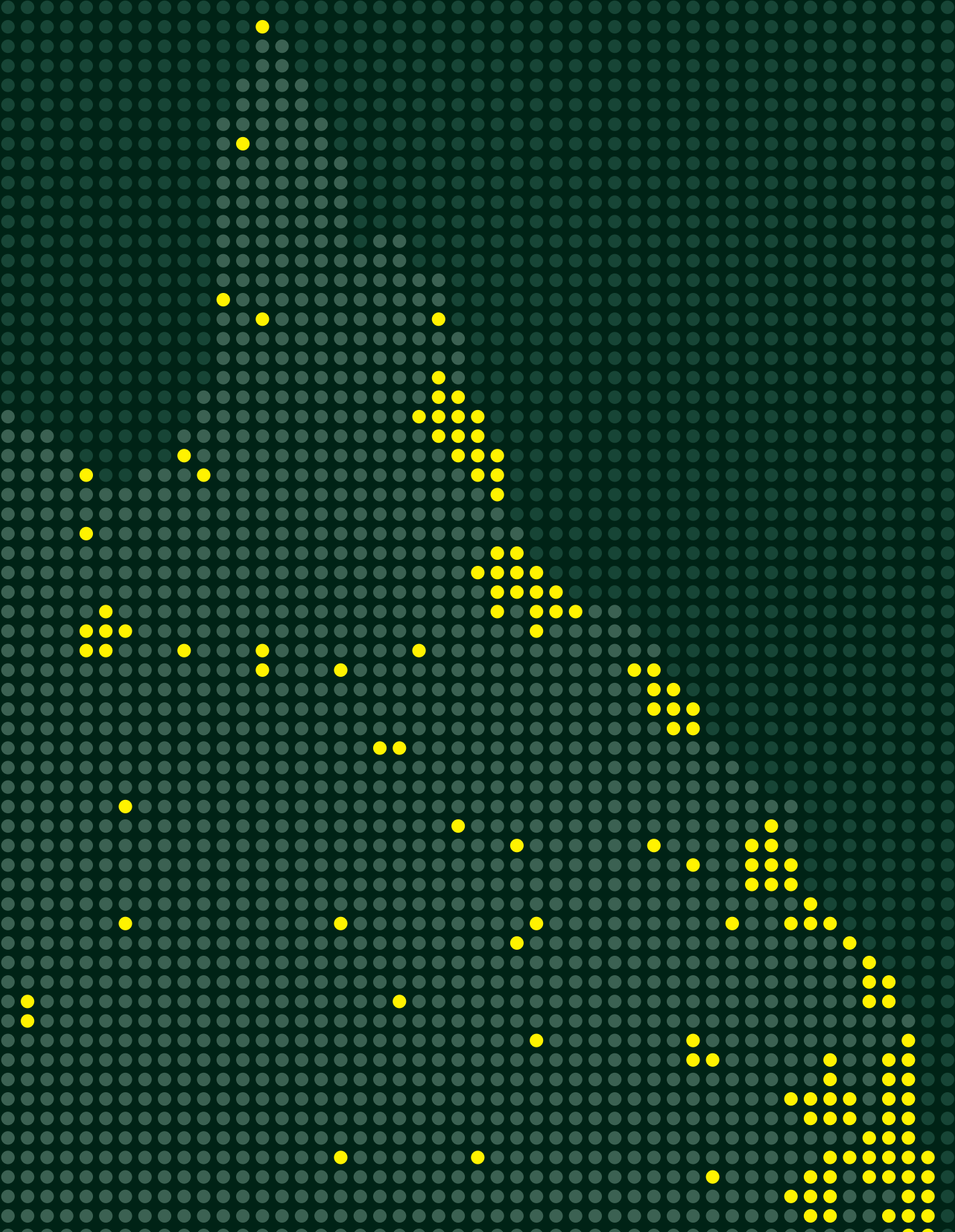


Right focus. Bright future.



About this report

This year, Stanwell Corporation Limited (Stanwell) has focused on a new vision, *smarter energy for a brighter future*.

This annual report for Stanwell demonstrates how we are putting into action our vision and, most importantly, the value which is being generated from our activities.

The report provides an accurate and detailed review of our financial and non-financial performance in 2007–08 against our strategy, and the objectives and targets detailed within our Statement of Corporate Intent (SCI).

Our new vision can be categorised into five key areas:

- right people,
- right location,
- right ownership,
- right fuel, and
- right plant.

For a detailed review of our new vision refer to Strategic Direction page 24.

For each of the reporting sections, we have summarised our performance against both the SCI and departmental indicators, and outlined our objectives for 2008–09.

This report also provides information on other important business processes, including our approach to corporate governance and risk management.


We are confident that this report will assure our stakeholders that we are responsibly managing our business in a way which delivers value to our shareholders and, ultimately, to the people of Queensland. Our stakeholders include, but are not limited to, shareholders, current and future employees, contractors, customers, local communities, suppliers, special interest groups, relevant authorities, and current and prospective business partners.

To assist in reading our annual report, we have included a glossary of terms and an index at the back of the report. Electronic versions of this year's and previous years' annual reports and SCIs are available online at www.stanwell.com.

We value feedback on this report and Stanwell's operations. Feedback can be provided via email to info@stanwell.com.

Contents

Highlights	2
Who we are	4
Year in review	7
Performance overview 2007–08	10
Year ahead 2008–09	12
Chairman's statement	14
Chief Executive Officer's review	16
Executive Management Team	18
Board of Directors	21
Strategic direction	24
Social performance	26
Health and safety	27
Employee relations	30
Community relations	34
Business performance	38
Operations	39
Market trading	43
Project development	47
Research and development	50
Environmental performance	54
Economic performance	60
Corporate governance	66
Financial report 2008	80
Glossary	138
Abbreviations	139
Index	140
Contact	142



With a renewed
Queensland focus and
strong steps towards
cleaner generation,
Stanwell is producing
**smarter energy for
a brighter future.**

