

CS Energy Ltd

Statement of
Corporate Intent

2006/2007

for Parliamentary tabling

Prepared by
the Directors and Management
of CS Energy Ltd (ABN 54 078 848 745)
for shareholding Ministers:

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Deputy Premier and Treasurer, and
Minister for State Development, Trade and Innovation

and

John Mickel MP
Minister for Energy and
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Part One: Corporate objectives and strategies

1.1 Core business

CS Energy's core business is to generate and sell electricity, including participation in electricity trading arrangements under the Electricity Act 1994. Pursuant to this Act, the Queensland Government has granted CS Energy Ltd an authority to connect Callide, Swanbank and Kogan Creek A generating plants to the Queensland electricity transmission grid. CS Energy holds an Australian Financial Services Licence, which enables it to manage revenue fluctuations, associated with the electricity pool, through contract arrangements in the derivative market. The Company holds an electricity retailing licence and enters into power purchase agreements with large, industrial customers in Queensland.

Mica Creek Power Station is not connected to the National Electricity Market (NEM) transmission grid and sells power under power purchase agreements to customers in the north-west Minerals Province.

1.2 Corporate objectives

Consistent with its long-term, strategic goal, CS Energy's corporate objectives for 2006/2007 are to:

- Finalise the feasibility study on Kogan Creek Unit B by June 2007;
- Secure an unconditional gas supply contract with the PNG gas project proponents for the existing gas turbine at Swanbank E, the Mica Creek Power Station and a potential additional gas turbine (Swanbank F);
- Complete feasibility on one new NEM generation project;
- Secure Commonwealth funding, through the Low Emissions Technology Development Fund, for the Callide A Oxy-firing project; and
- Issue notice to proceed on Swanbank F by June 2007.

These projects are subject to shareholding Minister approval and the Queensland Government's energy policy.

1.3 Operational objectives

CS Energy's key operational objectives for 2006/2007 are to achieve a:

- Lost time injury rate of 0;
- Reportable environmental incident rate of 0;
- Portfolio reliability target of 96.95 percent; and
- Ratio of preventative to corrective maintenance of 70/30.

1.4 Corporate strategies

Consistent with its 2006/2007 to 2010/2011 Corporate Plan, CS Energy's key strategies for achieving its 2006/2007 objectives are to:

- **Improve existing asset performance**

A major focus for CS Energy during 2006/2007 is the consolidation of its new Portfolio Services section, which is tasked with identifying and exploiting operations, maintenance and engineering synergies across the generation portfolio.

CS Energy will also continue to work to with the Callide C EPC contractor and coal supplier to resolve outstanding technical issues with the boiler performance, and complete negotiations with InterGen for a revised operations and maintenance agreement.

- **Secure control of key inputs of fuel and water**

CS Energy will continue to pursue gas supply from PNG and from coal seam methane operators, to facilitate the ongoing intermediate operation of Swanbank E and develop longer term supply options for the Company's gas-fired portfolio.

CS Energy will work with the SEQ Water Corporation, the Department of Natural Resources, the Queensland Co-Ordinator General and other stakeholders on the feasibility of alternative water strategies, including the use of recycled water, or water from sources other than Wivenhoe and Moogerah Dams, at Swanbank Power Station.

CS Energy will work on the feasibility of a gas-fired Swanbank F plant, to replace existing coal-fired capacity.

- **Grow and diversify the company's generation portfolio**

CS Energy will continue to foster a growth related outlook, investing in further development work on a Kogan Creek B unit, and Swanbank F, a major combined cycle peaking plant.

The Company will also continue to support the expansion by transmission companies of the Queensland New South Wales Interconnector to maximise opportunities to generate additional revenue in the New South Wales market. Commercial partnerships are seen as central to CS Energy's growth strategy and, during 2006/2007, the Company intends to develop a framework for such partnerships. Work will include the development of a preferred structure to support the Company's development plan and the evaluation of incumbent generators and fuel suppliers.

In addition, CS Energy will develop a portfolio of activities that will complement further investment in large scale coal-fired plant, which may include investment in oxy-firing and geo-sequestration demonstration programs. During 2006/2007 CS Energy intends to finalise arrangements with AusIndustry for Low Emissions Technology Development Fund funding and implement the Oxyfuel project through an integrated joint venture agreement.

1.5 Performance drivers

External factors affecting CS Energy's business during the life of this plan are:

- The implementation of full retail contestability in Queensland in 2007;
- Structural changes to the electricity industry in NSW and Queensland; and
- The emerging trend towards vertical integration in NEM connected Australian markets.

Emerging issues that may affect CS Energy's business include:

- Energy demand growth in NSW and Queensland, requiring major generating plant additions during the next decade;
- Expected substantial growth in peak demand growth in NSW, Victoria and Queensland over the same period;
- Potential drought related water restrictions; and
- The potential impact of a carbon tax impost on the commercial performance of existing and planned assets.

1.6 Corporate performance outcomes

In accordance with the Company's corporate objectives, CS Energy undertakes to achieve the following corporate performance outcomes in 2006/2007:

OUR AIMS AND HOW WE PLAN TO SUCCEED	KEY MEASURES	TARGETS 2006/2007
<i>PEOPLE meeting the challenges</i>		
Best Safety & Environmental Performance ☞ Safe environment and strong safety culture	LTIFR Drug & alcohol testing in place REIFR	Zero by December 2006 Zero
Effective Organisation ☞ Focusing on leadership, culture, strategy alignment, structure, systems and processes	Organisation Assessment (Survey) Managerial leadership phase 2 embedded Kogan Creek recruitment	20% improvement on 2005 results by June 2007 by September 2006
<i>PORTFOLIO PERFORMANCE</i>		
Optimise returns within acceptable risk, preserving long term value ☞ Market driven plant performance ☞ Cost competitiveness ☞ Bidding and contracting above market ☞ Commercially driven plant strategies	ROPA EBIT On-grid fuel Non-fuel O&M and services Operating revenue Ratio preventative/corrective maintenance Unit reliability targets achieved	70/30 17 out of 19
<i>POSITIONING for the future</i>		
Growth and Regional Diversification ☞ Growth within the NEM in Australia	Portfolio Generation Swanbank F and Kogan B New NEM project feasibility	NTP by June 2007 by June 2007
Secure Long-term Competitive Resources ☞ Economic gas for Swanbank E and future plant ☞ Fuel development ☞ Water resourcing plan	Economic gas supply secured in Queensland - E station running regime - PNG gas contract Fuel strategy endorsed by Board Water strategy endorsed by Board	by December 2006 by December 2006
Technology Application	Committed Oxy-fuel LETDF funding	By March 2007

