

ourour corporate reports



This section includes the corporate reports for Ergon Energy Corporation Limited and Ergon Energy Pty Ltd, which have been audited by the Auditor-General of Queensland.

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Directors' Report

The Board of Directors present their report on Ergon Energy Corporation Limited, A.B.N. 50 087 646 062, and its controlled entities for the year ended 30 June 2003.

Directors

The following persons held office as non-executive Directors of Ergon Energy Corporation Limited during the financial year and up to the date of this report:

Keith Hilless (appointed 1 July 2002)
BE MIE Aust FAIM MAICD
Chairman

Barry Taylor (reappointed 3 July 2003)
Deputy Chair

Paul Bell
B Comm ACA FAICD

Andrew Robertson (reappointed 3 July 2003)

Fay Donovan JP (Qualified)

Wayne Myers

Unless otherwise indicated, all Directors held their position as director throughout the financial year and up to the date of this report. Details of Directors' qualifications are provided on Pages 12 and 13 of the annual report.

Principal Activities

The principal activities of the Economic Entity during the year comprised:

- Distribution of electricity within the State of Queensland;
- Electricity wholesale and retail trading in Queensland, Victoria and New South Wales; and
- Provision of electricity related contracting and other services.

Dividends Paid or Declared

Dividends amounting to \$119,311,501 (2002: \$73,701,753) have been paid or provided for during the financial year.

Review and Results of Operations

The consolidated profit after income tax equivalent expense of the Economic Entity for the financial year was \$104,538,423 (2002: \$86,651,000).

Significant Changes in the State of Affairs

Significant changes to the state of affairs of the Economic Entity that occurred during the financial year, and which are reported in consolidated financial statements, are:

- During the year an investment of \$100 was made in the associate Service Essentials Pty Ltd for the acquisition of a 10% ownership interest. The principal activities of the associate were billing, meter reading and payment management services.
- On the 16 May 2003 a 100% owned controlled entity Ergon Energy Utility Services Pty Ltd was formed with an issued share capital of \$100.

Significant Events after Balance Date

There have been no events since balance date that significantly affected or may significantly affect the results of the Economic Entity in future financial years.

Likely Developments and Future Results

The Directors expect the Economic Entity's future before tax operating results to continue to improve.

The Economic Entity is committed to improving the status of the network assets. An asset quality maintenance program has commenced, which will continue for several years.

The Directors have excluded from this report any further information as to the likely developments in the operations of the Economic Entity and the expected results of those operations in future financial years, as the Directors believe that it would be likely to result in unreasonable prejudice to one or more entities in the Economic Entity.

Directors' Report

Environmental Regulation and Performance

The Economic Entity's environmental obligations are regulated under State and Federal laws.

All environmental performance obligations are reported to the Group Audit and Legal Compliance Committee and are, from time to time, subject to government agency, internal and external professional agency audits as well as ongoing review to ensure compliance.

The Economic Entity has a policy of meeting all its environmental obligations. The Economic Entity has been certified to international standard ISO14001.

No environmental breaches have been notified by any government agency during the financial year.

There have been no major non-conformances/incidents (defined in internal policy guidelines as category 4 or 5) reported in the financial year. For further incident reporting related information refer to Page 40.

Indemnification and Insurance of Directors and Officers

During the year a policy was held to insure all Directors and Officers of the Economic Entity against liabilities incurred in their capacity as Director or Officer. The content of this policy prohibits the disclosure of the nature of the liabilities and the amount of the premium paid. As such, the Corporations Act 2001 does not require disclosure of this information in these circumstances.

Directors' Shareholding

No Directors held any beneficial interest in the shares of the company. All issued shares are held by the Shareholding Ministers on behalf of the State of Queensland.

Directors' Meetings

The Board committees are Group committees of Ergon Energy Corporation Limited and Ergon Energy Pty Ltd. The number of Directors' meetings (including committees) held during the year ended 30 June 2003 and the number of meetings attended by each director were as follows:

Director	Board of Directors		Group Audit & Legal Compliance Committee		Business Development Committee		Group Human Resources Committee		Group Financial Risk Management Committee	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
K Hilless	15	15	9	9	5	5	4	4	5	4
B Taylor	15	9	9	6	-	-	-	-	-	-
P Bell	15	14	-	-	-	-	4	3	-	-
A Robertson	15	14	-	-	3	3	-	-	5	5
F Donovan	15	14	-	-	-	-	4	4	-	-
W Myers	15	14	-	-	5	5	-	-	-	-

Directors' and Officers' Remuneration

Director's emoluments are set by State Government regulation, with other fees and allowances determined on the basis of meetings attended and expenditure incurred in performing their roles as Directors of the Corporation.

The parent entity has developed a policy for Senior Executive remuneration in accordance with the Remuneration Guidelines for Senior Executive Staff.

Directors' Report

Directors' and Officers' Remuneration (continued)

The Group Human Resources Committee recommends executive remuneration to the Board as part of an annual review, which includes performance evaluation, regard to comparative remuneration and superannuation. This policy and any amendments or variations to the policy are submitted to the Shareholding Ministers who ensure that remuneration arrangements are appropriate.

In accordance with Ministerial Guidelines, details of remuneration provided to Directors and the five highest remunerated Senior Executives of the parent entity in office at 30 June 2003 are as follows:

Director	Directors' Fees		Committee Fees		Superannuation		Total Emoluments	
	Parent Entity	Controlled Entities	Parent Entity	Controlled Entities	Parent Entity	Controlled Entities	Parent Entity	Controlled Entities
	\$	\$	\$	\$	\$	\$	\$	\$
K Hillless	54,000	39,200	3,000	-	5,175	3,573	62,175	42,773
B Taylor	21,000	-	3,000	-	2,182	-	26,182	-
P Bell	21,000	-	4,000	-	2,283	-	27,283	-
A Robertson	21,000	-	6,000	-	2,452	-	29,452	-
F Donovan	21,000	-	3,000	-	2,182	-	26,182	-
W Myers	21,000	16,072	4,000	-	2,283	1,469	27,283	17,541

Officer Title	Base Salary	Motor Vehicle & Car Park	Superannuation	Other benefits	Total ⁽¹⁾
	\$	\$	\$	\$	\$
Acting Chief Executive Officer	173,340	26,203	28,667	664	228,874
Chief Executive Officer ⁽²⁾	220,319	-	51,350	-	271,669
Chief Financial Officer	210,149	-	25,050	-	235,199
General Manager – Network ⁽²⁾	97,967	6,817	20,561	126,616	251,961
Chief Operating Officer ⁽²⁾	220,790	9,370	13,495	27,094	270,749

(1) Officers may also earn performance based risk incentive bonuses which are not shown in this table.

(2) Officer held the position for a portion of the year.

Rounding

In accordance with Australian Securities and Investment Commission Class Order No 98/0100, unless otherwise indicated, amounts contained in this report and in the financial statements have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Directors of Ergon Energy Corporation Limited.



Mr K Hillless
Chairman
Townsville
15/09/2003

Statements of Financial Performance

For the year ended 30 June 2003

	Note	Consolidated		Parent	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Revenues from ordinary activities	2	1,504,009	1,468,680	821,359	721,118
Network charges / electricity purchases		760,947	810,373	146,205	132,457
Employee expenses		138,478	126,260	118,123	109,486
Materials and services		129,675	104,094	135,924	106,196
Depreciation and amortisation		180,516	173,421	178,610	171,964
Borrowing costs expense		84,973	82,747	85,358	82,505
Other expenses from ordinary activities		83,101	55,628	36,800	20,859
Profit from ordinary activities before income tax equivalent expense					
	3	126,319	116,157	120,339	97,651
Income tax equivalent expense	4	21,781	29,506	15,205	25,222
Profit from ordinary activities after income tax equivalent expense		104,538	86,651	105,134	72,429
Non-owner transaction changes in equity					
Increase in asset revaluation reserve	23	20,893	34,814	20,893	34,814
Adjustment resulting from a change in accounting policy for recording employee benefit at nominal rates		(522)	-	(490)	-
Total revenues and expense adjustments recognised directly in equity		20,371	34,814	20,403	34,814
Total changes in equity other than those resulting from transactions with owners as owners	24	124,909	121,465	125,537	107,243

The statements of financial performance are to be read in conjunction with the notes to the financial statements.

