated

4.1.1 Income Statement – Group Consolidated

Quarter 2010-11				\$M	2008-09 Actual	2009-10 Budget	2009-10 Forecast ⁴⁷	2010-11 Budget
Sept	Dec	Mar	June					
Operating Revenue								
97.2	103.7	114.4	87.4	Sales of Electricity	423.0	416.2	440.6 ⁴⁸	402.7
				Coal Revenue				
4.8	7.1	5.2	5.2	Other ⁴⁹	54.0	4.8	22.6	22.3
121.0	131.9	143.5	122.4	TOTAL OPERATING REVENUE	664.4	570.5	620.7	518.8
Operating Expenses								
				Fuel (Energy Inputs)				
				O&M (Production Processes)				
				Depreciation and Amortisation				
				Business Expansion	-			
				Employee Expenses (Internal Labour)				
				Other (includes Enabling Processes and Network Charges)				
100.7	102.1	98.8	102.9	TOTAL OPERATING EXPENSES	378.6	396.0	406.3	404.5
20.3	29.8	44.7	19.5	OPERATING PROFIT	285.8	174.5	214.4	114.3
Non-Operating Revenue & Expenses								
1.5	1.3	0.3	0.6	Non-Operating Revenue ⁵⁰	20.4	4.2	19.5	3.7
2.0	8.7	0.9	0.1	Non-Operating Expenses	24.5	11.5	12.2	11.7
(0.5)	(7.4)	(0.6)	0.5	NON-OPERATING PROFIT/ (LOSS)	(4.1)	(7.3)	7.3	(8.0)
19.8	22.4	44.1	20.0	EARNINGS BEFORE INTEREST AND TAX	281.7	167.2	221.7	106.3
10.7	10.7	11.0	11.0	Interest Expense	15.8	31.2	31.0	43.4
2.8	3.5	10.0	2.6	Income Tax Expense	70.3	40.8	53.1	18.9
6.3	8.2	23.1	6.4	PROFIT AFTER TAX	195.6	95.2	137.6	44.0

⁴⁷ 2009-10 Forecast does not include any asset impairments or mark to market adjustments.

⁴⁸ Increase due to the inclusion of full year revenue for Emu Downs Wind Farm (EDWF) and expectation of higher than budgeted pool prices.

⁴⁹ Increase due to the inclusion of full year REC revenue for EDWF and increased Economy Purchase Energy in relation to the IPPA.

⁵⁰ Increase due to lower REC liability in relation to Gladstone IPPA.

4.1.1 Income Statement – Group Consolidated (continued)

Quarter 2010-11				\$M	2008-09 Actual	2009-10 Budget	2009-10 Forecast ⁵¹	2010-11 Budget
Sept	Dec	Mar	June					
				Transaction with Owners as Owners				
n/a	n/a	n/a	n/a	Equity Injections/Withdrawals	-	-	-	-
n/a	n/a	n/a	n/a	Dividends provided for or paid	148.9	76.2	110.1	35.2
n/a	n/a	n/a	n/a	Dividend payout ratio (%)	80.0	80.0	80.0	80.0
n/a	n/a	n/a	n/a	Adjustment to NPAT pre- dividend calculation	(9.4)	-	-	-
n/a	n/a	n/a	n/a	RETAINED PROFITS AT THE END OF THE PERIOD	195.6	19.0	27.5	8.8

⁵¹ 2009-10 Forecast does not include any asset impairments or mark to market adjustments.

4.1.2 Balance Sheet – Group Consolidated

Quarter 2010-11				\$M	2008-09 Actual	2009-10 Budget	2009-10 Forecast	2010-11 Budget
Sept	Dec	Mar	June					
Current Assets								
117.4	21.0	38.9	31.3	Cash	162.7	30.7	135.2	31.3
91.1	98.7	107.7	91.8	Receivables	99.9	54.0	95.3	91.8
50.7	50.4	49.9	51.0	Inventories	47.5	31.8	49.9	51.0
103.3	102.5	101.7	100.4	Other	196.8	166.5	194.0	100.4
362.5	272.6	298.2	274.5	TOTAL CURRENT ASSETS	506.9	283.0	474.4	274.5
Non-Current Assets								
1,420.5	1,411.7	1,403.6	1,378.5	Property, Plant and Equipment	1,322.7	1,447.6	1,343.8	1,378.5
101.6	101.6	101.6	101.6	Other	101.6	207.4	101.6	101.6
1,522.1	1,513.3	1,505.2	1,480.1	TOTAL NON-CURRENT ASSETS	1,424.3	1,655.0	1,445.4	1,480.1
1,884.6	1,785.9	1,803.4	1,754.6	TOTAL ASSETS	1,931.2	1,938.0	1,919.8	1,754.6
Current Liabilities								
117.2	96.1	96.2	89.9	Creditors	68.5	74.0	87.5	89.9
56.5	20.4	30.5	56.9	Provisions	184.7	111.4	140.6	56.9
102.8	102.8	102.8	102.8	Other	103.7	299.3	103.5	102.8
276.5	219.3	229.5	249.6	TOTAL CURRENT LIABILITIES	356.9	484.7	331.6	249.6
Non-Current Liabilities								
657.1	697.1	697.1	657.1	Borrowings	257.1	637.2	637.1	657.1
310.3	305.1	299.8	315.9	Other	360.2	487.2	338.7	315.9
967.4	1,002.2	996.9	973.0	TOTAL NON-CURRENT LIABILITIES	617.3	1,124.4	975.8	973.0
1,243.9	1,221.5	1,226.4	1,222.6	TOTAL LIABILITIES	974.2	1,609.1	1,307.4	1,222.6
640.7	564.4	577.0	532.0	NET ASSETS	957.0	328.9	612.4	532.0
Shareholders Equity								
303.4	303.4	303.4	303.4	Share Capital	776.3	303.7	396.2	303.4
35.0	35.0	33.9	35.1	Reserves	23.5	(143.8)	31.5	35.1
202.7	215.7	258.4	193.5	Retained Earnings	157.2	169.0	184.7	193.5
541.1	554.1	595.7	532.0	TOTAL SHAREHOLDERS' EQUITY	957.0	328.9	612.4	532.0

4.1.3 Equity Injections/(Withdrawals) – Group Consolidated

Quarter 2010-11				\$M	2008-09 Actual	2009-10 Budget	2009-10 Forecast	2010-11 Budget
Sept	Dec	Mar	June					
-	-	-	-	- Equity injections	-	-	-	-
(92.8)	-	-	-	- Equity withdrawals	-	(472.5)	(380.0)	(92.8)
(92.8)	-	-	-	- Net Equity	-	(472.5)	(380.0)	(92.8)

4.1.4 Dividends and Tax Equivalent Payments – Group Consolidated

Quarter 2010-11				\$M	2008-09 Actual	2009-10 Budget	2009-10 Forecast	2010-11 Budget
Sept	Dec	Mar	June					
n/a	n/a	n/a	n/a	Dividends provided	148.9	76.2	110.1	35.2
2.8	3.5	10.0	2.6	Current income tax expense	70.3	40.8	53.1	18.9

4.1.5 Cash Flow Statement – Group Consolidated

Quarter 2010-11				\$M	2008-09 Actual	2009-10 Budget	2009-10 Forecast	2010-11 Budget
Sept	Dec	Mar	June					
Cash Flows from Operating Activities								
125.1	129.5	141.4	133.5	Cash Receipts in the Course of Operations	658.7	593.7	643.6	529.5
(84.5)	(80.9)	(79.4)	(82.0)	Cash Payments in the Course of Operations	(350.0)	(329.5)	(327.6)	(326.8)
(11.1)	(10.7)	(10.9)	(10.9)	Borrowing Costs Paid	(15.1)	(27.4)	(26.9)	(43.6)
(18.5)	(9.8)	(10.6)	(11.5)	Income Tax Equivalent	(105.4)	(57.5)	(80.0)	(50.4)
11.0	28.1	40.5	29.1	NET CASH PROVIDED BY OPERATING ACTIVITIES	188.2	179.3	209.1	108.7
Cash Flows from Investing Activities								
92.8	-	-	-	Receipts – Sale of Property, Plant and Equipment	0.0	92.5	2.3	92.8
(28.9)	(34.5)	(22.6)	(36.5)	Payments for Property, Plant and Equipment	(121.3)	(169.3)	(90.0)	(122.5)
63.9	(34.5)	(22.6)	(36.5)	NET CASH USED IN INVESTING ACTIVITIES	(121.3)	(76.8)	(87.7)	(29.7)
Cash Flows from Financing Activities								
-	20.0	-	-	Proceeds from Borrowings	126.6	380.0	380.0	20.0
(92.8)	-	-	-	Capital Return – Share Buy Back	-	(472.5)	(380.0)	(92.8)
-	(110.1)	-	-	Dividends Paid	(92.1)	(153.3)	(148.9)	(110.1)
(92.8)	(90.1)	-	-	NET CASH USED IN FINANCING ACTIVITIES	34.5	(245.8)	(148.9)	(182.9)
(17.9)	(96.5)	17.9	(7.4)	Net Increase/(Decrease) in Cash Held	101.4	(143.3)	(27.5)	(103.9)
135.2	117.3	20.8	38.7	Cash at the Beginning of the Period	61.3	174.1	162.7	135.2
117.3	20.8	38.7	31.3	CASH AT THE END OF THE PERIOD	162.7	30.8	135.2	31.3

4.2 Financials – Wind Portfolio Group⁵²

4.2.1 Sale of Wind Portfolio Group

The Wind Portfolio Group is a 100% owned subsidiary of Stanwell Corporation Limited which, through EDWF Holdings 1 Pty Ltd, holds a 50% joint venture share in the Emu Downs Wind Farm in Western Australia. The Wind Portfolio Group's contribution to the results of Stanwell for the year to 30 June 2010 are forecast to be \$3.4 million, and net asset position as at 30 June 2010 it is forecast to be \$92.8 million, including a forecast cash balance of approximately \$10 million.

It is anticipated that the divestment of the Wind Portfolio Group assets, which commenced in 2007 at the direction of the Queensland Government, will be completed in the 2010-11 financial year. It has been assumed that the proceeds on sale will be equal to the book value of the net assets of the Wind Portfolio Group and that the proceeds will be repatriated to the State via a capital repatriation.

As a result of the anticipated sale date and assumptions as to proceeds, no separate financial statements of the Wind Portfolio Group have been provided. The impact on Stanwell's financial statements of the sale will be minimal, with a loss of financial contribution to the income statement of approximately \$3.4 million per annum and a reduction in net assets of \$92.8 million. Any dividends paid prior to sale will maintain some of this asset value in Stanwell.

4.2.2 Financial Contributions – Wind Portfolio Group

Subsidiary/Group	Ownership	Contribution to Group 2009-10 Forecast \$M	Contribution to Group 2010-11 Budget \$M
Wind Portfolio Pty Ltd	100%	(1.2)	-
EDWF Holdings 1 Pty Ltd	100%	4.6	-
TOTAL GROUP		3.4	-

⁵² The Energy Portfolio Group consisting of two new subsidiaries incorporated in the 2009-10 financial year, Energy Portfolio 1 Pty Ltd and Goondi Energy Pty Ltd, is not discussed above as the entities were not operating entities as at 1 July 2010.

4.3 Main Undertakings and Businesses

4.3.1 Generation Assets

Stanwell trades the following generation assets as at 30 June 2010:

Asset	Ownership %	Type/ Operation	Unit Size (MW)	No of Units	Total Capacity (MW)
Stanwell (rated)	100	Coal-fired/baseload	365.0	2	1,433.8
			351.9	2	
Gladstone PPA	Wholesale trader only	Coal-fired/baseload	280.0	6	1,680.0
Mackay Gas Turbine	100	Gas turbine	32.0	1	32.0
Kareeya Hydro	100	Hydro	21.6	4	86.4
Barron Gorge Hydro	100		30.0	2	60.0
Koombooloomba Hydro	100		7.3	1	7.3
Wivenhoe Small Hydro	100		4.3	1	4.3
Total Capacity⁵³					3,303.8

4.3.2 Acquisitions and Disposals

No acquisitions are anticipated in the 2010-11 year. The only disposal of significance relates to the divestment of the Wind Portfolio Group – refer to 4.2.1 for further details.

A sale process of MDL 162 is currently underway and is anticipated to be completed during 2010-11 however no proceeds from this sale have been included in the 2010-11 Budget.

