



Statement of Corporate Intent 2008 - 2009

(With Commercially Sensitive Information Deleted)

Commercial-in-Confidence

This document contains confidential matters relating to the business affairs and financial interest of Tarong Energy Corporation Ltd. Its contents cannot be disclosed by any Government Agency in response to a Freedom of Information (FOI) request pursuant to the exemptions contained in Part 3, Division 2 of the FOI Act.

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1. CORPORATE OBJECTIVES AND STRATEGIES

The Statement of Corporate Intent outlines the strategies that will be implemented in 2008-2009, forming part of the longer term Corporate Plan five year strategic direction to achieving the corporate vision from 2008-2009 to 2013-2014.

1.1 Core Business

Tarong Energy's (TE's) core business is the ownership and operation of generation assets and the ownership and development of mining assets for the benefit of Queensland.

TE's core purpose is to provide safe, reliable and efficient energy solutions for the people of Queensland. The main operating companies within the TE Group and their activities are:

Company	Activity
Tarong Energy Corporation Pty Ltd (TE)	The generation and sale of electricity
TN Power Pty Ltd	The operation and management of the Tarong North Power Station (as 50% owner in a joint venture with TM Energy (Australia) Pty Ltd (a company jointly owned by Tokyo Electric Power Company (TEPCO) and Mitsui Co Limited))
Tarong Fuel Pty Ltd	The ownership and management of the Corporation's fuel supply business
TEC Coal Pty Ltd	The ownership and management of the Meandu Mine resource and the Kunioon MDL
Glen Wilga Coal Pty Ltd	The ownership and management of the Glen Wilga coal resource

1.2 Corporate Objectives

Consistent with the medium to long-term corporate objectives as detailed in its 2008-09 to 2012-2013 Corporate Plan, TE's corporate objectives for 2008-09 are:

Area	Objective
Safety & People	<p>Continuous improvements in safety systems work environment and culture working towards a zero harm workplace.</p> <p>Enhanced work place policies and practices to achieve and maintain employer of choice status.</p>
Environment	<p>To reduce TE's environmental impact, (including the development of initiatives to support Smart Energy Policy - Climate Smart 2050) and prepare a particulate emissions reduction strategy.</p> <p>To investigate medium-long term drought mitigation strategies.</p> <p>To optimise water consumption at TPS and TNPS.</p>
Market & Emissions Trading	To achieve a state of readiness in anticipation of significant change expected as a result of an emissions trading regime and ensure that the impacts of carbon emissions trading are integrated into business decisions and planning

Area	Objective
	processes.
Business Development	To explore new generation opportunities and realise value from non-core assets; be proactive in evaluating new technologies.
Long Term Fuel – Kunioon resource	To develop a full business case for the Kunioon development project including a comparison with residual potential of Meandu and an evaluation of the latest developments and key financial drivers of an emissions trading regime, water costs and availability.

1.3 Operational Objectives

TE's operational objectives for 2008-09 are:

Area	Objective
Stakeholder	Enhanced social investment, communication and governance plans and programs to achieve and maintain public recognition as a socially responsible organisation.
Generation Assets	To maintain reliability of generation plant performance at Tarong, Tarong North and Wivenhoe power stations. <i>Meandu Mine</i> To maintain continuity of economic coal supply from Meandu Mine and optimise the economically recoverable coal reserves. <i>Kunioon</i> To complete Phase 2 of the Kunioon Development Project which comprises procuring access to all land, EIS approval, mine infrastructure planning and mine planning development.
Market	To achieve and maintain effective channels to market by optimising financial returns on generation output within approved Polices.

1.4 Corporate Strategies

Consistent with its 2008-09 to 2012-2013 Corporate Plan, TE's key corporate strategies for achieving its corporate objectives for 2008-09 are:

Corporate Objective	Strategies
Safety & People	<ul style="list-style-type: none"> • To establish and meet key leading safety indicators at all TE locations. • To implement the TE 2008/09 Strategic Health and Safety Improvement Plan. • To establish a TE Mine Operations Safety Plan. • Alignment of mine safety systems and culture with Thiess to meet key leading safety indicators agreed in Phase 2 of the Thiess contract.

Corporate Objective	Strategies
	<p>Maintain and meet lagging indicators.</p> <ul style="list-style-type: none">• Implement a Kunioon Development Program-specific safety management plan that incorporates measurable safety targets which achieve or exceed applicable best practice All Injury Frequency Rates (AIFR).• To develop flexible work systems, as both an attraction and retention tool.• Workforce turnover rate of less than 10%.• Implementing Capacity for Work policies and procedures (focussed on overall employee wellness (including management of stress, heat, fatigue, alcohol and other drugs) and encouraging employees to undergo health assessments.
Environment	<ul style="list-style-type: none">• To continue to identify and manage significant environmental risks• Review and have plans in place to comply to the extent applicable with the:<ul style="list-style-type: none">○ Strategic Energy Efficiency Policy for Queensland Government Buildings and Associated and Associated Carbon Reduction Strategy for Government Buildings;○ Purchasing Carbon Offsets for Queensland Government Air Travel;○ QFleet ClimateSmart Action Plan 2007-2010• To reduce NOx emissions by implementing the first unit NOx burner upgrade at TPS.• To conduct trials and technology assessment into particulate emission reduction and develop a Particulate Emission Reduction Strategy and plan for full implementation.• Progress Mine Void ash disposal in King 2 West at Meandu Mine.• Progress the Ash Dam decommissioning plan and manage in line with the long term Ash Dam strategy.• Complete negotiations with CSIRO on the pilot post combustion capture project and have the plant operational.• To identify the scope of the geo-sequestration study, select a suitable Consultant and place contract.• To prepare a draft plan to off-set vehicle emissions.• To conduct a trial during 2008 of bio-diesel in the mine and TPS fleet.• To prepare the Kunioon EIS and EMP to achieve minimal practicable environmental impacts and carbon footprint• To seek approval of the Kunioon EIS from relevant environmental authorities. <p><i>Water</i></p> <ul style="list-style-type: none">• Optimise water use on generation and mining sites i.e. storm water harvesting, waste water recycling and other efficiency measures.• To investigate Meandu Mine collection modifications and implement and conduct a site water balance audit.• To develop a Kunioon mine design that optimises onsite rainfall capture

Corporate Objective	Strategies
	<p>and optimises water use and water supply.</p> <ul style="list-style-type: none"> • To prepare a detailed scope and technical assessment / design of partial dry cooling. •
<p>Market & Emissions Trading</p>	<ul style="list-style-type: none"> • To be aware of the developments of the emissions trading regime and to evaluate the impacts of emissions trading on TE's Marketing and Trading business. • To be operationally ready to operate under an emissions trading regime. • To establish a project team tasked with assessing and transitioning emissions trading into TE's operations • Implement processes and reporting systems for reporting of emissions under the National Greenhouse and Energy Reporting Act 2007 <ul style="list-style-type: none"> ○ Establish a long term Greenhouse Reduction Plan, in line with our Greenhouse Policy which will include the evaluation of the viability of technology initiatives suitable for retrofitting at TPS (such as the Post Combustion Capture Project currently being considered), as well as increasing our understanding of and reviewing opportunities in relation to geosequestration, biosequestration and efficiency improvements. • Become actively involved and seek to influence via industry bodies (NGF, ESAA, QRC), DME, OGOC and Treasury regarding emissions trading design and issues. • Develop an understanding of fuel sources and their capacity to mitigate the effects of any emissions regime. • Develop a carbon emissions regime framework for assessing the Kunioon investment decision.
<p>Business Development</p>	<p><i>Incremental gas generation</i></p> <ul style="list-style-type: none"> • To examine incremental gas generation options: <ul style="list-style-type: none"> ○ Coal Seam Gas and other ○ Base-load to peaking <p><i>Tarong North Ownership</i></p> <ul style="list-style-type: none"> • • <p><i>Glen Wilga</i></p> <ul style="list-style-type: none"> • To complete feasibility studies on Glen Wilga and establish market value. <p><i>New Technologies</i></p> <ul style="list-style-type: none"> • To pursue coal gasification with relevant counterparties. • To harness internal knowledge of R&D. • To assess potential of a gasified-coal based generation project
<p>Long Term Fuel - Kunioon Resource</p>	<ul style="list-style-type: none"> • To complete a comprehensive set of corporate valuation assumptions that clearly articulates the risks and opportunities presented.

Corporate Objective	Strategies
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1.5 Performance Drivers

The key performance drivers for TE are:

Corporate Objective	Performance Drivers
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Safety & People	<p>TE's safety objective is to achieve a zero harm workplace through continuous improvement of systems and the work environment with team leaders and managers accountable for ensuring that all employees take responsibility for their own safety and the safety of others.</p> <p>In the current (particularly in Queensland) competitive employment market where other organisations and sectors may be able to offer higher remuneration, there is a need to ensure that TE can access competent, skilled people across the full range of organisational requirements (including professional and technical skills).</p>
Environment	<p>Government (Smart Energy Policy - Climate Smart 2050) and community expectations are increasing with respect to the environmental impacts of business – these need to be met and exceeded through continued exploration of ways to reduce environmental impacts.</p> <p><i>Water</i></p> <p>Reliability and management of water supplies is a priority issue for TE. The history of rainfall and consequent emerging trends indicate the strong likelihood of further drought scenarios</p> <p>It is also important to explore ways to reduce water consumption in order to reduce input costs and environmental impacts.</p>
Emissions Regime	<p>It is important that TE remain abreast of developments with respect to any carbon emissions regime and to influence its development so that corporate value is preserved as far as reasonably possible post-introduction of any regime and so that the Kunioon investment decision is made with the most current knowledge of the likely regime and its impacts.</p>
Market	<p>The electricity market is maturing rapidly and competition is increasing. The market will also be substantially altered by any carbon emissions trading regime.</p> <p>Ensuring full competency in carbon trading, finding new channels to market and maintaining existing channels are all key issues.</p>
Business Development	<p>TE's core business, that of producing and selling electricity generated by coal-fired power stations, faces significant challenges and some crucial uncertainties in the coming period.</p> <p>Growing community environmental consciousness and potential emissions regime impacts means that TE needs to remain aware of, and exploit where feasible, corporate value-generation opportunities – including the potential of</p>

Corporate Objective	Performance Drivers
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its Glen Wilga assets, which will allow TE to grow its business and / or diversify its fuel sources of power generation.

Long Term Fuel – Kunioon
Resource

There are a number of critical drivers such as the results of the Meandu definition work and latest developments in key financial drivers of an emissions trading regime and water cost and availability, that need to be evaluated prior to submission of an updated business case to shareholding Ministers.

1.6 Corporate Performance Outcomes

In accordance with the above corporate objectives, TE undertakes to achieve the following corporate performance outcomes in 2008-09:

Key Corporate Performance Area	Objectives / Outcomes	Performance Measures/ Outcomes 2008-09
Safety & People	<p>To achieve and maintain a zero harm workplace through improvements in safety systems work environment and culture.</p> <p>Enhanced work place policies and practices to achieve and maintain employer of choice status.</p>	<ul style="list-style-type: none"> • Meet Health & Safety Leading and Lagging indicator targets. • Completion of activities identified in the 2008/09 Health & Safety Strategic Improvement Plan. • Establishment and implementation of a TE Mine Operations Safety Plan by 31/12/08. • Kunioon-specific Safety Management Plan implemented by 31/03/09. • Achievement of workforce turnover of less than 10% per annum. • Flexible Work Policy implemented and uptake monitored. • Implementation of the Capacity for Work Policy and Procedures.
Environment	<p>To reduce TE's environmental impact, with particular reference to Smart Energy Policy - Climate Smart 2050 by preparing a particulate emissions strategy and pursuing clean coal technologies.</p>	<ul style="list-style-type: none"> • Identify and have plans in place for managing significant environmental risks. • First Unit NOx burner upgrade complete by 30/11/08. • Technological assessment complete on particulate emission reduction and trials commenced. • Mine Void ash disposal in King 2 West at Meandu Mine progressed and on-track. • Ash Dam decommissioning plan progressed. • Pilot Post Combustion Capture Plant operational. • Geo-sequestration scope defined, consultant selected and contract placed. • Endorsement received and implementation commenced to offset vehicle emissions. • Bio-diesel trial conducted, analysis reviewed and implemented where applicable. • Kunioon EIS approval received with minimal practicable carbon footprint.