See page 35 for definitions

Part Two: Mandatory matters

2.1 Financial targets

Quarter 2006/2007				Performance targets	2004/05	2005/06	2005/06	2006/07
Sept	Dec	Mar	June		Actual	Budget	Est Act	Budget
17.6	19.1	46.5	18.2	EBIT (\$M)	69.3	91.5	97.6	101.3
10.3	11.4	30.4	11.4	NPAT (\$M)	36.4	52.8	57.5	63.4
3.2	3.3	7.8	3.0	Return on total assets (%)	4.0	4.6	5.1	4.3
3.2	3.3	7.8	3.0	Return on operating assets (%)	4.1	4.7	5.2	4.4
5.3	5.7	15.0	5.6	Return on equity (%)	4.2	6.2	7.0	8.1

1. Return on assets is negatively impacted by the large accumulating balance of Kogan Creek while the station is under construction. Return on equity remains strong due to the fact that equity return incorporates the positive effect of a large portion of capitalised interest in 2004/2005, associated with the Kogan Creek Power Project.

Quarter 2006/2007				Performance indicators	2004/05	2005/06	2005/06	2006/07
Sept	Dec	Mar	June		Actual	Budget	Est Act	Budget
55.8	58.3	57.8	60.0	Debt/debt + equity (%)	37.2	52.6	53.6	60.0
0.5	0.8	0.7	0.6	Current ratio (times)	0.8	0.9	0.5	0.6
5.8	7.2	16.1	10.6	Interest cover (times)	3.6	5.7	6.3	9.7

2.2 Non-financial performance targets

Quarter 2006/2007					2004/05	2005/06	2005/06	2006/07
Sept	Dec	Mar	June		Actual	Budget	Est Act	Budget
%	%	%	%	Production	%	%	%	%
				Equivalent availability factor				
94.33	95.69	98.06	95.62	Swanbank	93.9	87.40	92.78	94.33
92.34	96.05	93.05	87.05	Callide	84.96	92.28	85.30	92.34
88.2	92.8	93.3	91.6	Mica Creek	88.45	90.00	95.00	91.39
93.06	95.92	96.77	90.14	CS Energy (excl Mica)	85.50	90.57	87.93	93.06
				Reliability factor				
98.56	98.56	98.56	98.56	Swanbank	96.43	96.67	96.56	98.56
69.05	96.05	96.05	96.05	Callide	90.36	97.09	90.14	96.05
98.00	98.00	98.00	98.00	Mica Creek	99.06	98.00	99.00	98.00
96.95	96.95	96.95	96.95	CS Energy average (excl Mica)	92.49	96.94	92.39	96.95
				Planned outage factor				
4.22	2.87	0.49	2.93	Swanbank	2.53	9.26	3.78	4.22
3.71	0.00	0.00	8.99	Callide	5.40	4.81	4.84	3.71
6.8	2.2	1.7	3.4	Mica Creek	6.17	8.00	4.50	3.57
3.89	1.03	0.18	6.81	CS Energy average (excl Mica)	4.39	6.37	4.46	3.89
				Forced outage factor				
1.44	1.44	1.44	1.44	Swanbank	3.57	3.33	3.44	1.44
3.95	3.95	3.95	3.95	Callide	9.64	2.91	9.86	3.95
2.00	2.00	2.00	2.00	Mica Creek	0.94	2.00	0.75	2.00
3.05	3.05	3.05	3.05	CS Energy average (excl Mica)	7.51	3.06	7.61	3.05

Quarter 2006/2007					2004/05	2005/06	2005/06	2006/07
Sept	Dec	Mar	June		Actual	Budget	Est Act	Budget
				Environment				
100	100	100	100	Compliance with Environmental Protection Act (%)	100	100	100	100
>4	>4	>4	>4	Compliance with ESAA Code of Environmental Practice (rating) ¹	4.4	>4	4	>4
ALL SITES CERTIFIED	ALL SITES CERTIFIED	ALL SITES CERTIFIED	ALL SITES CERTIFIED	Certification to ISO 14001 (scope)	ALL SITES CERTIFIED	ALL SITES CERTIFIED	ALL SITES CERTIFIED	ALL SITES CERTIFIED
835	845	845	835	Carbon emissions (kg/MWh)	855	855	850	840
7	8	78	7	Renewable energy production (GWh) Total	33.1	36.3	30	30
				Safety				
4.4	3.9	2.4	0.2	Lost time injury frequency rate ²	4.8	0	4.9	0
3.6	3.6	1.2	0	Lost time injury duration rate (days)	3.1	0	3.6	0
38.8	27.3	14.1	0.2	Total case recordable frequency rate ³	N/A	32	45.12	32

1. Rating out of a maximum of 5

2. LTIFR is a rolling, twelve-month average. Quarterly figures may contain injuries sustained in the previous year.

3. TCRFR is the number of lost time injuries and medical treatment injuries, expressed as a ratio of total hours worked

2.3 Assumptions

This document is based on the following key assumptions.

	04/05 Actual	05/06 Budget	05/06 Est Actual	06/07 Budget
Economic indices				
CPI (average 10 years)	2.5	2.5	2.5	2.5
Wages growth (%)	4.5	4.5	4.5	4.5
Long term interest rate (%)	6.8	6.6	6.7	6.8
Dividend payout ratio (%)	80	80	76	78

Other assumptions

Market and revenue:

- No carbon tax or emissions trading costs or benefits;
- No structural changes to NEM or generator and retailer entities in Queensland; and
- No drought related restrictions on output.

Assets:

- Kogan Creek A commercial load August 2007;
- Swanbank B remains economic to operate through to June 2011 (under ongoing review);
- Major overhauls at Swanbank B station and Mica Creek during 2006/2007;
- Callide A station remains mothballed; and
- Swanbank A station site rehabilitation largely completed.

2.4 Community service obligations

No Community Service Obligations have been identified for CS Energy for 2006/2007.

2.5 Employment and industrial relations plan

An Employment and Industrial Relations Plan meeting the requirements of Section 171 of the GOC Act has been provided to the shareholding Ministers and is included as Attachment 1 to this Statement of Corporate Intent.