4.4 Capital Expenditure Program

4.4.1 Repairs, Maintenance and Renewals

Description	Total Cost \$M	2010-11 Budgeted Cost \$M	Purpose and Objective	Project Status
Stanwell Power Station – Unit 4 Major Overhaul	23.5	22.6	Renewal and repairs	To be approved
Stanwell Power Station – Low Pressure Turbine and Generator Upgrade	89.4	21.2	Upgrade	Board and Shareholder approved
Barron Gorge Hydro – Generator Rewind	11.1	5.5	Upgrade/maintenance	Board approved
Stanwell Power Station – NOx Reduction Program	36.0	8.7	Upgrade	Board approved
IT Hardware and Software Upgrades	15.8	15.8	Upgrade	To be approved
Total	175.8	73.8		

⁵³ Until divestment of the Emu Downs Wind Farm in Western Australia, Stanwell (through its subsidiaries) is the owner of a 50% interest in the Emu Downs Wind Farm Joint Venture. It has been assumed that the Emu Downs Wind Farm sale will complete in 2010-11 for proceeds equal to the book value of the net assets, and that the proceeds are repatriated to the State via a capital repatriation.

4.4.2 Major Maintenance and Business Improvement Activities 2010-11

Stanwell Power Station – Unit 4 Major Overhaul – The planned major unit overhaul is part of the routine maintenance program for the purpose of recovering useful life of plant to deliver the reliability necessary to achieve production targets. During overhauls and statutory inspections, major repairs and plant modifications are undertaken. Major overhauls are part of routine maintenance plans and are performed every 3.5 to 4 years. An overhaul requires a Unit to be taken out of service for at least 28 days or longer depending on the condition of the plant and scope of work. The Unit 4 overhaul is scheduled to commence 30 August 2010 with the expected return to service being prior to 29 October 2010.

Stanwell Power Station – Low Pressure (LP) Turbine and Generator Upgrade – This project involves the replacement of the LP turbine rotor and blades and the fixed diaphragms with a new improved design. The principal benefits of this project are increases in both efficiency and capacity. The efficiency improvements will reduce the level of greenhouse gas emissions for the same level of production from SPS by approximately 2.25% or 170,000 tonnes per annum and an increase in unit capacity of 7 MW. The third of the four LP Turbine and Generator upgrades will be occurring during the Unit 4 overhaul in August 2010.

Stanwell Power Station – NOx Reduction Program – The aim of this project is to reduce the NOx emissions of SPS through the installation of low NOx burners designed to burn the coal in two stages, reducing combustion temperatures and hence the formation of NOx. An outage of approximately six weeks is required for the installation of low NOx burners. The proposed installation schedule has the first three units installed during the extended LP turbine and generator upgrade outages. The final unit requires an additional two weeks added to the duration of a normal maintenance outage for Unit 1 with installation on the final unit expected in August 2012

Barron Gorge Hydro – Unit 2 Generator Rewind – The Barron generators were commissioned in 1963 and reached the end of their reliable life. This project provides a complete refurbishment of the generators to extend the life for a further 40 years. Following defects discovered on unit 1 the scope of works has been increased to include a stator core re-build in addition to the stator rewind and rotor refurbishment. The unit 1 refurbishment was commenced in June 2009 with unit 2 to commence in June 2010 for completion by January 2011.

4.4.3 Business Development (material capital expenditure on projects being considered)⁵⁴

Stanwell is investigating a range of options for the future that will provide opportunities to lessen our portfolio carbon intensity and also provide additional generation to meet the market needs.

These options could include enhancements to Stanwell's existing plant or the development of new capacity depending upon the future requirements of the market and Stanwell's shareholding Ministers.

Description	Purpose and Objective	Est. Actual (\$M)	2010-11 Budgeted Cost (\$M)	Total Budgeted Cost (\$M)	Current Project Status
Icon Energy Exploration Program (ATP626)	Stanwell takes a proposed equity share in gas exploration and development fields with private partners.				Exploration
Burdekin Hydro	Feasibility study for development of renewable energy to reduce overall portfolio carbon intensity.				Feasibility
Gas Power Project (Project N)	Feasibility Study into the development of a gas turbine plant and permitting of sites to diversify the generation portfolio and reduce overall portfolio carbon intensity.				Prefeasibility

⁵⁴ Business Development initiatives remain subject to shareholding Minister approval and a clear and demonstrated need for additional capacity in accordance with current government policy.

4.4.4 Assets Under Construction

There are no other assets falling within this category.

4.4.5 Approved Capital Expenditure Not Yet Undertaken

There is no expenditure with shareholding Ministerial approval that has not been undertaken.

4.4.6 Proposed Capital Expenditure (Projects expected to be approved during 2010-11)

Description	Purpose and Objective	2010-11 Budgeted Cost (\$M)	Current Project Status
Gas Power Project ⁵⁵ (Project N)	Feasibility Study into the development of a gas turbine plant and permitting of sites to diversify the generation portfolio and reduce overall portfolio carbon intensity.		Prefeasibility
Total			

4.4.7 Capital Investment Performance Indicators

The following capital projects meet the thresholds for reporting, being greater than \$20 million for notification and \$75 million for shareholding Minister approval. Cost and schedule performance indices will be measured and reported⁵⁶, with targets set as follows:

Quarter 2010-11				Capital Investment	2008-09	2009-10	2009-10	2010-11
Sept	Dec	Mar	June		Actual	Budget	Forecast	Budget
				Stanwell Power Station – Low Pressure Turbine and Generator Upgrade:				
1.0	1.0	1.0	1.0	Cost performance index	N/A	1.0	1.0	1.0
1.0	1.0	1.0	1.0	Scheduled performance index	N/A	1.0	1.0	1.0
				Stanwell Power Station – Unit 4 Major Overhaul:				
1.0	1.0	1.0	1.0	Cost performance index	N/A	1.0	1.0	1.0
1.0	1.0	1.0	1.0	Scheduled performance index	N/A	1.0	1.0	1.0
				Stanwell Power Station – NOx Reduction Program:				
1.0	1.0	1.0	1.0	Cost performance index	N/A	1.0	1.0	1.0
1.0	1.0	1.0	1.0	Scheduled performance index	N/A	1.0	1.0	1.0

⁵⁵ As directed in the letter from shareholding Ministers dated 3 December 2009, progressing the Gas Power Project to feasibility stage will require approval by shareholding Ministers. It is anticipated that Board and shareholding Ministerial approval will be sought prior to 30 June 2011.

⁵⁶ The figures for Capital Investment Performance are expressed as indices and 1.0 represents that the Capital Investment project is proceeding as planned / on target.

4.5 Major Initiatives Being Undertaken

4.5.1 Operational Efficiencies Savings Targets

Stanwell is on track to deliver the 2009-10 operational efficiency savings without impacting on operational performance. The required target of \$5 million per annum from 2010-11 ongoing will be achieved through a number of initiatives, including:

- greater utilisation of existing employee's skills and advice supported by a targeted reduction in average vacancy rate. There is a greater emphasis on timely recruitment, reduced contractor utilisation for backfilling vacant positions and reduced contractor spend for expert advice that should be available internally;
- re-examining the timing of elements of investment in the Business Growth strategy; and
- greater risk/reward based scrutiny of operating projects and contract renewals to obtain better value for money, and a renewed emphasis on discretionary expenditure such as travel, entertainment and contracted labour costs.

These initiatives have been applied in the preparation of the five year forecast supporting the Statement of Corporate Intent and Corporate Plan, to identify the required level of savings against the 2008 Mid Year Review benchmark. The table below reflects the anticipated savings based on the key areas originally identified in the 2008 Mid Year Review.

Cost Savings	2010-11 \$'000
Total Production Processes Excluding GPS	388
Total Enabling Processes	1,778
Business Expansion	474
Pre-Feasibility Project Expenses	1,572
Employee Expenses	1,495
Total	5,706

Having applied the initiatives and confirmed the savings as part of the 2010-11 five year forecast, these savings will be locked in by ensuring that the five year forecast is not exceeded. The following controls will be used to contain and monitor expenditure during the financial year:

- Expenditure Review Committee, and
- Organisational forecasting and monthly budget reviews by the Chief Executive Officer and Chief Financial Officer with site and corporate management.

Stanwell will report on the success of achieving these cost savings through the Quarterly Report to Shareholding Ministers. Although reported quarterly, the success will be measured on an annual basis.

4.5.2 Profitability Improvement Initiatives

With the challenging electricity market conditions, a difficult trading environment as well as the continued appreciation of the Australian dollar impacting on coal rebate revenue, there remains significant pressure on financial performance going forward.

A range of new efficiency, financial management and effective trading strategies/initiatives will be given priority in 2010-11, with a view to improving the profitability of Stanwell. The focus of these will be biased to revenue improvement, however cost improvement will continue to ensure ongoing achievement of operating efficiency savings targets as noted above. This reflects the reality that commercial returns on the generation business segment will not be delivered from cost improvement alone. The new strategies/initiatives include:

- Increasing margin through diversification of customers and products including more direct sales to large customers e.g. BSL additional load agreement, and margin sharing arrangements;
- Focus on upstream gas strategies with the option to monetise or use the output/assets generated through the development;
- Review of surplus and non core assets including MDL 162, various land parcels and investments held with view to provide appropriate working capital and reduce operating costs currently incurred on these assets;
- Maximise the value of Curragh coal resources through opportunities for additional coal exports and management of foreign exchange risk;
- Optimisation of the utilisation and dispatch of the Gladstone Power Station/Stanwell Power Station portfolio;
- Review of the workforce plan with specific consideration given to productivity efficiencies and the appropriate use of external contractors;

Review of generation operating costs and capital expenditure with consideration to be given to the level of availability targets, costs of meeting the targets and expenditure relating to the current asset life plans; and

Optimisation of the duration and conduct of future Stanwell Power Station outages.

4.5.3 Climate Adaptation

Stanwell, through its Climate Change Adaptation working group, is undertaking a range of initiatives to ensure a risk based approach to climate adaptation matters is incorporated into Stanwell's business planning and operation, and to ensure that Stanwell is CPRS ready. This involves:

- Obtaining climate change model predictions and using these and carbon cost forecasts in asset life planning processes;
- Using specialist modelling services to forecast cost-of-carbon curves;
- Developing and refining emissions recording and calculation tools to support Stanwell's emissions and energy reporting obligations;
- Implementing systems and processes that allow Stanwell to comply with the CPRS and associated emissions trading scheme. This includes ensuring the specification of the new electricity trading deal capture and settlement system includes emissions trading;
- Undertaking efficiency improvements to reduce emissions from existing plant;
- Tailoring research and development expenditure to focus on technologies that are more applicable to a carbon constrained economy; and
- Finding the right opportunities with high returns to present sound development business cases to allow Stanwell to renew if not grow in the carbon constrained world. This will include furthering the Gas Power Project (refer to 4.5.4 below) and positioning the Corporation for the opportunities that 'ramp' gas may provide.

4.5.4 Gas Strategy Development

Stanwell has a strategic objective of 300 MW gas fired generation by 2015. Further detailed work with advisers and Government has confirmed the business case for 300 MW of gas capacity in the Stanwell portfolio, now called Project N. This business case included detailed modelling of the gas required to bank a project and the need for a portfolio approach to securing access to gas.

Stanwell will have a continued focus on execution of strategy with Icon Energy and Blue Energy as well as identifying any other appropriate opportunities to present to stakeholders.

4.5.5 Gladstone Power Station Revised IPPA

Stanwell successfully renegotiated a revised Gladstone IPPA (2009 IPPA) which is conditional on Australian Competition and Consumer Commission (ACCC) and Australian Energy Regulator (AER) approval.

Authorisation of the IPPA related agreements by the ACCC and AER are progressing. The ACCC draft determination was issued on 22 April 2010 and the final determination is expected shortly. Stanwell has sent a draft submission on the 2009 IPPA to the AER for consideration in parallel with the ACCC consideration of the broader Gladstone Power Station (GPS) Agreements.

The 2009 IPPA is an important deliverable and ensures GPS will be operated and dispatched in line with market requirements and in a way which maximises value to Stanwell.

4.6 Sponsorship, Advertising, Corporate Entertainment, Donations and Other Activities

Consistent with the *Corporate Entertainment and Hospitality Guidelines* and Stanwell's Corporate Entertainment and Hospitality Policy, Stanwell has budgeted the following amounts for all Sponsorship, Advertising, Corporate Entertainment, Donations and Other Related Activities for the 2010-11 year (over and under \$5,000⁵⁷). Full details of the budgeted expenditure are provided in Attachment 5 to the Statement of Corporate Intent.