Key Corporate Performance Area	Objectives / Outcomes	Performance Measures/ Outcomes 2008-09
	To investigate medium-long term drought mitigation strategies; optimise water consumption at Tarong North Power Station and Tarong Power Station.	<ul style="list-style-type: none"> • Mine collection modifications completed and implemented by 30/06/09. • • Detailed scoping and technical assessment design of partial dry cooling study complete by 30/06/09.
Market and Emissions	To achieve a state of readiness in anticipation of significant change as a result of a carbon emissions trading regime and ensure that the impacts of carbon emissions are integrated into business decisions and planning processes.	<ul style="list-style-type: none"> • Emissions reporting processes and procedures in place to meet reporting compliance requirement of the Greenhouse and Energy Data Officer. • Greenhouse Reduction Plan in place by 30/06/09. • Positive feedback received from stakeholders on contribution to industry bodies on the emissions trading regime. Industry and Government positions demonstrate outcomes consistent with TE's position. • Completion of a fully formed Kunioon Development investment decision which takes into account current emissions trading knowledge provided to Government for consideration as part of the Kunioon development approval process. • All business units are operationally ready and fully aware of the status and impacts of the proposed emissions trading scheme as it emerges. • Impacts of the emissions trading regime modelled within six months of the regime becoming clear. • Implementation plan and IT system requirements developed within six months of the regime becoming clear. • Updated financial models and carbon trading policies to cater for impact to cater for the impact of the carbon regime throughout the year as information becomes known and with Project Violet¹ using a scenario analysis methodology to cater for uncertainty.

¹ Project Violet's objective is to develop a strategy that offers the optimal risk adjusted value outcome to TE in relation to any development of the Kunioon coal resource to fuel the power stations over the

Key Corporate Performance Area	Objectives / Outcomes	Performance Measures/ Outcomes 2008-09
Business Development	To evaluate opportunities, risks, commercial and carbon aspects of incremental generation and establish a path forward	<ul style="list-style-type: none"> • Pre-feasibility study outcomes identifying generation opportunities integrated with the impacts of emissions trading scheme and presented to the Board by 31/12/08 (subject to timing on emissions trading design).
		<ul style="list-style-type: none"> • • •
	To review passive assets and establish the best value option for Glen Wilga/Haystack Road assets and implement that option	<ul style="list-style-type: none"> • Feasibility study including EOI and RFP completed by 30/12/08; resultant transaction recommended to the Board. • Establish market value and R&D potential value in TE hands by 30/12/08.
	To explore realistic emerging technologies in power generation with supplier/partners	<ul style="list-style-type: none"> • Potential robustly assessed and recommendations made to Board as appropriate
Long Term Fuel – Kuniwoon Resource	To develop a strategy that offers the optimal risk adjusted value outcome to TE in relation to any development of the Kuniwoon coal resource to fuel the power stations over the longer term; to achieve shareholding Minister approval to develop the Kuniwoon resource.	<ul style="list-style-type: none"> • Accurate costing of long run Kuniwoon coal cost as part of Project Violet assessment. • Investment decision recommendation for the development of Kuniwoon supported by independent expert review. • Funding in place to support the Kuniwoon development program throughout its lifecycle. • Quarterly reporting against the Assurance Framework to be provided to shareholding Ministers

longer term. The Project Indigo assumptions will be updated to enable evaluation of the value impact of a number of development options on a complete, comprehensive up to date set of corporate valuation assumptions that clearly articulates the risk and opportunities presented by each option, with a key foundation of TE's view on the timing and impact of an Australian Emissions Trading Regime.

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2. MANDATORY MATTERS

2.1 Financial Targets

In accordance with the corporate objectives, TE undertakes to achieve at least the following performance targets in 2008-09:

\$'M	2006-07 Actual	2007-08 Budget	2007-08 Est. Actual	2008-09 Budget
Performance Targets				
EBIT (\$M)	(84.1)	(98.2)	215.1	76.2
NPAT (\$M)	(68.6)	(88.0)	165.5	29.0
Operating Cash Flow (\$M)	27.5	(19.6)	77.7	125.8
Return on Average Total Assets (%)	(5.1%)	(5.4%)	12.1%	4.2%
Return On Average Operating Assets (%)	(6.8%)	(6.7%)	12.7%	4.9%
Return on Average Equity (%)	(8.6%)	(10.6%)	24.0%	3.5%
SVA (\$M)	(142.0)	(176.8)	87.0	(60.4)

Based on TE achieving these performance targets, the following financial indicators will be achieved in 2008-09:

\$'M	2006-07 Actual	2007-08 Budget	2007-08 Est. Actual	2008-09 Budget
Performance Indicators				
Debt/Debt + Equity (%)	36.7%	49.4%	29.5%	43.1%
Current Ratio	0.9	0.8	0.9	2.0
Interest Cover (times)	(5.6)	(2.0)	0.6	2.7
Cost Recovery Ratio	1.0	0.6	0.9	1.2
Operational Performance (%)	(0.9%)	(6.6%)	2.4%	4.5%
Average Cost per MWh sent out				
Fuel (\$/MWh) ¹				
Non-fuel (\$/MWh)				

2.2 Non-financial Performance Targets

	2006-07 Actual	2007-08 Budget	2007-08 Est. Actual	2008-09
Availability Factor (%)²				
• Tarong Power Station ³	92.9	83.2	92.6	91.1
• Wivenhoe Power Station	99.2	97.0	97.8	97.5
• Tarong North Power Station	87.1	86.8	87.0	98.0
• Starfish Hill Wind Farm ⁵	92.3	97.0	84.2	N/A
• Mt Millar Wind Farm ⁵	N/A	97.0	Not applicable (availability was not measured as practical completion had not been reached)	N/A
Equivalent Forced Outage Rate (%)				
• Tarong Power Station	1.5	1.9	1.5	1.8
• Wivenhoe Power Station ⁴	0.3	3.0	1.3	2.5
• Tarong North Power Station	8.3	1.8	1.5	2.0
• Starfish Hill Wind Farm ⁵	4.8	1.0	13.2	N/A
• Mt Millar Wind Farm ⁵	N/A	1.0	N/A	N/A
Planned Outage Factor (%)				
• Tarong Power Station	5.6	14.9	5.9	7.1
• Wivenhoe Power Station	0.5	0.0	0.9	0.0
• Tarong North Power Station	4.6	11.4	11.5	0.0
• Starfish Hill Wind Farm ⁵	2.9	2.0	2.6	N/A
• Mt Millar Wind Farm ⁵	N/A	2.0	N/A	N/A
Environment				
• Carbon Intensity (kgCO _{2e} /MWhso) ⁶				
• Tarong Power Station	916	973	980	972
• Tarong North Power Station	859	854	871	855
• Integration of Environmental Management System (EMS)	25%	70%	70%	N/A

² The target availability is set on the following basis: forced, maintenance and planned non-overhaul unavailability are combined into non-overhaul availability and a single target is set for this combination. Planned overhaul unavailability target is governed by generating unit overhaul schedules.

³ During 2008/09, Tarong Power Station has significant overhaul periods, especially to allow for Unit Control System Refits.

⁴ Due to improved performance and following consideration of the Wivenhoe generating units state of maintenance, the EFOR target has been set at 2.5%.

⁵ On 19 December 2007, in accordance with the Energy Assets (Restructuring and Disposal) Act 2006 (Qld), TE disposed of its interests in the Starfish Hill and Mt Millar Wind Farms.

⁶ Carbon Intensity relates to the proportion of carbon in a fuel source and the efficiency of the energy conversion process.

	2006-07 Actual	2007-08 Budget	2007-08 Est. Actual	2008-09
<ul style="list-style-type: none"> Maintain Environmental Management System (EMS) certification with no major non-conformances 	N/A	N/A	N/A	⁷ Yes
<ul style="list-style-type: none"> Number of Major or Catastrophic Incidents⁸ 	0	0	0	0
<ul style="list-style-type: none"> Ratio of potential versus actual incidents⁹ 	>2:1	>2:1	>2:1	>2:1
<ul style="list-style-type: none"> Number of licence condition exceedences or Regulatory Breaches 	0	0	0	0
Safety¹⁰				
<ul style="list-style-type: none"> Lost Time Injury Frequency Rate (LTIFR) 	2.3	0	4.7	N/A
<ul style="list-style-type: none"> All Injury Frequency Rate (AIFR)¹¹ 	N/A	N/A	N/A	150 (10% improvement from 07/08)
<ul style="list-style-type: none"> Average Time Lost per Lost Time Injury (days) 	49	0	17	0
<ul style="list-style-type: none"> Number of Medical Treatments¹² 	24	0	7	N/A
<ul style="list-style-type: none"> Percentage Completion of 5 year (2008-2013) Health & Safety Plan 	-	20	20	20
<ul style="list-style-type: none"> Number of Prohibition/Improvement Notices 	8	0	0	0
<ul style="list-style-type: none"> Number of Reported Incidents (Non Injury) (including Contractors) 	415	>400	>600	>500
Energy				
<ul style="list-style-type: none"> Total Energy Produced (GWh) <ul style="list-style-type: none"> ❖ Tarong Power Station ❖ Wivenhoe Power Station ❖ Tarong North Power Station¹³ ❖ Starfish Hill Wind Farm⁵ ❖ Mt Millar Wind Farm⁵ 				
<ul style="list-style-type: none"> Total Energy Sent Out (GWh) <ul style="list-style-type: none"> ❖ Tarong Power Station ❖ Wivenhoe Power Station 				

⁷ This indicator is no longer relevant for the 2008/09 period. TE is re-focussing on continual improvement and continued certification of the Environmental Management System.

⁸ A Major or Catastrophic Incident is defined in the TE incident management procedure HSE-PROC-03. These incidents involve a major spill, emission, disturbance or failure of environmental control system that could lead to serious environmental harm.

⁹ This indicator encourages pro-active reporting in an attempt to address environmental issues before they occur. The aim is to have twice amount of 'suggestions for improvement' or 'potential incidents' reported compared to actual incidents events.

¹⁰ The KPIs listed are drawn from the ESAA Health and Safety Network Annual Report. Safety performance can be measured by the outcomes of an audit of the effectiveness of the overall safety management system, the potential of workplace incidents to cause death, permanent or temporary disability, lagging performance measures such as LTIFR and leading performance measures such as Number of Reported Incidents.

¹¹ TE has implemented reporting on All Injury Frequency Rates (AIFR) as it has become an industry standard and also because it tracks all injuries to our personnel. Work is on-going with other Generator GOC's in order to establish a benchmark for AIFR.

¹² The number of medical treatments is the sum of the lost time injuries, suitable duty injuries and medical treatment injuries.

¹³ Includes 100% of TNPS, whereas the data shown in the Assumption "total energy produced" only indicates 50% of TNPS as this is the basis of the budgeted revenue of TE.