Highlights



2007–08

- Achieved a **record revenue result of \$540.9 million**—an increase of 5% on the previous year despite reduced pool prices and reduced generation (Economic performance page 61)
- Across all sites, achieved overall **above budget station availability of 93.3%**—0.5% above budget (Operations page 42)
- Recorded a **38.3% decrease in our Lost Time Injury Frequency Rate (LTIFR)** from the previous year (Health and safety page 27)
- Recorded **no Level 4 or 5 environmental incidents** (Environmental performance page 55)
- **Sold Windy Hill and Toora wind farm assets** in line with the Queensland Government’s ClimateSmart 2050 strategy (Chief Executive Officer’s review page 16)

Financial highlights

Results (\$'000)	Annual Change (%)	2007–08	2006–07	2005–06	2004–05	2003–04
Total revenue	5.0	540,949	515,357	424,193	371,429	361,382
Operating profit before income tax equivalent	(24.8)	167,621	222,926	103,842	38,733	61,235
Operating profit after income tax equivalent	(13.0)	135,590	155,762	72,889	29,180	40,727
Dividends declared	(24.7)	92,105	122,301	60,617	23,564	38,691
Total assets	(27.0)	1,916,386	2,626,402	1,692,790	1,635,834	1,560,224
Total liabilities	(48.4)	1,183,414	2,291,046	667,087	635,829	550,185
Total shareholders’ equity	(118.6)	732,972	335,356	1,025,703	1,000,005	1,010,039
Return on total assets* (%)	(29.9)	7.5	10.7	7.0	3.4	4.8
Return on total equity** (%)	10.9	25.4	22.9	7.2	2.9	4.0
Earnings per share (cents)	(12.9)	13.86	15.91	7.44	3.0	4.2

* Earnings before interest and tax/average total assets ** Operating profit after tax/average total equity

Who we are

Delivering smarter energy for Queensland

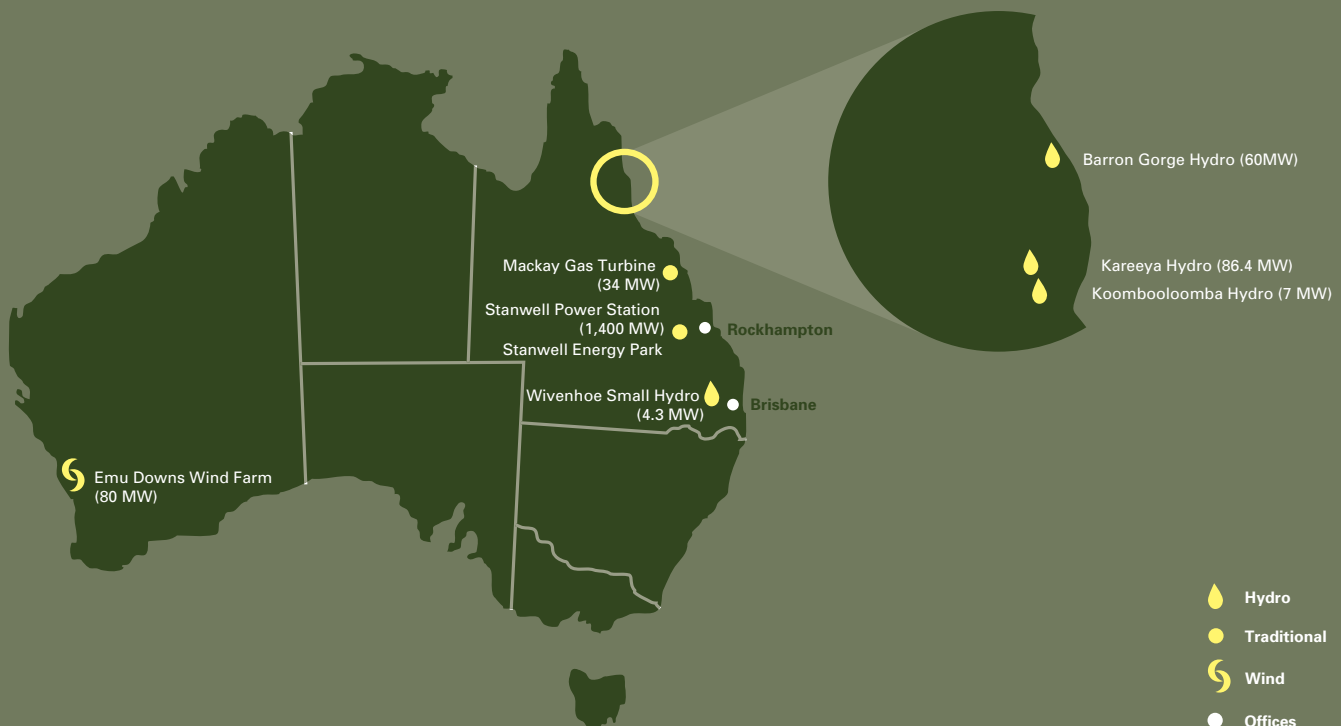
We are a Queensland Government Owned Corporation, formed on 1 July 1997 under the *Government Owned Corporations Act 1993* and registered under the *Corporations Act 2001*. Our shares are held by the State of Queensland and we contribute to the fast-growing Queensland economy by providing solid dividends to the Queensland Government.

Our two shareholders, as at 30 June 2008, were the Minister for Mines and Energy, The Honourable Geoff Wilson MP and the Treasurer, The Honourable Andrew Fraser MP.

With a renewed focus on Queensland, we trade more than 30% of Queensland's electricity requirements. Our current portfolio includes:

- **Stanwell Power Station**, Central Queensland – 1,400 MW;
- **Kareeya Hydro**, Far North Queensland – 86.4 MW;

- **Barron Gorge Hydro**, Far North Queensland – 60 MW;
- **Mackay Gas Turbine**, North Queensland – 34 MW;
- **Koombooloomba Hydro**, Far North Queensland – 7 MW;
- **Wivenhoe Small Hydro**, South East Queensland – 4.3 MW; and
- **Emu Downs Wind Farm**, Western Australia – 80 MW (in the process of being sold).



Stanwell is committed to optimising the performance of our existing generation assets and developing new energy and generation in a sustainable manner while meeting customer needs.

We bid our available generating capacity into the National Electricity Market (NEM), a wholesale market for the supply and purchase of electricity managed by the National Electricity Market Management Company (NEMMCo).