Activity	2009-10 (\$)	2009-10 Est. Actual (\$)	2010-11 Budget (\$)
Sponsorship	463,500	463,500	436,500
Advertising ⁵⁸	25,800	18,906 ⁵⁹	20,900
Corporate Entertainment	184,900	116,956 ⁵⁹	155,150
Donations	-	-	-
Other Related Activities	31,645	31,645	31,645
Total	705,845	631,007	644,195

Stanwell will provide details of any significant changes to the listed commitments in Quarterly Reports to shareholding Ministers, and will notify shareholding Ministers of any significant proposed sponsorship arrangements prior to the signing of a binding contract. A post audit/review will be conducted to verify outcomes against specific corporate objectives for significant sponsorship and advertising programs, with a report provided to shareholding Ministers in the June Quarterly Report.

4.7 Other Undertakings

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

4.7.1 Prudent Financial Management

The Board and Chief Executive Officer of Stanwell take full responsibility to ensure that prudent financial practices will be applied both within Stanwell and within its subsidiaries (whether fully controlled or otherwise). Without limiting the obligations imposed on the Board and the Chief Executive Officer by the *Government Owned Corporations Act (1993)* and, where applicable, the *Corporations Act 2001 (Cth)* ('Corporations Act'), this includes a commitment to:

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

4.7.2 Capital Structure

Stanwell will prudently manage the financing of its existing business and new business developments through the use of existing capital, debt or where appropriate additional capital requirements. The overall capital and debt structure will be managed to ensure that Stanwell maintains the appropriate investment grade credit rating or other rating as directed by shareholding Ministers. The capital and debt structures will be reviewed annually by Queensland Treasury Corporation through the Capital Structure Review and Benchmark Liability Review.

4.7.3 Weighted Average Cost of Capital (WACC)

Stanwell will review its WACC on an annual basis. The latest WACC parameters were reviewed and approved by the Stanwell Board on 28 April 2010. Separate WACCs have not been calculated for those parts of Stanwell's operations that face differing systematic risk profiles, as there is no material difference in beta estimates for firms engaging in hydro and gas compared to coal generation.

Other than the annual review process, in the event Stanwell encounters a significant change to the risk profile of its business, its WACC will be recalculated in consultation with shareholder representatives.

Details of Stanwell's WACC calculations are provided in Attachment 2 to the Statement of Corporate Intent.

⁵⁷ All expenditure to be GST exclusive.

⁵⁸ Includes promotional advertising only.

⁵⁹ Calculated as year to date spend plus budget for the remainder of the financial year.

4.7.4 Dividend Policy and Payment

Stanwell's dividend policy takes into account the return that shareholders expect from their investments. The Board of Stanwell will recommend a dividend amount equivalent to 80% of Stanwell's audited net profit after tax for the 2010-11 financial year, after adjustment to exclude unrealised gains from the upward revaluation of financial instruments. The Board will adopt such a recommendation on the basis of shareholding Ministers agreeing to provide the necessary funding for projects which have received Board and shareholding Ministers' approval or for the maintenance of Stanwell's approved capital structure or for ensuring the operational viability of Stanwell.

The dividend payment recommendation provided by the board will be in the form of a percentage of consolidated profit after provision has been made for income tax (net profit after tax, NPAT), adjusted for the net impact of fair value movements in financial instruments and fixed assets. The recommendation will be accompanied by an estimate of NPAT and will include detailed information on any proposed or likely adjustments to NPAT, including a statement of the amount and reasons for any adjustments.

When determining the final dividend to be declared at the end of the period, the board will ensure shareholder departments are consulted with and that written agreement is received from shareholder departments for any material changes to the adjustments identified or any subsequent adjustments in the dividend recommendation agreed to by shareholding Ministers.

4.7.5 Corporate Governance

Stanwell will continually monitor and review its corporate governance arrangements to reflect good practice, having regard to the Corporate Governance Guidelines for Government Owned Corporations.

In 2010-11, Stanwell will continue to adopt all recommendations in the Corporate Governance Guidelines for Government Owned Corporations.

In accordance with the Queensland Government's commitment to providing a greater level of transparency and accountability into the conduct of Government, Stanwell is committed to ensuring the disclosure of information to the public via:

- the need to comply with the push model of information sharing via publication scheme on our website; and
- the need to undertake a public interest test on records to be released into the public domain.

4.7.6 Risk Management

Stanwell's risk management framework is designed in accordance with International Standard 31000:2009 'Risk Management - Principles and Guideline' and OGOC Corporate Governance Guidelines Principle 7 'Recognise and manage risk'⁶⁰.

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

Material financial, operational and other risks are regularly identified, assessed, monitored and reported to the Audit and Risk Management Committee and the Stanwell Board along with appropriate risk mitigation and management plans.

Risk management plans have been incorporated in Stanwell's budgetary and strategic planning process to ensure that investments decisions are made on a consistent risk/return basis.

4.7.7 Compliance with Government Policy

Stanwell and its subsidiaries will observe and comply with all relevant Government policies and guidelines as set out in Attachment 3. In particular, Stanwell and its subsidiaries will comply with the approval, notification, reporting and other requirements of those policies and guidelines.

Stanwell strives to achieve the highest standards of corporate governance, with a particular focus on compliance with all applicable Government policies and reporting requirements to ensure that shareholding Ministers and Stanwell's Board are provided with the level of financial and non-financial information necessary for informed decision making, both at the Government Owned Corporation level and the whole-of-State fiscal management level.⁶¹

4.8 Remuneration Arrangements

The remuneration arrangements for the Directors, Chief Executive Officer and all senior executives of Stanwell are in line with the *Guidelines for the Development of Employment and Industrial Relations Plans* and are detailed in the Employment and Industrial Relations Plan provided as Attachment 1.

⁶⁰ <http://www.ogoc.qld.gov.au/goc-policies/corp-gov-guidelines.pdf>

⁶¹ Stanwell has set a Corporate Governance, Compliance and Reporting target for 2010-11 at 100% compliance. Refer to section 3.2 Non-Financial Performance Targets.

4.9 Industrial Relations/Human Resources Philosophy and Direction/Significant Emerging Issues

4.9.1 Philosophy and Direction

Stanwell's employee relations strategy recognises the importance of providing individual development opportunities to develop the potential of its people. Stanwell's strategies are also cognisant of our broader corporate obligations to ensure that a skilled and trained workforce exists to assume management, technical and operational roles in our industry into the future.

With the broadening of Stanwell's strategic focus to include a wider variety of fuel sources (such as gas), a process of identifying, developing and acquiring the capabilities required to successfully deliver and operate projects that realise these strategies has been necessary.

4.9.2 Significant and Emerging Issues

As detailed in Attachment 1, key significant and emerging issues include:

- The Fair Work Act became operational on 1 July 2009. The Electrical Power Industry Award ("the modern award") took effect from 1 January 2010 along with the National Employment Standards (NES). The new legislation, including the modern award and the NES, was reviewed to ensure Stanwell's industrial instruments, policies and procedures were compliant with the new legislation. Changes were made to Stanwell's policies and procedures to adhere to the new requirements.
- Stanwell's agreements are still underpinned by the Electricity Generation Transmission and Supply Award – State which is classified as a Notional Agreement to Preserve a State Award (NAPSA) under the Fair Work Act transitional arrangements. This Award will continue to apply to Stanwell employees until these Certified Agreements are renegotiated. Upon certification of the new Agreements with Fair Work Australia, the modern award will have application. Stanwell will also ensure that its Certified Agreements are compliant with the Fair Work Act and the modern award when these Agreements are renegotiated in 2010-11.
- Stanwell implemented its Fitness for Duty (FFD) policy across all workplaces on 1 December 2009, with formal testing commencing from 1 February 2010. The policy promotes health and safety in the workplace by supporting the management of fatigue, alcohol and other drugs. It is part of an overall fitness for work framework, which includes a coordinated approach to fatigue, alcohol and other drugs. The policy elements are applicable to all people at Stanwell workplaces. Concerns with the implementation of this program were raised by the unions at Fair Work Australia (FWA). The parties' positions were heard by FWA and the orders sought by the AMWU were declined. Stanwell's FFD Policy remains unchanged as implemented on 1 December 2009.
- A capability review was conducted in 2009 with the primary aim to identify the key areas where capability shortfalls existed and where internal capability could be improved. This process provides the basis for ensuring that gaps in identified key capabilities can be addressed through a combination of targeted recruitment and individual development. The key report findings will be reviewed and a suitable action plan will be developed to address key risk areas. The action plan will be tabled with Stanwell's HRWH&S Committee and Board.
- A review into competencies associated with Officer in Charge (OIC) and ATW responsibilities has taken place at Stanwell Power Station. The final review outcome has been achieved after extensive consultation with unions and the workforce. A detailed document outlining the proposed changes was tabled by SPS management to union representatives and employees who undertook OIC responsibilities. This was followed by a series of presentations to employees likely to be impacted by the proposal to re-evaluate PTW/ATW competencies. The consultation process provided all parties an opportunity to participate in meaningful discussions, provide feedback and influence the outcome. The positive outcome that has been achieved provides a platform for the smooth implementation of a safer system of work at Stanwell Power Station which is a major priority for 2010.
- Stanwell acknowledges that there is a requirement to exercise wages restraint. To retain and attract key personnel, Stanwell will promote non wage related employee benefits including: health and wellbeing; generous relocation entitlements; training and development and reward and recognition programs.

4.10 Managing Community Relationships

Stanwell seeks to develop proactive relations with the communities located near our operational sites.

As part of our commitment, we dedicate resources to a range of social programs, community meetings, local business and education partnerships, sponsorships and donations, and use of local suppliers and service providers.

In 2010–11, Stanwell will continue to actively engage with the local communities in the regional centres in which we operate, with a particular focus on Central Queensland and Far North Queensland.

We also recognise the importance of developing and maintaining an open, two-way relationship with host communities to ensure successful project development. We seek to work closely with communities and other stakeholders during all stages of project development, including feasibility, construction, and commissioning. Stanwell is committed to providing all community stakeholders with relevant, up to date information in a timely manner.

The consultation process involves identifying and informing stakeholders of project plans as soon as possible once the project investigation is confirmed, undertaking appropriate testing and monitoring, assessing the requirements and impacts of the project, and anticipating and addressing concerns and issues to determine project viability.

Stanwell proactively develops a local presence in locations where viable projects exist. This involves a range of activities including setting up information centres, public meetings, announcements, information sessions, community hotlines, direct mail, and frequent contact with local authorities and media agencies.

In 2010–11, Stanwell will undertake stakeholder consultation activities associated with a number of business development projects, including the Wandoan Power Project and Burdekin Hydro.

5. Performance Agreement

5.1 Directors' Statement and Agreement of shareholding Ministers

This Statement of Corporate Intent ('SCI') and all attachments, for the financial year 2010-11, are presented in accordance with Chapter 3, Part 8 of the *Government Owned Corporations 1993* (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 Directors of Stanwell and its shareholding Ministers, the Minister for Natural Resources, Mines and Energy and Minister for Trade and the Treasurer and Minister for Employment and Economic Development, 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, the objectives, undertakings, policies, investments and borrowings of Stanwell for the financial year.

This SCI is consistent with Stanwell's 2010-11 to 2014-15 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 Stanwell undertakes to ensure that the document, and all reports to shareholding Ministers, are prepared with accuracy and timeliness.

In signing this document Stanwell's Board undertakes to achieve the targets proposed in the SCI for the financial year.

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 by the Board of Stanwell.



Chairman: JULIE LEAVER

Date: 23 May 2011

The Honourable Rachel Nolan MP
Minister for Finance, Natural Resources and The
Arts
Date:

The Honourable Stephen Robertson MP
Minister for Energy and Water Utilities
Date:

6. Attachments

Attachment 1: Employment and Industrial Relations Plan

Shareholder Information on Employment and Industrial Relations Matters

1. E&IR Philosophy/Direction:

Stanwell can only achieve its strategic goals with the active participation of its people. As Stanwell is an operator of long life, complex power generation assets, the Board and management team have adopted a long-term view for Stanwell's employee relations strategy. The company seeks to ensure that it has the appropriate skills to operate and maintain the plant, to effectively participate in the electricity market, to maintain compliance with the relevant legislation, regulations and standards pursuant to the electricity industry and to manage the business.

Stanwell's employee relations strategy recognises the importance of providing individual development opportunities to develop the potential of its people. Stanwell's strategies are also cognisant of our broader corporate obligations to ensure that a skilled and trained workforce exists to assure management, technical and operational resources in our industry, into the future.