Statements of Financial Position

As at 30 June 2003

	Note	Consolidated		Parent	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Current assets					
Cash assets	5	125,603	150,352	18,141	36,197
Receivables	6	236,683	264,537	99,284	83,742
Inventories	7	38,029	27,716	37,978	27,674
Other	8	39,153	25,006	20,087	24,085
Total current assets		439,468	467,611	175,490	171,698
Non-current assets					
Receivables	9	3,112	8,869	12,945	3,605
Other financial assets	10	100	100	138,040	138,040
Property, plant and equipment	11	2,944,255	2,776,855	2,941,274	2,772,200
Deferred tax assets	12	36,188	26,417	26,909	21,826
Intangible assets	13	777	343	-	-
Other	14	2,233	4,310	230	-
Total non-current assets		2,986,665	2,816,894	3,119,398	2,935,671
Total assets		3,426,133	3,284,505	3,294,888	3,107,369
Current liabilities					
Payables	15	151,283	199,541	89,096	83,970
Interest bearing liabilities	16	2,047	5,199	1,850	4,562
Provisions	17	152,625	117,711	150,861	115,095
Other	18	15,940	12,597	15,676	8,964
Total current liabilities		321,895	335,048	257,483	212,591
Non-current liabilities					
Interest bearing liabilities	19	1,448,405	1,294,288	1,425,103	1,272,640
Deferred tax liabilities	20	103,391	71,839	77,226	56,938
Provisions	21	61,389	110,112	60,213	109,063
Other	22	-	263	-	-
Total non-current liabilities		1,613,185	1,476,502	1,562,542	1,438,641
Total liabilities		1,935,080	1,811,550	1,820,025	1,651,232
Net assets		1,491,053	1,472,955	1,474,863	1,456,137
Equity					
Contributed equity	24	1,042,405	1,029,968	1,042,405	1,029,968
Reserves	23	423,031	422,138	423,031	422,138
Retained profits	25	25,617	20,849	9,427	4,031
Total equity		1,491,053	1,472,955	1,474,863	1,456,137

The statements of financial position are to be read in conjunction with the notes to the financial statements.

Statements of Cash Flows

For the year ended 30 June 2003

	Note	Consolidated		Parent	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Receipts from customers		1,333,843	1,289,891	778,298	658,570
Use of system charges		(834,372)	(859,714)	(161,459)	(132,014)
Payments to suppliers and employees		(364,636)	(308,838)	(285,265)	(253,942)
Interest received		4,961	4,314	545	1,106
Interest and other costs of financing		(82,673)	(82,747)	(83,058)	(82,505)
Dividends received		9	9	-	-
Capital contributions received		26,216	16,767	26,214	16,767
Community service obligations		213,183	188,456	-	-
Income tax equivalent payments		-	(11)	-	-
GST refund from / paid to ATO		2,442	(13,854)	(27,288)	(13,854)
Other operating receipts		30,897	31,156	43,646	40,119
Other operating payments		(83,952)	(39,728)	(39,658)	(53,992)
Net cash flows provided by / (used in) operating activities	26	245,918	225,701	251,975	180,255
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		4,785	1,552	4,783	1,532
Payments for property, plant and equipment		(331,100)	(224,299)	(331,168)	(229,455)
Payments for investments made		(777)	-	-	-
Receipts from investments realised		-	50	-	50
Net cash flows (used in) investing activities		(327,092)	(222,697)	(326,385)	(227,873)
Cash flows from financing activities					
Proceeds from borrowings		151,042	130,270	151,043	129,014
Repayment of repayable deposits		(1,220)	(228)	(1,292)	494
Dividends paid		(93,397)	(69,306)	(93,397)	(69,306)
Net cash flows provided by / (used in) financing activities		56,425	60,736	56,354	60,202
Net increase in cash held		(24,749)	63,740	(18,056)	12,584
Cash at the beginning of the year		150,352	86,612	36,197	23,613
Cash at the end of the year	5	125,603	150,352	18,141	36,197

The statements of cash flows are to be read in conjunction with the notes to the financial statements.

Notes to and forming part of the financial statements

For the year ended 30 June 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared as a general purpose financial report in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, Urgent Issues Group Consensus Views, the provisions of the Government Owned Corporations Act 1993 and other relevant legislation issued pursuant to that Act. The financial statements have been prepared on the basis of historical costs and, except where stated, do not take into account changing monetary values or current valuations of non-current assets.

The accounting policies have been consistently applied by each entity within the Economic Entity and, except where there has been a change in accounting policy, are consistent with the policies adopted in the previous year.

Principles of Consolidation

The consolidated financial statements include the financial statements of the parent entity, Ergon Energy Corporation Limited, and its controlled entities, referred to collectively as the "Economic Entity". Refer to note 10 for details on entities controlled by Ergon Energy Corporation Limited.

All inter-entity balances and transactions have been eliminated on consolidation. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

Revenue Recognition

Regulated Network Business

The parent entity is subject to a revenue cap that can be earned on its regulated assets. The regulated return is recognised in accordance with the revenue cap.

Regulated network prices are determined and initially invoiced based on estimates. Actual revenue allowed by the Regulator may vary from that estimated, resulting in a direction by the Regulator to the entity to increase/reduce prices in the succeeding period(s) to recover or refund amounts under or over charged. Amounts recovered or refunded pursuant to directions from the Regulator are brought to account in the period to which the under or over charge relates.

Change in accounting policy

The policy of recognising the under or over charge in the period to which they relate was adopted with effect from 1 July 2002. The previous policy was to recognise the under or over charge in the period recovered or refunded. The new policy was adopted to provide more relevant information regarding the timing of revenue recognition in accordance with the regulated revenue cap.

The change in accounting policy resulted in a decrease of \$3,443,000 in consolidated sales revenue for the financial year ended 30 June 2003.

The restatement of consolidated sales revenue below shows the information that would have been disclosed had the new accounting policy always been applied.

	2003	2002
	\$'000	\$'000
	(Restated)	(Restated)
Sales revenue	1,237,616	1,198,095

Non-refundable capital contributions

The parent entity finances part of its capital works program by way of non-refundable contributions, which are applied to the cost of these works. Non-refundable contributions are recognised as revenue in accordance with Urgent Issues Group Abstract 17 - Developer and Customer Contributions in Price Regulated Industries.

Contribution acknowledgment payments

Under direction from the Shareholding Ministers, the first tranche of contestable customers in the retail electricity market receive repayment of the capital payments they had previously made.

These repayments are in the form of reduced network charges for specified time periods. Transmission charges and grid service revenue are both grossed up by the amount of these rebates to customers so that the full amount of the costs and revenues are properly reflected in the financial records.

All regulated network revenue and electricity sales revenue are disclosed as sales revenue in the financial statements.

Notes to and forming part of the financial statements

For the year ended 30 June 2003

Electricity Retail Business

Electricity sales revenue to contestable customers

Revenue is recognised in the statements of financial performance when the entities within the Economic Entity become party to the contractual provisions of the contestable customers sales contracts.

Electricity sales revenue to customers other than contestable customers

All customer consumption is metered at intervals ranging from half an hour to three months. Revenue recognised represents the sum of invoices raised and the movement in the estimated metered but not invoiced energy consumption.

Estimated revenue from unbilled services

Unread meters represents the estimated value of unbilled electricity provided to retail customers and is included in electricity sales revenue.

Electricity debtors

The settlement of electricity debtors varies depending on the nature of the contractual arrangements entered into however accounts are normally settled within 30 days of rendering invoices. The collectability of debts is monitored on a regular basis and provision is made for any doubtful debts. Bad debts are written off during the year in which they are identified.

Community service obligations

As part of the Queensland electricity market reforms introduced in the late 1990's, the Government made a commitment that state-wide uniform retail tariffs would apply to franchise customers and that no franchise customer would be adversely affected by ongoing electricity market reforms. From the 2001/2002 year, the Queensland Government determined that a fixed gross margin, adjusted for allowed energy costs, would apply to sales of electricity to franchise customers. Payments received represent the shortfall in the margin received by a controlled entity, Ergon Energy Pty Ltd.

Non-Regulated Revenue

Non-regulated revenue comprises revenue (net of discounts and allowances) mainly from the provision of electricity related services. This revenue is recognised when the service is provided. Revenue in relation to construction contracts is recognised based on the percentage completion of the works.

Revenue from the sale of goods is recognised upon

the delivery of goods to customers.

Interest revenue is recognised in the statements of financial performance as it accrues.

Cost of Sales

Cost of sales is the accumulation of costs associated with network charges, electricity purchases and any other costs associated with the sale of electricity.

Property, Plant and Equipment

Cost and valuation

Items included within the supply system and power station categories are carried at fair value. Items of other property, plant and equipment are recorded at cost. The cost of property, plant and equipment constructed by the Economic Entity includes the cost of materials, direct labour and other associated costs and where appropriate, borrowing costs.

The last independent valuation of supply system and power station assets (including land & buildings integral to the supply system & power stations) was undertaken as at 31 December 1999 by a consortium comprising Gutteridge Haskins Davey Pty Ltd and Arthur Andersen using the Depreciated Optimised Replacement Cost methodology.