	2006-07 Actual	2007-08 Budget	2007-08 Est. Actual	2008-09
❖ Tarong North Power Station				
❖ Starfish Hill Wind Farm ⁵				
❖ Mt Millar Wind Farm ⁵				
Other				
• Timely compliance with data submission and reporting requirements				100

2.3 Assumptions

TE's undertaking to achieve its performance outcomes is predicated using the following assumptions:

Assumptions		2006-07 Actual	2007-08 Budget	2007-08 Est. Actual	2008-09 Budget
Economic Indices					
CPI	%	3.00	2.50	2.50	2.90
Wages Growth	%	4.50	5.30	5.30	5.50
Long term interest (borrowing) rates	%	6.88	7.18	7.18	7.20
Dividend payout ratio	%	80.00	80.00	80.00	80.00
Revenue					
Average Pool Revenue (residual volume exposed to pool) per MWh sent out	\$/MWh				
Average revenue per MWh sent out	\$/MWh				
Pool Revenue (Residual exposure)	\$M				
Contract Revenue	\$M				
Ancillary Revenue	\$M				
REC Revenue	\$M				
Other Revenue	\$M				
Total Operating Revenue	\$M	381.5			
Volume of Contracts					
Peak Contracts	MW				
Off Peak Contracts	MW		-		-
Flat Contracts	MW				
Other	MW			-	-
Average strike price for Contracts					
Peak Contracts	\$/MWh				
Off Peak Contracts			-		-
Flat Contracts					
Other	\$/MWh			-	-
NEM (Qld region)					
Time-weighted annual pool price	\$/MWh				
Energy					
Total energy produced	GWh				
Total energy sent out	GWh				
Contract Volume sold	GWh				

Overhaul Schedule

Plant	Unit		2007-08 Budget	2007-08 Est. Actual	2008-09 Budget
Tarong Power Station	1	Days	0	0	84 + 56 commissioning
	2	Days	7	Actual 17	60 + 47 commissioning
	3	Days	2	Est 14	0
	4	Days	21	Actual 6	0
Wivenhoe Power Station	1	Days	0	Est 3	0
	2	Days	28	Est 19	38 + 14 commissioning
Tarong North Power Station	1	Days	25	Actual 33	0

2.4 Community Service Obligations

No Community Services Obligations have been identified for TE for 2008-09

2.5 Employment and Industrial Relations Plan

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

3. ADDITIONAL MATTERS

3.1 Financial Statements

TE's full financial position for the 2008/09 financial year is detailed below.

3.1.1 Group

Statement of Financial Performance

Quarter 2008-09				\$'M	2006-07 Actual	2007-08 Budget	2007-08 Est. Act	2008-09 Budget
Sept	Dec	March	June					
				Operating Revenue				
81.8	98.2	141.0	100.5	Sales of Electricity	373.7	172.3	323.8	421.5
0.0	0.0	0.0	0.0	Investment Income	0.0	0.0	0.0	0.0
1.5	1.5	1.5	1.5	Other Operating Revenue	7.8	5.6	7.5	5.9
83.3	99.7	142.5	102.0	Total Operating Revenue	381.5	177.9	331.3	427.4
				Operating Expenses				
23.5	24.4	24.5	24.1	Depreciation and Amortisation	121.5	88.5	98.7	96.4
19.2	24.9	34.5	30.7	Fuel and Pumping	128.0	61.8	81.2	109.3
1.0	1.9	2.0	2.0	Business Development/Fuel Strategy	41.3	(0.0)	2.1	6.9
28.7	28.9	27.3	28.5	Operations and Maintenance	78.0	96.3	90.6	113.5
8.2	8.5	8.7	8.3	Other Operating Expenses	30.3	30.1	29.3	33.7
80.6	88.7	97.0	93.5	Total Operating Expenses	399.2	276.7	301.9	359.8
2.6	10.9	45.5	8.5	Operating profit/(loss)	(17.6)	(98.8)	29.4	67.6
				Non-Operating Revenue and Expenses				
0.0	1.8	0.5	7.6	Non-Operating Revenue	13.3	0.6	185.8	8.6
(1.3)	0.0	0.0	0.0	Non-Operating Expenses	(79.8)	0.0	0.0	0.0
(1.3)	1.8	0.5	7.6	Non-Operating Profit/(Loss)	(66.5)	0.6	185.8	8.6
1.3	12.7	46.0	16.1	Earning Before Interest and Tax	(84.1)	(98.2)	215.2	76.2
0.0	0.0	0.0	0.0	Abnormals	0.0	0.0	0.0	0.0
8.1	8.9	9.2	8.7	Interest Expense	14.2	27.6	26.4	34.8
(2.0)	1.2	11.1	2.2	Income Tax Expense	(29.7)	(37.6)	23.2	12.4
(4.7)	2.7	25.8	5.2	Profit/(Loss) After Tax	(68.6)	(88.0)	165.6	29.0
71.1	70.2	70.7	75.9	Retained Earnings at the beginning of the Year/(Qtr)	15.7	18.1	(47.5)	71.1
0.0	0.0	0.0	0.0	Retained Earnings - Defined Benefit Plan Gain/(Loss)	5.4	0.0	0.0	0.0
66.4	72.9	96.5	81.1	Total Available for Appropriation	(47.5)	(69.9)	118.1	100.1
(3.8)	2.2	20.6	4.2	Dividends Provided/Dividends Paid not Provided	0.0	0.0	43.2	23.2
70.2	70.7	75.9	76.9	Retained Profits at the End of the Year	(47.5)	(69.9)	74.9	76.9

The 2008/09 budget reflects the TPS units returning to higher generation levels with increased water availability (however not base load) and Tarong North increasing generation levels to baseload.

Non-Operating Revenue in the 2007/08 Estimated Actuals includes the forecast profit on sale of the windfarms of \$111.5M (note the actual profit on sale was \$114.9M).

Statement of Financial Position

Quarter 2008-09				\$'M	2006-07 Actual	2007-08 Budget	2007-08 Est. Actual	2008-09 Budget
Sept	Dec	March	June					
				CURRENT ASSETS				
5.0	5.0	5.0	5.0	Cash	55.7	8.2	5.0	5.0
31.4	46.4	55.0	45.5	Receivables	204.6	11.5	40.7	45.5
0.0	0.0	0.0	0.0	Investments	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	Derivative Financial Instruments	213.5	0.0	0.0	0.0
148.7	154.2	146.5	136.0	Inventories	40.6	41.4	142.2	136.0
0.0	0.0	0.0	0.0	Assets Held for Sale	183.6	0.0	0.0	0.0
4.6	8.8	2.5	1.4	Other	12.9	17.1	1.5	1.4
189.7	214.4	209.1	187.9	Total Current Assets	710.9	78.2	189.4	187.9
				NON-CURRENT ASSETS				
0.0	0.0	0.0	0.0	Investments	0.0	0.0	0.0	0.0
2.2	2.0	2.2	1.8	Receivables	2.5	8.8	1.8	1.8
62.1	51.5	46.0	18.2	Derivative Financial Instruments	143.7	0.0	0.0	18.2
				Property, plant and equipment				
1,257.6	1,295.9	1,278.8	1,280.6	Commissioned Assets	1,147.7	1,359.8	1,227.2	1,280.6
271.9	271.3	302.1	333.3	Work in Progress	95.8	413.9	258.9	333.3
0.0	0.0	0.0	0.0	Intangibles	0.0	0.0	0.0	0.0
14.8	14.8	14.8	14.8	Other	14.8	55.9	14.8	14.8
1,608.6	1,635.5	1,644.0	1,648.7	Total Non-Current Assets	1,404.6	1,838.4	1,502.7	1,648.7
1,798.3	1,849.9	1,853.0	1,836.7	TOTAL ASSETS	2,115.5	1,916.6	1,692.1	1,836.7
				CURRENT LIABILITIES				
10.1	11.3	12.3	13.5	Accrued Employee Benefits	12.3	11.8	12.9	13.5
0.0	0.0	0.0	0.0	Derivative Financial Instruments	566.4	31.3	63.4	0.0
49.6	50.5	41.6	49.5	Creditors	196.5	36.5	45.7	49.5
0.0	0.0	0.0	0.0	Borrowings	8.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	Provisions	0.0	0.0	0.0	0.0
5.9	0.0	7.3	2.5	Current Tax Liability	0.0	(0.0)	9.4	2.5
24.3	0.0	19.0	23.2	Dividends	0.0	0.0	43.2	23.2
0.0	0.0	0.0	0.0	Liabilities Held for Sale	14.6	0.0	0.0	0.0
12.4	12.4	12.4	12.1	Other	1.1	20.0	11.5	12.1
102.4	74.2	92.7	100.8	Total Current Liabilities	798.9	99.6	186.2	100.8
				NON-CURRENT LIABILITIES				
7.7	7.9	8.1	8.3	Accrued Employee Benefits	6.5	7.6	7.5	8.3
0.0	0.0	0.0	0.0	Derivative Financial Instruments	223.1	0.0	0.0	0.0
520.5	611.5	597.6	601.2	Borrowings	361.8	750.1	302.3	601.2
73.1	74.7	76.3	77.9	Provisions	17.6	10.4	71.5	77.9
271.5	266.7	262.4	256.3	Deferred Tax Liability	138.6	280.3	232.0	256.3
0.0	0.0	0.0	0.0	Other	0.0	0.0	0.0	0.0
872.7	960.7	944.3	943.6	Total Non-Current Liabilities	747.6	1,048.4	613.2	943.6
975.1	1,034.9	1,037.0	1,044.4	TOTAL LIABILITIES	1,546.5	1,148.0	799.4	1,044.4
823.3	815.1	816.1	792.3	NET ASSETS	569.0	768.6	892.7	792.3
674.5	674.5	674.5	674.5	Share capital	846.9	846.9	846.9	674.5
70.2	70.7	75.9	76.9	Retained Earnings	(47.5)	(69.9)	74.9	76.9
16.4	16.4	16.4	16.4	Reserves	16.4	16.4	16.4	16.4
62.2	53.5	49.3	24.5	Deferred Gain/(Loss) - Fair Value Derivatives	(246.8)	(24.8)	(45.5)	24.5
823.3	815.1	816.1	792.3	TOTAL SHAREHOLDERS' EQUITY	569.0	768.6	892.7	792.3

Increase in Non-Current Borrowings predominately reflects the funding of the Kunioon development project and other site projects. Note that the December Forecast assumed all windfarm proceeds would reduce TE's debt levels. However the 2008/09 Budget assumes a decrease in share capital of \$172.4M as at 30 June 2008 to repatriate the balance of the windfarm proceeds back to Government after retention of \$104M to fund the Fuel Program.

Statement of Cash Flows

Quarter 2008-09				\$'M	2006-07 Actual	2007-08 Budget	2007-08 Est. Actual	2008-09 Budget
Sept	Dec	March	June					
				Cash flows from Operating Activities				
92.3	84.9	133.7	112.0	Cash Receipts in the Course of Operations	391.2	205.0	388.7	422.9
(63.1)	(65.0)	(69.9)	(47.4)	Cash Payments in the Course of Operations	(300.7)	(199.7)	(289.0)	(245.3)
0.0	0.0	0.0	0.0	Interest Received	2.4	0.4	1.2	0.0
(8.1)	(8.9)	(9.2)	(8.7)	Borrowing Costs Paid	(15.5)	(27.9)	(18.8)	(34.8)
0.0	(11.9)	(2.5)	(2.5)	Tax Equivalent Payments	(49.8)	2.6	(4.4)	(16.9)
21.2	(0.8)	52.1	53.5	Net Cash Provided by Operating Activities	27.5	(19.6)	77.7	125.8
				Cash flows from Investing Activities				
(64.2)	(50.0)	(34.7)	(53.5)	Payments for property, plant and equipment	(65.5)	(190.0)	(336.1)	(202.5)
0.0	0.0	0.0	0.0	Repayment of Loan by third parties	4.8	0.0	0.0	0.0
0.0	0.0	0.0	0.0	Proceeds from Sale of Non-Current Assets	(0.0)	0.0	279.4	0.0
(2.6)	(3.0)	(3.4)	(3.5)	Interest Payments Capitalised	(4.0)	(18.8)	(1.1)	(12.4)
(0.1)	(9.1)	(0.1)	(0.1)	Other (EED expenditure)	(3.9)	(2.0)	(3.1)	(9.3)
(66.9)	(62.1)	(38.2)	(57.1)	Net Cash Used in Investing Activities	(68.6)	(210.8)	(60.9)	(224.2)
				Cash Flows from Financing Activities				
45.8	91.0	0.0	3.6	Proceeds from Borrowings	93.3	239.7	0.0	126.5
0.0	0.0	(13.9)	0.0	Repayment of Borrowings	0.0	0.0	(67.5)	0.0
0.0	(28.1)	0.0	0.0	Dividends Paid	(55.5)	(9.3)	0.0	(28.1)
0.0	0.0	0.0	0.0	Equity Injection	50.0	0.0	0.0	0.0
45.8	62.9	(13.9)	3.6	Net Cash Used in Financing Activities	87.8	230.4	(67.5)	98.4
(0.0)	(0.0)	(0.0)	(0.0)	Net Increase/(Decrease) in Cash Held	46.7	(0.0)	(50.7)	(0.0)
5.0	5.0	5.0	5.0	Cash at the Beginning of the Financial Year	8.9	8.2	55.7	5.0
5.0	5.0	5.0	5.0	Cash at the End of the Financial Year/Qtr	55.7	8.2	5.0	5.0

3.1.2 Subsidiaries

TN Power Pty Limited

Statement of Financial Performance

Quarter 2008-09				\$'M	2006-07 Actual	2007-08 Budget	2007-08 Est. Actual	2008-09 Budget
Sept	Dec	March	June					
				<i>Total Revenue</i>				
				<i>Total Expenses</i>				
				EBIT				

Statement of Financial Position

Quarter 2008-09				\$'M	2006-07 Actual	2007-08 Budget	2007-08 Est. Actual	2008-09 Budget
Sept	Dec	March	June					
				<i>Total Current Assets</i>				
				<i>Total Non-current Assets</i>				
				TOTAL ASSETS				
				<i>Total Current Liabilities</i>				
				<i>Total Non-current Liabilities</i>				
				TOTAL LIABILITIES				
				NET ASSETS				
				TOTAL SHAREHOLDERS' EQUITY				

Statement of Cash Flows

Quarter 2008-09				\$'M	2006-07 Actual	2007-08 Budget	2007-08 Est. Actual	2008-09 Budget
Sept	Dec	March	June					
				<i>Net Cash Flows from Operating Activities</i>				
				<i>Net Cash Flows from Investing Activities</i>				
				<i>Net cash Flows from Financing Activities</i>				
				Net Increase/(Decrease) in Cash Held				
				Cash at Beginning of Year				
				Cash at End of Year			0.	