With the broadening of Stanwell's strategic focus to include a wider variety of fuel sources and emerging technologies, a process of identifying, developing and acquiring the capabilities required to successfully deliver and operate projects that realise these strategies has been necessary.

Stanwell supports an integrated approach to employee development recognising it is an essential part of planning, management and day-to-day operations. Stanwell's capability review process provides the basis for ensuring that gaps in identified key capabilities can be addressed via a combination of targeted recruitment and targeted individual development (via individual training plans).

There are four certified agreements that outline the conditions of employment for Stanwell employees. Stanwell's Certified Agreements vary in their terms. The Stanwell Power Station (SPS) Certified Agreement will expire on 31 March 2011. The Barron Gorge Power Station Certified Agreement 2008 and Kareeya Power Station Certified Agreement 2008 both expire on 23 June 2011. The extension and variation of these agreements was approved by Fair Work Australia (FWA) on 15 July 2009. The Corporate Offices Certified Agreement expires on 29 October 2011.

All agreements include productivity increases, incentive payments and effective training systems to ensure a focus on Stanwell's strategic outcomes.

Concerns of Shareholders regarding job security are addressed through certified agreement provisions, including a Redundancy Agreement with redeployment and retraining as first options.

Stanwell's procurement processes specify the levels of competency and safe work systems for contractors required by the Corporation. In addition, all contractors to Stanwell are required to comply with the Corporation's policies and procedures when they are working on Stanwell's sites.

2. Significant and Emerging Issues:

Introduction of the Fair Work Act 2009

The Fair Work Act became operational on 1 July 2009. The Electrical Power Industry Award ("the modern award") took effect from 1 January 2010 along with the National Employment Standards (NES). The new legislation, including the modern award and the NES, was reviewed to ensure Stanwell's industrial instruments, policies and procedures were compliant with the new legislation. Some changes were made to Stanwell's policies and procedures to adhere to the new requirements.

Stanwell's agreements are still underpinned by the Electricity Generation Transmission and Supply Award – State which is classified as a Notional Agreement to Preserve a State Award (NAPSA) under the Fair Work Act transitional arrangements. This Award will continue to apply to Stanwell employees until these Certified Agreements are renegotiated. Upon certification of the new Agreements with FWA, the modern award will have application. Stanwell will also ensure that its Certified Agreements are renegotiated in 2010-11.

Training and Development

Stanwell embraces the principle that its people are one of the single greatest determinants of its success. The corporation possesses a highly qualified, skilled and experienced workforce that is committed to achieving the company's commercial goals.

Stanwell continues to monitor all its training and development programs to ensure that they are targeted and relevant and delivered in a timely manner using the most effective and innovative training methodologies. This practice ensures that the training meets its desired outcomes of both developing our people and ensuring that the workforce remains compliant with training requirements from a legislative and Stanwell perspective.

The Board and the Executive Management Team have adopted a long-term view for Stanwell's employee relations strategy. As an owner and operator of long life, high cost assets, the company has strong drivers to continuously develop its people, to ensure that a skilled and trained workforce exists to assume senior management, technical and operational roles in the future.

In order to address the future challenges presented by the changing economic climate and staffing needs, Stanwell is continuing to support the following organisation development programs:

- Leadership Development Program
- Graduate Development Program
- Post Graduate Development Courses
- Traineeship Program
- Apprenticeship Program

Stanwell will continue to explore apprenticeships and traineeship opportunities including school based arrangements as they become available.

The graduate development program will ensure access to ongoing capability especially in the disciplines of mechanical and electrical engineering, but will also focus other key areas of professional skills such as OH&S, Environment, Human Resources, Finance and Trading. Graduate development will be assisted by the opportunities provided by the post graduate development courses designed specifically for the power generation industry.

Stanwell's Leadership Development Program continues to provide targeted Leadership development opportunities for employees who have high levels of performance and capability. The program will ensure that there are adequate numbers of internally qualified candidates for senior roles, should the need arise.

Stanwell's strong cooperative relationship with stakeholders from the education and training sector is evidenced by the development of the Generating Skills Post Graduate Program. This program was developed in conjunction with Government Owned Corporations (GOCs) from the power generation sector and leading universities including Central Queensland University (CQU), Queensland University of Technology (QUT) and the University of Queensland (UQ). Access to this program has provided Stanwell with the capacity to target and accelerate the technical development of power generation engineers, para-professionals and graduates.

Stanwell utilises the Group Training concept for the employment of apprentices and trainees. The Group Training Organisations (GTO) used by Stanwell are locally based in the regions that we operate in. GTOs have the ability to provide external industry training opportunities to facilitate a holistic training approach, encompassing exposure to skills and attitudes in a variety of workplace situations. Stanwell's partnership with local GTOs provides an opportunity to link with medium and small business via rotational and sponsorship opportunities, therefore providing real skills and jobs in the rural communities such as Gladstone, Rockhampton, Cairns and Tully.

Stanwell actively supports the Queensland Government's "Queensland Skills Plan 2008", by placing young people in full time and school based traineeships and apprenticeships in various callings. Stanwell's apprentices and trainees include local young people, women in non traditional trades and people from an Aboriginal and Torres Straight Islander background. Additionally Stanwell actively participates in providing input into the development of local strategies to ensure skills are available in regional areas this is supported by Energy Skills Queensland, the Mining Industry Skills Centre and the Queensland Minerals and energy Academy. Stanwell will continue to provide ongoing opportunities for teachers to develop industry specific curriculum aligned to local industry opportunities, this will be achieved by continuing to work with local education providers at both the teacher and student level.

Stanwell also supports the work of the Beacon Foundation, which works together with industry and schools to facilitate key objectives contained in the Queensland Skills Plan initiative. The Beacon Foundation is a not-for-profit organisation that seeks to influence the attitudes and culture of Australians towards youth unemployment. One of Beacon's key strategies is to initiate innovative projects that demonstrate solutions to youth unemployment and encourage self-help at the local level. Stanwell is a lead coordinator of the foundation's work in the Rockhampton, Mt Morgan, Tully and Cairns area.

Stanwell is an active member of the Department of Education and Training (DET) and Central Queensland Region Training Reference Group (TRG). This provides Stanwell with an opportunity to consult with other VET stakeholders in order to provide feedback on training and development issues administered by DET.

The above identified initiatives were predominantly aimed at assisting with the expected trade and engineering skills shortages which are expected as the economy continues to improve. While the global financial crisis may have significantly reduced the labour and skills shortage, the corporation has a comprehensive annual workforce planning process aimed at identifying immediate capability gaps.

Stanwell notes Government's 2009 election 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. Stanwell's workforce planning and employment policies are 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 and Stanwell therefore supports the Government's commitment. Stanwell will continue to make available apprenticeship and trainee opportunities consistent with its workforce planning, training programs and business needs.

Workforce Planning Process

There are two components to Stanwell's workforce planning process. These are a Capability Review conducted every 3–4 years and the Establishment Planning process which is undertaken annually.

The Establishment Plan better positions Stanwell to review the current skill mix, more effectively identify skill gaps, and to plan future adjustments where required. It also enables effective decision making on critical employee relations strategies.

A capability review was conducted in 2009 with the primary aim to identify the key areas where capability shortfalls existed and where internal capability could be improved. This process provides the basis for ensuring that gaps in identified key capabilities can be addressed through a combination of targeted recruitment and individual development. The key report findings will be reviewed and a suitable action plan will be developed to address key risk areas. The action plan will be tabled with Stanwell's HRWH&S Committee and Board.

The establishment planning process is the process whereby the requirements of the Business Plans for each division and the Capability Review outcomes are brought together and converted into total workforce requirements for future planning. The establishment plan specifies the types of positions and the full time equivalent numbers (FTEs) required to deliver the outcomes that have been identified.

Stanwell remains focussed on enhancing the graduate development program, apprentice and trainee participation and leadership development capabilities in order to train and mentor our employees and provide internal advancement opportunities.

Fitness for Duty Implementation

Stanwell implemented its Fitness for Duty (FFD) policy across all workplaces on 1 December 2009, with formal testing to commence from 1 February 2010. The policy promotes health and safety in the workplace by supporting the management of fatigue, alcohol and other drugs. It is part of an overall fitness for work framework, which includes a coordinated approach to fatigue and alcohol and other drugs. The policy elements are applicable to all people at Stanwell workplaces.

A number of training courses have been conducted to educate employees, managers and supervisors on their roles and responsibilities. This follows a formal agreement by the unions and all GOC generators in September 2008 to implement a formal FFD policy.

The Australian Manufacturing Workers Unions (AMWU) and the Electrical Trades Union (ETU) held a different view to Stanwell over two fatigue related aspects of the policy and they sought the assistance of FWA to resolve their concerns.

A conciliation conference was held on 8 February 2010 before FWA to hear the AMWU application to suspend Stanwell's FFD policy and draft a new policy. FWA heard the parties' positions and declined to make the orders sought by the AMWU.

Stanwell's FFD Policy remains unchanged as implemented on 1 December 2009. Stanwell's FFD Policy sets out clear expectations in relation to the management of fatigue, alcohol and other drugs in the workplace. Any further FFD information will be communicated to employees via site health and safety committees, as required, and issues will be addressed on a case by case basis.

Review of Competencies at Stanwell Power Station

A review into competencies associated with Officer in Charge (OIC) and Authority to Work (ATW) responsibilities has taken place at SPS. The final review outcome has been achieved after extensive consultation with unions and the workforce. A detailed document outlining the proposed changes was tabled by SPS management to union representatives and employees who undertook OIC responsibilities. This was followed by a series of presentations to employees likely to be impacted by the proposal to re-evaluate Permit to Work (PTW)/ATW competencies.

The consultation process provided all parties an opportunity to participate in meaningful discussions, provide feedback and influence the outcome. The positive outcome that has been achieved provides a platform for the smooth implementation of a safer system of work at SPS which is a major priority for 2010.

Application of the Crime and Misconduct Act 2001

The Integrity Act 2009 amends the Government Owned Corporations (GOC) Act 1993. It applies the Crime and Misconduct Act 2001 (CMC Act) to Government Owned Corporations - including Stanwell. This change became effective on 1 January 2010.

One of the key implications of the CMC Act is that the Chief Executive Officer will be required to notify the Crime and Misconduct Commission (CMC) of a complaint, information or matter relating to Stanwell when there is a suspicion that it involves, or may involve, official misconduct.

The new legislation has some impact on existing reporting systems for matters of misconduct. Managers, employees and Equity Referral Officers (EROs) are now responsible for notifying the CMC Liaison Officer of any suspicion that a complaint, information or matter involves, or may involve, official misconduct under the Crime and Misconduct Act 2001. The CMC Liaison Officer is responsible for reporting to the CEO.

A number of Stanwell employees recently attended a briefing conducted by the CMC which outlined the new obligations for GOCs under the CMC Act. Stanwell's Code of Conduct and Equal Employment Opportunity - Workplace Bullying and Harassment policy have been amended to incorporate the new reporting requirements. Stanwell will conduct information sessions on these new arrangements to employees at all Stanwell sites.

The risks associated with these significant and emerging issues will be managed in accordance with Stanwell's risk management framework which includes evaluating the level of risk and implementing strategies to overcome the risk.