Within the NEM, electricity generators compete for the right to generate electricity into a central pool by submitting competitive price bids to supply nominated quantities of generation in certain timeslots throughout the day. Stanwell sells the electricity from its power stations into this market pool, and is paid according to the spot price.

We also undertake financial transactions in the electricity derivative market to manage the price risk that we are exposed to in the NEM. These transactions are undertaken with counterparties, who are mainly electricity retailers.

Stanwell has a plant portfolio that can provide the full range of products required by our customers. Via our growth initiatives, we are seeking to add new plant and new trading products that will further complement those needs, diversify into other energy markets and position our business to successfully meet the challenges of a lower emissions future.

Right strategy

Our vision is *smarter energy for a brighter future*. Our strategy is to create an organisation that possesses the right people, right locations, right ownership, right fuel and right plant.

Stanwell will lead the transition to secure low emission energy by ensuring that we have access to a variety of fuel sources, are informed as to where technology is moving and have the capacity to adopt lower emissions technologies without losing sight of the need for the business to continue to provide reliable cost effective production from our existing portfolio.

The business is mindful of the environmental impact of its facilities. Stanwell seeks to be an employer of choice and strives to deliver a safe, rewarding and challenging work environment for its staff.

We foster productive relationships with our customers, shareholders and key stakeholders particularly those in the various communities in which we have operational facilities.

Our goal is to build a business that is a force behind Queensland's economic prosperity, a leader in the field of sustainable development and which will continue to deliver long-term value add to our shareholders. We measure this value creation by the sum of our social, economic and environmental performance, as captured within this annual report.

Right customers

In growing our business, we focus on understanding and meeting our customer expectations and requirements, and provide structured financial products that assist our customers to manage their business risks in the NEM.

Right value

Stanwell's focus is on building a business that can continue to add shareholder value under a range of market conditions. Fundamental to this are strategic positions in upstream energy markets, a comprehensive range of energy conversion options and access to the various energy markets.

Right culture

Our actions are guided by principles that confirm our commitment to creating a culture of excellence.

Be safe, be responsible

Only accept zero harm

Be commercial

Achieve excellence in performance and execution

Achieve together

Individual, team and community contributions count

Shape the future

Today's actions influence tomorrow

Right thinking

We are well positioned for future growth, with proven experience in project development and commercialisation in a joint venture environment. In a rapidly changing and increasingly competitive NEM, our strategies deliver improved asset performance and increased diversification of our business.

Right people

The contribution of our highly skilled, experienced and motivated people is a strategic advantage in achieving our business objectives. We employ more than 360 people across a range of professional, technical, trade, and administrative roles and we value our employees' extensive industry skills and experience. We are committed to providing a range of opportunities for professional development and training, and leadership development for our employees to ensure that we have the capabilities to meet Stanwell's future requirements.

The health and safety of our people is our first priority. By targeting zero harm, we continue to seek opportunities to ensure a safe working environment and to eliminate workplace accidents.

Right environmental outcomes

With three of our stations operating in the Wet Tropics World Heritage Area, environmental management is an integral part of our business. It is vital that our management systems recognise the differing sensitivities of the ecosystems which surround our stations. To this end, we undertake routine monitoring to measure our environmental performance, and develop and implement strategies to minimise any adverse impacts.

A key challenge for our future is the further reduction of our environmental impact by significantly reducing greenhouse gas emissions while ensuring our capability to meet the growing demand for baseload electricity. Significant improvements to deliver both increased generation capacity and reduced greenhouse gas emissions at our generation sites have already been achieved and we continue to provide services to the Queensland Government's ZeroGen clean coal project.

Right contributions

We pride ourselves on being an active participant in the communities in which we operate, supporting community-driven development in areas such as education, health and safety, and the environment. Our sponsorship program provides opportunities for financial support and community engagement at both a regional and state level. The diverse nature of our operations enables us to deliver a range of socio-economic benefits, including direct local employment and training, and the procurement of local goods and services.

Right systems

In 2008, our Quality, Occupational Health and safety and Environmental management systems received triple certification to the relevant Australian standards, recognising our overall commitment to high standards in these areas.

The systems are a framework for our people to communicate, review and enhance our business processes to ensure reliable electricity generation, compliance, continuous improvement and a foundation for future adaptation and evolution.

Year in review

Performance indicators

Indicator	Annual change (%)	2007–08		2006–07	
		Target	Actual	Target	Actual
Financial					
Total revenue (\$m)	5.0	468.0	540.9	476.2	515.4
Earnings before interest and tax (\$m)	(26.7)	160.9	168.6	171.0	229.9
Profit after tax (\$m)	(13.0)	108.9	135.6	113.0	155.8
Net assets (\$m)	118.6	1,062.9	733.0	1,053.5	335.4
Return on total assets (%)	(29.9)	9.6	7.5	9.4	10.7
Return on equity (after interest and tax) (%)	10.9	10.3	25.4	10.8	22.9
Debt/debt + equity (%)	(57.2)	5.7	15.1	22.8	35.3
Interest cover (times)*	408.4	30.4	167.8	18.3	33.0
Current ratio (times)	40.9	1.3	0.8	0.5	0.6
Operational					
Annual availability (Stanwell Power Station) (%)	0.70	94.10	95.42	92.20	94.72
Forced outage factor (Stanwell Power Station) (%)	(22.6)	2.20	1.68	2.00	2.17
Health and safety					
Lost Time Injury Frequency Rates					
- employees only	(28.20)	0	3.08	0	4.29
- contractors and employees	(38.30)	0	3.57	0	5.79
Environment					
Environmental incidents					
- Level 1, 2 or 3	17	-	54	-	46
- Level 4 or 5	0	0	0	0	0

* Interest cover has been calculated using net interest received. The actual comparatives have been restated

Right people

- Recorded a 38.3% decrease in our Lost Time Injury Frequency Rate for employees and contractors from the previous year (Health and safety page 27)
- Completed Zero Incident Process (ZIP) Coach training across the organisation as part of the continued embedding and maintenance of a behavioural safety program (Health and safety page 29)
- Formed a new Leadership Development Program, with 13 participants (Employee relations page 32)
- Continued negotiations into the development of new workplace agreements for Barron Gorge and Kareeya hydros and the Corporate offices (Employee relations page 32)
- Welcomed 10 new people into our apprentice and trainee development program (Employee relations page 30)