Part Three: Additional matters

3.1 Financial results

3.1.1 Group results

Income Statement

Quarter 2006/07					2004/05	2005/06	2005/06	2006/07
Sept	Dec	Mar	June		Actual	Budget	Est Act	Budget
\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000
				Operating revenue				
129,930	133,525	161,560	128,914	Sales of electricity	456,229	517,796	514,546	553,930
688	(220)	(220)	(220)	Other ¹	16,982	1,235	3,822	29
130,618	133,305	161,340	128,695	Total operating revenue	473,211	519,031	518,368	553,959
				Operating expenses				
113,059	114,180	114,865	110,520	Total operating expenses	403,956	427,560	420,746	452,624
17,560	19,125	46,475	18,175	Operating profit/(loss)	69,255	91,471	97,622	101,335
				Non-operating revenue and expenses				
17,560	19,125	46,475	18,175	Earnings before interest and tax	69,255	91,471	97,622	101,335
3,033	2,723	2,891	1,767	Interest expense	19,426	16,002	15,426	10,415
4,205	5,040	13,195	5,042	Income tax expense	13,390	22,641	24,670	27,482
10,321	11,362	30,389	11,366	Profit/(loss) after tax	36,439	52,828	57,526	63,438
(42,317)	(31,996)	(20,634)	9,755	Opening retained profits ³	48,173	(19,241)	(56,224)	(42,317)
(31,996)	(20,634)	9,755	21,121	Total available for appropriation	84,612	33,587	1,302	21,121
0	0	0	49,773	Dividends provided for	29,151	42,262	43,619	49,773
(31,996)	(20,634)	9,755	(28,652)	Closing retained profits	55,461	(8,675)	(42,317)	(28,652)

3) The 2005/06 figure includes an adjustment required to comply with the International Financial Reporting Standards.

Balance sheet

Quarter 206/07					2004/05	2004/05	2005/06	2006/07
Sept	Dec	Mar	June		Actual	Budget	Est Act	Budget
\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000
				Current assets				
2,000	2,000	2,000	2,000	Cash	2,272	2,000	1,688	2,000
52,363	58,760	51,932	57,048	Receivables	63,248	55,974	50,938	57,048
30,910	31,701	32,292	32,899	Inventories	27,238	23,469	30,869	32,899
6,908	5,888	4,960	7,685	Other ¹	46,978	6,866	7,928	7,685
92,181	98,349	91,184	99,631	Total current assets	139,736	88,310	91,423	99,631
				Non-current assets				
1,617	1,635	1,653	1,671	Investments	0	0	691	1,671
19,167	19,167	19,167	15,423	Prepayments	23,566	21,909	19,167	15,423
6,342	6,234	6,127	6,019	Gas exploration, evaluation costs	12,685	6,787	6,450	6,019
				Property, plant & equipment:				
1,205,151	1,194,610	1,178,589	1,160,144	- Commissioned assets	1,277,558	1,267,407	1,218,963	1,160,144
832,632	926,638	1,016,916	1,095,491	- Non-commissioned assets ²	310,891	714,981	712,925	1,095,491
87,612	87,612	87,612	96,946	Other ³	75,599	52,497	87,612	96,946
2,152,522	2,235,897	2,310,062	2,375,693	Total non-current assets	1,700,299	2,063,581	2,045,809	2,375,693
2,244,703	2,334,245	2,401,247	2,475,324	Total assets	1,840,035	2,151,891	2,137,231	2,475,324
				Current liabilities				
38,498	35,094	36,146	37,861	Creditors	89,797	37,638	43,376	37,861
59,276	59,276	59,276	60,381	Borrowings	56,986	12,045	59,276	60,381
73,804	25,178	27,607	77,661	Other ⁴	38,263	49,064	78,433	77,661
171,578	119,549	123,029	175,903	Total current liabilities	185,046	98,747	181,085	175,903
				Non-current liabilities				
930,642	1,054,115	1,076,763	1,123,884	Borrowings	464,065	890,052	832,223	1,123,884
358,279	363,943	373,355	384,771	Other ⁵	312,959	349,263	351,113	384,771
1,288,921	1,418,058	1,450,117	1,508,655	Total non-current liabilities	777,024	1,239,315	1,183,336	1,508,655
1,460,499	1,537,607	1,573,146	1,684,558	Total liabilities	962,070	1,338,062	1,364,421	1,684,558
784,204	796,639	828,101	790,767	Net assets	877,965	813,829	772,810	790,767
				Shareholders equity				
822,504	822,504	822,504	822,504	Share capital	822,504	822,504	822,504	822,504
(6,304)	(5,231)	(4,158)	(3,085)	Hedging reserve	0	0	(7,377)	(3,085)
(31,996)	(20,634)	9,755	(28,652)	Retained earnings	55,461	(8,675)	(42,317)	(28,652)
784,204	796,639	828,101	790,767	Total shareholders equity	877,965	813,829	772,810	790,767

Notes

- 1) Prepayments
- 2) Kogan Creek Power Project and business development works in progress
- 3) Primarily deferred tax assets
- 4) Derivative financial instrument liabilities, employee entitlement provisions, current tax provision and dividend provision
- 5) Employee entitlement provisions, site rehabilitation provisions and deferred tax liability

Cash flow statement

Quarter 2006/07					2004/05	2004/05	2005/06	2006/07
Sept \$000	Dec \$000	Mar \$000	June \$000		Actual \$000	Budget \$000	Est Act \$000	Budget \$000
				Cash flows from operating activities				
151,690	148,313	192,206	140,403	Cash receipts in the course of operations	522,032	648,821	639,745	632,611
(115,599)	(115,698)	(111,313)	(100,538)	Cash payments in the course of operations	(384,118)	(460,710)	(460,906)	(443,149)
24	25	25	25	Interest received	1,017	103	130	99
(15,520)	(17,230)	(19,011)	(19,055)	Borrowing costs paid	(25,610)	(47,781)	(46,278)	(70,815)
0	0	0	0	Tax equivalent payments	0	0	0	0
20,594	15,409	61,907	20,835	Net cash provided by operating activities	113,321	140,433	132,692	118,746
				Cash flows from investing activities				
(118,701)	(95,263)	(84,555)	(69,061)	Payments for property, plant & equipment	(227,880)	(507,640)	(474,573)	(367,580)
0	0	0	0	Proceeds from sale of non-current assets	0	0	0	0
0	0	0	0	Other ¹	9,745	0	0	0
(118,701)	(95,263)	(84,555)	(69,061)	Net cash used in investing activities	(218,135)	(507,640)	(474,573)	(367,580)
				Cash flows from financing activities				
101,823	126,942	54,685	53,166	Proceeds from borrowings	475,440	427,134	397,711	336,617
(3,404)	(3,469)	(32,038)	(4,940)	Repayment of borrowings	(343,805)	(22,697)	(27,264)	(43,851)
0	0	0	0	Equity contributions	0	0	0	0
0	(43,619)	0	0	Dividends paid	(28,877)	(37,905)	(29,151)	(43,619)
0	0	0	(0)	Other	0	0	0	0
98,419	79,854	22,647	48,226	Net cash used in financing activities	102,758	366,532	341,297	249,146
312	0	0	(0)	Net increase/(decrease) in cash held	(2,056)	(675)	(584)	312
1,688	2,000	2,000	2,000	Opening cash balance	4,328	2,675	2,272	1,688
2,000	2,000	2,000	2,000	Closing cash balance	2,272	2,000	1,688	2,000