3. Directors/Senior Executives Remuneration

Non-Executive Directors (including Chairman) as at 1 July 2009

Non-Executive Directors	Annual Directors' Fees	Annual Committee Fees	Annual Superannuation	Other	Annual Total
Mr. D Byrne (Chairman)	\$65,840	\$8,098	\$6,654.42	-	\$80,592.42
Mr. L Gillespie (Chairman HR&WHS Committee)	\$26,994	\$5,399	\$2,915.37	-	\$35,308.37
Mrs. J Leaver (Chairman Audit and Risk Management Committee)	\$26,994	\$5,399	\$2,915.37	-	\$35,308.37
Mr. C Hefner (Director)	\$26,994	\$4,049	\$2,793.87	-	\$33,836.87
Mr. G Crow (Director)	\$26,994	\$4,049	\$2,793.87	-	\$33,836.87
Mr. A Andersen (Director)	\$26,994	\$4,049	\$2,793.87	-	\$33,836.87
Mr. M Williamson (Director)	\$26,994	\$4,049	\$2,793.87	-	\$33,836.87

CEO and Senior Executives

CEO/ Senior Executives	Base Salary ³⁹	Employer Super-annuation Contributions ⁴⁰	Motor Vehicle ⁴¹ See note 1	Car park ⁴² See note 2	Other personal benefits ⁴³	Total Fixed Remuneration ⁴⁴	Other non-personal benefits ⁴⁵ See note 5	Performance Payment Made
Kim Wood (CEO) See note 3	\$418,607.27	\$41,860.73	\$13,070.00	-	-	\$460,468.00	\$13,331.29	
John Bampfyld (GM Trading)	\$250,209.09	\$25,020.91	N/A	-	-	\$275,230.00	\$13,002.00	
Garry Button (Chief Financial Officer)	\$267,142.20	\$24,042.80	N/A	-	-	\$291,185.00	\$8,173.00	
Wayne Collins (Chief Operating Officer) See note 4	\$267,740.91	\$26,774.09	N/A	-	-	\$294,515.00	-	
Derek Hannigan (GM Business Development)	\$214,273.64	\$21,427.36	N/A	-	-	\$235,701.00	\$3,680.00	
Brad Neven (GM Business Services)	\$246,496.33	\$22,184.67	N/A	-	-	\$268,681.00	\$7,940.00	
Michael O'Rourke (GM Corporate Services)	\$214,273.64	\$21,427.36	N/A	-	-	\$235,701.00	\$10,218.00	

Note 1: Only the CEO received a motor vehicle for business/personal use, the remaining Stanwell executives use salary sacrificing arrangements.

Note 2: Car park is included in non-personal benefits.

Note 3: Kim Wood resigned effective 29 January 2010.

Note 4: Wayne Collins is acting Chief Executive Officer receiving a Higher Duties Allowance of \$204,842 per annum from 18/12/2009 – 18/06/2010.

Note 5: Other non-personal benefits based on the 2008-09 year include car parking, subscriptions and other non-cash benefits to assist in the performance of executive duties.

³⁹ Includes salary sacrifice items plus cash salary.

⁴⁰ Employer contributions to superannuation (other than by salary sacrifice).

⁴¹ Value of a motor vehicle for business and personal use (other than by salary sacrifice).

⁴² Value of car park if car park is a personal benefit to the Executive (other than by salary sacrifice).

⁴³ Includes, but is not limited to, general/expense allowances, subscriptions, home telephone/communication expenses, FBT not elsewhere included, etc. (other than by salary sacrifice).

⁴⁴ Sum of Base Salary, Employer Superannuation Contributions, Motor Vehicle, Cap Park and Other Personal Benefits.

⁴⁵ Include the value of non-personal benefits provided to the Executive to assist in the performance of their duties.

4. Employment Conditions

The predominant hours of work arrangements and work patterns agreement provisions covering Stanwell employees are:

- Standard Employment Arrangements. The standard pattern of attendance under these arrangements is a total of 36.25 hours per week worked over 4 days or 72.5 hours per fortnight worked over 9 consecutive days.
- Alternative Employment Arrangements. Employees covered by these arrangements are expected to work such hours and times as are necessary for the satisfactory completion of their responsibilities as agreed between employees and their Managers.

Award/ Agreement	Agreement Number	Scope	Expiry Date	Jurisdiction	Current Status
EGT&S Award – State		Employees classified	31 December 2009	Federal	Notional Agreement to Preserve a State Award (NAPSA). This will continue to apply to Stanwell employees where their Certified Agreements are underpinned by this Award.
Electrical Power Industry Award	MA000088	Employees classified	Not applicable	Federal	The modern award will not apply to employees until their respective Certified Agreements are replaced by a new Certified Agreement made under the Fair Work Act.
Stanwell Power Station – Enterprise Agreement	AG870699	Stanwell Power Station employees (180 employees in total)	31 March 2011	Federal	Transitional instruments under the Fair Work (Transitional Provisions and Consequential Amendments) Act 2009 (Cth).
Corporation Offices - Enterprise Agreement	AG870164	Stanwell Office employees (169 employees in total)	29 October 2011	Federal	Transitional instruments under the Fair Work (Transitional Provisions and Consequential Amendments) Act 2009 (Cth).
Kareeya Power Station – Enterprise Agreement	AG871095	Kareeya Power Station employees (14 employees in total)	23 June 2011	Federal	Transitional instruments under the Fair Work (Transitional Provisions and Consequential Amendments) Act 2009 (Cth).
Barron Gorge Power Station – Enterprise Agreement	AG871097	Barron Gorge Power Station employees (11 employees in total)	23 June 2011	Federal	Transitional instruments under the Fair Work (Transitional Provisions and Consequential Amendments) Act 2009 (Cth).

Stanwell adopts the following policy positions as a minimum for 2010-11:

Compliance with Government Policy Guidelines on Agreement Making in GOCs

Stanwell will comply with Government Policy Guidelines when negotiating its Enterprise Bargaining Agreements. As outlined in the guide, Stanwell will ensure that its remuneration levels reflect agreed and relevant market comparisons. Compliance with State Government industrial relations policies will also be maintained including the principles of collective bargaining.

In the event of any difference, Stanwell's industrial instruments will prevail over the Government principles and guidelines and provide at least equivalent or more beneficial conditions for employees.

Prior to the commencement of Certified Agreement negotiations, Stanwell will have the frameworks approved by the approval will now be required by the Industrial Relations Chief Executives Committee. Prior to final agreement and lodgement, Stanwell will gain approval from Industrial Relations Chief Executives Committee.

Union Representatives

Union delegates and job representatives have a role to play within a workplace. Stanwell accommodates accredited union delegates and/or job representatives who are permit holders performing their lawful duties consistent with applicable legislation.

No Disadvantage

Stanwell will ensure that rates of pay and conditions of employment included in our preserved State collective agreements when taken as a whole are not reduced in the future except as required by relevant Federal legislation or as agreed between the relevant industrial parties.

Enterprise Agreements

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

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

They cannot, however, include unlawful content (such as discriminatory or objectionable terms).

Each of Stanwell's Certified Agreement provide for annual increase for employees on Standard Employment Arrangements. The annual increases are as follows:

Agreement Name	Wage Increase	Date of Increase
Stanwell Power Station – Enterprise Agreement (expires on 31 March 2011)	4.5% (including productivity payments)	14 March 2010
Corporation Offices - Enterprise Agreement (expires 20 October 2011)	4.5% (including productivity payments)	30 October 2010
Kareeya Power Station – Enterprise Agreement (expires on 23 June 2011)	4.5% (including productivity payments)	23 December 2010
Barron Gorge Power Station – Enterprise Agreement (expires on 23 June 2011)	4.5% (including productivity payments)	23 December 2010

All of Stanwell's Certified Agreements contain an entitlement for a Team Incentive Payment Scheme (TIPS). This scheme provides for a payment of up to \$3000 for employees (excluding employees on Alternate Employment Arrangements). At the beginning of each TIPS period, a set of indicators are developed and agreed upon amongst the team. At the end of each TIPS period, the indicators are assessed and a percentage is recommended for the team's achievement of these indicators.

Stanwell will comply with the *Fair Work Act 2009* and the relevant Government policies and principles pertaining to bargaining, such as the Government Wages Policy.

New individual common law contracts shall not be written within the relevant enterprise agreement envelope (individual contracts should only be executed where total fixed remuneration equates to or exceeds the equivalent of the Queensland Public Service AO-8 level (from 1/8/2009 \$99,361 per annum) plus 12.75% plus the equivalent of annual leave loading plus any overtime component).

- (1) An amount lower than this may be negotiated within an enterprise agreement as agreed between the relevant parties; and
- (2) Developing and utilising alternative employment arrangements under enterprise agreements, which provide hours and overtime flexibility linked to a rolled-up rate of pay, is preferred to the use of individual contracts within the relevant enterprise agreement envelope/s.

Payroll Deductions of Union Fees

Requests from employees for payroll deduction of union fees are to be accommodated where the service has been provided previously. Where requested by employees, Stanwell will provide this facility without charge to relevant unions.

Use of Contractors

Contractors and/or labour on-hire arrangements will 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.

Stanwell will continue its commitment to providing training and development opportunities for employees and will inform employees of the intention to use contractors as necessary.

It is recognised that circumstances arise where the use of contractors is either desirable or essential. This includes where it is in the public interest to undertake such work. Public interest includes issues of cost effectiveness.

Stanwell's procurement processes specify the levels of competency and safe work systems for Stanwell's contractors. In addition, Stanwell has instigated an audit process on major contracts to ensure contractors comply with the specified contract conditions.

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.

Unfair Dismissal

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

- if an employee's conduct, capacity or performance is deficient:
 - ensure the employee is formally warned about the conduct, capacity or performance and is given a chance to rectify any deficiency;
 - ensure the employee is given an opportunity to respond formally to any allegation about their conduct, capacity or performance; and
 - ensure employees have a right to be represented through all parts of the process; and
- if dismissal is subsequently contemplated:
 - provide the employee with a clear reason for dismissal detailing the process gone through to seek improvement as referred to above; and
 - ensure clarity as to whether the dismissal is related to the employee's conduct, capacity or performance.

Right of Entry of Authorised Industrial Officers to the Workplace

Stanwell will continue to provide access to its workplaces during working hours to a permit holder of a union party to workplace agreements to:

- inspect and request information; and/or
- investigate suspected breaches of an Act, award or workplace agreement;
- exercise entry under the *Electrical Safety Act 2002* and/or the *Workplace Health and Safety Act 1995*; and
- hold discussions with employees.

Stanwell Power Station is designated as 'Critical Infrastructure'. Consequently access arrangements to this and all sites will change as the Australian Security Alert Level is changed. Therefore, any entities seeking access to sites should make contact with Stanwell beforehand to ensure compliance with entry procedures before entering a site.

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, upon written application by the union to Stanwell at least six weeks in advance (or such lesser period as was provided for in an award/enterprise agreement or custom or practice immediately prior to 27 March 2006 or as is mutually agreed by the union and Stanwell), to attend courses or seminars conducted by the union or specific training courses approved and accredited by the union.

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

Consultative Arrangements

Stanwell will endeavour to deal with industrial relations matters cooperatively through consultative arrangements:

- first, at a workplace level – with employees and, if requested to do so by an employee, union delegates; and
- secondly, with employees and, if requested to do so by an employee, delegates and State union representatives or officials at the Corporation level.

Paid involvement of delegates and relevant employees will be considered in relation to such consultative arrangements, as well as in circumstances where their involvement facilitates the resolution of industrial relations issues or assists Stanwell in developing and implementing new initiatives, provided they are not involved in industrial action. Similarly, paid workforce meetings will be available as per custom and practice provided employees are not involved in industrial action.

Assistance with the Resolution of Disputes

Dispute resolution is the process by which disputes within the workplace are brought to an end and is separate to the processes that deal with industrial action during bargaining.

Stanwell's Certified Agreements contain a dispute resolution clause which details the procedure for dealing with disputes. These dispute procedures highlight that a party to the dispute can seek the assistance of Fair Work Australia if discussions at the workplace level do not achieve a resolution. The parties can refer the matter to the Queensland Industrial Relations Commission by mutual agreement.

Stanwell will genuinely attempt to resolve issues through the provisions of the *Industrial Relations Act 1999* (IR Act). The IR Act allows for the parties to have access to the Queensland Industrial Relations Commission (QIRC) by agreement, to conciliate and/or arbitrate matters in dispute and to provide greater flexibilities in the structure of the QIRC to respond to changing workloads. Stanwell will endeavour to resolve issues at the State level.

Stanwell will liaise with and inform the GOC Unit (DJAG) on Industrial Relations matters as promptly as possible.

Compliance with GOC Governance Arrangements for Chief and Senior Executives Officers

Stanwell confirms that it will comply with the GOC Governance Arrangements for Chief and Senior Executives Officers.

5. Enterprise Bargaining

All of Stanwell's enterprise agreements have previously been developed in consultation with our employees and their representatives.

The Corporation Offices Certified Agreement 2008 (expiry date of 29 October 2011), Stanwell Power Station Certified Agreement 2009 (expiry date 31 March 2011), Kareeya Power Station Certified Agreement 2008 (expiry 23 June 2011) and the Barron Gorge Certified Agreement 2008 (expiry 23 June 2011) were all extended and varied in accordance with the transitional arrangements in the Forward with Fairness legislation.

Stanwell Power Station's Certified Agreement expires on 31 March 2011. After extensive consultation with key Government departments on the makeup of Stanwell's submission, the negotiating framework for the re-negotiation of this Agreement will be lodged with CEO IR Committee in July 2010. Union will be notified in writing in September 2010 of Stanwell's intention to commence negotiations. The Certified Agreement requires negotiation to commence at least three months prior to the expiry date. Stanwell will seek to commence negotiations in November 2010.