Right location

- Continued to collaborate with Rockhampton Regional Development Limited to investigate industrial development opportunities in Rockhampton (Project development page 47)
- Pursued gas and clean coal opportunities within Queensland (Project development page 47)
- Continued to operate our Far North Queensland assets in line with the Wet Tropics World Heritage requirements

Right fuel

- Advanced the clean coal project feasibility study work being completed for ZeroGen Pty Ltd (a Queensland Government owned company), including successfully undertaking two test drills to confirm the geology's suitability and capacity to safely store CO₂ (Research and development page 51)
- Continued to develop strategic positions in gas (Project development page 47)
- Sold our wind farm assets in line with the Queensland Government's ClimateSmart 2050 strategy (Economic performance page 61)

Right ownership

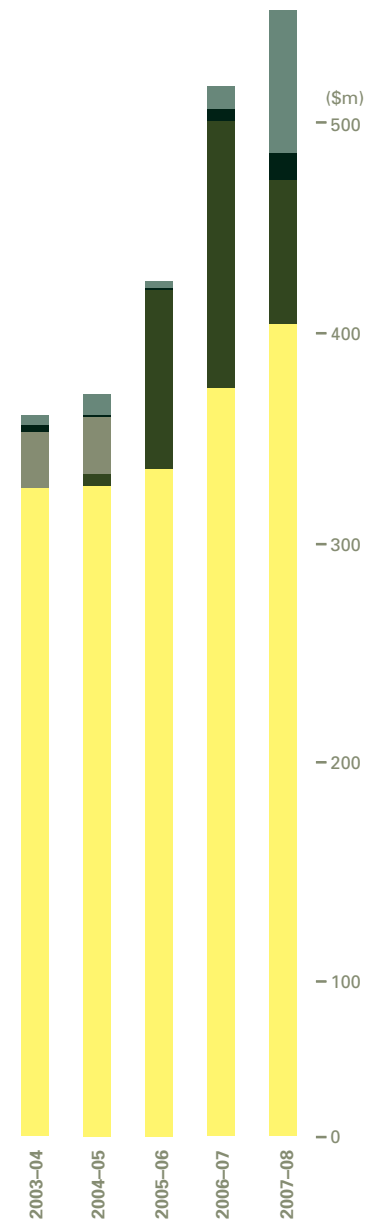
- Generated earning before interest and tax of \$168.6 million (2006–07: \$229.9 million), based on a record total revenue of \$540.9 million (2006–07: \$515.4 million) (Economic performance page 61)
- Delivered a net profit of \$135.6 million (2006–07: \$155.8 million) (Economic performance page 61)
- Generated \$60.6 million (2006–07: \$125.2 million) from a revenue sharing agreement with Curragh North coal mine as part of a coal supply contract (Economic performance 61)
- Recorded a strong balance sheet result, with a total asset value of \$1,916.4 million and a debt to debt plus equity ratio of 15.1% (2006–07: 35.3%) (Economic performance page 63)
- Investigated further coal resources as part of our agreement with Wesfarmers (Project development page 48)

Right plant

- Completed a \$10 million upgrade of the AC and DC power supply distribution systems at Kareeya Hydro which will deliver long-term plant reliability and safety improvements (Operations page 39)
- Successfully completed a \$19 million major planned overhaul of Unit 1 at Stanwell Power Station (Operations page 39)
- Continued preparations for an \$89 million upgrade of the low pressure turbines and generators at Stanwell Power Station (Operations page 39)
- Achieved average plant availability of 93.3% across all operating sites—0.5% over budget (Operations page 42)
- Received triple certification against Australian Standards for our Quality Management System, Occupational Health and Safety Management System and Environmental Management System—a first for the company (Health and safety page 28)
- Recorded no Level 4 or 5 environmental incidents for the second year running (Environmental performance page 55)

Challenges and opportunities

- Achieving zero harm through our targeted occupational health and safety programs and a continued dedication to our Total Safety Culture
- Addressing the Queensland Government’s ClimateSmart 2050 strategy and its expectations regarding new coal-fired generation as well as the 10% renewable generation target by 2020
- Addressing the Federal Government’s Emissions Trading Scheme during investment decisions for both new and existing projects
- Expanding our renewable energy portfolio within Queensland as part of our diversified business development strategy
- Continuing implementation of our Climate Change Strategy 2007–12 across all sites
- Attracting and retaining a workforce that can support our current and future business, as well as fostering the next generation of apprentices and trade professionals



Total revenues

Annual change (%)

● Sales of electricity	7.7
● Coal revenue sharing arrangements	51.6
● Sales of coal	-
● Interest received/receivable	103.4
● Other	518.9

Performance overview 2007–08

Every year we document the nature and scope of our strategies, objectives and actions in our Statement of Corporate Intent (SCI).

As a Queensland Government Owned Corporation, this document is part of our performance agreement with our Shareholding Ministers. The SCI is consistent with and complements our five-year Corporate Plan. Our performance against our 2007–08 SCI is summarised below. A full copy of the SCI will be tabled in the Legislative Assembly in accordance with Section 132 of the *Government Owned Corporations Act 1993*.