Supply system assets and power stations were valued by Directors at 30 June 2001 using a method consistent with depreciated optimised replacement value. This is intended to provide values based on the optimum set of replacement assets necessary to achieve the same service potential with no inappropriate surplus capacity. Under this approach, escalation factors were applied to the asset values. The Economic Entity's policy is to carry out a detailed valuation based on advice from independent experts with sufficient regularity, as determined by the Directors, to ensure the carrying value of assets does not differ materially to their fair value and to apply escalation factors to the asset values in the intervening years.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in net profit or loss, the increment is recognised immediately as revenue in net profit or loss.

Notes to and forming part of the financial statements

For the year ended 30 June 2003

Revaluation decrements are recognised immediately as expenses in net profit or loss, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Potential capital gains tax is not taken into account when determining revaluation amounts unless there is an intention to sell the assets concerned.

Other land and buildings were valued by Directors taking into account relevant acquisition costs and price index movements. No revaluation increment or decrement arose as a result of this valuation. This valuation follows the policy of the Corporation which provides for a full and detailed valuation to be undertaken at approximately three yearly intervals. Details of this valuation are provided in Note 11.

Other plant and equipment has not been revalued.

Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

Depreciation

Depreciation is calculated on the straight-line basis by reference to the useful life of each item of property, plant and equipment, other than freehold land and easements. An assessment of useful lives is performed annually. Major depreciation periods are:

	Measurement basis	Depreciation period
Supply system	Fair value	7 to 60 years
Power stations	Fair value	5 to 60 years
Other land and buildings	Cost	0 to 40 years
Other property, plant and equipment	Cost	3 to 10 years

Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of the acquisition plus incidental costs directly attributable to the acquisition.

Classification

Property, plant and equipment expected to be sold or replaced within 12 months are classified as current assets.

Goodwill

Where an entity or operation is acquired, the identifiable net assets are measured at fair value. The excess of the fair value of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis over the period during which the benefits are expected to arise, which does not exceed 20 years.

In establishing the fair value of identifiable net assets acquired, a liability for restructuring costs is only recognised at the date of acquisition where there is a demonstrated commitment and a detailed plan. The liability is only recognised where there is little or no discretion to avoid payments to other parties in settlement of costs of the restructuring and a reliable estimate of the liability can be made.

Research and Development

Costs incurred on research and development projects and in-process research and development acquired in the acquisition of an entity is deferred to future periods to the extent that they are expected beyond any reasonable doubt to be recoverable.

Investments

Interests in listed and unlisted securities, other than controlled entities in the consolidated financial statements, are carried at the lower of cost or Directors' valuation. Dividend income is brought to account when declared or, when approved by the shareholders.

The parent entity's interest in a unit trust is carried at the lower of cost or Directors' valuation. Income is brought to account when distributions are announced.

Notes to and forming part of the financial statements

For the year ended 30 June 2003

Inventories

Inventories shown as current assets of the parent entity are not for resale, but are used in the maintenance and construction of system assets and are valued at weighted average cost.

Controlled entities inventories are carried at the lower of average cost and net realisable value.

Maintenance and Repairs

Plant of the Economic Entity is maintained on a periodic basis. The costs of this maintenance are charged as expenses as incurred, except where the costs extend the useful life of the asset or upgrade the asset beyond its original designed function or capacity. In which case, such costs are capitalised to property, plant and equipment.

Taxation

Tax equivalents

The entities within the Economic Entity make tax equivalent payments on their taxable income to the Queensland Government. These taxation payments are made pursuant to Section 155(4) of the Government Owned Corporation Act 1993 and are based upon federal income tax legislation and rulings set out in the National Tax Equivalent Manual. The National Tax Equivalent Manual gives rise to obligations for taxation which would be imposed by the Income Tax Assessment Acts 1936 and 1997 (refer note 4).

The entities are not required to maintain a franking account.

Tax effect accounting

The Economic Entity adopts the liability method of tax effect accounting.

Income tax equivalent expense is calculated on operating profit adjusted for permanent differences between taxable income and accounting profit. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statements of financial position as a future income tax equivalent benefit or a provision for deferred income tax equivalent liability.

Future income tax equivalent benefits relating to timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax equivalent benefits relating to income tax equivalent losses are only brought to account when realisation is virtually certain.

The provision for deferred income tax equivalent liability and future income tax equivalent benefit have been calculated at the tax rates expected to apply when the timing difference is expected to reverse. The company tax rate is 30% for the year ended 30 June 2003 and subsequent years.

The tax effect of capital losses is not recorded unless realisation is virtually certain.

When the provision for deferred income tax equivalent exists and the Economic Entity incurs a tax loss, the future income tax equivalent benefit attributable to the tax loss has been brought to account as a reduction of the provision for deferred income tax equivalent. This is to the extent that the deferred income tax equivalent has already been provided in respect to timing differences that will reverse within the financial periods during which the tax equivalent loss will remain available as a deduction from assessable income.

Employee Benefits

Wages and salaries, annual leave and sick leave

The provisions for employee benefits relating to wages, salaries, annual leave and vested sick leave represents the amount which the Economic Entity has a present obligation to pay resulting from employee's services provided up to the balance date. The above provisions have been calculated at undiscounted amounts based on current wage and salary rates and, where appropriate at expected nominal rates and include related on-costs.

Long service leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date. In determining the provision for long service leave, consideration has been given to future increases in wage and salary rates, and the Economic Entity's experience with staff departures. Related on-costs have also been included in the liability.

Provisions for employee benefits relating to long service leave which are not expected to be settled within twelve months are discounted using the rates attaching to government securities at balance date, which most closely match the terms of maturity of the related liabilities.

Notes to and forming part of the financial statements

For the year ended 30 June 2003

Superannuation

The parent entity and other controlled entities contribute to several defined benefit and defined contribution superannuation plans. Contributions are charged against income as they are owed (refer note 29).

Employee benefit on-costs

Employee benefit on-costs, including payroll costs are recognised and included in employee benefit liabilities.

Change in accounting policy for calculation of annual leave benefit

The above policy was adopted with effect from 1 July 2002 to comply with AASB 1028 Employee Benefits released in June 2001. In line with the requirements of the standard, annual leave benefits have been measured based on remuneration rates that the Economic Entity expects to pay as at each reporting date and does not discount cash flows to their present value. The effect of this adjustment during the financial year in the Economic Entity is \$522,000.

Leases

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be obtained from the leased property.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between interest (calculated by applying the interest rate implicit in the lease to the outstanding amount of the liability), rental expense and reduction of the liability.

No entities within the Economic Entity are party to any finance leases.

Web Site Costs

Costs in relation to web sites controlled by the Economic Entity are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over the period of their expected benefit.

Restructure Provision

Restructuring costs are recognised as a result of the acquisition of an entity and arise directly as a consequence of restructuring activities of the acquired entity. Costs that generate revenues or create an

asset are not included in the restructure provision. Restructure costs are only recognised when the entity can reliably estimate the amount of the liability and there is demonstrated commitment to the restructure so that there is little or no discretion to avoid payments to other parties in settlement of the costs of the restructure.

The parent entity recognised a provision of \$160 million as at 30 June 1999 when it entered into a scheme of arrangement to acquire the assets and liabilities of predecessor distribution companies.

Contestable sales contracts

Contestable sales contracts are contracts with contestable customers for the sale but not the supply of electricity.

Contestable sales contracts are recorded at their net fair value. The contracts have been valued using a combination of data sources including current Ergon Energy trades, the Australian Financial Markets Association, the 5 MW brokers market and other market intelligence. Ergon Energy trades frequently in these instruments and has sufficient market information to reliably measure the value of these contracts in accordance with requirements of Australian Accounting Standards.

Volumes of sales is an estimation of future demand determined using historical averages.

The contracts are recognised in the statements of financial position on their commitment date. The contract asset or liability is revalued at each reporting date. A positive revaluation amount is reported as an asset and a negative revaluation amount reported as a liability. Changes in net fair value are reflected in the statements of financial performance in the period they occur.

Non-contestable customers and related derivative financial instruments have not been bought to account at fair value as they are dependent on the supply of electricity.

Renewable Energy Certificates

Renewable energy certificates are valued at the spot price at balance date adjusted for known market factors.

Derivative Financial Instruments

Derivative financial instruments are acquired and held to reduce the exposure to risk of unfavourable commodity price movements within a commodity market.

Notes to and forming part of the financial statements

For the year ended 30 June 2003

Entities within the Economic Entity are party to swap agreements, price cap and option agreements. Entities are also party to wholesale market purchase contracts which are financial hedging instruments entered into with electricity generators and other wholesale market participants. The entities undertake contracting for price and volume hedges to manage the exposure to commodity price and volume risk.