The Barron Gorge and Kareeya Power Station Certified Agreements expire on 23 June 2011. After extensive consultation with key Government departments on the makeup of Stanwell's submission, the negotiating framework for the re-negotiation of this Agreement will be lodged with CEO Industrial Relations Committee in July 2010. Union will be notified in writing in September 2010 of Stanwell's intention to commence negotiations. The Certified Agreement requires negotiation to commence at least three months prior to the expiry date. Stanwell will seek to commence negotiations in February 2011.

After the end of the bargaining process, Stanwell's Joint Consultative Committee will be used as a forum to discuss with unions, any implementation issues that may exist with respect to the new Certified Agreement.

The certified agreements have been operating efficiently with minimal disruption to productivity and output. Employee disputes have been managed and resolved at the local level. Unprotected industrial action took place at Stanwell Power Station in January 2010 when AMWU members refused to utilise Office in Charge (OIC) competencies. Upon notification of this action through an AMWU motion, Stanwell lodged with Fair Work Australia seeking orders to stop this action. Formal orders were not provided by Fair Work Australia after the AMWU agreed to return to work, rescind their motion and advise all members of the requirement to utilise their OIC competencies.

There has been no industrial action take place at Stanwell's Corporate Offices, Barron Gorge Power Station and Kareeya Power Station since the last plan was developed.

Productivity Initiatives

Stanwell Corporation Offices Certified Agreement 2008					
Productivity program	Source of productivity initiative	Target	Achievement to date	Action required if target/s not met	Other Comments/ explanation
Improved Workplace Health and Safety Incident Management processes.	Percentage of actions completed - 12 month moving average	95% of actions completed	95.44% of actions completed	n/a	
Review the environmental impacts of the Corporation Offices by focusing on improvements in the areas of car pooling of hire cars/taxis, waste reduction and recycling.	Reduction in car hire use through car pooling and reduction in travel will reduce the costs to Stanwell to offset carbon emissions and hire car costs.	Carbon from car use: 15% reduction by 31/12/2010; and 25% reduction by 31/12/2012 (based on 2005-2006 use)*	On track	n/a	A target of 49T CO ₂ e is required to achieve a 15% reduction on 2005-06 emissions (58T). Emissions for first half of 2009-10 are 20T CO ₂ e
Review the usage of office consumables and therefore reduce corporate costs.	This will focus on reducing paper and electricity use.	Electricity: 5% reduction by 2010, and; 20% reduction by 2015 (based on 2005-2006 costs. Paper purchased: 5% reduction by 1/06/2011 10% by 1/06/2012 (based on 2008-2009 use)	Electricity - not on track. Paper purchased - not on track.	A number of strategies have been identified to reduce electricity usage and these will be implemented as a priority.	Currently electricity usage is holding steady and not anticipated to achieve the 5% reduction by 1 July 2010. Collection of data on paper consumption still in progress.
Increased productivity and individual improvements	This will be achieved through targeted training and development of Stanwell Corporation Offices employees.	All front line managers to be trained in performance management and personal development over the life of the Agreement.	82% of Front Line Managers / Supervisors have received performance management and personal development training. This will continue to be monitored on an ongoing basis.	n/a	

These initiatives are collectively linked to a 0.5% per annum productivity payment per annum as outlined in the Corporation Offices Certified Agreement 2008.

Kareeya and Barron Gorge Certified Agreements 2008					
Productivity program	Source of productivity initiative	Target	Achievement to date	Action required if target/s not met	Other Comments/ explanation
Full implementation by all employees of the Authority To Work (ATW) process. This will align key health, safety and environmental systems of the corporation within the way work is planned, scheduled and performed.	This process will allow a holistic approach to work planning, hazard management, documentation and authorisation producing a more consistent work process and reducing the health, safety and environmental risk on Stanwell sites.	Full implementation upon extension and variation of the Certified Agreement	ATW has been implemented in full at both Kareeya and Barron Gorge Power Stations.	n/a	

These initiatives are collectively linked to a 1.25% per annum productivity payment per annum as outlined in the Kareeya and Barron Gorge Certified Agreements.

Stanwell Power Station – Enterprise Agreements 2009					
Productivity program	Source of productivity initiative	Target	Achievement to date	Action required if target/s not met	Other Comments/ explanation
Removal of the requirement for Category A, C & D roster employees to work public holidays.	This produce will reduce leave previously accrued for work performed on public holidays.	Employees on a Category A, C & D roster will not be required to work on public holidays.	This change was made upon the approval of the extension and variation of the Certified Agreement by the AIRC.	n/a	

The productivity payment of 1.25% per annum in the Stanwell Power Station Certified Agreement 2009 is based upon the removal of the requirement for Category A, C & D roster employees to work public holidays. This initiative was agreed to as part of the Certified Agreement negotiations. This is referenced at clause 5.5.1 of the Certified Agreement.

6. Employee Flexibility

Stanwell is committed to enhancing the health and wellbeing of employees and encourages a balance of work and lifestyle. Stanwell's employment practices promote multi skilling to enhance employment flexibility, allowing employees to utilise acquired skill sets in a range of roles or task requirements.

Stanwell is also committed to providing support to employees with family responsibilities. The following work practices provide employees with the flexibility to manage the balance between work and family:

- Part-time working arrangements
- Job-sharing
- The ability to work from home with the agreement of management
- Provision of a child care referral service
- The ability to purchase leave (up to 4 weeks)
- Employees managing their own start and finish times with the agreement of management
- Time off in lieu of payment for overtime
- Compressed hours so that employees are able to work a 9 day fortnight or a 4 day week
- 14 weeks paid maternity leave
- Unpaid paternity and adoption leave
- Paid part-time study leave
- Leave without pay at the discretion of the company
- A range of special leave arrangements based on individual circumstances at the discretion of the company

7. Type of Employment and Workforce Planning

Type of Employment

Employment Status:

Enterprise Agreement Employees:

Full Time	Part Time	Term	Casual	Total
329	19.76	15.72	1	365.48

Executives:

Full Time
7

Employment Conditions:

Enterprise Agreement Employees:

Standard hour employees	Alternate Arrangement Employees	Total
200.5	164.98	365.48

Note: Standard Hour Employees are employed under the Standard Employment Arrangement conditions specified under the Stanwell Corporation Limited certified agreement that is relevant to the site. Alternate Arrangement employees are those employees who are engaged under Alternative Employment Arrangements (AEA). Employees engaged on AEAs are exempt from certain provisions contained in the Electricity Generation, Transmission, and Supply Award and the Certified Agreement under which they were engaged.

Use of Apprentices and Trainees (31 December 2009)

	Apprentices	Trainees	Graduates
Group & Community	18	7	0
In House	0	1	11

Note: Apprentices and trainees not included in Stanwell employee FTE's as they are engaged via Group Training Companies.

Workforce Planning Process

There are two components to Stanwell's workforce planning process. These are a Capability Review conducted every 3 – 4 years and the Establishment Planning process which is undertaken annually.

The Establishment Plan better positions Stanwell to review the current skill mix, more effectively identify skill gaps, and to plan future adjustments where required. It also enables effective decision making on critical employee relations strategies.

A capability review was conducted in 2009 with the primary aim to identify the key areas where capability shortfalls existed and where internal capability could be improved. This process provides the basis for ensuring that gaps in identified key capabilities can be addressed through a combination of targeted recruitment and individual development. The key report findings will be reviewed and a suitable action plan will be developed to address key risk areas. The action plan will be tabled with Stanwell's HRWH&S Committee and Board.

The establishment planning process is the process whereby the requirements of the Business Plans for each division and the Capability Review outcomes are brought together and converted into total workforce requirements for future planning. The establishment plan specifies the types of positions and the full time equivalent numbers (FTEs) required to deliver the outcomes that have been identified.

Stanwell remains focussed on enhancing the graduate development program, apprentice and trainee participation and leadership development capabilities in order to train and mentor our employees and provide internal advancement opportunities.

Workforce Numbers (for four financial years ended 30 June 2014)

	2010-11	2011-12	2012-13	2013-14
Employment Category				
Permanent Full Time	202.00	202.00	202.00	202.00
Permanent Part-time (FTE)	8.71	8.71	8.71	8.71
Other Contract (Alternative Employment Arrangements)	161.90	160.90	150.40	150.15
Senior Executive Contract	7.00	7.00	7.00	7.00
Apprentices (In House)	0.00	0.00	0.00	0.00
Trainees (In House)	0.00	0.00	0.00	0.00
Casual Employees (FTE)	1.00	1.00	1.00	1.00
Total Directly Employed Workforce	380.61	379.61	369.11	368.86
Apprentices (Group)	18.00	18.00	18.00	15.00
Trainees (Group)	8.00	6.00	6.00	6.00
Contractor Employees (Trade/Technical)	52.75	52.75	52.75	52.75
Contractor Employees (Professional/Administrative/Clerical)	61.67	61.67	61.67	61.67
Labour Hire (Trade/Technical – FTE)	12.95	12.95	12.95	12.95
Labour Hire (Professional/Administrative/Clerical – FTE)	35.33	35.33	35.33	35.33
s457 Temporary Visa	0	0	0	0
Total Workforce	569.31	566.31	555.81	555.56

Contractors and Labour Hire FTE numbers are approximate based on current figures. Workforce numbers include current vacancies.

The necessity for contractor and labour hire employment arrangements covers differing requirements on sites across Stanwell Corporation. The purpose for the contract trade/technical positions include the need for site outages and upgrades and consultant services; contract professional/administrative or clerical positions include long term project work; long term leave replacement; and service agreements that include outsourcing arrangements. The labour hire positions for trade/technical and labour hire for professional/administrative or clerical positions include the need for short term leave replacement and short term project work. There is also a requirement for specialist services on an as-needs basis and training providers contracted to the organisation.

8. Workplace Health & Safety

During 2010-2011, Stanwell will continue to implement a Total Safety Culture. The Total Safety Culture approach focuses on three essential components of an organisation– safe practices, safe people and safe work environments.

The focus of the Total Safety Culture approach to date has been in the areas of systems development and implementation (practices), plant design/modifications (work environment) and recently the people component (people safety). The roll out of a cognitive behavioural safety program across the Corporation called Zero Incident Process (ZIP) has been the catalyst for the people component.

During the 2010-2011 year the Systems and People components will receive further focus; Stanwell has engaged DuPont to conduct an assessment of its Safety Management Systems. The assessment was conducted in the first half of 2009-2010 and this included the workforce completing a safety perception survey. Stanwell is currently finalising a safety improvement action plan. The action plan consolidates the findings of the perception survey, DuPont's review and Stanwell's own health and safety expertise to deliver an integrated approach to improving health and safety management and performance.

Stanwell has fast tracked the implementation of various controls to assist in managing arc flash risk. These additional controls will build on Stanwell's existing arc flash management system which received industry recognition at the 2009 WorkSafe awards.

Stanwell's initial focus is on eliminating the hazard of arc flash risk by installing insulation and barriers to prevent access to live electrical parts. Supporting this will be a new switchboard access procedure and further provision of personal protective equipment (PPE) including flame retardant clothing. PPE is an important additional safeguard and we have worked closely with manufacturers in recent times to guarantee that our flame retardant clothing meets Australian Standards.

Stanwell's Occupational Health and Safety Management System (OHSMS) and the 'practices' component of the Total Safety Culture approach are aligned with AS4801: Occupational Health and Safety Management Systems – Specification with guidance for use. External auditing of the company's OHSMS is conducted at six monthly intervals with certification to AS/NZS 4801:2001 – Occupational Health and Safety Management Systems being obtained in May 2008.

The six monthly surveillance audit was undertaken in November 2009. The auditor noted that:

- There were noticeable improvements in the performance of the organisation as well as in the development and/or implementation of systems and processes across the sites assessed at this audit compared to the previous NCSI audits.
- Overall, the system continues to comply with the Standard (AS4801).

There were 5 minor non-conformances and no major non-conformances. Corrective actions have been assigned. The next surveillance audit is scheduled for March / April 2010.

Further to this Stanwell conducts both external and internal annual compliance / improvement audits of its Health and Safety Corporate Standards.