	Initiatives	Performance targets	Results
Strategy: Secure and develop strategic resources for future coal and gas power projects			
<ul style="list-style-type: none"> ● Right location ● Right plant ● Right fuel ● Right ownership 	<p>Coal</p> <p>Secure access to a coal resource in the Central Queensland region that can be used for the development (in conjunction with joint venture partners) of a new baseload power station as the opportunity arises</p>	<p>Completion of a pre-feasibility study that provides Stanwell with future cleaner coal-based options in the transition to clean coal technology</p>	<p>» Progressed key projects to deliver for the future demand for new baseload electricity in Queensland (Project development page 47)</p>
<ul style="list-style-type: none"> ● Right plant ● Right fuel ● Right ownership 	<p>Gas</p> <p>Identify, prioritise and develop gas-based opportunities</p>	<p>A pipeline of gas concepts to progress to pre-feasibility status</p>	<p>» Continued pursuing gas generation opportunities in Queensland (Project development page 47)</p>
Strategy: Prove the integration of clean coal and carbon capture technology to accelerate the commercial uptake of Integrated Gasification and Combined Cycle (IGCC) and Carbon Capture and Storage (CCS)			
<ul style="list-style-type: none"> ● Right people ● Right plant ● Right fuel 	<p>ZeroGen</p> <p>Through the continued provision of services to the Queensland Government's ZeroGen clean coal project, demonstrate the commercial, social and environmental viability of the integration of IGCC and CCS technology, and its capability of providing deep cuts in CO₂ emissions from coal-fired power generation</p>	<p>Completion of the ZeroGen project's feasibility study, including evaluating outcomes of the CO₂ drilling program</p> <p>Development of intellectual property (IP) in relation to clean coal technology and carbon sequestration</p>	<p>» Following engagement with the Queensland Government and coal industry, the scope of the project has been modified with the feasibility study now due for completion by December 2009 (Research and development page 51)</p> <p>» Progressed via the ZeroGen feasibility study (Research and development page 51)</p>

✓ Achieved » On track + Further improvement

		Initiatives	Performance targets	Results
Strategy: Gross margin optimisation				
● Right fuel	Fuel supply	<p>Continue analysis of matching supply chain flexibility to forecast market conditions</p> <p>Develop a long-term fuel management plan for Stanwell Power Station</p> <p>Monetise Stanwell's mining development leases and expand the existing agreement with Wesfarmers to access additional export coal sales</p>	<p>Reduced fuel costs for Stanwell Power Station</p> <p>Additional profits generated from export coal sales from Stanwell coal resources</p> <p>Continued diversification into other markets</p> <p>Finalisation of agreement with Wesfarmers, which will provide additional profits from export coal sales</p>	<p>» Continued to pursue further coal sharing arrangements with Wesfarmers which will deliver significant future financial returns (Project development page 48)</p>
Strategy: Cost effectively maintain required plant availability and reliability to improve performance and extend plant life				
● Right plant	Asset management	<p>Complete scheduled major overhaul of Unit 1 at Stanwell Power Station and prepare for the station's Unit 2 low pressure turbine upgrade</p> <p>Upgrade Kareeya Hydro's Low Voltage AC and DC systems</p>	<p>Complete Unit 1 overhaul at Stanwell Power Station</p> <p>Improved performance at Stanwell Power Station through reduced costs and increased capacity</p> <p>Increased power station life at Kareeya and Barron Gorge hydros</p> <p>Continued delivery of asset, availability, reliability and production at targeted levels</p>	<p>✓ Completed the Unit 1 overhaul in September 2007 (Operations page 39)</p> <p>✓ Completed the AC and DC upgrade at Kareeya Hydro (Operations page 39)</p> <p>✓ Achieved average plant availability of 93.3% across all operating sites against a budget of 92.8% (Operations page 42)</p>
Strategy: Ensure environmental aspects are integrated into our business planning and decision making processes, enabling Stanwell to demonstrate a strong environmental track record and maintain ISO14001 accreditation				
● Right people ● Right plant	Emissions trading	<p>Develop a detailed Emission Trading Strategy Response and Implementation Plan</p>	<p>No major non-conformances and continued environmental performance at targeted levels (zero Level 4 and 5 incidents)</p>	<p>✓ Recorded no level 4 or 5 incidents occurred (Environmental performance page 55)</p>
	Environmental management	<p>Develop appropriate responses to climate change and air quality management</p> <p>Continue improving Stanwell's environmental management systems and compliance programs</p>	<p>An organisation positioned to withstand and manage the onset of climate change and emissions trading</p>	<p>» Maintained our Environmental Management System certification to ISO14001 (Environmental performance page 55)</p> <p>» Steering group established. Contributing to industry groups on scheme features. Engaging with state government. Internal capability increased. Beginning to assess likely impact on Stanwell (Environmental performance page 55)</p>
Strategy: Provide safer workplaces, foster a skilled and motivated workforce and better align our skills mix with our business strategy				
● Right people ● Right plant	People	<p>Continue embedding the Total Safety Culture Plan and positively influence work practices and behaviours to identify and reduce personal risk</p> <p>Progress Capability Review action plan</p>	<p>Achieve zero harm and increased productivity and capacity</p>	<p>✓ Implemented the Maintenance Phase and ZIPCoach component of the ZIP program (Health and safety page 27)</p> <p>+ Recorded four lost time injuries (Health and safety page 27)</p> <p>» Developed a five-year workforce plan, with a Capability Review to be completed in 2009 in line with Stanwell's revised strategic direction and the ClimateSmart 2050 strategy (Employee relations page 30)</p>
Strategy: Further improve Stanwell's approach to stakeholder engagement				
● Right people	Stakeholders	<p>Develop stakeholder engagement plans, including identifying key relationships, objectives, activities, support systems and performance measures</p>	<p>Enhanced stakeholder engagement processes to provide informed decision making, effective use of resources and increased alignment with shareholder objectives</p>	<p>✓ Significantly improved our standing with key stakeholders. This improvement was evidenced by the improved outcomes from our annual stakeholder review (Community relations page 37)</p>

Year ahead 2008–09

During the year Stanwell continued to drive towards its strategy, focusing on our people, practices and work environment. In 2008–09 we are determined to achieve our key objectives through a range of strategies and performance targets.