Derivative financial instruments held or issued for hedging contestable sales contracts or trading purposes

Derivative financial instruments held or issued for hedging contestable contracts or trading purposes are recorded at their net fair value. The contracts have been valued using a combination of data sources including current Ergon Energy trades, the Australian Financial Markets Association, the 5 MW brokers market and other market intelligence. Ergon Energy trades frequently in these instruments and has sufficient market information to reliably measure the value of these contracts in accordance with requirements of Australian Accounting Standards.

The derivative financial instruments are recognised in the statements of financial position on their commitment date. The derivative financial asset or liability is revalued at each reporting date. A positive revaluation amount is reported as an asset and a negative revaluation amount is reported as a liability. Changes in net fair value are reflected in the statements of financial performance in the period they occur.

Derivative financial instruments other than those held for hedging contestable sales contracts or trading purposes including designated hedges

Any gains or losses on the contracts are deferred and recognised in the measurement of the underlying transaction. Recognition of payments and receipts under these contracts are at settlement as a component of electricity expense during the year.

Trade Creditors

These amounts represent liabilities for goods and services provided to the Economic Entity prior to the end of the financial year and which are unpaid.

Dividends

Provision is made for the amount of any dividend declared by the Directors on or before the end of the financial year but not distributed at balance date.

Borrowing Costs

Borrowing costs are expensed as incurred, except where they relate to the financing of qualifying projects under construction where they are capitalised up to the date of commissioning or sale.

Interest Bearing Liabilities

Customer deposits are recognised as liabilities and represent refundable payments received from customers and held as security over future electricity usage in the event of customer default.

Foreign Currency Transactions

Amounts payable and receivable in foreign currency at balance date are converted to Australian dollars at the exchange rate ruling on that date.

Cash

For the purposes of the statements of cash flows, cash includes cash on hand and in banks, deposits on call and net of bank overdrafts.

Goods and Service Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statements of financial position.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Comparative Information

The comparative information includes the results of the operations of the parent entity, and consolidated entity ("the Economic Entity") from 1 July 2001 to 30 June 2002. Comparative amounts have been reclassified to ensure comparability with the current reporting period.

Notes to and forming part of the financial statements

For the year ended 30 June 2003

	Consolidated		Parent	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
2. REVENUE				
Revenue from operating activities:				
Sales revenue	1,237,686	1,196,795	736,456	656,878
Community service obligations	191,798	188,456	-	-
Commissions received	4	4	4	4
Miscellaneous operating revenue	44,534	60,783	44,044	44,831
	1,474,022	1,446,038	780,504	701,713
Revenue from outside operating activities:				
Non-refundable capital contributions	20,231	16,767	20,231	16,767
Interest from unrelated parties	4,962	4,314	545	1,086
Interest from related parties	-	-	-	20
Dividends received from unrelated parties	9	9	-	-
Dividends received from related parties	-	-	15,296	-
Proceeds on disposal of non-current assets	4,785	1,552	4,783	1,532
	29,987	22,642	40,855	19,405
Total revenue from ordinary activities	1,504,009	1,468,680	821,359	721,118
3. OPERATING PROFIT				
Profit from ordinary activities before income tax equivalent expense includes the following specific net gains and expenses:				
Cost of sales	766,830	816,156	-	-
Net Profit/(loss) on disposal of property, plant and equipment	746	(124)	748	(142)
Depreciation				
Supply system assets	136,739	134,237	136,739	134,238
Power station assets	9,273	5,743	9,272	5,742
Other buildings	2,840	1,705	2,840	1,705
Other property, plant and equipment	30,630	30,580	29,068	29,242
Total depreciation	179,482	172,265	177,919	170,927
Amortisation				
Goodwill & intangible assets	1,034	1,156	691	1,036
Borrowing costs				
Interest paid or payable to related parties	-	-	1,827	677
Interest paid or payable to unrelated parties	84,973	82,747	83,531	81,828
	84,973	82,747	85,358	82,505
Net bad & doubtful debts expense including movements in provision for doubtful debts	3,566	2,999	482	332
Superannuation contributions	8,339	4,702	7,215	3,737
Rental expense relating to operating leases				
Minimum lease payments	2,657	2,493	1,609	1,539
Total rental expense relating to operating leases	2,657	2,493	1,609	1,539

Notes to and forming part of the financial statements

For the year ended 30 June 2003

	Consolidated		Parent	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
4. INCOME TAX				
4.1 Income tax equivalent expense/(benefit)				
The <i>prima facie</i> income tax equivalent on operating profit differs from the income tax equivalent provided in the accounts as follows:				
<i>Prima facie</i> income tax equivalent on operating profit at 30% (2002: 30%)	37,896	34,847	36,102	29,295
Tax effect of permanent differences:				
Opening provisions	(10,396)	(11,900)	(10,396)	(11,900)
Dividend receivable	-	-	(4,589)	-
Other items	660	1,630	266	747
(Under) over provision in previous year	(6,379)	5,361	(6,178)	7,080
Income tax equivalent losses not brought to account	-	(432)	-	-
Income tax equivalent expense attributable to operating profit	21,781	29,506	15,205	25,222
4.2 Provision for deferred income tax equivalent liability				
Attributable to timing differences:				
Depreciation	193,980	144,158	194,041	144,022
Unbilled electricity	48,562	36,006	-	-
Prepayments	79	98	93	92
Other	2,807	2,556	2,434	1,579
	245,428	182,818	196,568	145,693
Future income tax equivalent benefit attributable to carried forward tax losses	(142,037)	(110,979)	(119,342)	(88,755)
Total provision for deferred income tax equivalent liability	103,391	71,839	77,226	56,938
4.3 Future income tax equivalent benefit				
Attributable to timing differences:				
Accruals	2,385	3,130	1,825	3,130
Provisions	25,818	21,278	21,591	17,786
Other	7,985	2,009	3,493	910
Total future income tax equivalent benefit	36,188	26,417	26,909	21,826

As at 30 June 2003, the Corporation has estimated unconfirmed unrecouped income tax losses of \$2,572,824 (2002:\$1,732,204) available to offset against future years' taxable income. The benefit of these losses of \$771,847 (2002:\$519,661) has not been brought to account as realisation is not virtually certain. The benefit will only be obtained if:

- The company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;
- The company continues to comply with the conditions for deductibility imposed by law; and
- No changes in tax legislation adversely affect the company in realising the benefit from the deductions for the losses.

4.4 Tax consolidation legislation

The Directors of the Economic Entity have not elected to implement the tax consolidation legislation as at the date of signing the financial report.

Notes to and forming part of the financial statements

For the year ended 30 June 2003

	Consolidated		Parent	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
5. CASH ASSETS (CURRENT)				
Cash at bank and on hand	125,603	150,352	18,141	36,197
The above figures are reconciled to cash at the end of the financial year as shown in the statements of cash flows as follows:				
Balance per statements of cash flows	125,603	150,352	18,141	36,197
6. RECEIVABLES (CURRENT)				
Trade debtors and unread meters	220,424	189,314	19,645	17,152
Community service obligations receivable	7,054	27,470	-	-
Provision for doubtful debts	(4,731)	(3,250)	(269)	(296)
Trade debtors – unrelated parties	222,747	213,534	19,376	16,856
Trade debtors – related parties	-	321	64,612	66,886
Non-trade amounts owing by:				
Unrelated parties	13,936	50,682	-	-
Related parties	-	-	15,296	-
Total current receivables	236,683	264,537	99,284	83,742
7. INVENTORIES (CURRENT)				
Maintenance and construction stock	38,029	27,716	37,978	27,674
	38,029	27,716	37,978	27,674
8. OTHER ASSETS (CURRENT)				
Prepayments	3,174	3,133	3,078	2,960
GST credits	-	3,391	-	3,390
Property, plant and equipment	17,002	17,002	17,002	17,002
Intangible assets	127	-	-	-
Market trading receivable and renewable energy certificates	18,657	-	-	-
Other	193	1,480	7	733
	39,153	25,006	20,087	24,085
9. RECEIVABLES (NON-CURRENT)				
Loans to controlled entities	-	-	12,945	3,000
Electricity sales receivable – contestable customers	1,795	-	-	-
Other	1,317	8,869	-	605
	3,112	8,869	12,945	3,605

Notes to and forming part of the financial statements

For the year ended 30 June 2003

	Consolidated		Parent	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
10. OTHER FINANCIAL ASSETS (NON-CURRENT)				
Investments at cost:				
Unlisted shares in unrelated entity	100	100	-	-
	100	100	-	-
Investments at valuation:				
Unlisted shares in controlled entities (a)	-	-	142,366	142,366
Unlisted units in controlled entity	-	-	62	62
Less: Provision for diminution	-	-	(4,388)	(4,388)
	-	-	138,040	138,040
Total investments	100	100	138,040	138,040

(a) The carrying value of investments in controlled entities have been assessed by the Directors as at 30 June 2003, to ensure that the values are not in excess of their expected recoverable amount.