The Total Safety Culture approach is targeted at delivering:

- Safe People, Safe Work Environment, Safe Practices
- A workplace culture that inspires awareness and personal responsibility for health and safety
- A workplace where health and safety risk management is integrated into the core business processes
- An Occupational Health and Safety Management System that meets AS4801 and complies with statutory obligations and expectations

Specialist health and safety resources are in place to ensure the effective implementation of the Total Safety Culture and the health and safety of all people working at Stanwell.

The key Health and Safety risk improvement activities that will be focused on in 2010-2011 are:

- Maintaining the Zero Incident Process;
- Maintaining of Queensland Generator GOC/Union agreed Fitness For Duty program;
- Compliance / improvements audits against Health and Safety Corporate Standards;
- Implementation of Improving Safety Performance Action Plan (includes DuPont);
- Audit against AS/NZS 4801:2001; and
- Ongoing work environment improvements.

Health and Safety performance will be measured in relation to:

- Lost Time Injury Frequency Rate
- Lost Time Injury Duration Rate
- All Injury Frequency Rate

In 2007-2008, Stanwell introduced lead indicators in addition to the traditional lag indicators; during 2010-2011 Stanwell will continue to refine these indicators as required.

2008-09 Health and Safety Performance

	Target	Result
Lost Time Injury Frequency Rate	0	9.73
Lost Time Injury Frequency Rate	0	4.27

Note: These are based on a 12 month moving average

Individually all lost time events are investigated to determine corrective actions to prevent the event or similar events occurring in the future, engineering controls are implemented where able as per the hierarchy of control. Corporately to address a range of improvements the safety improvement action plan has been developed and DuPont engaged for a two year period to assist in process improvement.

9. Equal Employment Opportunity and Anti-Discrimination

Stanwell ensures the principles of merit and equity are upheld in its processes associated with recruitment, selection and promotion of staff.

The Corporation's Equal Employment Opportunity and Anti-Discrimination Strategies are aimed at achieving the following five key objectives:

- To ensure all employees are able to work in an environment that is free of discrimination and harassment.
- To ensure all employees have equal opportunity for employment, training, development and advancement.
- To ensure Stanwell's recruitment practices are free from discrimination where all applicants for employment are selected and treated on the basis of merit.
- To provide a process for ensuring all employees and contractors are aware of their rights and responsibilities in relation to equal employment opportunity (EEO), discrimination and harassment.
- To provide a process for resolving any issues of discrimination and harassment as soon as possible, in the least disruptive manner, and to ensure the confidentiality of all persons involved.

In order to achieve these objectives the corporation has developed:

- A Corporate Policy for EEO, Workplace Harassment, Discrimination and Bullying,
- A Procedure for Managing Workplace Harassment and Discrimination (this includes a site specific procedure for SPS), and
- An Equal Employment Opportunity Management Plan

The procedure documents outline both formal and informal processes for resolving issues of discrimination and harassment. New employees are referred to these documents via the Workplace Discrimination and Sexual Harassment Legal Compliance self-paced course which is part of their induction process. All new employees are enrolled into this course and their progress is monitored regularly. Current employees are referred to these documents during EEO, discrimination and harassment refresher training conducted every two years.

The Corporation also provides all employees with easy access to Equity Referral Officers (EROs) who are specially trained to talk with employees who require information or support relating to discrimination or harassment issues. These officers are situated at each site, but any ERO can be contacted by any employee regardless of site. The Corporation's EROs are provided with comprehensive initial training as well as regular case studies and information in order to keep their skills current. A refresher course is held for all EROs every 12 months.

The Corporation's EEO Management Plan is in operation until 30 June 2010. The Plan was developed in consultation with employees and their representatives prior to being submitted to the Public Service Commissioner (PSC). There is no longer a requirement to submit the plan to the PSC. Stanwell will continue to monitor statistics on a quarterly basis and focus on both its EEO provisions and promotion of EEO within the workplace.

10. Interstate Acquisitions/Operations

Not Applicable

11. Joint Venture Projects

Stanwell has some coal projects in pre-feasibility phase that are being completed jointly under agreements and that may progress to joint ventures. It is also pursuing opportunities to work with partners in gas projects. There are no staff employed directly by the Joint Venture. All staff are engaged under service contracts.

12. Management of the Relationship between GOCs and Unions

Consultation takes place at three levels of the organisation. Each location has a workplace improvement committee or employee representatives that deal with local workplace improvement issues. Local management and employee representatives hold discussions with local union officials on an as-needed basis. State union officials are consulted by both local and corporate management on issues that may affect all parties.

13. Redundancy Provisions

Stanwell has a redundancy agreement that focuses on redeployment and retraining but provides for the following in case of retrenchment:

- a minimum of 4 weeks notice of retrenchment (5 weeks depending on age and continuous service);
- 3 weeks per year of service severance payment limited to 75 weeks;
- 13 weeks early separation payment;
- pro-rata long service leave for each year of service;
- payment of accrued annual leave; and
- outplacement and retraining support.

14. 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. There shall be no forced redundancies without the explicit and written sanction of the relevant shareholding Ministers.

All of Stanwell's Certified Agreements contain no forced redundancy provisions.

15. Contracting Out

Stanwell will ensure that contracting out, labour hire arrangements and where applicable, the employment of skilled overseas staff to cover labour shortages through employer sponsored Temporary Long Stay Subclass 457 Visas, is handled responsibly and in an orderly manner. These arrangements are used for projects where a short term need is required and to cover for unexpected leave or expected absences. These are only utilised where full time employment is not justified. For positions which are difficult to fill locally, 457 Visas would only be considered after an extensive local recruitment activity has been conducted.

In relation to 457 visa arrangements, measures being taken to ensure that the relevant skills will be developed and available locally in the longer term are dealt with in Stanwell's Capability and Establishment planning processes.

Stanwell confirms that in the event that people are engaged on 457 visas, as a minimum, they will receive the same terms and conditions as agreement staff and in accordance with the relevant legislation.

Contractors engaged by Stanwell are required to comply with all of Stanwell's policy and procedures and relevant legislation. Stanwell's Training and Development department conduct an audit of contractors with respect to occupational licences, levels of competency and use safe work practices upon commencement of their engagement with Stanwell.

Occupational Licences and Safe Work Practices

Stanwell's contractual documentation requests that relevant occupational licensing information is provided to Stanwell. This information relates to the necessary occupational licences that are required to undertake the work activity. This information is subsequently detailed in the risk section of contractor's Health & Safety Plans where relevant. Additionally individual licence holders provide evidence of licence classes that are held at the initial Health Safety & Environment Induction. Evidence is provided before commencement of work activities.

Stanwell's Hazard Management processes provide for the development of a Work Method Statement. The Work Method Statement identifies key components of the Work Activity including task break down, hazard identification and selection and documentation of controls. During this process the requirement for an occupational licence may be identified. Stanwell employees are required to provide a copy of relevant occupational licences prior to commencing employment.

To ensure that contractors comply with Stanwell's safe work practices and systems, entry to site by contractors is not permitted without first submitting copies of their Health and Safety plans which are checked and approved by the Health and Safety team.

16. Superannuation

As of the 1st July 2005 Stanwell implemented a Corporate Policy on Superannuation as a result of the Superannuation Legislations Amendment (Choice of Superannuation Funds) Act 2004. As of that date employees have been able to choose the superannuation fund into which they require Stanwell to make contributions. Stanwell has selected ESI Super as its default fund for those employees who do not nominate an alternative fund. Prior to the changes in legislation, Stanwell conducted information sessions to assist employees in determining their choice of fund options.

Stanwell currently contributes 10% of salary in response to employee contributions of 5% for ESI Defined Benefit members. Any surplus from defined benefit funds that may arise from time to time remains within the fund. The company will continue to follow advice as received from Actuarial reviews. The Final Average Salary for Defined Benefit members is averaged over the final year of service.

There are approximately 70% of Stanwell's employees who are Defined Contribution members. Standard contribution rates into this fund are between 0% and 4% for employees matched by 9% by Stanwell and with employees contributing 5%, the Corporation increases its contribution to 10%. Stanwell funds five units of Death and Disablement cover and one unit of temporary disablement cover.

17. Consultation

The Corporation has undertaken consultation on this plan with staff, principal unions, the Office of Government Owned Corporations, the Department of the Premier and Cabinet, the Department of Employment, Economic Development and Innovation and the Department Justice and Attorney General.

Consultation on this E&IR Plan has occurred with relevant unions and staff directly and changes requested have been incorporated except for items considered to be inconsistent with the Code and Guidelines.

18. Reporting

Stanwell will submit a report on performance against the Plan to the Office of Government Owned Corporations at the same time as the E&IR plan for the upcoming year is submitted in January 2011, highlighting significant divergences from the Plan and the background/context for these variances.

Attachment 2 Weighted Average Cost of Capital Calculation

Stanwell will present investment proposals to shareholding Ministers in accordance with the *Cost of Capital Principles – Government Owned Corporations*.

However, where appropriate, alternative measures will also be presented to shareholding Ministers to ensure that a complete view of risk and return is made available to shareholding Ministers.

Parameter	Stanwell April 2010 WACC Review: Officer 4 Model
Risk free rate	
Market risk premium	
Gearing ratio	
Equity beta	
Gamma	
Cost of Equity	
Cost of Debt	
Tax Rate	
Nominal, post tax, WACC	

Methodology

Attachment 3 Corporate Governance Guidelines for Government Owned Corporations

In December 2005, the Office of Government Owned Corporations introduced the Corporate Governance Guidelines for Government Owned Corporations (GOC).

In May 2009, the Office of Government Owned Corporations:

- issued a revised version of the *Corporate Governance Guidelines for Government Owned Corporations*; and
- introduced the *Code of Conduct and Conflict of Interest Best Practice Guide for Government Owned Corporations*.

The *Corporate Governance Guidelines for Government Owned Corporations* summarise shareholding Ministers' expectations in relation to the corporate governance of all Queensland GOCs. The guidelines provide a framework for GOCs to develop, implement, review and report upon their corporate governance arrangements.

The *Code of Conduct and Conflict of Interest Best Practice Guide for Government Owned Corporations* provides guidance for establishing or developing a code of conduct. Stanwell has extensive existing policies that address the recommendations in the *Best Practice Guide*.

In June 2009, Stanwell undertook a comprehensive review of its internal documentation in relation to corporate governance to ensure continued compliance with Stanwell's policies and practices and the revised *Corporate Governance Guidelines for Government Owned Corporations* and the new *Code of Conduct and Conflict of Interest Best Practice Guide for Government Owned Corporations*. Stanwell complies with all the principles and recommendations.

Attachment 4 Government Policies and Guidelines

Listed below are the Queensland Government policies and guidelines that currently affect Stanwell:

- Government Owned Corporation Subsidiaries – Key Shareholder Requirements for Constitutions (2006);
- Government Owned Corporations Guidelines for the Preparation of Statements of Corporate Intent and Corporate Plans (2010);
- Government Owned Corporations Air Travel Policy (2009);
- Government Owned Corporations – Cost of Capital Principles (2006);
- Corporate Governance Guidelines for Government Owned Corporations (2009);
- Investment Guidelines for Government Owned Corporations (2009);
- Code of Practice for Government Owned Corporations' Financial Arrangements (2009);
- Guidance for Chief Executive Officers - Agreement Making and Industrial Relations in Government Owned (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);
- State Purchasing Policy (2008);
- Queensland Code of Practice for the Building and Construction Industry (2009);
- Community Service Obligations – A Policy Framework (1999);
- Local Industry Policy: A Fair Go for Local Industry (2008);
- Government Owned Corporations Governance Arrangements for Chief and Senior Executives (2009);
- Minimum Employment, Industrial Relations and Job Security Principles for Government Owned Corporation Employees (2009);
- QFleet ClimateSmart Policy (2008);
- Purchasing Carbon Offsets for Queensland Government Air Travel (2008);
- Corporate Entertainment and Hospitality Guidelines (2008);
- Government Owned Corporations Release of Information Arrangements (2009);
- Bi-annual Reporting: Guidelines for the Preparation of Interim Reports (2009);
- Minimum Disclosure Requirements for Directors and Chief and Senior Executives of Government Owned Corporations (2009);
- Government Owned Corporations Wages Policy (2010);
- Sport and Recreation Sponsorship Policy (2009); and
- Government Owned Corporations Bargaining Guidelines (2010).