NOTE

1. Investment sale proceeds.

3.1.2 Financial contributions: subsidiaries

Through undertaking joint investments, CS Energy has established or acquired seven first tier subsidiary companies:

- CS Energy's 100% interest in Mica Creek Power Station is owned and operated by two wholly owned subsidiaries, CS Energy Mica Creek Pty Ltd and CS North West Pty Ltd. The function of CS Energy Mica Creek Pty Ltd is to own and develop Mica Creek Power Station to supply power to the North West Minerals Province in North West Queensland. The function of CS North West Pty Ltd is to provide operation and maintenance services for Mica Creek Power Station and any other remote power generation opportunities entered into by CS Energy, pursuant to its business development strategy and in accordance with the terms of an operation and maintenance contract with the power station owner. Project financing is provided through Queensland Treasury Corporation. For the purposes of the budget, the activities of CS North West Pty Ltd have been consolidated with those of CS Energy Mica Creek Pty Ltd.
- A wholly owned subsidiary of CS Energy, Callide Energy Pty Ltd, holds a 50% interest in the Callide Power Project. Callide Energy Pty Ltd is also the joint owner (50%) with IG Power (Callide) Ltd (a company that is jointly owned by InterGen and the Huaneng Power Group of China) of two special purpose companies, being Callide Power Management Pty Ltd (the Project Manager) and Callide Power Trading Pty Ltd (the energy market trader).
- Two wholly-owned subsidiary companies, Swanbank Energy Pty Ltd and SE CSE Pty Ltd, have been established for the purpose of managing CS Energy's interest in the Swanbank E project and to facilitate the future planned sell-down of that interest to 50% ownership.
- CS Energy's 100% interest in Kogan Creek Power Project is managed through the wholly-owned subsidiaries, CS Kogan (Australia) Pty Ltd and CS Energy Kogan Creek Pty Ltd.

There are a number of second and third tier subsidiaries that support these companies but do not currently contribute to group profit.

The contributions of the first tier subsidiaries (excluding those related to the Kogan Creek Power Project) are outlined in the following table:

3.2 Assets

CS Energy owns and operates the following assets as at 30 June 2006:

Power Station	Ownership	Type	Fuel	Unit Size (MW)	No of Units	Total Capacity (MW)	CS Energy owned capacity (MW)
Southern Qld							
Swanbank B	100%	Steam turbine	Coal-fired	120	4	480	480
Swanbank E	100%	Gas turbine	Gas-fired	385	1	385	385
Central Qld							
Callide A ¹	100%	Steam turbine	Coal-fired	30	4	120	120
Callide B	100%	Steam turbine	Coal-fired	350	2	700	700
Callide C	50%	Steam turbine	Coal-fired	450	2	900	450
North-west Qld							
Mica Creek A (Units 1,2,3,4)	100%	Steam turbine	Gas-fired	33	4	132	132
Mica Creek A (Units 5,6,7)	100%	Combined-cycle block	Gas-fired	35 33	2 1	103	103
Mica Creek B	100%	Gas turbine	Gas-fired	35	1	35	35
Mica Creek C	100%	Combined-cycle block	Gas-fired	55	1	55	55
Total capacity						2,947	2,497
Under construction							
Kogan Creek A ²	100%	Steam turbine	Coal-fired	750	1	750	750
Total future capacity						3,697	3,247

¹ Callide A was started in December 2001.

² Kogan Creek Power Project is due to reach commercial load in August 2007.

3.2.1 Assets under construction

Description	Project status	Budgeted total cost (\$M)	Estimated expenditure to 30 June 2006 (\$M)	Budgeted cost 2006/07 (\$M)	Expected completion date
Kogan Creek A	Ongoing	1,173.1	711.4	363.9	August 2007
Total (including capitalised interest)		1,173.1	711.4	363.9	

3.3 Other undertakings

3.3.1 Prudent financial management

The Board and Chief Executive of CS Energy take full responsibility to ensure that prudent financial practices will be applied both within the Corporation and within its subsidiaries (whether fully controlled or otherwise). Without limiting the obligations imposed on the Board and Chief Executive by the GOC Act and, where applicable, by the Corporation's Law, this commitment includes:

- Abiding by the *Code of Practice for Government Owned Corporations' Financial Arrangements* as issued by the Queensland Government; and
- Establishing, maintaining and implementing appropriate financial risk management practices and policies as required and specified in the *Code of Practice*.

3.3.2 Capital structure

CS Energy will prudently manage the financing of its existing business and new business developments. As an integral part of the financing of the Corporation, the overall debt will be managed to ensure that CS Energy maintains an investment grade credit rating, on a stand-alone basis, or other rating as directed by shareholding Ministers.

In the event that circumstances change, leading to the conclusion that a stand-alone credit rating below investment grade may be applicable, it will be necessary to call upon the undertaking of shareholders to provide equity support to restore an investment grade credit rating.

CS Energy is currently undertaking construction of the Kogan A Power Project at a total cost of \$1.2B and is funding this project through a combination of a \$260M equity injection from the shareholding Ministers received in June 2004 and the progressive drawdown of debt under a facility provided by Queensland Treasury Corporation, as part of the approved State Borrowing Program. This project will result in increasing gearing levels for CS Energy as the debt is fully drawn down ahead of project completion in August 2007.

The Board of CS Energy will continue to monitor the stand alone credit rating of the Company and will seek Shareholder support for a further equity injection as detailed in the five year plan. In giving the undertakings set out in this SCI, the Board has assumed that the shareholding Ministers are agreeable to provide such support to maintain the investment grade credit rating.

3.3.3 Weighted average cost of capital (WACC)

CS Energy reviews its WACC on an annual basis. As part of the SCI negotiation process, CS Energy's beta and optimal capital structure have been determined in consultation with shareholder representatives. Separate WACCs have been calculated for CS Energy's on grid and off-grid operations. Other than the annual review process, in the event CS Energy encounters a significant change to the risk profiles of its business, its WACC will be recalculated in consultation with shareholder representatives.

Details of CS Energy's WACC calculations are provided in Attachment 2 to this SCI.