(b) The consolidated financial statements at 30 June 2003 include the following controlled entities:

Entity Name	Country of Incorporation	Percentage interest held by the Economic Entity
Ergon Energy Corporation Limited	Australia	
EA North Queensland Pty Ltd	Australia	100%
Ergon Energy Gas Pty Ltd	Australia	100%
Vantage Plus Utilities Trust	Australia	100%
Ergon Energy Utility Services Pty Ltd	Australia	100%
Ergon Energy Pty Ltd	Australia	100%
Ergon Energy (Victoria) Pty Ltd	Australia	100%
Northern Electricity Retail Corporation Pty Ltd	Australia	100%

Notes to and forming part of the financial statements

For the year ended 30 June 2003

Consolidated		Parent	
2003	2002	2003	2002
\$'000	\$'000	\$'000	\$'000

11. PROPERTY, PLANT AND EQUIPMENT

Supply system

At Directors' valuation 2003	5,292,357	-	5,292,357	-
At Directors' valuation 2002	-	5,026,421	-	5,026,421
Less: accumulated depreciation	(2,790,362)	(2,649,260)	(2,790,362)	(2,649,260)
	2,501,995	2,377,161	2,501,995	2,377,161

Power stations

At Directors' valuation 2003	106,622	-	106,622	-
At Directors' valuation 2002	-	92,828	-	92,828
Less: accumulated depreciation	(33,919)	(24,400)	(33,919)	(24,400)
	72,703	68,428	72,703	68,428

Other land & buildings

Other land

At cost	35,650	35,944	35,650	35,944
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Other buildings

At cost	121,743	118,705	121,743	118,705
Less: accumulated depreciation	(63,678)	(60,888)	(63,678)	(60,888)
	58,065	57,817	58,065	57,817

Other property, plant and equipment

At cost	289,582	257,372	281,729	249,640
Less: accumulated depreciation	(170,261)	(150,507)	(163,447)	(145,240)
	119,321	106,865	118,282	104,400

Work in progress

At cost	156,521	130,640	154,579	128,450
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Total property, plant and equipment	2,944,255	2,776,855	2,941,274	2,772,200
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Valuation of land and buildings

An internal valuation on land and buildings was performed in the 2003 financial year based on the expected future cash flows discounted to their present value. The Property Manager from Ergon Energy who is a Registered Urban and Rural Valuer and a member of the Australian Property Institute performed the valuation. The valuation results were higher than the carrying amount of land and buildings. Directors made the decision to continue to carry land and buildings at cost.

Notes to and forming part of the financial statements

For the year ended 30 June 2003

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations

Consolidated – 2003

	Supply Systems	Power Stations	Other Land	Other Buildings	Other Property, Plant & Equipment	Work In Progress	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	2,377,161	68,428	35,944	57,817	106,865	130,640	2,776,855
Transfer of assets between categories	(16)	(34)	(294)	(23)	367	-	-
Transfer to property, plant & equipment & current assets	(10,892)	-	-	-	(6,108)	(273,428)	(290,428)
Additions	253,447	12,828	11	3,175	52,755	299,309	621,525
Disposals	(7,003)	-	(11)	(65)	(3,928)	-	(11,007)
Revaluation increments less decrements	26,036	753	-	-	-	-	26,789
Depreciation/amortisation expense	(136,738)	(9,272)	-	(2,839)	(30,630)	-	(179,479)
Carrying amount at end of year	2,501,995	72,703	35,650	58,065	119,321	156,521	2,944,255

Parent – 2003

	Supply Systems	Power Stations	Other Land	Other Buildings	Other Property, Plant & Equipment	Work In Progress	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at start of year	2,377,161	68,428	35,944	57,817	104,400	128,450	2,772,200
Transfer of assets between categories	(16)	(34)	(294)	(22)	403	-	37
Transfer to property, plant & equipment	(10,892)	-	-	-	(6,108)	(273,426)	(290,426)
Additions	253,447	12,828	11	3,174	52,580	299,555	621,595
Disposals	(7,003)	-	(11)	(65)	(3,924)	-	(11,003)
Revaluation increments less decrements	26,036	753	-	-	-	-	26,789
Depreciation/amortisation expense	(136,738)	(9,272)	-	(2,839)	(29,069)	-	(177,918)
Carrying amount at end of year	2,501,995	72,703	35,650	58,065	118,282	154,579	2,941,274

Notes to and forming part of the financial statements

For the year ended 30 June 2003

	Consolidated		Parent	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
12. DEFERRED TAX ASSETS (NON-CURRENT)				
Future income tax equivalent benefit	36,188	26,417	26,909	21,826
13. INTANGIBLE ASSETS (NON-CURRENT)				
Goodwill	360	360	-	-
Less: accumulated amortisation	(360)	(110)	-	-
Intangibles	1,055	278	-	-
Less: accumulated amortisation	(278)	(185)	-	-
	777	343	-	-
14. OTHER ASSETS (NON-CURRENT)				
Market trading receivable	2,003	4,262	-	-
Other	230	48	230	-
	2,233	4,310	230	-
15. PAYABLES (CURRENT)				
Trade creditors – related parties	-	-	3,821	5,206
Trade creditors – unrelated parties	91,652	153,360	35,573	36,870
Other creditors	59,631	46,181	49,702	41,895
	151,283	199,541	89,096	83,970
16. INTEREST BEARING LIABILITIES (CURRENT)				
Unsecured				
Customer and other repayable deposits	2,047	5,199	1,850	4,562
17. PROVISIONS (CURRENT)				
Dividends	99,311	73,702	99,311	73,702
Restructure	30,000	20,000	30,000	20,000
Employee entitlements	13,926	14,255	13,049	13,521
Other	9,388	9,754	8,501	7,872
	152,625	117,711	150,861	115,095

Notes to and forming part of the financial statements

For the year ended 30 June 2003

	Dividends \$'000	Restructure \$'000	Other \$'000	TOTAL \$'000	
					17. PROVISIONS (CURRENT) (continued)
Consolidated – 2003					
Carrying amount at start of year	73,702	20,000	9,754	103,456	
Transfers from non-current	-	19,005	-	19,005	
Increase in provision	99,248	-	11,309	110,557	
Payments made against provisions	(73,639)	(9,005)	(11,675)	(94,319)	
Carrying amount at end of year	99,311	30,000	9,388	138,699	
Parent – 2003					
Carrying amount at start of year	73,702	20,000	7,872	101,574	
Transfer from non-current	-	19,005	-	19,005	
Increase in provision	99,248	-	11,288	110,536	
Payments made against provisions	(73,639)	(9,005)	(10,659)	(93,303)	
Carrying amount at end of year	99,311	30,000	8,501	137,812	
	Note	Consolidated	Parent		
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
18. OTHER LIABILITIES (CURRENT)					
Unearned capital contributions		12,089	8,487	12,088	8,488
Unclaimed monies		1	200	1	69
GST		3,222	-	3,223	-
Other		628	3,910	364	407
		15,940	12,597	15,676	8,964
19. INTEREST BEARING LIABILITIES (NON-CURRENT)					
Unsecured					
Queensland Treasury Corporation loans	(a)	1,421,311	1,270,268	1,421,311	1,270,268
Customer and other repayable deposits		25,953	24,020	3,792	2,372
Lease incentive		1,141	-	-	-
		1,448,405	1,294,288	1,425,103	1,272,640

(a) The market value of Queensland Treasury Corporation ("QTC") loans at 30 June 2003 was \$1,451,550,110.54 (2002: \$1,286,793,190). The Economic Entity has a \$150,000,000 working capital facility (fully available as at 30 June 2003).