TEC Coal Pty Ltd

Statement of Financial Performance

Quarter 2008-09				\$'M	2006-07 Actual	2007-08 Budget	2007-08 Est. Actual	2008-09 Budget
Sept	Dec	March	June					
				<i>Total Revenue</i>				
				<i>Total Expenses</i> ¹				
				EBIT				

¹ Expenses relate to depreciation of the Meandu and Kunioon assets.

Statement of Financial Position

Quarter 2008-09				\$'M	2006-07 Actual	2007-08 Budget	2007-08 Est. Actual	2008-09 Budget
Sept	Dec	March	June					
				<i>Total Current Assets</i>				
				<i>Total Non-current Assets</i>				
				TOTAL ASSETS				
				<i>Total Current Liabilities</i>				
				<i>Total Non-current Liabilities</i>				
				TOTAL LIABILITIES				
				NET ASSETS				
				TOTAL SHAREHOLDERS' EQUITY				

Statement of Cash Flows

Quarter 2008-09				\$'M	2006-07 Actual	2007-08 Budget	2007-08 Est. Actual	2008-09 Budget
Sept	Dec	March	June					
				<i>Net Cash Flows from Operating Activities</i>				
				<i>Net Cash Flows from Investing Activities</i>				
				<i>Net cash Flows from Financing Activities</i>				
				Net Increase/(Decrease) in Cash Held				
				<i>Cash at Beginning of Year</i>				
				Cash at End of Year				

3.1.3 Financial Contributions: Subsidiaries

Subsidiary	Ownership	Nature of Business	Contribution to Group Financial Outcome (\$M)
			2008-09
TN Power Pty Ltd	100% Tarong Energy	Coal fired electricity generation	
Tarong Fuel Pty Ltd	100% Tarong Energy	Holding Company for Tarong Energy's Fuel resource assets	
Tarong Coal Pty Ltd	100% Tarong Energy	Sale of Meandu coal to Tarong Energy and development of Kunioon resource.	
Glen Wilga Coal Pty Ltd	100% Tarong Energy	Fuel resource asset	

3.2 Assumptions

Consistent with its core business, TE owns and manages the following major assets

Asset	Ownership (%)	Type/Operation	Unit Size (MW)	No. of Units	Gross Capacity (MW)
Tarong Power Station	100	Coal- fired	350	4	1400
Tarong Power Station	100	Gas-fired Plant/Emergency Plant	15	1	15
Wivenhoe Power Station	100	Hydro-Electric/Pumped Storage	250	2	500
Tarong North Power Station	50	Coal-fired	443	1	221.5
Chinchilla East (Glen Wilga) Coal resource	100	Coal resource	N/A	N/A	N/A
Meandu Mine	100	Coal resource	N/A	N/A	N/A
Kunioon site	100	Coal resource	N/A	N/A	N/A

3.3 Capital Expenditure Program

Repairs Maintenance and Renewals

Description	Budgeted Cost (\$M)	Purpose and Objective	Status
	2008-09		
Overhauls	34.8	Scheduled Overhaul	Board Approved
Total	34.8		

Business Development (material expenses on projects being considered)

Description	Budgeted Cost (\$M)	Purpose and Objective	Status
	2008-09		
Glen Wilga		Fuel Strategy	Board Approved
Project Violet		Fuel Strategy	Board Approved
Total			

Assets Under Construction

Description	Project Status	Budgeted Total Cost (\$M)	Total Estimated Expenditure to 30 June 2008 (\$M)	Budgeted Cost (\$M)	Estimated completion
		2008-09	2008-09	2008-09	
Kunioon Development	Land purchases and planning	846.0	130.3	86.1	2011
Total		846.0	130.3	86.1	

Proposed Capital Expenditure (Projects expected to be approved during 2008-09)

Description	Project Status	Budgeted Cost (\$M) 2008-09	Project Status
Operations	Ongoing	85.0	n/a
Corporate	Ongoing	8.2	n/a
Total		93.2	

3.4 Other Undertakings

As part of its performance agreement with its shareholding Ministers, TE provides the following additional undertakings:

3.4.1 Prudent Financial Management

The Board and CEO of TE take full responsibility for ensuring prudent financial practices will be applied both within the Corporation and within its subsidiaries (whether fully controlled or otherwise). Without limiting the obligations imposed on the Board and the CEO by the *Government Owned Corporations Act* and, where applicable, the Corporation's Law, 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*.

3.4.2 Capital Structure

TE has substantial funding commitments over the term of its Corporate Plan. TE will prudently manage the financing of its existing business and new business developments and is discussing appropriate capital structures with Government.

3.4.3 Weighted Average Cost of Capital (WACC)

TE will review its WACC on an annual basis. As part of the Statement of Corporate Intent negotiation process, TE's beta and optimal capital structure have been determined in consultation with shareholder representatives.

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

Details of TE's WACC calculations are provided in **Attachment 2**.

3.4.4 Dividend Policy

TE's Dividend Policy takes into account the return the Shareholders expect from their investment. The Board of TE is likely to recommend a dividend amount of 80% of Net Profit After Tax (NPAT) be provided for the 2008/09 year which, based on budget would amount to \$23.2M.

The dividend for the 2007/08 year is likely to be based on 80% of NPAT but excluding the profit on sale of wind farms, excluding any unrealised derivative profits at year end, but including the fair value movements that represent a reversal (and therefore realisation of prior year profits and losses). A dividend amount of \$28.1M in relation to the 2007/08 year has been budgeted to be paid in the 2008/09 year.

3.4.5 Corporate Governance

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

As confirmed in **Attachment 3**, TE has adopted all the recommendations in the Corporate Governance Guidelines for Government Owned Corporations.

3.4.6 Risk Management

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

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

Risk management plans have been incorporated in the Corporation's budgetary and strategic planning process.

3.4.7 Compliance with Government Policies

TE and its subsidiaries will comply with all relevant Government policies and guidelines as set out in **Attachment 4**. In particular, TE and its subsidiaries will comply with the approval, notification, reporting and other requirements of those policies and guidelines.

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

TE has budgeted the following amounts for Sponsorship, Advertising, Corporate Entertainment, Donations and Other Arrangements for 2008-09:

Marketing Activity	Budget 2008/09 \$ (est)
Sponsorship & Donations	522,000
Cultural Heritage Fund	500,000
Advertising	30,000
Corporate Entertainment	304,603
Other Related Activities	20,000
Total	1,376,603

Full details of the budgeted expenditure are provided in **Attachment 5**.

TE 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.

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

Employment and Industrial Relations Philosophy and Direction

Low levels of unemployment together with a strong economy and booming mining and infrastructure sectors in Queensland continue to place significant pressure on the organisation's capacity to attract and retain key talent.

As a result, there is much constancy from year to year in the significant issues facing the business. The initiatives mentioned below are all designed to support these issues, and we are seeking to improve or maintain our current levels of turnover and remuneration as matters of priority.

More information is provided on these issues in the Corporate Plan. Note that a more in-depth commentary on strategic safety initiatives is included in the relevant section of the Statement of Corporate Intent.

The key Corporate Human Resource initiatives for the 2008/09 financial year are:

- developing flexible work systems - as both an attraction and retention tool and in light of congestion management issues (ie: alternating start and finishing times in light of peak hour traffic congestion);
- succession management;
- managing our workforce plan;
- focusing on attraction and retention strategies; and
- implementing Capacity for Work policies and programs focused on overall employee wellness including management of stress, heat, fatigue, alcohol and other drugs and encouraging employees to undertake health assessments.

Significant and Emerging Issues

The key significant and emerging issues are:

- EBA negotiation commencing January 2009, we expect to have our Framework to OGOC by June 2008;
- developing a safety culture of zero harm;
- leadership and skills development;
- attraction and retention of key resources, particularly electrical tradespersons;
- consolidating our core capability to manage fuel supply arrangements;
- managing increasing levels of employee turnover;
- maintaining competitive rates of pay given market pressure; and
- ageing workforce issues.

During our EBA negotiation we anticipate considerable pressure from the Unions to increase wages above the rates applied last time. TE intends to align closely with the government's labour policy with regard to wages outcomes.

Workforce Plan

TE has a comprehensive workforce plan which is prepared and costed as part of the annual budget process. A rolling five-year staff plan is reviewed and incorporated into the five year Corporate Plan. In addition, a detailed two and five-year plan for specific operational roles is being implemented.

Key Capability Gaps

Capability gaps are not an issue at present, but could be in 5-10 years, particularly in the Technical Services (Engineering) and Generation functions. In recognition of the emerging issue we conducted a specific workforce planning exercise for these functions in December 2007. The outcome of the exercise indicates that we will need to recruit the following number of new employees for these roles.

Role	Between June 2008 & 2011
Operators	8
Fitters	3
Technicians	0
Mechanical Engineers	0
Power Workers	3
Technical Officer	0
Apprentices	1
Electrical Engineers	1
Chemists	1

Impacts on Workforce Plan

- The ageing workforce effect and unclear retirement triggers;
- Pre-emptively hiring key personnel;
- Increasing level of difficulty in attracting employees to work in regional areas; and
- Skills competition increasing due to mining and project activity.

Current Attraction/Retention Strategies

- Competitive positioning of salaries and benefit arrangements;
- Increasing the focus on attraction and retention through enhanced people management practices, eg. a focus on people development, leadership development, identifying and responding to key employee issues through engagement surveys;
- Growing our own future leaders through a structured emerging leaders program; and
- Investing in the development of our technical capability through our Graduate, Apprenticeship & Trainee Program and the Technical skills framework for Operations & Maintenance staff.

Present Issues

We have been able to fill all vacancies arising from turnover though the average time to recruit has risen to three months per recruitment exercise and increasingly we are recruiting from outside the local area and as a result incurring significant relocation costs.

In the current market we are finding it more difficult to recruit experienced professional and technical staff, particularly electrical tradespersons, engineers and accountants.

We are committing substantial resources to develop a training and development program to allow us to support effective skills development on the job. This program aims to develop three categories of skills within our overall workforce capability: personal, technical and general business skills. In support of our aims, a comprehensive Personal Skills Directory has been developed and work on the Technical Skills Directory is progressing.

3.6 Remuneration Arrangements

In accordance with Section 171 of the GOC Act, the tables below provide the current remuneration details for the senior executives of TE and the Directors of TE. These are based on 2007/08 figures and are subject to review by Government.