3.3.4 Dividend policy

CS Energy's dividend policy takes into account the return the shareholders expect from their investments. The Board of CS Energy will recommend a dividend amount equivalent to 80 percent of the Corporation's adjusted net profit for the 2006/2007 financial year. Adjusted net profit refers to net profit adjusted for unrealised mark-to-market adjustments on financial instruments and other material IFRS related adjustments (but not exceeding total net profit after tax.) as agreed with shareholding Ministers' representatives.

3.3.5 Borrowings

CS Energy's borrowing policy is in accordance with the Code of Practice for GOCs' Financial Arrangements 2002.

3.3.6 State borrowing programme

CS Energy will seek an allocation under the 2006/2007 State Borrowing Programme.

This funding is for the Kogan Creek power station currently under construction and the initial stages of construction of Swanbank F, assuming a successful outcome of the feasibility study, shareholding Minister approval and securing reliable fuel supply.

3.3.7 Overdraft & Credit facilities

A bank overdraft facility and credit card facility will be maintained. Both of these facilities are for short term working capital purposes only.

3.3.8 Corporate governance

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

CS Energy considers that it complies with the intent and form of matters discussed in the Guidelines. CS Energy Ltd has a Corporate Governance Charter and a Corporate Governance Policy, which take account of each of the ten ASX enunciated principles, and has systems that underpin these stated principles.

3.3.9 Risk management

The Board of Directors of CS Energy are responsible for management of all actual and potential internal and external risks to the Corporation. The Board's Risk Committee monitors the Corporation's risk identification and management process. The Board Risk Committee is a subcommittee of the Board, consisting of all directors.

The Chief Executive, through the executive management team, is responsible for identifying and monitoring elements of risk in each functional area of responsibility. In this regard, executive management has established a Risk Coordination Committee (RCC) that meets quarterly to coordinate responses to market and operational risk issues as they arise. The RCC is also responsible for reviewing all formal control processes that manage risk. In the electricity market trading area, a Market Risk Management Committee has been established, comprising members of the executive management team, to review and monitor market risk on a monthly basis.

The risk management framework is designed to ensure that all potential financial, operational and other risks are regularly identified, assessed, monitored and reported to the Board Risk Committee, along with appropriate risk mitigation and management plans.

The Company considers that the risk management system has the capability of identifying, assessing and managing potential financial, operational and other risks. Risk management plans have been incorporated in the 2005/2006 budget process and milestone dates agreed for the implementation of actions.

The recent announcement of the Government's intention to sell both Energex Retail ("Energex") and the contestable customer portion of Ergon Retail ("Ergon") will give rise to an increase in credit risk for CS Energy, as the credit worthiness of potential acquirers will be significantly less than current credit worthiness of both Energex and Ergon as government owned retailers.

CS Energy intends to manage this issue as follows:

1. In the event of a sale of the legal entities, through the exercise of credit support provisions contained in current ISDA agreements with both Energex and Ergon, which will require potential acquirers to provide unconditional credit enhancement acceptable to CS Energy, having regard to the outstanding transactions; or
2. In the event of a sale of the business, by seeking appropriate credit support as part of any agreement to novate current deals to the new entity.

3.3.10 Compliance with Government policies

CS Energy and its subsidiaries comply with the relevant Government policies and guidelines to the extent set out in Attachment 4. In particular, CS Energy and its subsidiaries comply with the approval, notification, reporting and other requirements of those policies and guidelines as noted in Attachment 4.

3.3.11 Sponsorship, advertising and hospitality

CS Energy's sponsorship activity is focused in Ipswich, Biloela, Chinchilla and Mount Isa, the regions in which the Company operates. This activity is organised in conjunction with local community groups and forms a key element of our local community relations program.

As an electricity generator, CS Energy sees only limited value in advertising and does not undertake any corporate campaigns targeting the general public. Some regional activity takes place to support local initiatives, but recruitment makes up the bulk of the Corporation's advertising spend.

Hospitality and entertainment are undertaken prudently, often taking advantage of benefits offered through partnerships with arts organisations. (Refer Attachment 5)

CS Energy will provide details of any significant changes to the 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 report.

3.4 Remuneration arrangements

The remuneration arrangements for the Directors and chief and all senior executives of CS Energy, in line with the *Guidelines for the Deployment of Employment and Industrial Relations Plans*, are detailed in the Employment and Industrial Relations Plan provided as Attachment 1 to this SCI.

3.5 Human resource management direction and philosophy

CS Energy recognises that Workplace Relations are integral to organisational and cultural change. Greater competitiveness and increased productivity depend on our relationship with Employees and Unions. CS Energy considers its positive relationships in this area to be a significant competitive advantage.

CS Energy will continue to work co-operatively with all stakeholders, including Employees and Unions, to maintain good employee relations, ensuring continuation of our low level of industrial disputation.

3.5.1 Significant and Emerging Issues

CS Energy operates in an increasingly competitive electricity market facing full retail contestability. The 2006/2007 Corporate Plan incorporates strategies to pursue performance targets and actively lower costs.

Retaining and attracting highly skilled employees is of importance, particularly with the skill shortages associated with new developments in Queensland. Due to our operations being adjacent to mining operations in regional Queensland, pressure on wages is expected.

Swanbank B is nearing the end of its life and during 2006/2007 decisions may be taken to effect full or partial closure. The requirement to use recycled water at Swanbank B may also impact on the economic life assessment of Swanbank B.

Part Four: Performance agreement

Directors' statement and agreement of shareholding Ministers

This Statement of Corporate Intent (SCI) for the financial year 2006/2007 is presented in accordance with Section 9 and Part 8 of the *Government Owned Corporations Act 1993* (the GOC Act).

The SCI represents a formal performance agreement between the Board of Directors of CS Energy and its shareholding Ministers, the Deputy Premier and Treasurer and Minister for State Development, Trade and Innovation, and the Minister for Energy and Aboriginal and Torres Strait Islander Policy, with respect to the financial and non-financial performance targets specified for the financial year. The SCI also represents an acknowledgement and agreement on major activities, the objectives, undertakings, policies, investments and borrowings of CS Energy for the financial year.

The SCI is consistent with CS Energy's Corporate Plan submitted to the shareholding Ministers in accordance with Part 7 of the GOC Act.

In signing this document, the CS Energy Board has taken 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 CS Energy's attention during the year, will be brought to the attention of the shareholding Ministers. Any modifications to this SCI will be dealt with in accordance with the GOC Act.

This document is signed by the Chairman on behalf of all the Directors in accordance with a unanimous decision of the Board of CS Energy.

.....