Objective: To grow the business to increase generation capacity through diversifying investment in competitive power plants and seeking and capitalising on opportunities that position Stanwell for the future

	Initiatives	Desired outcomes	Our progress so far
Strategy: Secure and develop strategic resources for future coal and gas power projects (Project development)			
<ul style="list-style-type: none"> ● Right location ● Right plant ● Right fuel ● Right ownership 	<p>Coal</p> <p>Feasibility study regarding the possible development (in conjunction with joint venture partners) of a new cleaner coal baseload power plant in the Surat-Moreton Basin supported by the necessary commercial business case, incorporating regulatory certainty around the Queensland Government's Energy Policy and a carbon trading environment</p>	<p>A new baseload power plant that provides our portfolio with scale and renewal benefits that will ensure Stanwell's competitiveness in the longer term</p>	<p>In preparation for the future demand for new baseload electricity in Queensland, we progressed the development of key projects to deliver this capacity</p>
<ul style="list-style-type: none"> ● Right plant ● Right fuel ● Right ownership 	<p>Gas</p> <p>Further development of gas concept and pre-feasibility studies. Gas development opportunities will be pursued recognising that gas will play an important role in the transition to cleaner coal. Gas is also expected to provide us with portfolio flexibility to create opportunities as well as assisting to manage environmental regulatory risk associated with our coal activities</p>	<p>Commissioning of one of the highest ranked gas opportunities, including a peaking plant in South East Queensland or intermediate plant in North Queensland</p>	<p>Continued monitoring opportunities for the reservation of suitable sites for gas fuelled power projects</p>
Strategy: To prove the integration of clean coal and carbon capture technology in order to accelerate the commercial uptake of Integrated Gasification and Carbon Capture (IGCC) and Carbon Capture and Storage (CCS) (Research and development)			
<ul style="list-style-type: none"> ● Right people ● Right plant ● Right fuel 	<p>Clean coal</p> <p>Through the continued provision of services (including project management, engineering, management of necessary development approvals) to ZeroGen Pty Ltd for the State Government's ZeroGen clean coal project, demonstrate whether IGCC technology when integrated with Carbon Capture and Storage is technically sound, commercially viable, socially and environmentally acceptable and capable of providing deep cuts in CO₂ emissions from coal-fired power generation</p>	<p>Leveraging off intellectual property and know how derived through our involvement in the ZeroGen project, to assist us in the development of commercial future cleaner coal-based options</p>	<p>Engaging with the Queensland Government and coal industries to further develop the ZeroGen project</p>

Objective: To optimise the existing business by improving portfolio performance through the focused management of revenue and costs

	Initiatives	Desired outcomes	Our progress so far
Strategy: Gross margin optimisation (Project development)			
● Right fuel	Fuel supply	Renegotiate Stanwell's key fuel supply arrangements to achieve a better match between supply chain flexibility and forecast market conditions Monetise Stanwell's mining development leases	An integrated trading and fuel management strategy that results in improved gross margin performance Further profits generated from Stanwell's coal resources
Strategy: Cost effectively maintain required plant availability, reliability, improve performance or extend the plant life (Operations)			
● Right plant	Asset management	Undertake capital works programs associated with our existing asset portfolio (including the Stanwell Power Station low pressure turbine and generator upgrade and low NOx burners installation), that are supported by commercial business cases incorporating forecast market conditions	Continued maintenance of and improvement to asset performance, availability and reliability Preparations underway for Stanwell Power Station Unit 2 overhaul Preparations completed for the implementation of low NOx burners on Unit 3 at Stanwell Power Station Prepare for generator rewinds at both Kareeya and Barron Gorge hydros
Strategy: Revenue maximisation within an appropriate risk framework (Market trading)			
● Right plant	Trading	Continued implementation of our spot and contract trading strategy, including the development of portfolio based risk metrics and benchmarking tools, and appropriate changes to the Trading Risk Policy to incorporate a trading portfolio	Co-optimised trading and hedge book. Stanwell operates a sophisticated contract trading function incorporating strategies, skills and systems necessary to optimise the value of its physical portfolio via a hedging and trading portfolio Integration of Gladstone Power Station into the portfolio and adjustment of hedging limits to ensure optimised hedging capability. Development of capabilities and systems with a focus on structured deals in anticipation of further capability improvement once Risk and Pricing project is complete
Strategy: Ensure environmental aspects are integrated into business planning and decision making processes, enabling us to demonstrate a strong environmental track record and ensure Stanwell's maintains ISO14001 accreditation (Environmental performance)			
● Right people ● Right plant	Emissions trading Environmental management	Execute our Emission Trading Strategy Response and Implementation Plan Complete our greenhouse/climate change program of work, including environmental, trading, procurement, legal and regulatory requirements	A 'licence to operate' in a carbon emissions trading environment Proactively engaged with key industry groups, regulators and government bodies during the year to shape future regulatory and policy decisions, specifically participation in the National Generator Forum
Strategy: Provide a safe workplace through work practices and behaviours and foster a skilled and motivated workforce and better align the skills mix with the business strategy (Employee relations and Health and safety)			
● Right people ● Right plant	People	Continue embedding the Total Safety Culture Plan and positively influence work practices and behaviours to identify and reduce personal risk. Progress Capability Review action plan	Zero incidents Increased productivity and increased capacity Continued implementation of the Zero Incident Process (ZIP), including the rollout of the Maintenance Phase and the formation of a ZIP Guidance Group (Health and safety page 27)
Strategy: Further improve Stanwell's approach to stakeholder engagement (Community relations)			
● Right people	Stakeholders	Maintain and improve stakeholder engagement plans and activities	Improved stakeholder relationships and greater alignment with shareholders Undertook a follow up stakeholder survey, reviewed stakeholder engagement plans and continued rolling out the stakeholder database

Chairman's statement



The Board has spent considerable time and effort in formulating and pursuing Stanwell's strategic key objectives, which are closely aligned with the Queensland Government's ClimateSmart 2050 strategy.

This has involved close consultation between the Board, Chief Executive Officer and Executive Management Team with our shareholders and key stakeholders.

Going forward, a core focus in the delivery of our strategic plan will be the ongoing pursuit of gas development opportunities through the security of gas resources to deliver new generating plant, and a continued involvement in the Queensland Government's ZeroGen clean coal project.

Our operations during the year delivered a net profit of \$135.6 million, total revenue of \$540.9 million and operating cash flows of \$140.8 million. While these figures are not as strong as the 2006–07 financial outcomes, they have all been above budget. These results have been primarily driven

by lower demand as well as the high availability of supply across the National Electricity Market (NEM).

Our coal rebate revenue of \$42.4 million after tax, while above budget, was dampened by softer coal prices and flood impacts which reduced export volumes.

A smart strategy

During the year Stanwell confirmed its new strategy which focuses on five core areas—right people, right location, right ownership, right fuel and right plant.