Non-executive Director Remuneration (1 July 2007 – 30 June 2008)

Name	Director's Fees \$	Committee Fees \$	Superannuation \$	Total \$
L Bond	16,849	5,791	2,264	24,904
G Carpenter	41,097	5,055	4,615	50,767
K Collins	16,849	5,055	2,190	24,094
J Pegler	16,849	3,371	2,022	22,242
E Jameson	16,849	5,899	2,275	25,023
G Humphrys	16,849	5,899	2,275	25,023
K Smith-Pomeroy	16,849	2,527	1,938	21,314

Current Chief Executive Officer and Senior Executive Remuneration packages

Position Title	Employee Name	Annual Package Details					Total \$	Bonus 2006-07 \$
		Base Salary \$	Motor Vehicle \$	Super-annuation \$	Other Benefits (car parking and health insurance premium) \$			
Chief Executive Officer	H Gluer	298,928	48,130	29,893	14,120	391,071	-	
Chief Operating Officer	D Quinn	204,032	35,490	20,403	14,120	274,045		
General Manager Marketing & Trading (Acting)	J Barber	180,552	23,890	5,417	14,120	223,979	-	
Chief Financial Officer	Vacant	183,367	30,920	18,337	14,120	246,744		
General Manager People and Communication	Vacant	147,234	22,794	14,723	14,120	198,871		
General Manager – Corporate Governance	J Williamson	173,294	27,156	17,329	14,120	231,899	-	

3.7 Remuneration Objectives

TE's Remuneration Policy has three distinct objectives:

1. To ensure all employees are recognised and rewarded for their performance in a fair and equitable way;
2. To ensure the remuneration paid to employees is competitive, enabling TE to attract and retain employees capable of meeting the Corporation's needs; and
3. To reward employees for achieving pre-determined corporate, business unit and personal performance targets.

3.8 Remuneration Structure

TE's remuneration structure is comprised of four main components:

1. The CEO who is appointed by the Board, subject to prior written approval by shareholding Ministers, on a three-year fixed term basis.
2. Senior Executives whose appointments are approved by the Board, subject to prior written approval by shareholding Ministers. The CEO and Senior Executives' salaries are based on the general market rate as assessed by Mercer Human Resources Consulting and disclosed to and approved by our shareholders. Remuneration and employment contracts are established consistent with the "Government Owned Corporations Governance Arrangements for Chief and Senior Executives (2007)". Recommended rates of remuneration increases for the CEO and Senior Executives are advised annually to TE by the Shareholding Ministers having regard to movements in the executive remuneration market place. Remuneration increases for the CEO and Senior Executives are applied after personal performance reviews and consideration of the Corporation's performance.
3. Personnel employed on alternative arrangements ('Contract Employees'). Remuneration for Contract Employees is also based on Mercer Human Resources Consulting assessments. Annual remuneration reviews for these employees are calculated from a combination of factors including employee performance, an employee's salary in relation to the salary range, the Corporation's performance and other external factors such as movements in market rates.
4. Personnel employed under the provisions of the TE Certified Agreement 2006 (EBA). The base rate of pay for EBA employees is increased on 1 July each year by applying the agreed annual adjustment in the EBA.

3.9 Incentive Payments

TE has an incentive scheme in place for all employees. It is an annual “at risk” payment tied to the achievement of pre-determined company and team or individual performance targets.

Incentive payments are capped at the following percentages:

CEO / Senior Executives	:	15% of Total Fixed Remuneration
Contract Staff	:	15% of Base Salary
Award Staff	:	12% of Base Salary

4. PERFORMANCE AGREEMENT

4.1 Directors' Statement and Agreement of Shareholding Ministers

This Statement of Corporate Intent (SCI) for the financial year 2008-09 is presented in accordance with Section 9 and Part 8 of the *Government Owned Corporations Act 1993* (GOC Act).

The SCI represents a formal performance agreement between the Board of Directors of TE and its shareholding Ministers (the Treasurer and the Minister for Mines and Energy) with respect to the financial and non-financial performance targets specified for the financial year. The SCI also represents an acknowledgment and agreement on major activities, the objectives, undertakings, policies, investments and borrowings of TE for the financial year.

The SCI is consistent with TE's 2008-09 to 2012-2013 Corporate Plan submitted to, and agreed to by, the shareholding Ministers in accordance with Part 7 of the *GOC Act*.

In signing this document, TE has undertaken to take all reasonable steps to ensure that the document, and all reports to shareholding Ministers, are prepared with accuracy and timeliness.

Major changes to key assumptions and outcomes detailed in this SCI, and which come to the attention of TE 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 Chair on behalf of all the Directors in accordance with a unanimous decision of the Board of TE.

G Carpenter
Chair

Date
29 May 2008

Agreement of the shareholding Ministers

Honourable Andrew Fraser MP
Treasurer

Honourable Geoff Wilson MP
Minister for Mines and Energy

Date: 24 June 2008

Date:

5. Glossary of Terms

Availability Factor (%)	The energy available to be generated as a percentage of the energy generation capacity. The availability is limited by forced and planned unavailability.
Equivalent Forced Outage Factor (%)	The percentage of energy lost when plant is taken out of service or load is reduced for safety (personnel and / or plant), environmental or plant repair requirements where the unavailability cannot be delayed by more than 48 hours. The target forced unavailability for Tarong Power Station is 2% for Units that are in service. This level is determined based on plant history and exceeds world's best practice over time.
Planned Outage Factor (%)	Where plant is taken out of service for maintenance which is foreseen and scheduled ahead of time; that is, preventative maintenance routines, testing or full Unit overhauls. In the non-financial indicators provided maintenance unavailability is included in planned. This is where plant becomes unavailable due to the need for maintenance but where the work could be delayed by more than 48 hours. In most cases, maintenance is scheduled to avoid loss of generation. The Planned Outage Factor is calculated from the Unit overhaul program.
Total Energy Produced (GWh)	The total energy produced by the generating asset in GigaWatt hours. For Tarong Power Station and Tarong North Power Station this indicator is usually calculated on the operation of the asset at full load, less the energy lost due to estimated plant unavailability, either forced or planned.
Total Energy Sent Out (GWh)	The net energy produced by the generating asset in GigaWatt hours. This indicator is the Total Energy Produced less the energy used internally within the asset or imported from the grid to run auxiliary plant associated with the asset.
Carbon Intensity (kilograms CO2 equivalent per MegaWatt hour sent out – kgCO2eq/MWhso)	The equivalent greenhouse gases emitted for each unit of energy sent out. The greenhouse gases included in this parameter are carbon dioxide, methane and nitrogen dioxide. The term equivalent refers to the higher weighting given to methane and nitrogen dioxide because of their greater greenhouse impact.
Integration of Environmental Management System (%)	TE has developed an Environmental Management System designed to proactively manage and maintain all aspects of environmental impacts of the Corporation.
Number of Major or Catastrophic Incidents	A Major or Catastrophic Incident is defined in the TE incident management procedure HSE-PROC-03. These incidents involve a major spill, emission, disturbance or failure of environmental control system that could lead to serious environmental harm.
Number of Regulatory Breaches	TE operates under a number of environmental licences issued by statutory bodies. If a licence is breached the relevant authorities are advised.
Lost Time Injury Frequency Rate	The number of occurrences of lost time injury per one million hours worked.
Average Time Lost per Lost Time	A lost time injury is one where the victim does not return to work for

Injury (days)	one day or shift due to the injury.
Number of Medical Treatments	A medical treatment is a lost time injury, a suitable duty injury or a medical treatment injury. A suitable duty injury is where the employee returns to work on lighter duties. A medical treatment is where the employee receives nursing or medical treatment for the injury.
Percentage Completion of Health and Safety Plan	TE develops and maintains a Health and Safety Plan to proactively manage employee health and safety.
Number of Prohibition / Improvement Notices.	A notice issued by the Queensland Department of Industrial Relations – Workplace Health and Safety Queensland for the prohibition and / or improvement of certain equipment or practices.
Number of Reported Incidents (Non-Injury)	TE has a system where any event or practice which has the potential to cause injury or adverse environmental impact is formally reported and followed up.

Attachment 1 - Employment and Industrial Relations Plan

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

This Employment and Industrial Relations Plan meets the requirements of S.171 of the GOC Act 1993 and is structured to meet the requirements of the Guidelines for the Development of Employment and Industrial Relations Plans in Government Owned Corporations (subject to the provisions of the Corporation's EBA).

1. Employment Conditions and Enterprise Bargaining:

The Tarong Energy Corporation Limited Certified Agreement 2006 – CA/2006282, was certified by the Queensland Industrial Relations Commission on 13 March 2006 and will expire on 12 March 2009. On 27 March 2006 this Agreement became a Preserved Collective State Agreement under WorkChoices. This Preserved State Agreement specifically incorporates the provisions of the Electricity Generation, Transmission and Supply Award – State 2002 as a Schedule to that Agreement.

The predominant hours of work for Tarong Energy Employees are as follows:

- Contract employees and Brisbane based EBA employees work 40 hours a week on a 10 day fortnight.
- Tarong based EBA employees work a 72.50 hours over a 9 day fortnight. They have a set Rostered Day Off every second Monday.

Tarong Energy is committed as far as possible to the maintenance of pre-WorkChoices employment terms and conditions. As such, unless otherwise required by law, Tarong Energy intends to comply with the attached Schedule (Schedule 1) '*Minimum Employment, Industrial Relations and Job Security Principles for Government Owned Corporation (GOC) Employees*'.

Where there are differences between the conditions contained in the Schedule of Minimum Standard Conditions and Entitlements and those contained in Tarong Energy's industrial instruments or policies as at 26 March 2006, the 26 March 2006 provisions from the Corporation's industrial instruments or policies will prevail.

The agreement in place is meeting the needs of the parties with only minor operational disputes or grievances. In the main the workforce is satisfied that the current agreement provides sufficient flexibility to incorporate changes to policy and procedures where required. Any areas where we may seek to make some changes to the document would be with the intention of providing clarification for future application.

During the upcoming EBA negotiation in early 2009, Tarong Energy will comply with the Government Policy Guidelines on Agreement Making in GOCs (subject to any applicable EBA provisions).

With the introduction of WorkChoices the dispute resolution procedure in the Tarong Energy Corporation Certified Agreement has been replaced by the WorkChoices model dispute resolution procedure for matters that relate to the application of the agreement. For all matters of dispute, it is our intention to establish an agreed process with our Unions that provides for conciliation and arbitration. The agreed will be consistent with the recommended process contained in the Minimum Employment IR and Job Security Principles for GOC Employees Schedule (in Schedule 1).

2. Employee Flexibility:

The Corporation's current certified agreement has the following provisions in relation to employee flexibility.

At the request of the employee, and where the employer agrees, an employee may exchange time worked outside of that employee's normal attendance for an equal amount of time off, at a mutually agreed time. Such time can be accrued to a maximum of three (3) days. Should there be any evidence that this provision is being used to circumvent the payment of overtime or other penalties then this provision shall be deleted from the Agreement.

In October of 2007 the company introduced a Flexible Work Policy which sought to formalise some of the existing formal and informal arrangements including part-time work, job-sharing, teleworking, and sabbaticals. These areas of application under the Policy are designed to encourage an effective work/life balance for employees and the business will accommodate requests where possible.

3. Type of Employment:

Our rolling budget process provides our desired workforce profile. Our Operations Business Unit is the area where the most flexibility exists to change the workforce profile, mainly in the area of overhaul resources. Our current strategy is to resource the business for normal operations with permanent employees, utilise contractors for non-core activities, eg. transport, cleaning, etc, and to use permanent staff with contract resources to cover major overhauls.

In the area of Information Technology we maintain permanent staff for strategic activities and outsource day-to-day user and system support functions.

The table below details the current workforce profile excluding the contractors supporting IT, non-core and overhaul activities.