Mr Stephen Lonie
Chairman – CS Energy Ltd

Date:

.....

The Hon. Anna Bligh
Deputy Premier and Treasurer and Minister for
State Development, Trade and Innovation

Date:

.....

The Hon. John Mickel, MP
Minister for Energy and Aboriginal and Torres Strait
Islander Policy

Date:

Part Five: Attachments

Attachment 1: Employment and Industrial Relations Plan

CS Energy recognises that Workplace Relations are integral to organisational and cultural change. Greater competitiveness and increased productivity depend on our relationship with Employees and Unions. CS Energy considers its positive relationships in this area to be a significant competitive advantage.

CS Energy will continue to work co-operatively with all stakeholders, including Employees and Unions, to maintain good employee relations ensuring continuation of our low level of industrial disputation.

Significant and Emerging Issues

CS Energy operates in an increasingly competitive Electricity Market including Full retail Contestability. The 2006/2007 Corporate Plan incorporates strategies to pursue performance targets and actively lower cost structure.

Retaining and attracting highly skilled employees is of importance, particularly with the skills shortage associated with new developments in Queensland. Due to our operations being adjacent to mining operations in regional Queensland, pressure on wages is expected. CS Energy has developed a range of responses to this issue including reviewing remuneration levels to ensure we remain competitive in regional markets and investigating remote area housing assistance for regional staff.

Swanbank B is nearing the end of its life and, during 2006/2007, decisions may be taken to effect full or partial closure. The implementation of the use of recycled water at Swanbank B may also impact on the economic life assessment of Swanbank B.

The Corporation will ensure that rates of pay and conditions, existing in State awards and/or certified agreements prior to the implementation of Work Choices amendments to the *Workplace Relations Act 1996*, are maintained, subject to requirements of the legislation or agreement otherwise between the Corporation and relevant unions.

Employment and industrial relations plan

Recognising that people are the Company's most valuable assets, CS Energy will maintain a flexible, progressive working environment, where employees are rewarded for their knowledge, competence and personal attributes in line with the business objectives.

Employment conditions

Excluding the seven senior executives in the Corporation, an award or an industrial agreement covers all CS Energy employees. Employees have base rates of pay prescribed in the Electricity Generation, Transmission and Supply Award – State, as well as enterprise agreements.

General conditions of employment are contained in the *Government Owned Corporations Act 1993* and Regulations, the Electricity Act 1994 and Regulations, the relevant Industrial Relations Act, relevant awards, various industrial and employment agreements and CS Energy human resources policies.

CS Energy Ltd has adopted an employment policy of using enterprise agreements and alternative individual agreements as the basis for engaging employees. The employment policy is based on the following principles:

- Collective bargaining will be the primary vehicle for industrial negotiations within CS Energy.
- CS Energy will support union membership within its workforce.
- Alternative individual agreements will be offered where roles require special skills or employment flexibility, to ensure that CS Energy can retain and attract employees of the calibre necessary to ensure it can continue to compete effectively in the electricity market. Such arrangements are included in Enterprise Agreements and are implemented by mutual agreement between the employee and CS Energy and are not compulsory.

The primary focus for the use of alternative individual agreements within CS Energy is to increase the flexibility of work place arrangements between CS Energy and its employees, which has included a move away from the nine day fortnight and thirty-six and a quarter hour working week, to a focus on a total fixed remuneration package to cover the hours necessary to carry out the role. This process has been supplemented by a performance management system, which provides for an additional variable pay component, based on an assessment of individual, divisional and company performance indicators as approved by the Board Staff and Remuneration Committee.

Enterprise bargaining

CS Energy maintains enterprise agreements at Swanbank, Callide and Mica Creek Power Stations and the Corporate Office in Brisbane. Each enterprise agreement is designed to take advantage of differing levels of technology, characteristics of the workforce and already implemented work place efficiencies.

The current agreements are specified in the following table:

	Scope	Reference	Expiry
CS Energy Ltd Corporate Office Certified Agreement	Employees of CS Energy Ltd at Corporate Office	CA127/2005	14 September 2006
CS Energy Ltd Callide Power Station Certified Agreement	Employees of CS Energy Ltd at Callide Power Station	CA328/2005	11 August 2008
CS North West Enterprise certified Agreement	Award Employees of CS North West Operations	CA642/2005	31 August 2008
CS Energy Ltd Swanbank Power Station Certified Agreement*	Employees of CS Energy at Swanbank Power Station	CA341/2004	10 March 2009

Kogan Creek A Power Station employment arrangements

CS Energy completed recruitment for the Kogan Creek Power Station in June 2006. The intention is that the new Power Station will be the leading and most cost effective generator in Australia and the success of the operation will depend on the support of employees, the community, stakeholders and sound management. New employees will be placed in Corporate Office where they will undergo an extensive training and orientation program before relocating to the Power Station in late 2006. During this period, a site specific Enterprise Agreement will be established.

Employee flexibility

A combination of site specific Enterprise Agreements and Alternative Individual Agreements under those Enterprise Agreements remains the vehicle for increasing flexibility.

Type of employment

Workforce Numbers 2006-07

	30 June 2006	30 June 2007	30 June 2008	30 June 2009
Employment Category:				
Permanent Full Time	515	566	562	550
Permanent Part-time (FTE)	5	5	5	5
Other Contract	0	0	0	0
Senior Executive Contract	5	7	7	7
Apprentices (In House)	4	4	4	4
Trainees (In House)	2	2	2	2
Casual Employees (FTE)	2	2	2	2
Total Directly Employed Workforce:	533	586	582	568
Apprentices/Trainees (Group)	41	43	47	50
Contractor Employees (Trade/Technical)	67	50	57	49
Contractor Employees (Professional/Administrative/ Clerical)	4	3	3	3
Labour Hire (Trade/Technical - FTE)	-	-	-	-
Labour Hire (Professional/Administrative/Clerical - FTE)	-	-	-	-
Total Workforce:	645	682	689	670

*Includes two school-based apprentices

†Includes three school-based apprentices

Use of apprentices and trainees

At CS Energy, employees are rewarded for acquiring further skills in line with business needs.

CS Energy fully supports the initiative of giving Queenslanders a start in their working lives and will undertake the training of apprentices and trainees, in areas such as trade, operations and administration.

There are a total of 27 group apprentices, four in-house apprentices, two CS Energy trainees and six group trainees currently in CS Energy.

Workplace health & safety

CS Energy will continue to improve its health and safety performance to meet its target of a workplace free of work related injuries or illnesses. This work is supported by CS Energy's Leadership Development Program, which focuses on capability and accountability, reinforcing the message that we are each responsible for the health and safety of our workplace.