Attachment 5 Sponsorship, Advertising, Corporate Entertainment, Donations and Other Activities

Table 1: Sponsorship, Advertising, Corporate Entertainment, Donations and Other Related Activities - Details of Individual Expenditure Items

Activity	Description / Benefit	2009-10 Budget (\$)	2009-10 Est. Actuals (\$)	2010-11 Budget (\$)	Quarter 2010-11 (\$)				2010-11 Per Head Budget (\$)
					Sept	Dec	Mar	Jun	
Sponsorships									
Corporate Discretionary Fund	This fund enables Stanwell to respond to smaller ad-hoc sponsorship proposals submitted throughout the year	30,000	30,000	30,000	7,500	7,500	7,500	7,500	N/A
Regional Sponsorships Fund (including Stanwell Power Station, Barron Gorge Hydro, Kareeya Hydro, Wivenhoe Small Hydro)	The Regional Sponsorships Fund aims to provide support for various initiatives within the regions of Stanwell's operations. The fund is administered by a committee of Stanwell corporate and site representatives and assesses sponsorship proposals against on Stanwell's social investment strategy.	168,500	156,000	163,500	40,375	41,375	40,875	40,875	N/A
Queensland Minerals and Energy Academy (QMEA)	The sponsorship supports the development and ongoing administration of the QMEA – a Queensland Resources Council initiative which aims to establish and promote curriculum structures to enable students to access a broad range of minerals and energy-related learning and career opportunities.	50,000	50,000	50,000	0	0	50,000	0	N/A
Power Industry Bursary	This University of Queensland bursary encourages economic students to pursue a career within the power industry. Two scholarships (\$7,500 each) per year are available to undergraduate students of economics at The University of Queensland who, on completion of their second year of study, have achieved a GPA of 6 or higher. As part of their submission, applicants are required to address why they are interested in a career in the power industry.	15,000	15,000	15,000	0	0	15,000	0	N/A

Activity	Description / Benefit	2009-10 Budget (\$)	2009-10 Est. Actuals (\$)	2010-11 Budget (\$)	Quarter 2010-11 (\$)				2010-11 Per Head Budget (\$)
					Sept	Dec	Mar	Jun	
Sponsorships (continued)									
Future Corporate Sponsorships	Stanwell's three major corporate sponsorships are due to expire in 2010 (Lifestream \$50,000, Central Queensland Comets Rugby League \$50,000 and Beacon Foundation \$50,000). Major sponsorships arrangements going forward (including a review of current sponsorship commitments) is subject to a review. Recommendations from this review are expected by 30 June 2010 and any outcomes will be funded from this allocation.	150,000	150,000	150,000	50,000	50,000	50,000	0	N/A
Power Engineering Alliance/API	This bursary has been established for students undertaking studies at certain Queensland universities in areas of engineering relevant to the power industry. The aim of the bursary is to encourage school leavers from across Queensland to undertake tertiary education in engineering with a specialisation in areas of interest and relevance to the energy sector.	40,000	52,500	20,000	0	0	20,000	0	N/A
Sports Registration Fees	Sponsorship of Stanwell teams participating in corporate sporting events.	5,000	5,000	5,000	1,250	1,250	1,250	1,250	N/A
Total over \$5,000		458,500	458,500	433,500	99,125	100,125	184,625	49,625	N/A
Other (total) below \$5,000		5,000	5,000	3,000	3,000	0	0	0	N/A
Total Sponsorship (1)		463,500	463,500	436,500	102,125	100,125	184,625	49,625	N/A

Activity	Description / Benefit	2009-10 Budget (\$)	2009-10 Est. Actuals (\$)	2010-11 Budget (\$)	Quarter 2010-11 (\$)				2010-11 Per Head Budget (\$)
					Sept	Dec	Mar	Jun	
Advertising									
Total over \$5,000		0	0	0	0	0	0	0	N/A
Promotional (below \$5,000) ⁴⁶		25,800	18,906	20,900	4,025	6,625	5,625	4,625	N/A
Total below \$5,000		25,800	18,906	20,900	4,025	6,625	5,625	4,625	N/A
Total Advertising (2)		25,800	18,906	20,900	4,025	6,625	5,625	4,625	N/A
Corporate Entertainment									
Staff End of Year Christmas Functions	Recognition of annual staff and long term contractor performance. Accounts for various staff function held across Stanwell Sites	35,000	31,656	44,000	0	44,000	0	0	100
Stanwell Power Station annual staff day ⁴⁷	Annual family day for staff and their families as part of the employee recognition program	10,000	0 (event did not proceed)	0	0	0	0	0	N/A
Stanwell Power Station Annual Community Dinner	To further relationships and links with the local community in which we operate	5,600	2,000	5,600	0	5,600	0	0	50
QRC Annual Lunch	Business Development to host stakeholders relevant to our business	5,000	0 (event did not proceed)	5,000	0	5,000	0	0	110
Total over \$5,000		55,600	33,656	54,600	0	54,600	0	0	N/A
Other (total) below \$5,000		129,300	83,300	100,550	26,135	26,977	27,747	19,691	N/A
Total Corporate Entertainment (3)		184,900	116,956	155,150	26,135	81,577	27,747	19,691	N/A

⁴⁶ Advertising below \$5,000 was not disclosed separately in 2009-10, amount shown for completeness.

⁴⁷ This is not an ongoing event and is included for comparison purposes only.

Activity	Description / Benefit	2009-10 Budget (\$)	2009-10 Est. Actuals (\$)	2010-11 Budget (\$)	Quarter 2010-11 (\$)			2010-11 Per Head Budget (\$)	
Donations									
Total over \$5,000		0	0	0	0	0	0	N/A	
Other (total) below \$5,000		0	0	0	0	0	0	N/A	
Total Donations (4)		0	0	0	0	0	0	N/A	
Other Related Activities									
Membership of Rockhampton Regional Development Limited	Ensure Stanwell remains aware of the significant development initiatives in the region	30,000	30,000	30,000	30,000	0	0	0	N/A
Total over \$5,000		30,000	30,000	30,000	30,000	0	0	0	N/A
Other (total) below \$5,000		1,645	1,645	1,645	1,120	0	525	0	N/A
Total Other Related Activities (5)		31,645	31,645	31,645	31,120	0	525	0	N/A
GRAND TOTAL (1 + 2 + 3 + 4 + 5)		705,845	631,007	644,195	163,405	188,327	218,522	73,941	N/A

Table 2: Corporate Entertainment, Details of total Budgeted Expenditure under \$5,000

Activity	2009-10 Budget (\$)	2009-10 Est Actuals (\$)	2010-11 No. of Activities ⁴⁸	2010-11 Budget (\$)	Quarter 2010-11 (\$)			
					Sept	Dec	Mar	Jun
• Staff Functions	81,900	60,663	50	54,750	13,299	15,389	16,009	10,053
• Business Development	13,700	8,167	125	34,100	8,336	7,788	8,338	9,638
• Stakeholder and Community Engagement	33,700	14,470	10	11,700	4,500	3,800	3,400	0
Total for all activities less than \$5,000	129,300	83,300	N/A	100,550	26,135	26,977	27,747	19,691

⁴⁸ Approximate number of events.

Attachment 6 Definitions and Calculations

KPI	Definition
All Injury Frequency Rate	The number of occurrences of injury or disease for every million hours worked. Calculated as number of injury occurrences x 1,000,000/employee hours. Calculated as a total across employees and contractors. Includes lost time and non lost time injuries.
Availability factor	Measures the percentage of total plant capacity that is actually available to produce power, reported as a percentage. $\frac{[\text{Installed plant capacity (MW)} \times 8760 - \text{MWh losses due to outages}] \times 100\%}{\text{Installed plant capacity (MW)} \times 8760}$ MWh losses can be attributed to all causes (planned, maintenance and forced).
Average Price Earned (\$/MWh)	Revenue earned (including pool settlement, contract revenue including caps, environmental revenues) divided by MWh sent out to provide an average price.
Capacity Factor	The ratio of energy sent out in the period to installed capacity x number of hours in the period.
Capital Expenditure	Amount incurred by the GOC on capital projects to the end of the reporting period.
Cost Performance Index	Indicates the level of cost over or under expenditure relating to the actual work performed. Calculated as budgeted cost of work to be performed in the period divided by the actual cost of work performed in the period (for approved capital projects only).
Debt to Debt + Equity Ratio	Debt divided by the total of debt and equity (using balances current as at the end of the reporting period).
EBIT	Group Earnings before Interest and Tax.
EBITDA	Group Earnings before Interest, Tax, Depreciation and Amortisation. Measures the group earnings in terms of cash-related items only.
Economic Profit	Financial performance of the company based on residual wealth calculated by deducting the cost of capital from its operating profit. Measured by EBIT- Notional tax expense (Capital Invested*Cost of Capital) where Capital Invested = Total Assets – non interest bearing liabilities and Notional tax expense = EBIT * 30%.
Energy sent out	Measures total production of the generator, net of power used internally (in both unit and station auxiliaries). For clarity net of imports. Measured in GWh.
EPA breaches	Number of Environmental Protection Act penalty infringement notices or prosecution actions.
Forced outage factor	Proportion of plant capacity that is unavailable due to forced outage. $\frac{\text{MWh out of service due to forced outage} \times 100\%}{\text{Installed Plant Capacity (MW)} \times 8760}$
Fuel Cost/\$ GWh sent out	Total fuel costs or energy inputs expenses divided by the MWh sent out (being sent out energy at owned sites plus generation at Gladstone Power Station subject to Contract Energy).
Greenhouse gas emissions	Total greenhouse gas emissions resulting from the combustion of fuels in power generation equipment calculated in accordance with the National Greenhouse and Energy Reporting Act measured in tCO ₂ e.
Greenhouse gas Intensity	Greenhouse Gas Emissions divided by total MWh Sent Out to grid, measured in kg CO ₂ e/MWh.
Interest Cover	Earnings before Interest and Tax (but after any abnormal or extraordinary items) divided by interest cost (for clarity – includes capitalised interest, but excludes finance charges).
Lost Time Injury Duration Rate (LTIDR)	Also known as 'average time lost', is the average time lost per Lost Time Injury. The following formula applies: $\frac{\text{Number of working days lost in the period}}{\text{Number of lost time injuries in the period}}$

KPI	Definition
Lost Time Injury Frequency Rate (LTIFR)	The number of lost time occurrences of injury or disease for every million hours worked. Calculated as number of lost time injury occurrences x 1,000,000/employee hours. Calculated separately for employees and contractors.
Lost Time Injury Frequency Rate (LTIFR) <i>Inc. contractors</i>	As above, but inclusive of contractor data (calculated as number of total working days lost to injuries (including absences recorded for contractors) * 1,000,000/number of injury occurrences).
Lost Time Injury Severity Rate (LTISR)	This is the number of working days lost to lost time injuries for each million hours worked. The following formula applies: $\frac{\text{Number of working days lost in the period} \times 1,000,000}{\text{Number of hours worked in the period}}$
O&M Expenditure (excluding fuel) \$/MWh Sent Out	Operation and maintenance costs excluding fuel divided by the MWh sent out.
Net FTE staff numbers	Measures the GOC's efforts at hiring and maintaining the budgeted staff numbers as set in the Establishment Plan reported as net number of staff full time equivalents.
Notifiable incident	An incident required to be reported to the relevant statutory authority(s) or other external body. Where this term is used in conjunction with "Stanwell" this is to denote that the number of incidents relate solely to Stanwell Corporation employees.
NPAT	Group net profit after tax.
Planned outage factor	Proportion of plant energy production that is unavailable due to planned outages or load reductions. Calculated as MWh lost due to planned outages and load reductions divided by (total installed plant capacity x hours in period).
Project Variances: Cost and Schedule	A measure of the variance against budget (in terms of both cost and schedule) for the GOC's approved capital projects (by CBRC) (refer to Schedule Performance Index and Cost Performance Index).
Renewable energy production	Electricity produced from renewable sources of energy including hydro.
Return on Equity	Group Operating Profit after tax (but before any abnormal or extraordinary items) divided by the average contributed equity plus asset revaluation reserve.
Return on Assets	Group Operating Profit before Interest and tax (but after any abnormal or extraordinary items), divided by the total average assets.
Return on Operating Assets	Group Earnings before Interest and Tax (but after any abnormal or extraordinary items), less income from investments, divided average of group operating assets (for clarity this excludes legacy assets and less assets under construction).
Schedule Performance Index	Budgeted cost of work performed in the period divided by the budgeted cost of work scheduled for the period. It provides information on whether the project is ahead of schedule or if there is slippage (for approved capital projects only).
Personnel Turnover	The annualised number of personnel leaving the GOC in the period divided by the total number of full-time equivalent personnel at the end of the period.
Volume weighted NEM price (\$/MWh)	Pool revenue received divided by total energy sent out.