Notes to and forming part of the financial statements

For the year ended 30 June 2003

	Consolidated		Parent	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
20. DEFERRED TAX LIABILITIES (NON-CURRENT)				
Deferred income tax equivalent liability	103,391	71,839	77,226	56,938
21. PROVISIONS (NON-CURRENT)				
Employee entitlements	59,274	51,487	58,098	50,438
Restructure	-	54,928	-	54,928
Other	2,115	3,697	2,115	3,697
	61,389	110,112	60,213	109,063
		Restucture	Other	TOTAL
		\$'000	\$'000	\$'000
Consolidated – 2003				
Carrying amount at start of year		54,928	3,697	58,625
Transfer to current		(19,005)	-	(19,005)
Increase in provision		-	-	-
Payments made against provisions		(23,486)	(1,582)	(25,068)
Write back of provision to share capital		(12,437)	-	(12,437)
Carrying amount at end of year		-	2,115	2,115
Parent – 2003				
Carrying amount at start of year		54,928	3,697	58,625
Transfer to current		(19,005)	-	(19,005)
Increase in provision		-	-	-
Payments made against provisions		(23,486)	(1,582)	(25,068)
Write back of provision to share capital		(12,437)	-	(12,437)
Carrying amount at end of year		-	2,115	2,115

Notes to and forming part of the financial statements

For the year ended 30 June 2003

	Consolidated		Parent	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
22. OTHER LIABILITIES (NON-CURRENT)				
Other	-	263	-	-
23. RESERVES				
Asset revaluation reserve	423,031	422,138	423,031	422,138
Movements:				
Asset revaluation reserve at the beginning of the financial year	422,138	387,324	422,138	387,324
Increase recognised in property, plant & equipment on revaluation of assets	20,893	34,814	20,893	34,814
Transfer to retained profits	(20,000)	-	(20,000)	-
Asset revaluation reserve at the reporting date	423,031	422,138	423,031	422,138

The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with AASB1041.

24. EQUITY

Total equity at the beginning of the financial year	1,472,955	1,425,192	1,456,137	1,422,596
Total changes in equity recognised in the statements of financial performance	124,909	121,465	125,537	107,243
Transactions with owners as owners:				
Contributions of equity	-	-	-	-
Write back of restructure provision	12,437	-	12,437	-
Special dividend paid	(20,000)	-	(20,000)	-
Dividends	(99,248)	(73,702)	(99,248)	(73,702)
Total equity at the reporting date	1,491,053	1,472,955	1,474,863	1,456,137

Contributed Equity:**Share capital**

26 fully paid ordinary A class shares	-	-	-	-
1,141,581,738 fully paid ordinary B class shares	1,029,968	1,029,968	1,029,968	1,029,968
Write back of restructure provision	12,437	-	12,437	-
Total share capital	1,042,405	1,029,968	1,042,405	1,029,968

On inception of Ergon Energy Corporation Limited, the value of the shares were determined with consideration to a restructure provision raised as part of the formation of the Economic Entity. The partial write back of this provision has resulted in an increase in share capital at 30 June 2003.

Movements in issued shares during the period

	Number of ordinary shares
Issued during the period:	
- "A" class shares	-
- "B" class shares	-
Capital restructure	-
Total issued capital	-

Notes to and forming part of the financial statements

For the year ended 30 June 2003

	Consolidated		Parent	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
25. RETAINED PROFITS				
Retained Profits	25,617	20,849	9,427	4,031
Movements:				
Retained profits at the beginning of the financial year	20,849	7,900	4,031	5,304
Transfer from asset revaluation reserve	20,000	-	20,000	-
Adjustment resulting from a change in accounting policy based on revised AASB 1028 Employee Benefits	(522)	-	(490)	-
Net profit attributable to members of Ergon Energy Corporation Limited	104,538	86,651	105,134	72,429
Special dividend paid	(20,000)	-	(20,000)	-
Movement in provision for dividends	(99,248)	(73,702)	(99,248)	(73,702)
Retained profits at end of financial year	25,617	20,849	9,427	4,031
26. STATEMENTS OF CASH FLOWS				
Reconciliation of the operating profit after income tax equivalent to the net cash flows provided by operating activities				
Operating profit after income tax equivalent	104,538	86,651	105,134	72,429
Depreciation & amortisation	180,517	173,421	178,610	171,962
Asset write-off	65	(142)	59	155
Net loss on disposal of property, plant and equipment	323	(1,428)	286	(1,390)
Changes in employee entitlement and other provisions	(27,816)	(48,582)	(27,057)	(48,257)
Other non cash flow items	4,698	2,999	482	333
Changes in assets and liabilities				
Trade and other receivables	30,054	(10,524)	(25,364)	15,534
Inventory	(10,313)	2,316	(10,304)	2,193
Other assets	(12,821)	(21,423)	3,016	(22,443)
Trade and other creditors	(48,258)	8,852	5,126	(36,269)
Other liabilities	3,079	4,066	6,712	785
Deferred income tax equivalent liability	31,552	32,350	20,288	26,966
Future income tax equivalent benefit	(9,771)	(2,855)	(5,083)	(1,743)
Payment from provision	71	-	70	-
Net cash flow provided by operating activities	245,918	225,701	251,975	180,255

Notes to and forming part of the financial statements

For the year ended 30 June 2003

27. INVESTMENTS IN CONTROLLED ENTITIES AND ASSOCIATES*Formation of controlled entity*

On the 16 May 2003 a 100% owned controlled entity Ergon Energy Utility Services Pty Ltd was formed with an issued share capital of \$100. Other than the issue of shares, there were no transactions in the financial year to 30 June 2003.

Investment in Associate

The investment in the associate is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the parent entity. Information relating to the associate is set out below.

During the year an investment of \$100 was made in the associate Service Essentials Pty Ltd for the acquisition of a 10% ownership interest. The principal activities of the associate were billing, meter reading and payment management services. The associate had zero net income during the year. Ergon Energy appoints two board members to a five member board.

	Consolidated
	2003
	\$'000
Share of associate's expenditure commitments	
Capital commitments	3,253
Lease commitments	5,091
	8,344

Summary of the performance and financial position of associate

Share of profit, assets and liabilities of the associate is:

Profit from ordinary activities after related income tax expense	-
Assets	914
Liabilities	914

	Consolidated		Parent	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000

28. EXPENDITURE COMMITMENTS

(a) Capital expenditure commitments

Estimated capital expenditure contracted for at balance date is payable as follows:

- not later than one year	23,837	31,192	23,837	31,192
- later than one year but not later than five years	-	6,338	-	6,338
- later than five years	-	-	-	-
	23,837	37,530	23,837	37,530

(b) Lease commitments

Operating lease commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:

- not later than one year	774	1,510	447	996
- later than one year but not later than five years	8,591	428	332	428
- later than five years	13,480	66	66	66
	22,845	2,004	845	1,490

Representing:

Cancellable operating leases	-	-	-	-
Non-cancellable operating leases	22,845	2,004	845	1,490
	22,845	2,004	845	1,490

Notes to and forming part of the financial statements

For the year ended 30 June 2003

34. RELATED PARTY DISCLOSURES

(a) The Directors of Ergon Energy Corporation Limited during the financial period ended 30 June 2003 were:

Keith Hillless
Barry Taylor
Paul Bell
Andrew Robertson
Fay Donovan
Wayne Myers

Directors of the Economic Entity and Directors of its related parties, or their director-related entities, conduct transactions with entities within the Economic Entity that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arm's length in similar circumstances. All transactions with Directors, or director-related entities that occurred during the financial year are trivial or domestic in nature, apart from those noted below.

Keith Hillless is Director and Vice President of the Australian Institute of Management – Qld/NT Division. During the reporting period, Ergon Energy had transactions totalling \$33,514 with this organisation. The terms and conditions of the transactions were no more favourable than those which, it is reasonable to expect, would have been adopted if dealing with the director related entity at arms length.

Wayne Myers is a non-executive director of Sirocco Communications Pty Ltd being a controlled entity of Sirocco Technologies Group Limited of which Wayne Myers is Managing Director. During the reporting period, Ergon Energy Corporation Limited purchased goods and services to the value of \$119,223 from Sirocco Communications Pty Ltd. The terms and conditions of the purchases were no more favourable than those which, it is reasonable to expect, would have been adopted if dealing with the director related entity at arms length.

Barry Taylor is a Director of Townsville Enterprises Limited. Ergon Energy is a member of this organisation and made sponsorship payments during the financial year totalling \$114,300. The terms and conditions of the payments were no more favourable than those which, it is reasonable to expect, would have been adopted if dealing with the director related entity at arms length.

Paul Bell is an Executive Director of the Local Government Association of Queensland and Chair of the Central Queensland Institute of TAFE. During the reporting period, Ergon Energy purchased goods and services to the value of \$13,870 and \$8,510 respectively. Further, Paul Bell is Chair of the Capricorn Tourism Organisation. Ergon Energy is a community partner with this organisation and had a transaction totalling \$11,000 during the reporting period. The terms and conditions of the transactions were no more favourable than those which, it is reasonable to expect, would have been adopted if dealing with the director related entity at arms length.

Ian Brien is a Director of a related party within the Economic Entity. Ian Brien is a shareholder of Ian Brien Motors. During the reporting period, Ergon Energy purchased goods to the value of \$30,978. The terms and conditions of the purchases were no more favourable than those which it is reasonable to expect, would have been adopted if dealing with the director related entity at arms length.