CS Energy's Health and Safety Business Plan includes:

- Setting accountabilities and authorities for all leadership levels within CS Energy;
- Developing role purpose statements that reflect those accountabilities and CS Energy's health and safety guiding principles;
- Conducting quarterly Safety Leadership Surveys to provide feedback, measure performance and pursue personal safety leadership improvements;
- Introducing pre-employment medicals, annual health assessments and a health program for all personnel;

- Implementing a computer based incident analysis system to assess trends, monitor causal factors and identify hazards and high risk activities;
- Aiming to lower the number of near miss incidents, first aid injuries and medical treatment injuries;
- Establishing a monitoring system to record health and safety improvements and initiatives, prioritise actions, set milestones, and note work completed and outcomes achieved;
- Engaging contractors that can demonstrate that they operate in a healthy and safe manner;
- Conducting a needs analysis on our line managers and implementing suitable training and mentoring to improve their capabilities;
- Funding site innovations and practices that support continuous improvement;
- Engaging our workers, managers and external stakeholders in the formulation of policies, procedures, systems and practices that may significantly impact on our business;
- Promoting and rewarding excellence in health and safety;
- Developing systems based on prudent industry standards, good design and engineering practice and risk management principles to minimise health and safety risks,
- Increasing the risk management skill of CS Energy personnel; and,
- Developing, auditing and improving our health and safety management system to enable certification to AS4801 Occupational Health and Safety Management Systems.

These actions support existing Health and Safety Management systems such as:

- An incident management database;
- A robust permit to work system;
- Risk and opportunity management system;
- Legal compliance reviews;
- Internal and external auditing;
- Monthly reporting against safety targets;
- Regular presentations to CS Energy's Board;
- Site emergency response teams; and
- Consultation with members of the site health and safety committees.

An external occupational health and safety audit was conducted at Callide in May 2005, and at Swanbank and Mica Creek Power Stations in May 2004. Audit reports were prepared and forwarded to the Board audit committee and action and review plans enacted. These audits will be repeated during the first quarter of the 2006/2007 financial year.

Petroleum and Gas Safety Inspectors conducted health and safety audits on CS Energy's gas fired operations at Swanbank (July 2005) and Mica Creek (November 2005). These reports were also forwarded to the Board Audit Committee and, although no non-conformances were identified, CS Energy is enacting the auditors recommendations for improvements, including updated training and signage.

Equal employment opportunity and anti-discrimination

In accordance with guidelines and obligations under the Equal Opportunity in Public Employment Act, CS Energy submits EEO Management Plans and annual reports to Government. In 2002, the Government endorsed the 2003-2007 EEO Management Plan outlining key objectives, strategies and compliance activities.

The key focus areas of the plan were encouraging target group participation in non-traditional areas of employment, reviewing policies and procedures, training for all staff, revised contact officer networks and “community-linking” programs. Work continues in accordance with that plan. During 2006/2007, the plan will be reviewed and a further long term plan developed.

Other areas of activity planned for 2006/2007 include reviewing recruitment material to ensure it attracts the largest possible pool of suitable applicants, and does not exclude any potential employees, in an increasingly tight labour market. The fair treatment policy will be extended beyond the traditional EEO grievance resolution mechanisms to include all administrative decisions and processes. The EEO contact officer network will continue to meet at least quarterly and, towards the end of 2006/2007, EEO refresher training will be given to all staff.

The Human Resources intranet is a key communication channel for EEO related information and is set up with links to relevant CS Energy policies and external sites.

Joint venture projects

CS Energy and IG Power are joint venture partners at Callide C Power Station. Operations and maintenance services for Callide C are contracted to CS Energy.

Management of the relationship between GOCs and unions

A consultative framework exists at sites comprising local management and employee representatives and union officials.

Redundancy provisions

CS Energy and its subsidiaries are party to redundancy arrangements formalised by industrial agreement, which provide for retraining and redeployment, including salary maintenance, as a first alternative to retrenchment. Severance payments contained in the arrangements are three weeks for every year of service, with a maximum of 75 weeks, plus an early separation payment of 13 weeks, pro-rata long service leave and a re-training and outplacement service costing between \$1,000 and \$2,000 per employee.

Job security

The Company has provided a commitment to “no forced redundancies” in its enterprise agreements, subject to employees accepting reasonable redeployment and retraining.

Any new agreements will need to consider the plant life expectancy and the term of the agreement.

Contracting out

Where a sound business case exists and /or specialist skills are required, contractors may be used as supplementary labour.

Superannuation

From 1 July 2005, Superannuation Fund Choice legislation became effective and a significant number of new employees elected to exercise fund choice. Despite an extensive Company wide information program, there was little interest from existing employees in shifting to an alternative fund.

The Defined Benefit Fund was closed to new employees in 2002. However, a number of enhancements, including extensive insurance options, have made the Accumulation Plan an attractive alternative.

CS Energy made a conscious decision to actively support employees who remained in the Defined Benefit Fund and, to date, around 65 per cent of the workforce remains in this plan. There have also been initiatives, developed through the enterprise bargaining process, to improve the income protection and insurance elements within the Accumulation Plan.

CS Energy maintains reserves, subject to actuarial advice, with ESI Superannuation, to ensure future liabilities can be met. This position is reviewed automatically every two years, with extraordinary events triggering more frequent reviews.

Consultation

Employees and their representatives, representatives of the Office of Government Owned Corporations, the Department of Industrial Relations, Department of the Premier and Cabinet and the Office of Public Service Merit and Equity were consulted in the preparation of this plan.

Attachment 2: WACC Calculations

The 2006/07 WACC methodology and calculation has been based on a detailed consultants report on in May 2005, and is consistent with Queensland Treasury Guidelines. Key variables have been reviewed and updated where appropriate, based on current Statement of Corporate Intent assumptions. The outcomes are subject to further revision based on material changes in assumptions prior to 30 June 2006.

Attachment 3: Corporate governance guidelines for government owned corporations

The CS Energy Corporate Governance Policies and Procedures are based on the ASX best practice guidelines and to that extent are consistent with the requirements of the above guidelines.

Attachment 4: Government policies

Guidelines for the preparation of Statements of Corporate Intent and Corporate Plans (2006)

CS Energy complies with the requirements of these guidelines.

Corporate Governance Guidelines for Government Owned Corporations (2005)

The CS Energy Corporate Governance Policies and Procedures are based on the ASX best practice guidelines and to that extent are consistent with the requirements of the above guidelines.

Investment Guidelines for Government Owned Corporation (2003)

CS Energy complies with the requirements of the Investment guidelines.