	30 June 2008	30 June 2009	30 June 2010	30 June 2011
Permanent Full Time	429	429	429	429
Permanent Part-time (FTE)	5	5	5	5
Other Contract	0	0	0	0
Senior Executive Contract	8	8	8	8
Senior Executive Contract (s457 Temporary Visa)	0	0	0	0
Apprentices (In House)	1	1	1	1
Trainees (In House)	0	0	0	0
Casual Employees (In House)	2	2	2	2
Total Directly Employed Workforce	442	442	442	442
Apprentices (Group)	39	39	39	39
Trainees (Group)	8	8	8	8
Contractor Employees (Trade)	With regard to the use of Contract labour, Tarong Energy has undertaken a project to monitor and record the numbers of contractors in each business unit across the business. We are currently in testing phase			
Contractor Employees (Admin)				

	30 June 2008	30 June 2009	30 June 2010	30 June 2011
Labour Hire (Trade)	of this project, and expect full functionality by 30 June 2008. This upgrade to our processes will provide accurate numbers of contractors and the duration of their employment.			
Labour Hire (Admin)				
Total Workforce	489	489	489	489

Future employment requirements, including those resulting from the acquisition of the new mining business, have been assessed through the workforce planning process. The review identified that no significant changes to overall workforce numbers are expected.

4. Use of Apprentices and Trainees:

Tarong Energy currently provides work based training for 39 apprentices and eight trainees employed by the Wide Bay Group Training Scheme.

At present there is one in-house mature-aged apprentice.

5. Workplace Health and Safety:

Tarong Energy has implemented comprehensive health, safety and environmental management systems. Key elements include policies, systems, strategic committees, reporting and auditing activities.

These management systems are certified under the international quality standards AS/NZS 9002:1994 and AS/NZS ISO14001:1996; and accordingly are subject to external audit annually.

The Board, Board Committees, the Executive Management Team (EMT) and EMT sub-committees review these systems and receive regular reports on the progress of the systems.

Tarong Energy's last external audit was conducted in August 2007. The corporation was recertified to AS4801 with no non-conformances identified. We are continuing to implement our H&S Strategic Improvement Plan as a course of continuous improvement and we are working towards our goal of zero harm.

Our risk management processes have corporate risk plans and registers - which are being adapted into TAMS (Tarong Asset Management System) (2 HSE risk workshops were held in February 2007) down to team risk registers and then JSEA (Job Safety and Environment Assessment) processes for managing hazards at a task level.

Tarong Energy deals with safety issues at a higher level through risk plans and at a lower level by creating safety work orders in our Maintenance Management System (Ellipse). Priority 1, 2 and 3 work orders are reviewed twice weekly at the morning production meeting. Priority 4 and 5 work orders are reviewed monthly.

Performance against our key safety indicators is included in the body of the Statement of Corporate Intent.

6. Equal Employment Opportunity and Anti-Discrimination:

The corporation ensures the principles of merit and equity are upheld in its processes associated with recruitment, selection and promotion of our employees.

Tarong Energy has a Fair Treatment Policy in place to provide an environment and system for ensuring all employees, contractors, consultants, visitors and applicants for employment are aware of their rights and their responsibilities, in relation to EEO, discrimination, harassment and any other inequitable behaviour.

This policy is communicated in our Induction Program and refresher information sessions are conducted periodically.

In March 2007, Tarong Energy submitted a comprehensive Equity Management Plan (EMP) to cover the nine focus areas as identified by 'Large Agency' status. An internal review is conducted each year, and the compliance with and progress of the strategies are reported each September. The EMP is current for three years, to end 08/09 year.

The EMP was submitted to the Office of the Public Service Commissioner and was developed under that Office's planning and reporting framework which requires the setting of strategies and initiatives, and the subsequent reporting on the implementation and outcomes.

7. Interstate Acquisitions/Operations:

Tarong Energy work required interstate is conducted via operating service contracts by contractors (not employees).

8. Joint Venture Projects:

Tarong North Power Station is an unincorporated joint venture owned 50% by TN Power Pty Ltd and 50% by TM Energy (Australia) Pty Ltd. TN Power Pty Ltd is 100% owned by Tarong Energy and TM Energy (Australia) Pty Ltd is jointly owned by TEPCO/Mitsui. The same employment arrangements as apply to Tarong Power Station employees apply to the fourteen employees of Tarong North Pty Ltd.

The bulk of the work performed at Tarong North Power Station is carried out by Tarong Energy employees under a series of service agreements with the joint venture management company, Tarong North Pty Ltd.

9. Management of the Relationship between GOCs and Unions:

The staff of Tarong Energy Corporation is represented by the Single Bargaining Unit Consultative Committee (SBUCC). This committee is also charged with negotiating the EBA along with the State and/or transitional Federal Union Officials. The Corporation is committed to working collaboratively with the SBUCC and Unions to resolve issues of contention and to investigate means of introducing better work practices and more flexible working arrangements.

10. Redundancy Provisions:

Employee Type	Termination Payment	Notice Payment	Additional Payment 4 weeks	3 weeks per year of service	Accrued/ Prorata L.S.L.	Accrued/ Pro-rata A/L	External Training Payment	Income Protection
General Manager								
"A" Contract								
"B" Contract								
"W" Contract								
EBA								

CEO: The CEO's redundancy provisions are included in her employment contract.

General Manager: All General Managers on the Executive Team excluding the Chief Executive Officer.

A Contracts: Staff on employment contracts on Grade 11 and above.

B Contracts: Staff on employment contracts on Grade 10 and below.

W Contracts: Staff on employment contracts engaged at Wivenhoe (W) Power Station.

EBA Staff: All other staff covered by the Tarong Energy Corporation EBA.

11. Job Security:

The Corporation has provided a commitment that “no forced redundancies” will occur unless formally approved by shareholding Ministers.

12. Contracting Out:

The Corporation has implemented a number of initiatives with regard to contracting out consistent with the shareholding Minister’s advice. The initiatives include:

- Establishing a formal list of preferred contractors;
- Verifying that contractors that provide significant services have suitable systems operating to ensure the necessary level of skill and qualification of their employees to provide the services and to ensure a safe and healthy work place.

The Corporation is also committed to a thorough process of assessment around the requirement and use of contract labour, and the subsequent procedures for labour hire arrangements.

13. Superannuation:

The corporations Default Superannuation fund is ESI Superannuation. Under the terms of the ‘Choice of Fund’ legislation employees are also able to be members of other superannuation funds. The corporation is unable to access any surplus in the ESI Super Defined Benefit fund however, as the rules dictate an Actuarial review is conducted every three years that determines the Employer Contribution rate.

Fund Type	Employee Numbers	Employer Contribution (%)	Employee Contribution
Defined Benefits	109	3.0	As per Deed
Defined Contribution	273	10.0	Variable

14. Consultation:

The Corporation is committed to consultation with The Department of Mines and Energy, Department of the Premier and Cabinet, Office of Government Owned Corporations, and Department of Employment and Industrial Relations. The Corporation’s Employment and Industrial Relations Plan has evolved since the Corporation’s inception in July 1997. The Office of Government Owned Corporations will forward a copy of the Plan to the Office of the Public Service Commissioner.

It has been a stated objective of the Corporation that its IR/HR strategies will be evolutionary and whenever it has introduced new strategies, concepts, policies and practices it has been diligent in engaging the Executive Management, SBUCC, staff, unions and shareholding Ministers representatives in consultation prior to implementation.

Consultation on this E&IR Plan has occurred with relevant unions and staff directly or with the Corporation’s peak consultative committee where relevant unions are represented. There are no outstanding issues raised by unions during the consultation process that remain to be addressed.

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

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



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

December 2007

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

Context

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

Rationale

The introduction of Work Choices legislation has created some uncertainty regarding minimum employment standards, industrial relations practices and job security, especially in the government owned corporation sector, which is subject to the Work Choices legislation. This Government is opposed to the erosion of employment conditions by the Work Choices legislation introduced in 2006.

Objective

The principles set out below, which have been endorsed by Government, are intended to confirm the Government's position on minimum employment conditions and industrial relations practices and ensure that pre-Work Choices conditions are not eroded.

As a general principle, GOCs should maintain arrangements and policies existing prior to Work Choices, including in any GOCs subsidiaries within Queensland unless otherwise agreed with unions. GOCs should also work cooperatively with unions to resolve issues using services available at the State level where possible.

Application

GOC shareholding Ministers request that GOCs put in place available safeguards to maintain standard employment conditions, industrial relations practices and job security through the provisions of GOC Employment and Industrial Relations Plans (E&IR Plans). E&IR Plans form part of the annual Statements of Corporate Intent which are considered and approved by the shareholding Ministers by 30 June each year in line with the *Government Owned Corporations Act 1993* provisions.

Legal advice from Crown law supported this approach, except where the relevant GOC is subject to the National Code of Practice for the Construction Industry e.g. Qld Rail as a result of undertaking work on federally funded rail infrastructure projects.

Principles

1. Union Encouragement

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

Union delegates and job representatives have a role to play within a workplace. The existence of accredited union delegates and/or job representatives is to be encouraged.

Accredited union delegates and/or job representatives shall not be unnecessarily hindered in the reasonable and responsible performance of their duties.

2. No Disadvantage

Rates of pay and conditions of employment included in a Notional Preserved State Award and/or a Preserved State Collective Agreement, when taken as a whole, are not to be reduced in the future except as required by relevant federal legislation or as agreed between the relevant industrial parties.

3. Enterprise Agreements

The following conditions of employment and practices shall continue –

a) collective agreements with unions shall be the preferred means of industrial regulation of rates of pay and conditions of employment;

b) 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 1/7/2007 \$91424.68 per annum) plus 12.75% plus the equivalent of annual leave loading plus any overtime component) or the top rate in the respective GOC enterprise agreement plus the applicable superannuation and annual leave components, where the aggregate of these is lower –

i) An amount lower than outlined in b) above may be negotiated within an enterprise agreement as agreed between the relevant parties; and

ii) 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.

4. Payroll Deductions of Union Fees

Requests from employees for payroll deduction of union fees are to be accommodated where the service was made available immediately prior to 27 March, 2006. It is noted that Government agencies provide this facility without charge to relevant unions.

5. Use of Contractors

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

GOCs will be advised of Best Practice Guidelines for the Use of Contractors by GOCs and for the Use of Overseas Staff under Temporary Visa Arrangements Sponsored by the Employer, to Cover Skill Shortages.

The following general principles will also be included in the Best Practice Guidelines.

- (a) Contractors and/or labour on-hire arrangements are to be utilised in an orderly and responsible manner, such that there is not a detrimental effect on the State's or public interest e.g. causing disruption to services to the public or causing damage to the economy or standing of the State.
- (b) It is recognised that circumstances arise where the use of Contractors is either desirable or essential. These circumstances are seen to be within the following guidelines:-
 - (i) The work volume, type of work or specialisation required is beyond the capacity of resources or staff;
 - (ii) It is in the public interest to undertake such work. Public Interest includes issues of cost effectiveness; or
 - (iii) The security and tenure of employment of additional staff required to meet work peaks cannot be guaranteed.
- (c) The use of contractors is not to be used to avoid training existing staff or employing new staff to cater for emerging areas of work. "Emerging areas of work" does not include one-off works or temporary work peaks.
- (d) In addition, contractors and/or their employees are not to be appointed to any position as permanent employees unless normal advertising and selection processes have been followed.

6. Unfair Dismissal

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

- a) if an employee's conduct, capacity or performance is deficient —
 - (i) ensure the employee is formally warned about the conduct, capacity or performance and is given a chance to rectify any deficiency; and
 - (ii) ensure the employee is given an opportunity to respond formally to any allegation about their conduct, capacity or performance; and
 - (iii) ensure employees have a right to be represented through all parts of the process; and

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

7. Right of Entry of Union Officers to the Workplace

An officer of a union party to a GOC award or enterprise agreement shall be provided with access to relevant workplaces during business hours to inspect and request information and/or discuss with the employer and members or potential members, a suspected breach of applicable employment legislation, a relevant award or enterprise agreement or a workplace or industrial matter. The above is subject to seeking access from a responsible manager or other person in charge. Permission shall not be unreasonably withheld, but access and the activities undertaken thereafter shall not interrupt the normal continuity of work.

It is noted that by law, entry to certain operations subject to national/State security initiatives can only occur under escort unless the necessary authorities are held. Union officials should make contact with GOCs beforehand to ensure necessary compliance before entering workplaces where this might be the case e.g. ports, airports and like essential infrastructure installations.