A number of Directors are the Directors of organisations that are franchise customers of Ergon Energy Pty Ltd. Accordingly, the terms and conditions of supply are no more favourable than those which it is reasonable to expect would have been adopted if dealing with the director-related entity at arm's length.

(b) In addition to those transactions disclosed in note 2 and 3, the parent entity entered into the following transactions during the period with related parties within the wholly owned group:

The parent entity provided customer care administration services, including billing services, call centre facilities and retail products and services administration to a controlled entity. All services were undertaken on normal commercial terms and conditions.

Amounts due and receivable from related parties in the wholly owned group are as set out in the respective notes to the financial statements.

Notes to and forming part of the financial statements

For the year ended 30 June 2003

35. REMUNERATION OF DIRECTORS AND OFFICERS

(a) Income of Directors

The number of Directors of the parent entity who were paid, or were due to be paid, directly or indirectly by the company or any related party, as shown in the following bands, were:

	2003	2002
\$20,001 - \$30,000	4	4
\$40,001 - \$50,000	1	1
\$60,001 - \$70,000	-	1
\$70,001 - \$80,000	-	1
\$100,001 - \$110,000	1	-
The aggregate income of the Directors referred to above:	\$258,874	\$294,369

The total of all amounts paid or payable, directly or indirectly, from the respective entities of which they are a director, or from any related party, to all the Directors of each entity in the Economic Entity was \$330,049 (2002: \$361,426). The above amounts exclude the value of insurance premiums made for the Directors' indemnity.

(b) Income of Senior Executives

The number of Senior Executives, whose base remuneration for the period falls within the following bands, were:

	Consolidated		Parent	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
\$170,001 - \$180,000	-	1	-	-
\$180,001 - \$190,000	-	1	-	1
\$190,001 - \$200,000	-	3	-	1
\$220,001 - \$230,000	2	2	2	2
\$230,001 - \$240,000	2	1	1	1
\$240,001 - \$250,000	1	-	-	-
\$250,001 - \$260,000	1	-	1	-
\$270,001 - \$280,000	2	-	2	-
\$290,001 - \$300,000	-	1	-	1
\$310,001 - \$320,000	1	-	-	-
The aggregate income of the executives referred to above:	\$2,285,452	\$1,930,296	\$1,485,885	\$1,365,556

Base remuneration of Senior Executives comprises the base salary paid or payable directly or indirectly. This excludes at risk performance based remuneration paid or payable by the Economic Entity or any unrelated party to Executive officers in office at 30 June 2003 in connection with management of the affairs of the entity or Economic Entity.

Notes to and forming part of the financial statements

For the year ended 30 June 2003

36. SEGMENT REPORTING

Business segments

The consolidated entity is organised on a national basis into the following divisions by product & service type:

Distribution

Responsible for the electricity network and the distribution of electricity.

Retail

Electricity trading, electricity purchasing and supplying electricity to customers.

Other

Ergon Energy Pty Ltd and Vantage Plus Utilities Trust operate in the retail gas market.

Geographical segments

The Economic Entity operates primarily in the State of Queensland and has additional operations in New South Wales, Victoria, South Australia and the Australian Capital Territory as part of its electricity retailing operations.

Primary reporting - business segments

2003 – Consolidated	Distribution	Retail	Other	Inter-segment elimination	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	93,578	1,328,234	-	-	1,421,812
Intersegment sales	713,231	13,161	-	(726,392)	-
Total sales revenue	806,809	1,341,395	-	(726,392)	1,421,812
Other revenue	25,030	2	-	-	25,032
Total segment revenue	831,839	1,341,397	-	(726,392)	1,446,844
Segment result	216,377	18,880	(840)	(1,815)	232,602
Unallocated revenue less unallocated expenses					(106,283)
Profit from ordinary activities before income tax equivalent expense					126,319
Income tax equivalent expense					21,781
Net profit					104,538
Segment assets	2,852,060	360,311	2,707	(235,980)	2,979,098
Unallocated assets					447,035
Total assets					3,426,133
Segment liabilities	31,059	139,761	5,029	(79,693)	96,156
Unallocated liabilities					1,838,924
Total liabilities					1,935,080
Acquisitions of property plant & equipment, intangibles and other non-current segment assets	623,537	140	-	(2,152)	621,525
Depreciation and amortisation expense	178,610	1,906	-	-	180,516

Notes to and forming part of the financial statements

For the year ended 30 June 2003

36. SEGMENT REPORTING (continued)

Primary reporting – business segments

2002 – Consolidated	Distribution	Retail	Other	Inter-segment elimination	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	89,968	1,326,682	2	(1)	1,416,651
Intersegment sales	631,346	6,518	-	(637,864)	-
Total sales revenue	721,314	1,333,200	2	(637,865)	1,416,651
Other revenue	18,298	20	-	-	18,318
Total segment revenue	739,612	1,333,220	2	(637,865)	1,434,969
Segment result	179,130	17,759	(1,441)	(821)	194,627
Unallocated revenue less unallocated expenses					(78,470)
Profit from ordinary activities before income tax equivalent expense					116,157
Income tax equivalent expense					(29,506)
Net profit					86,651
Segment assets	2,731,537	377,371	2,706	(183,221)	2,928,393
Unallocated assets					356,112
Total assets					3,284,505
Segment liabilities	166,888	178,580	1,392	(184,469)	162,391
Unallocated liabilities					1,649,159
Total liabilities					1,811,550
Acquisitions of property plant & equipment, intangibles and other non-current segment assets	91,950	472	-	8,638	101,060
Depreciation and amortisation expense	171,967	1,449	5	-	173,421

Notes to and forming part of the financial statements

For the year ended 30 June 2003

37. FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

The Economic Entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Note	Accounting Policies	Terms and Conditions
Financial assets			
Receivables – Trade and Other	6,9	Receivables are recorded at nominal amounts due less any provision for doubtful debts. Provision for doubtful debts is recognised when collection of the full nominal amount is considered less than likely.	Credit sales are normally on 30 day terms.
Contestable Sales Contracts	9	Contestable sales contracts are recorded at their net fair value and net of any associated hedges.	Contestable sales contracts typically have terms ranging from 12 months to 3 years.
Receivables – Related Parties	6,9	Amounts receivable from related parties are carried at nominal amounts.	
Investments – Unlisted Shares	10	Unlisted shares are carried at the lower of cost or recoverable amount.	
Financial liabilities			
Payables – Trade and Other	15	Trade creditors are recognised upon the receipt of goods or services irrespective of whether an invoice has been received or not. Values are recorded based on agreed purchase/contract costs.	The amounts are unsecured and are normally settled within 30 days.
Interest Bearing Liabilities – Loans	19	Loans are carried at their nominal value. Interest is charged as an expense as it accrues.	Some loans are presently maintained on an interest only basis. Interest is due on the first day of the month at the effective book interest rate. The outstanding balance of the loan becomes payable immediately should the entity default on loan payments or interest or sustain an adverse material effect on its financial position.
Repayable Deposits	16,19	Subdivider deposits are carried at the principal amount. Revenue shortfalls are subtracted and interest is added on the anniversary of the deposit.	Interest is charged annually on the anniversary date of the deposits. The interest rate is either fixed or variable, depending on the conditions of the agreement. Interest is calculated on the principal less any revenue shortfalls
Customer Security Deposits	16,19	Deposits are carried at the principal amount.	Interest is credited annually on the first billing to the customer after the end of the financial year.
Lease Incentive	19	Lease incentives are recognised as liabilities and are allocated between interest (calculated by applying the interest rate implicit in the lease), rental expense and reduction of the liability.	Allocations against the lease liability are recorded monthly, in line with the payment schedule outlined in the lease.
Contributed equity			
Ordinary Shares	24	Ordinary share capital bears no specific terms or conditions affecting income or the capital entitlements of the shareholders.	