Code of Practice for GOC Financial Arrangements (2002)

The Board and CEO take full responsibility to ensure that prudent financial practices will be applied both within the corporation and within its subsidiaries (whether fully controlled or otherwise). Without limiting the obligations imposed on the Board and the CEO by the GOC Act and, where applicable, the Corporation's Law, which includes a commitment to:

- Abide with the Code of Practice for Government Owned Corporations' Financial Arrangements (1999) 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.

Audit and Reporting Requirements for Government Owned Corporation Controlled Entities and Investments (2002)

CS Energy complies with the audit and reporting requirements.

Agreement Making in Government Owned Corporations - Guidance for Chief Executive Officers (2002)

CS Energy endeavours to comply with State and Commonwealth legislation and Government policy. The guidelines are followed to the extent that they are not inconsistent with current legislation.

Development of Employment and Industrial Relations Plans in Government Owned Corporations - Guidelines (2002)

CS Energy endeavours to comply with State and Commonwealth legislation and Government policy. The guidelines are followed to the extent that they are not inconsistent with current legislation.

Guidelines for Export of Services by GOCs (2001)

CS Energy is not engaged in the export of services and as such the policy is not relevant to the operations of CS Energy.

Overseas Travel Reporting Arrangements (2001)

CS Energy complies with the over seas traveling reporting requirements.

Code of Practice for the Building and Construction Industry (2001)

CS Energy complies with this code.

Policy - State Purchasing Policy (2001)

CS Energy's internal Purchasing Policies and Procedures are consistent with the requirements of the SPP.

GOC Subsidiaries - Key Shareholder Requirements for Constitutions (2001)

CS Energy executive management act as directors on CS Energy subsidiary boards. CS Energy has a number of subsidiaries associated with the Kogan Creek Power Station, the constitutions of which were established prior to acquisition. The guide will be taken into account in establishing new subsidiaries.

Remuneration Guidelines for Directors and Senior Executives in Government Owned Corporations (2000)

CS Energy's internal Senior Executive Remuneration Policies and Procedures are consistent with the Guidelines.

Queensland Port Government Owned Corporations - Local Government General Rates Equivalents

Regime: Guidelines for Assessment, Collection & Payment (2000)

Not Applicable to CS Energy.

Local Industry Policy: A Fair Go for Local Industry (1999)

CS Energy complies with this policy.

Guidelines: Overseas Travel for Official Purposes (1999)

CS Energy complies with this guideline.

Guidelines for Frequent Flyer Schemes (1999)

Requirements of guidelines taken into consideration in development of internal Travel Policy.

CSO Policy Framework (1999)

Not Applicable. At this stage, CS Energy has no CSOs. Should this position change in the future, applicability of the policy will be reviewed.

2% for Public Art Policy (1998)

Consistent with the intent of the policy, CS Energy contributes directly to local community arts programs in the communities within which it operates. CS Energy has previously been a major contributor to the Ipswich Global Arts Links, Opera Queensland and various artistic endeavors in Biloela, Ipswich and Mt Isa. The Company's involvement is assessed on a community needs basis.

Cost of Capital Principles - Government Owned Corporations

CS Energy's internal Financial Policies have been formulated, taking into consideration the requirements of the Government's cost of capital principles.

Attachment 5: Sponsorship, advertising, entertainment, donations other arrangements.

CS Energy's sponsorship activity is focused in Ipswich, Biloela, Chinchilla and Mount Isa, the regions in which the Company operates. This activity is organised in conjunction with local community groups and forms a key element of our local community relations program.

As an electricity generator, CS Energy sees only limited value in advertising and does not undertake any corporate campaigns targeting the general public. Some regional activity takes place to support local initiatives, but recruitment makes up the bulk of the corporation's advertising spend.

Hospitality and entertainment are undertaken prudently, often taking advantage of benefits offered through partnerships with arts organisations.

Expenditure committed for the 2006/2007 financial year is detailed in the following table:

Description	Budgeted cost 2005/06 (\$000)
Sponsorship of Keep Australia Beautiful Queensland	10
Sponsorship of Opera Queensland Moving Opera workshops	17
Sponsorship of Ipswich Workshops Railway Museum, funding feasibility of renovation and restoration of the Powerhouse	20
CS Energy customer, business partner and supplier Christmas party	10
Total	57

Attachment 6: Calculations

Debt/debt + equity	$\frac{\text{Debt}}{\text{Debt plus equity}}$
Equivalent availability factor (%)	$\frac{[\text{Installed plant capacity (MW)} \times 8760 - \text{MWh losses due to outages}] \times 100\%}{\text{Installed plant capacity (MW)} \times 8760 \text{ hours}}$
Interest cover (times)	$\frac{\text{Earnings before interest and tax (but after abnormals)}}{\text{Interest expense}}$
Lost time injury duration rate	$\frac{\text{Lost injury time}}{\text{Number of Injuries}}$
LTIFR	Lost time injury frequency rate: $\frac{\text{Lost injury time}}{\text{Employee hours (million)}}$
Planned outage factor (%)	$\frac{\text{MWh out of service due to planned outage} \times 100\%}{\text{Installed plant capacity (MW)} \times 8760 \text{ hours}}$
REIFR	Reportable environment incident frequency rate: $\frac{\text{Number of reportable environment incidents}}{\text{Employee hours (million)}}$
Reliability factor (%)	100% - $\frac{\text{MWh out of service due to forced outage} \times 100\%}{\text{Installed plant capacity (MW)} \times 8760 \text{ hours}}$
Return on equity (%)	$\frac{\text{Operating profit and extraordinary items after tax}}{\text{Total average equity}}$
Return on productive assets (%)	$\frac{\text{Earnings before interest and tax} - \text{Investment income} \times 100\%}{\text{Average Total Assets} - \text{Average Financial Assets}}$
Return on total assets (%)	$\frac{\text{Earnings before interest and tax (but after abnormals)}}{\text{Total average assets}}$
Shareholder Value Added	Net Profit after interest and tax (as at end of the period) less an Equity Charge. The Equity Charge is CSE's equity return requirement multiplied by the average of CSE's equity for the last 13 months. Equity Charge based on Government advised methodology.
System capacity factor (%)	$\frac{\text{Total annual energy sent out (MWh)} \times 100 \%}{\text{Installed plant capacity (MW)} \times 8760 \text{ hours}}$
O&M cost (\$/MWh)	O&M cost includes cost of generation system operation, system maintenance, support services, network charges and fixed costs. Fixed costs refer to interest payments, depreciation & site rehabilitation and leasing charges.