8. Industrial Relations Education Leave

Unless an award/enterprise agreement and/or custom and practice immediately prior to 27 March 2006 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 at least 6 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 the GOC), to attend courses or seminars conducted by the union or specific training courses approved and accredited by the union. The GOC shall give consideration to the special requirements of any regionally based workplaces in applying the limits on paid time off referred to above, provided that the granting of such leave does not unreasonably interfere with the GOC's operations. The scope, content and level of such courses or seminars shall be such as to contribute to a better understanding of industrial relations within the GOC's operations.

9. Consultative Arrangements

GOCs shall endeavour to deal with industrial relations matters cooperatively through consultative arrangements with employees and union delegates at the workplace level and through employees and/or delegates and union representatives or officials at the organisation level. Paid involvement of delegates and relevant employees shall be considered in relation to such consultative arrangements, as well as in circumstances where their involvement facilitates the resolution of industrial relations issues or assists the employer in developing and implementing new initiatives, provided they are not involved in industrial action. Where paid union meetings have been available as a result of an award/enterprise agreement or custom and practice existing immediately prior to 27 March 2006, such arrangements shall be continued.

10. 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 relevant shareholding Ministers in the case of redundancies at GOCs.

11. Assistance with the Resolution of Disputes

The *Industrial Relations Act 1999* (IR Act) was amended in 2007 to provide for 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 as a result of the introduction of Work Choices.

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

This includes parties to Preserved State Collective Agreements or Notional Agreements Preserving State Awards. GOCs are encouraged to utilise these avenues as a means of resolving issues at the State level. Wherever possible, GOCs should genuinely attempt to resolve issues through the provisions of the IR Act.

If a matter cannot be resolved as a result of utilising the QIRC functions, such processes will satisfy the requirements of the *Workplace Relations Act 1996* regarding alternative dispute resolution, should matters subsequently be referred to the Australian Industrial Relations Commission by way of dispute.

GOCs are advised to develop a Dispute Resolving Policy that provides a consistent and clear approach for the parties to deal with disputes early on. The Disputes Resolving Policy may list the nominated person(s) agreed with the union(s) to assist the parties in resolving disputes and a range of functions and conditions agreed between the parties to determine on a case by case basis the best way to deal with particular disputes.

This is not a process to deal with industrial action.

See attachments: Guidelines for Establishing a Disputes Resolving Policy for use in seeking the assistance of the Queensland Industrial Relations Commission under section 273A of the IR Act.

GUIDELINES: Establishing a Dispute Resolving Policy

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

Step 1 Resolution at the Workplace Level

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

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

Step 2 Alternative Dispute Resolution Process [including QIRC assistance]

Who *The disputes policy shall list the nominated person (s) agreed between the parties to assist in resolving disputes.*

Person/s may include a Queensland Industrial Relations Commission (QIRC) member/s in relation to utilising section 273A under the Industrial Relations Act 1999 or, alternatively establish a panel of agreed persons (eg industry expert, AIRC/QIRC representative and union representative)

How *The parties may determine the appropriate approach to each dispute on a case-by-case basis and must agree in writing how the dispute is to be resolved. If the parties agree to seek the QIRC's assistance, the parties must submit a **referral agreement** to the QIRC as to how the dispute is to be resolved by the QIRC (refer to section 273A (1)(b) under the Industrial Relations Act 1999).*

What General Provisions

Provisions covered in the disputes resolving policy must be agreed between the parties in advance of handling any particular dispute. Such provisions can include:

- (i) Commitment from parties to follow agreed process.
- (ii) Determine appropriate timeframes to deal the dispute.
- (iii) The allocation of any costs associated with a dispute process will be as agreed between the parties on a case-by-case basis or if no agreement can be reached, each party shall meet its own costs.
- (iv) Work as directed unless the employee has a reasonable concern about an imminent risk to their health or safety.

- (v) At any time industrial action is threatened or taken during the process, either party may directly proceed to AIRC for assistance.

Any time industrial action is threatened or taken, the GOC must inform Department of Employment and Industrial Relations as soon as possible.

Functions of QIRC

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

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

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

Disputes Resolving Policy - Checklist

The following checklist could also be used as a basis of a **referral agreement** under section 273A(1)(b) of the *Industrial Relations Act 1999*.

1. Request the informal assistance of [INSERT Commissioner] to resolve a dispute between [INSERT parties involved].
2. Advise the dispute is in relation to [INSERT subject matter, brief background and timeframe the dispute has existed].
3. Indicate the [INSERT union or other party to the dispute] has been notified and agrees to the Commissioner's assistance to resolve this dispute and the parties request that the Commissioner be requested [INSERT terms of disputes process eg
 - to conciliate the matter
 - to conciliate the matter and if the dispute remains unresolved, arbitrate the matter
 - to arbitrate the matter
 - granting a remedy or other relief
 - deciding any other issue or question arising in the dispute.
4. State that in its role as [INSERT conciliator / arbitrator] the Commissioner is requested [INSERT any of the following relevant term]s:
 - to observe the confidentiality of the matters in dispute
 - to identify and define the matters in dispute
 - to develop a procedure that aims to resolve the dispute quickly, fairly and cost-effectively
 - to suggest resolution techniques for individual issues aimed at narrowing the matters in dispute
 - to act as the facilitator of direct negotiations between the parties
 - to make suggestions for resolution (Conciliation process)
 - express opinions about a reasonable resolution (Conciliation process)
 - that if the matter is unresolved it may within seven days of terminating the process, provide a written report to the parties expressing the opinion of what would be a reasonable resolution of the dispute (Conciliation).
 - to determine the matter (s) in dispute by selecting one only of the final round of offers on the basis of which offer the Commissioner believes provides the most reasonable basis on which to resolve the matter in dispute (Arbitration)
 - not to amend or otherwise qualify the offer it selects (Arbitration)
 - to notify the parties in writing as to the offer it considers to provide the most reasonable basis of settlement as soon as practicable after receiving the final round of offers from the parties (Arbitration)
 - to make a recommendation which the parties accept as a binding resolution of the dispute. The recommendation can be based on the information provided in conciliation and additional information provided by the parties. The parties agree that the Commission may issue directions for the purposes of obtaining further information. (Informal Determination)

- to make a formal determination and that the parties agree to abide by the determination. The parties will have the opportunity to be heard formally on the matter(s) in dispute and the Commissioner will only regard material including witness evidence, submission and will disregard admissions, concession, offers or claims made in mediation. The Commissioner may also make and issue directions in relation to the process leading to the determination and the parties will abide by those directions. (Formal Determination)
5. Address procedural matters including [INSERT details about:
- how the parties will present its position
 - confidentiality arrangements
 - representation
 - timing, location and duration of the process
 - if a telephone conference is required
 - how the process will be recorded
 - any other particulars about the Commissioner's role in relation to establishing procedures.
6. Advise that in the event that the requested Commissioner is not available, the parties request [INSERT Commissioner] to assist the parties.

Attachment 2 - WACC Calculations

Assumptions

Corporate Tax Rate

Inflation Rate

Capital Structure:

40.00%

60.00%

Nominal Market Interest Rate

Nominal Risk Free Rate (Rf)

Nominal Market Premium ($R_p=R_m-R_f$)

Corporate Beta

Corporate Gamma

Cost of Debt

Nominal Pre-Tax Cost of Debt

Nominal Post-Tax Cost of Debt

Real Pre-Tax Cost of Debt

Real Post-Tax Cost of Debt

Cost of Equity

Nominal Pre-Tax Cost of Equity

Nominal Post-Tax Cost of Equity

Real Pre-Tax Cost of Equity

Real Post-Tax Cost of Equity

WACC

Nominal Before Tax Before Debt

Nominal After Tax Before Debt

Real Before Tax Before Debt

Real After Tax Before Debt

Attachment 3 – Corporate Governance Guidelines for Government Owned Corporations

Tarong Energy has adopted all of the recommendations in the Corporate Governance Guidelines for Government Owned Corporations.

Attachment 4 – Compliance with Government Policies and Guidelines

Tarong Energy will observe the following Policies and Guidelines issued by the Queensland Government:

- Government Owned Corporation Subsidiaries – Key Shareholder Requirements for Constitutions (2006)
- Guidelines for the Preparation of Statements of Corporate Intent and Corporate Plans for Government Owned Corporations (2006)
- Government Owned Corporations Cost of Capital Principles (2006)
- Corporate Governance Guidelines for Government Owned Corporations (2005)
- Investment Guidelines for Government Owned Corporations (2003)
- Agreement Making in Government Owned Corporations Financial – Guidance for Chief Executive Officers (2004)
- Guidelines for the Development of Employment and Industrial Relations Plans in Government Owned Corporations (2002) (subject to the provisions of the Corporation's EBA)
- Audit and Reporting Requirements for Government Owned Corporation Controlled Entities and Investments (2002).
- Code of Practice for GOCs' Financial Arrangements (2002).
- Guidelines in Relation to Agreement Making in Government Owned Corporations (2002) (subject to the provisions of the Corporation's EBA).
- Government Owned Corporations Overseas Travel Policy
- Queensland Code of Practice for the Building and Construction Industry (2000).
- State Purchasing Policy (2001).
- Guidelines for Export of Services by Government Owned Corporations (2001).
- Guidelines for Frequent Flyer Schemes (1999)
- Local Industry Policy: A Fair Go for Local Industry (1999).
- CSO Policy Framework (1999)

Tarong Energy will seek to observe the following Queensland Government Policies and Guidelines:

- 2% for Public Art Policy (1998).
- ClimateSmart 2050 (2007)

Significant Projects

Tarong Energy will seek the prior approval of shareholding Ministers before submitting any projects for declaration as a 'significant project' under the *State Development and Public Works Organisation Act 1971*.

Enterprise Bargaining

Further in relation to the commitment above to the Guidelines for Chief Executive Officers on Agreement Making in GOCs, in the conduct of enterprise bargaining by the corporation, it will adhere to the framework for negotiations approved by Cabinet Budget Review Committee.

Appendix 5 – Sponsorship, Advertising and Corporate Entertainment

Background

The Statement of Corporate Intent sets out:
annual budgeted expenditure details for each marketing activity; and
individual commitments over \$5000 for each of the five review categories;
sponsorship, advertising, corporate entertaining, other related activities and
donations.

Tarong Energy has in place Board approved policies in relation to sponsorships and donations and corporate entertaining.

Tarong Energy's sponsorship, advertising and corporate entertainment activities are aimed at:

1. building and strengthening Tarong Energy's corporate reputation in the communities in which we operate or seek to operate;
2. making a real difference to the local community and regions in which the Corporation operates or seeks to operate;
3. positioning Tarong Energy in the eyes of the broader Queensland community as a successful owner and operator of electricity generation facilities and an integral part of Queensland's future;
4. managing relationships with stakeholders in an active and effective way to protect and enhance the company's reputation; and
5. Delivering a return on investment.

The majority of the Corporation's work is directed at sponsorship and donations in the communities in which the Corporation operates. These are generally provided in the priority areas of:

Community;
Indigenous communities;
Environmental programs;
Education activities;
Arts and culture;
Youth; and
Health and lifestyle.

Total Budgeted Amount for 2008/09 – Sponsorship, Advertising and Corporate Entertainment

Tarong Energy Corporation implements a comprehensive Sponsorships and Donations Program with the goal to strengthen our corporate reputation; position Tarong Energy as a successful owner, operator and developer of electricity generation facilities and an integral part of Queensland's future; and make a real difference to the community and regions in which we operate or seek to operate.