We are committed to maintaining our assets to the high level at which they are currently performing, sourcing opportunities to develop new projects within Queensland with strong private sector partners and securing and fostering a talented and dedicated employee base. All this must be achieved within the climate change challenges that we face.

A challenging new environment

The release of the Garnaut Report and the Federal Government's response to the report in July 2008 will be one of the single most important influencing factors in the Australian electricity industry since the creation of the NEM in

1994. A huge challenge for us and the industry will be the proposed introduction of an Australian Emissions Trading Scheme (AETS) in 2010.

In developing our business, we must be conscious of the impacts of the scheme on our asset values and operating costs. In preparation for this, we implemented a Climate Change Strategy, which considers these impacts and ensures a risk-based approach to climate adaptation matters is incorporated into our business planning and operation.

During the year, we have represented the electricity industry in various forums to consult and help develop regulations under the *National Greenhouse and Energy Reporting Act 2007*, which was introduced in September. In addition, Stanwell has assisted in modelling a range of different cost (carbon price) scenarios to determine the impact of a future emissions trading scheme on both generators and customers. Our involvement in these exercises is vital in ensuring we remain in touch with, and in part shape, the future of our industry.

We also continued to provide commercial and technical services for the feasibility studies of the Queensland Government's ZeroGen clean coal project. Our involvement in this project will have us well placed to develop other carbon sequestration projects in the future.

New operating parameters

The sale of our two wind farms and the progression of the sale of Emu Downs Wind Farm during the year contributed to the success of the Queensland Government's ClimateSmart 2050 strategy and the funding of renewable and innovative energy technologies.

The replacement of these sites with new renewable or cleaner generation assets will be actively pursued to ensure that we are able to diversify our portfolio and reduce our exposure under the AETS. In response, we are pursuing a range of opportunities, including gas-based and clean energy opportunities, in line with our new corporate strategy.

In addition to the sale of our wind farms, Stanwell took on the trading function of Gladstone Power Station's Interconnection and Power Pooling Agreements. This has increased Stanwell's trading capacity to approximately 30% of Queensland's electricity trades, resulting in the ability to offer a more diverse range of trading products to the market and expanded flexibility in the trading of our renewable assets.

Remaining focused on health and safety

A health and safety target of zero harm, while a challenging goal to achieve, is a target we continue to pursue. Following the implementation of the Zero Incident Process two years ago, this year we undertook a second Safety Culture Survey. This survey assisted in determining where we stand in terms of a safety culture and what needs to be done to improve our safety activities and achieve our goal of zero harm.

While Stanwell did not achieve zero harm this year, its safety results continued to improve. This year we achieved more than 12 months lost time injury free across our two northern hydros, Barron Gorge and Kareeya.

Into the future

With the imminent introduction of an AETS and the associated regulatory and operational changes, I am certain the next 12 months will be challenging. However, I am optimistic about Stanwell's ability to meet these challenges and to continue to deliver value for our shareholders, the Queensland Government, and ultimately the people of Queensland. Our dedicated employee and contractor base, led by our Chief Executive Officer, Kim Wood, and the Executive Management Team will be the drivers of our success. I would like to place on record my thanks to all these people for their efforts during the year.

It has been a privilege to lead the Board in my second year as Chairman and I would like to thank the members for their guidance during the year, and recognise the diverse skills and attributes they each bring to the table.

On behalf of the Board, I would like to thank our two Shareholding Ministers, the Minister for Mines and Energy, The Honourable Geoff Wilson MP, and the Treasurer, The Honourable Andrew Fraser MP.

This annual report provides an insight into our operations and achievements during the year, as well as our goals and aspirations for 2008–09. We can be proud of what we have achieved and I look forward with much anticipation to facing the challenges and celebrating the successes of the coming year.



Denis Byrne
Chairman



Chief Executive Officer's review



In 2007–08, Stanwell developed a new vision which will move the company towards a brighter future and a renewed focus on Queensland.

Stanwell achieved its strongest revenue result since our incorporation 11 years ago, recording revenue of \$540.9 million—an increase of \$25.6 million from last year.

Our strong revenue was partially the result of our coal sharing agreement with Wesfarmers, which delivered \$60.6 million to our total revenue for the year, and 93.67% availability across our asset portfolio, which was a huge achievement considering the highs and lows experienced across the spot and contract markets during the year.

In 2007–08 we sold part of our wind farm assets in line with the Queensland Government's ClimateSmart 2050 strategy. The sale of Toora and Windy Hill wind farms was completed in December 2007 and the sale of Stanwell's share of the Emu Downs Wind Farm is in progress.

A continued dedication to systems and processes designed to protect the health and safety of our people, research into clean coal technologies through our support for the ZeroGen project, and investigations and action into reducing the environmental impact of our operating sites were all priorities during the year.

Committing to our people

Stanwell's commitment to the safety of its people is one of our main priorities. The decrease in lost time injuries reflects our priority in ensuring our people work in a safe environment.

As the key elements of our Total Safety Culture Plan continue to be rolled out across the organisation, I believe that we will be able to improve our safety performance and deliver on our long-term objective of a zero harm workplace.

This year our Occupational Health and Safety Management System (OHSMS) was assessed for certification. It is with great pleasure that I report that compliance levels were achieved and for the first time we have received triple certification in Quality, Environment and Health and Safety.

A future focused portfolio

Stanwell recognises that to move forward as an electricity generator, it must consider the impact that climate change will have upon its assets, operations and investments. In recognising and welcoming this responsibility, we have started to implement a Climate Change Strategy 2007–12.

Over the past 11 years, modifications and upgrades worth more than \$44 million at Stanwell Power Station have reduced CO₂ emissions by 400,000 tonnes a year.

In August 2007, the Unit 1 overhaul at Stanwell Power Station was completed. We also advanced a range of initiatives during the year to improve the environmental performance of the station. This included ambient air modelling, groundwater modelling and a review of surface and groundwater monitoring data.

Over the next five years, we will undertake an \$89 million project to upgrade the low pressure turbines and generators on all four units at Stanwell Power Station. This upgrade will increase station capacity by 32 MW and reduce emissions by a further 170,000 tonnes per year.