Notes to and forming part of the financial statements

For the year ended 30 June 2003

37. FINANCIAL INSTRUMENTS (continued)

(b) Interest rate risk

The Economic Entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

	Floating interest rate	Fixed interest rate maturing in:			Non-interest bearing	Carrying amount per Statements of Financial Position	Weighted average interest rate
		1 year or less	1 to 5 years	Over 5 years			
	2003	2003	2003	2003	2003	2003	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Financial assets							
Cash	5,195	-	-	-	346	5,541	2.81
Short-term deposits	119,912	-	-	-	150	120,062	4.91
Receivables – trade	-	-	-	-	224,542	224,542	-
Receivables – other	-	-	-	-	15,253	15,253	-
Unlisted shares	-	-	-	-	100	100	-
Other assets	-	-	-	-	24,384	24,384	-
Total financial assets	125,107	-	-	-	264,775	389,882	
Financial liabilities							
Repayable deposits	25,152	151	613	561	1,523	28,000	4.74
Payables – trade	-	-	-	-	91,652	91,652	-
Payables – other	-	-	-	-	59,631	59,631	-
Loans	235,161	-	1,196,461	10,076	-	1,441,698	5.58
Other liabilities	-	-	-	-	15,940	15,940	-
Lease Incentive	-	-	1,141	-	-	1,141	5.00
Total financial liabilities	260,313	151	1,198,215	10,637	168,746	1,638,062	
Financial assets							
	Floating interest rate	Fixed interest rate maturing in:			Non-interest bearing	Carrying amount per Statements of Financial Position	Weighted average interest rate
		1 year or less	1 to 5 years	Over 5 years			
	2002	2002	2002	2002	2002	2002	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Financial assets							
Cash	7,649	-	-	-	401	8,050	3.85
Short-term deposits	142,300	-	-	-	-	142,300	5.07
Receivables – trade	-	-	-	-	214,339	214,339	-
Receivables – other	-	-	-	-	50,682	50,682	-
Unlisted shares	-	-	-	-	100	100	-
Other assets	-	-	-	-	1,480	1,480	-
Total financial assets	149,949	-	-	-	267,002	416,951	
Financial liabilities							
Repayable deposits	20,970	1,698	2,669	2,183	1,699	29,219	4.00
Payables – trade	-	-	-	-	126,196	126,196	-
Payables – other	-	-	-	-	55,338	55,338	-
Loans	115,821	126,458	757,458	288,468	-	1,288,205	5.79
Other liabilities	-	-	-	-	4,371	4,371	-
Total financial liabilities	136,791	128,156	760,127	290,651	187,604	1,503,329	

Notes to and forming part of the financial statements

For the year ended 30 June 2003

37. FINANCIAL INSTRUMENTS (continued)

(c) Net fair values

The net fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged, or liability settled in a current transaction between willing parties after allowing for transaction costs.

The carrying amounts of financial assets and financial liabilities are not materially different from their estimated net fair values at balance date, unless otherwise stated.

(d) Credit risk exposure

Credit risk exposure represents the extent of credit related losses that the Economic Entity may be exposed to from financial assets.

Recognised

Credit risk represents the loss that would be recognised if customers failed to perform as contracted. The Economic Entity manages its credit risks by having established and maintained an appropriate credit review process.

Furthermore, the company minimises concentration of credit risk by undertaking transactions with a large number of retail customers and limiting credit to any individual customers.

Credit settlement risk associated with electricity market trading is controlled by establishing approved credit limits with only those counterparties that have an appropriate credit rating, as determined by a recognised credit rating agency. The relevant counterparties are principally large banks and other electricity corporations.

Unrecognised

Credit settlement risk associated with electricity market trading is controlled by establishing approved credit limits with only those counterparties that have an appropriate credit rating, as determined by a recognised credit rating agency. The relevant counterparties are principally large banks and other electricity corporations.

(e) Liquidity risk exposure

Liquidity risk associated with electricity market trading is controlled by National Electricity Market Management Company Limited whereby all market participants are required to deliver irrevocable bank guarantees as security of timely settlement. These guarantees are held for and on behalf of all participants thereby limiting exposure to liquidity risk.

Where entities within the Economic Entity enter into contracts external to the regulated market, such contracts are limited in terms of exposure and value. The contracts are entered into with only those counterparties that have an appropriate credit rating as determined by a recognised credit rating agency. All contracts contain credit limit clauses.

Directors' Declaration

The Directors declare that:

- (a) the financial statements and associated notes comply with the accounting standards and Urgent Issues Group Consensus Views;
- (b) the financial statements and notes give a true and fair view;
- (c) in the Directors' opinion:
 - (i) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
 - (ii) the financial statements and notes are in accordance with the Corporations Act 2001, including sections 296 and 297.

Made in accordance with a resolution of the Directors.



Mr K Hillless
Chairman
Townsville
15/09/2003

ERGON ENERGY CORPORATION LIMITED

INDEPENDENT AUDIT REPORT

To the Members of Ergon Energy Corporation Limited

Matters relating to the electronic presentation of the audited financial report

The audit report relates to the financial report of Ergon Energy Corporation Limited for the financial year ended 30 June 2003 included on Ergon Energy Corporation Limited's web site. The Directors are responsible for the integrity of the company's web site. The audit report refers only to the financial report identified below and does not include a review of the integrity of this web site or provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Ergon Energy Corporation Limited, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Scope

The financial report

The financial report of Ergon Energy Corporation Limited consists of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes to the financial report, and the directors' declaration for both Ergon Energy Corporation Limited (the company) and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

Directors' responsibility

The directors are responsible for the preparation and true and fair presentation of the financial report, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial report presents fairly, in accordance with the prescribed requirements.

Audit procedures included -

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial report,
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors,
- obtaining written confirmation regarding the material representations made in conjunction with the audit, and
- reviewing the overall presentation of information in the financial report.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

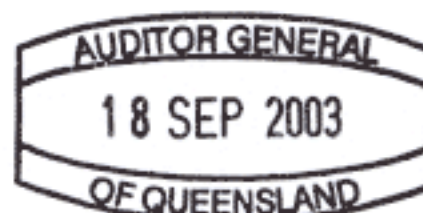
The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Audit Opinion

In my opinion, the financial report of Ergon Energy Corporation Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

L J SCANLAN, FCA
Auditor-General of Queensland




Queensland Audit Office

additional information

International Travel

Destination	Purpose	Persons	Title	Total Cost (\$)
Fiji	Training Delivery - Occupational H&S Workshop for the Pacific Power Association	1	Manager ISES	7,940
France	Site visit – Electricite de France facility. Airfare only within France	1	Manager Technical Support	1,400
Singapore	Present Paper – Asia Pacific CFO Conference	1	Chief Finance Officer	1,066
Thailand & Taiwan	Witness transformer tests at ABB, Thailand and Fortune, Taiwan factories	1	Principal Engineer Substations	7,000
France	Cigre Paris Session 2002. Travel funded by Cigre	1	Communications and Control Systems Engineer	Nil

online information

Throughout this report, where additional information is readily available on topics which may be of further interest to our readers, a  symbol follows the text. This symbol indicates that one of the following ‘fact sheet’ style appendices is available on our internet site. Simply visit www.ergon.com.au/annualreport

Major Capital Works Program 2002/03

Details of Community Powerline Projects 2002/03

Cyclone Area Reliability Enhancement (CARE) Program 2002/03

Regional Sponsorship Summary 2002/03

Statement of Affairs

Equal Employment Opportunity Policy

Environmental Policy

Environmental Accountability

Environmental Performance Summary 2002/03

Abbreviations

AIDM	Asset Inspection and Defect Management
CARE	Cyclone Area Reliability Enhancement program
CPA	Certified Practising Accountants
EBA	Enterprise Bargaining Agreement
EBIT	Earnings Before Interest and Tax
EECL	Ergon Energy Corporation Limited
EEO	Equal Employment Opportunity
EEPL	Ergon Energy Pty Ltd
EMFs	Electromagnetic Fields
EMS	Environmental Management System
ESAA	Electricity Supply Association of Australia
GIS	Geographical Information System
GPS	Global Positioning System
GSLs	Guaranteed Service Levels
IR	Industrial Relations
ISO	International Organisation for Standardisation
NATA	National Association of Testing Authorities
NSCA	National Safety Council of Australia
PCB	Polychlorinated Biphenyls
QAO	Queensland Audit Office
RECs	Renewable Energy Certificates
SCI	Statement of Corporate Intent
SPS	Stand-alone Power Supply

Units of measure

V	volt	the unit of potential or electrical pressure
kV	kilovolt	one kV equals 1,000 volts
W	watt	a measure of the power present when a current of one ampere flows under a pressure of one volt
kW	kilowatt	one kW equals 1,000 watts
kWh	kilowatt hour	the standard ‘unit’ of electricity which represents the consumption of electrical energy at the rate of one kilowatt over a period of one hour
MWh	megawatt hour	one MWh equals 1,000 kilowatt hours
GWh	gigawatt hour	one GWh equals 1,000 megawatt hours or one million kilowatt hours
HV	high voltage	alternating current above 1,000V
LV	low voltage	alternating current above 32V and not exceeding 1,000V
SAIDI	System Average Interruption Duration Index.	Network reliability performance index, indicating the average number of times per year that the electricity is interrupted to each customer.
SAIFI	System Average Interruption Frequency Index.	Network reliability performance index, indicating the total minutes, on average, that customers are without electricity in a year.
IISI	Injury and Illness Statistics Index.	The measure is a product of the Lost Time Injury Frequency Rate (LTIFR) and average days lost per injury for the 12 month reporting period.