The Sponsorships and Donations Program has the following streams:

1. **Corporate Sponsorship and Donations Program** (\$97k):
2. **Community Sponsorship and Donations Program**: (\$120k)
3. **Tarong Community Development Fund**: (\$280K)
4. **Cultural Heritage Fund**: (\$500K)
5. **Staff Engagement**: (\$25K)

Corporate Sponsorship and Donations Program

Level	Event	Description	Purpose	Expenditure
<u>Major</u> (> \$20k)	Queensland Minerals and Energy Academy (QMEA) silver sponsorship.	<p>The QMEA is a partnership between the Queensland Resources Council, educational providers and the Queensland Government.</p> <p>The QMEA aims to encourage students to enter careers in the minerals and energy sector.</p>	Building and strengthening Tarong Energy's corporate reputation in the communities in which we operate or seek to operate; positioning Tarong Energy in the eyes of the broader Queensland community as a successful owner and operator of electricity generation facilities and an integral part of Queensland's future; making a real difference to the local community and regions in which the Corporation operates or seeks to operate.	\$20,000
	To be identified – additional major events in the South Burnett Community will be supported.	Tarong Energy is currently investigating opportunities to provide significant support to additional events in the South Burnett region, or alternatively sponsor a metropolitan event to tour the South Burnett.	As above	\$28,000 (in total)
<u>Significant</u> (\$10k-\$20k)	Engineers Australia, Queensland Division silver sponsorship	<p>Through supporting this association at this level, Tarong Energy will be promoted to its peers in engineering-focused industries as well as current and future professionals.</p> <p>Engineers are an important resource for Tarong Energy and it is critical to facilitate their continued development and networking opportunities.</p>	As above	\$17,000 (p.a. over three years)
<u>Medium</u> (> \$2k-\$10k)	To be identified – three additional corporate programs.	Tarong Energy is currently investigating local and state-wide initiatives or educational programs, eg Kingaroy State High School participation in Young Achievement Australia (YAA) program.	As above	\$30,000 (in total) YAA program \$7,000

Level	Event	Description	Purpose	Expenditure
Total allocation				\$97,000
<i>Community Sponsorships and Donations Program</i>				
<u>Minor</u> (<\$5K)	Tarong Energy provides a range of sponsorships and donations to the local community.	E.g. Sponsor of CROW FM Community Billboard. Sponsor of Lowood High School in Rock Eisteddfod Challenge.	Building and strengthening Tarong Energy's corporate reputation in the communities in which we operate or seek to operate; positioning Tarong Energy in the eyes of the broader Queensland community as a successful owner and operator of electricity generation facilities and an integral part of Queensland's future; making a real difference to the local community and regions in which the Corporation operates or seeks to operate.	\$120,000 (in total)
<i>Staff Engagement</i>				
	Tarong Energy supports staff participation in charity fundraisers, sporting events etc.	E.g. Shave For A Cure	Making a real difference to the local community and regions in which the Corporation operates or seeks to operate.	\$25,000 (in total)

Tarong Community Development Fund

Expressions of interest for funding are advertised in the local media each quarter, and allocations are made following an assessment process.

Procedures to administer this fund are subject to the TE's Sponsorships and Donations Policy.

Type	Event/Association	Description	Purpose	Expenditure
	Remaining activities to be identified following calls for expressions of interest	Projects to help address critical South Burnett regional issues including: <ul style="list-style-type: none"> • Reducing unemployment; • Education; • The regional environment; • Economic development. 	Building and strengthening Tarong Energy's corporate reputation in the communities in which we operate or seek to operate; making a real difference to the local community and regions in which the Corporation operates or seeks to operate.	\$273,000 in total

Type	Event/Association	Description	Purpose	Expenditure
	Partnership with Lifeline Kingaroy	Support for local women's refuge over three years to finance facility upgrades and facilitate employee education programs including the promotion of outreach services to victims and perpetrators.	As above	\$7000
Total				\$280,000

Cultural Heritage Fund

Through the acquisition of the RTCA assets, Meandu Mine and Kunioon MDL, Tarong Energy has substantially increased the scope of its relationship with the Aboriginal community in the South Burnett region. As part of the Tarong Coal Project Agreement, Tarong Energy has responsibility for funding and administering a fund of \$500,000 per annum to support the Indigenous community of the South Burnett in the areas of education, training, community and business development.

Transfer of the Agreement and accompanying fund is currently occurring. As the Agreement has not yet been assigned no specific project allocations have been finalised by the relevant committees. However the likely composition, based on previous RTCA allocations, is as follows:

Type	Event	Description	Purpose	Expenditure
<u>Major</u> (> \$20k)	Annual scholarship program	Scholarship program for Aboriginal secondary school students in the South Burnett.	Making a real difference to the local community and regions in which the Corporation operates or seeks to operate; managing relationships with stakeholders in an active and effective way to protect and enhance the company's reputation; delivering a return on investment.	\$30,000 per year.
	Indigenous Traineeship	A 12 month traineeship at the Bunya Wakka Wakka Cultural and Heritage Corporation office (\$20,000).		\$20,000 per year
	Bunya Wakka Wakka Cultural and Heritage Corporation	Financial support to the Corporation for administrative and business development.		\$125,000 per year
	Future Fund	The Agreement includes provision for unspent funding to be placed in a Future Fund.		\$50,000
	To be identified – a major health, training, business or community development initiative	Tarong Energy will investigate opportunities via the Agreement's committee structure to identify a major project that will provide key opportunities or benefits for the Indigenous community.		\$150,000

Type	Event	Description	Purpose	Expenditure
<u>Significant</u> (\$10k - \$20k)	To be identified – a number of education, training, community and business development initiatives		As above	Total \$75,000
<u>Medium</u> (>\$2k - \$10k)	To be identified – a range of education, training, community and business development initiatives		As above	Total \$30,000
<u>Minor</u> < \$2k	To be identified – a range of education, training, community and business development initiatives		As above	Total \$20,000
Total				\$500,000

Corporate Entertainment

Type	Event/Association	Description	Purpose	Expenditure
<u>Membership</u>				
	Other as required	Events providing the opportunity to build and strengthen relationships with key figures / organisations within Queensland's business fraternity.	As above	\$10,000 (in total)
	Board Stakeholder Engagement	Invite high-profile business and government leaders to meet with directors. (4 events per year)	As above	\$8,000 (in total) (Estimate)
	Senior Management stakeholder engagement activities	Build and strengthen relationships with key figures / organisations within Queensland's business fraternity and keep informed of developments in TE;s business environment eg.	Managing relationships with stakeholders in an active and effective way to protect and enhance the company's reputation.	\$6,000

Type	Event/Association	Description	Purpose	Expenditure
		CEDA & AICD lunch presentations,		
	End of year stakeholder function - Brisbane	Annual event involving directors, senior management and key Tarong Energy stakeholders.	As above	\$3,500
	Two functions with corporate seating at "the 'Gabba" during the international cricket season	Annual event at which Marketing and Trading officers network and build relationships with key customers.	As above	\$12,500
	TPS 25year anniversary – Family Day	Employees (all TE), contractors, Thiess employees, Tarong North employees, TE Board, key external stakeholders	To thank our employees and other stakeholders for their contribution over the past 25years	\$35,000
	WPS 25year anniversary – Employee Open Day	WPS employees and families, Board, key TE managers	Birthday celebrations on day of anniversary. Board and EMT to attend – employees and families. BBQ lunch and other activities as permitted by site.	\$5,000
	Sub-Total			\$80,000
<u>Below \$5,000</u>	Staff Functions			
		Canteen/light meals ¹⁴		39,815
		Team building		44,980
		Staff farewells		24,734
		Other Meetings		52,346
		Cricket		436
		Golf		161
		Other Sporting Events		3,371
		Finance Admin		0
	Sub-Total			165,843

¹⁴ Catering expenses for meetings and functions were originally budgeted under "staff functions" however have since been removed from this classification in accordance with TE' Corporate Entertainment and Hospitality policy

	Business Development			
		Business Development		2,679
Sub-Total				2,679
	Stakeholder and Community Engagement			
		Community Entertainment Spend		1,325
		CEDA/ AICD/ Awards ^[3]		9,867
		Business Functions		5,649
		Board		6,408
		Stakeholder meetings		32,833
Sub-Total				56,082
				224,604
TOTAL				\$304,603

Advertising

Type	Event	Description	Purpose	Expenditure
<u>Radio</u>	Community sponsorship and brand promotion	Ads to run on regional radio to accurately inform the public about Tarong Energy activities.	Strengthen our corporate reputation; position Tarong Energy as a successful owner, operator and developer of electricity generation facilities and an integral part of Queensland's future.	\$15,000
<u>Print</u>	Community sponsorship and brand promotion	As above	As above	\$15,000
Total				\$30,000

Other related activities

Type	Event	Description	Purpose	Expenditure
<u>Ceremonies</u>	Significant events and milestones that could be celebrated with local dignitaries, media and / or the community		Positioning Tarong Energy in the eyes of the broader Queensland community as a successful owner and operator of electricity generation facilities and an integral part of Queensland's future; building and strengthening relationships between Tarong Energy and the local community.	\$20,000 (in total)
Total				\$20,000

Assumptions

Tarong Energy has adopted the following definitions for the five review categories referred to above:

Advertising – means advertising to promote Tarong Energy's brand and does not include advertising for recruitment, tender notices and other community notices/ newsletters.

Corporate Entertaining – means an event or function to which external guests are invited and where the external guests constitute more than 50% of the total numbers of invitees and the material purpose of the event or function is to build or enhance relationships, i.e., a marketing tool.

Donations – are gifts, in cash or other items of value, with no return benefit expected.

Sponsorship – is a commercial arrangement in which Tarong Energy provides a contribution in money or in kind support for a specific activity or program in return for certain benefits, i.e. the right to associate Tarong Energy's name, products or services with the sponsored organisation's service, product or activity.

Other Related Activities – means ceremonies or functions organised by Tarong Energy to promote our business such as opening ceremonies for new assets.

Significant changes to Budgeted Amounts

Tarong Energy agrees to provide details of any significant changes to these commitments in its quarterly reports to shareholding Ministers.

Attachment 6 – Definitions and Calculations

Financial Performance Targets and Indicators

ROA	=	$\frac{\text{Earnings Before Interest and Tax (but after Abnormals)}}{\text{Total Average Assets}}$
Return on Operating Assets	=	$\frac{(\text{EBIT} - \text{Investment Income}) \times 100\%}{\text{Average Total Assets} - \text{Average Work in Progress} - \text{Average Financial Assets}}$
		<i>(Investment income is income received and receivable on financial assets, ie. interest, dividends. Financial Assets include cash, bank deposits, negotiable securities, promissory notes, shares and other assets of like nature which generate income in the form of interest, dividends, or equity income; excludes trade and other debtors)</i>
ROE	=	$\frac{\text{Operating Profit and Extraordinary Items after Tax}}{\text{Total Average Equity}}$
Debt to Debt plus Equity	=	$\frac{\text{Debt}}{\text{Debt} + \text{Equity}}$
Current Ratio	=	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Interest Cover	=	$\frac{\text{Earnings Before Interest and Tax (but after Abnormals)}}{\text{Interest Expense}}$
Cost Recovery Ratio	=	$\frac{\text{Revenue from Operations}}{\text{Expenses from Operations}}$
Operational Performance (%)	=	$\frac{(\text{Revenue from Operations} - \text{Expenses from Operations}) \times 100\%}{\text{Average Total Assets} - \text{Average Financial Assets} - \text{Average Work in Progress}}$
Average Revenue per MWh sent out	=	$\frac{\text{Sales of Electricity}}{\text{MW (sent out)}}$
Shareholder Value Added	=	Net Profit After Tax (NPAT) – Equity Charge (calculated at the cost of equity multiplied by the average equity)
Time Weighted Annual Pool Price	=	$\frac{\text{Sum of Pool Price for each Trading Interval}}{\text{Total Number of Trading Intervals}}$

Non-Financial Performance Targets and Indicators

$$\text{Availability Factor (\%)} = \frac{(\text{Installed Plant Capacity (MW)} \times \text{Period Hours} - \text{MWh Capacity Reduction}) \times 100\%}{\text{Installed Plant Capacity (MW)} \times \text{Period Hours}}$$

$$\text{LTIFR} = \frac{\text{Total Number Lost Time Injuries Per Annum}}{\text{Total Annual Hours Worked (Millions)}}$$

$$\text{Equivalent Forced Outage Factor (\%)} = \frac{\text{MWh out of Service due to Forced Outage} \times 100\%}{\text{Installed Plant Capacity (MW)} \times \text{hours in year}}$$

$$\text{Planned Outage Factor (\%)} = \frac{\text{MWh out of Service due to Planned Outage} \times 100\%}{\text{Installed Plant Capacity (MW)} \times \text{hours in year}}$$

Planned Outages are due to planned work that generally involve overhaul work, either on a unit or components, which is planned well in advance, usually by more than one year.