At Kareeya Hydro, the AC and DC upgrade project was completed. This upgrade will deliver long-term plant reliability and safety improvements which will allow the hydro to maintain safe and reliable production for a further 30 years. General maintenance and civil works were carried out at Barron Gorge Hydro.

Barron Gorge Hydro and Kareeya Hydro are a vital component of Queensland's electricity supply infrastructure. By achieving availability factors of 96.36% and 92.05% respectively this year, both sites clearly demonstrated their ongoing ability to meet this responsibility.

This year, we continued our commitment to the development of clean coal technology through service provision to the ZeroGen project following its transfer to the Queensland Government in March 2007. Our involvement in this demonstration project places us in a strong position for future involvement in the development of a commercial scale clean coal plant.

A workforce that delivers

As an operator of long life, high cost assets, we must continuously develop our people to maintain a skilled and trained workforce. Stanwell is actively progressing several initiatives to ensure this capability, including our Leadership Development Program, Graduate Development Program, Trainee and Apprenticeship Program, and support for bursary and scholarship programs.

During the year, Stanwell continued its employee wellbeing program, *Stanwellbeing*. This program provides employees with access to personal health assessments and a range of lifestyle and health information.

Delivering on our environmental responsibilities

With the announcement of the Garnaut Review and the release of the Federal Government's Green Paper on emissions trading, a major component of our business strategy is the reduction of our ecological impact through improvements to asset performance and the adoption of the highest environmental standards across our sites. We are achieving this by ensuring environmental aspects are integrated into our business planning and decision making processes. This is reflected in our environmental results this year, with no Level 4 or 5 incidents.

This year, Stanwell also continued to investigate and implement strategies to reduce emissions and optimise its water use. These strategies are predominantly focused on Stanwell Power Station with the most notable of these being the planned low pressure turbine upgrade on Unit 2 scheduled for August/September 2008.

Stanwell continued to liaise closely with the Wet Tropic Management Authority and the Department of Natural Resources and Water in relation to our operations in Far North Queensland, specifically the renewal of our permit to maintain infrastructure in the Wet Tropic World Heritage Area and our commitments under the Barron Gorge Resource Operations Plan.

Recognising our people

This year, Kareeya Hydro celebrated 50 years of operation. Kareeya Hydro has been an integral part of the region and, through the efforts of the community and the site's professional and dedicated employees, has continued to supply low cost, environmentally

responsible renewable energy to Far North Queensland.

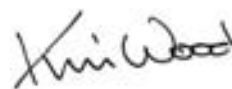
The 50 year celebrations provided us with an opportunity to reflect on our achievements and more importantly what we aim to achieve in the future. There are exciting times ahead of us in a dynamic and challenging environment. As demonstrated by our past, we will embrace these changes and continue our commitment to excellence.

This culture of excellence is embedded throughout our organisation at all levels and I would like to place on record my recognition of this achievement.

As Chief Executive Officer, I have been fortunate to have worked with a committed and professional Executive Management Team. This team has underpinned the solid foundations from which we can build upon and I look forward to working closely with them to realise our objectives.

I must also recognise the efforts of our Board and shareholders' representatives: the Office of Government Owned Corporations and the Department of Energy.

To our employees, who have remained focused throughout significant company and industry changes—thank you for your commitment, support and dedication during the year. Our achievements would not have been possible without your hard work and dedication. Together, we can all be proud of our achievements.



Kim Wood
Chief Executive Officer

Executive Management Team



● **Kim Wood**
● Chief Executive Officer

● **John Bampfylde**
● General Manager Trading

● **Garry Button**
● Chief Financial Officer



● **Wayne Collins**
● Acting Chief Operating Officer

● **Derek Hannigan**
● General Manager Business Development

● **Brad Neven**
● Acting General Manager Business Services



● **Michael O'Rourke**
● Acting General Manager Corporate Services

● **Brett Smith** (to May 08)
● Chief Operating Officer

● **Jon Norris** (to September 07)
● General Manager Corporate Communications

During the year, there were a number of changes to our Executive Management Team, as well as changes made within and between the main business groups (see positions and timeframes detailed in the respective management biographies).

Throughout the shaping of the business, the Executive Management Team continues to lead the delivery of our long-term strategic direction.

For more information on our organisation's structure, please refer to the Corporate Governance section on page 66.

Kim Wood

DipEng, BEng, MBA, FIEAust, CPEng

Chief Executive Officer

(February 2007 to current)

Kim took up his appointment as Chief Executive Officer at Stanwell in February 2007. Prior to this, he spent four and a half years as Managing Director of the Northern Territory utility Power & Water. His previous roles include Managing Director of Datafast Telecommunications, Chief Executive Officer of Victorian electricity transmission business GPU PowerNet, Managing Director of City West Water and, prior to that, the Sydney-based Managing Director of GEC Plessey Telecommunications.

Kim has more than 20 years of management experience through career roles, including General Manager at Bell South; Regional Manager, Hewlett Packard; and Engineering Officer with the State

Electricity Commission. He has also been a Director of the Indigenous Housing Authority of the Northern Territory, as well as chairing the two gas subsidiaries of Power & Water Corporation.

John Bampfylde

MBA, BSc (Geology)

General Manager Trading

(February 2008 to current)

John joined Stanwell in February 2008 as General Manager Trading.

Before joining Stanwell, John was the Energy Risk Manager and Pricing Manager at Tarong Energy. John also ran the Australian office of Risk Capital, a New York-based risk management consultancy specialising in energy and natural resources. Before Risk Capital, John worked for Aquila Merchant Services, a leading US energy marketer, and consulted in risk management and market operations in the USA, Australia and New Zealand. John was the Trading Manager at EMCO during the New Zealand Electricity Market implementation, and before this was natural resources risk manager and a Eurobond derivatives market maker in London.

Prior to John's commencement at Stanwell, Walter Schutte and Tanya Mills shared the role from September 2007 to February 2008.

Garry Button

BCom, FCPA, FFTP, MAICD

Chief Financial Officer

(March 2008 to current)

Garry joined Stanwell in March 2008 as Chief Financial Officer. In this role, Garry is responsible for the strategic direction and operational performance of Stanwell's finance, performance management, financial risk management and procurement functions. Prior to joining Stanwell, Garry held several senior financial and corporate roles within Queensland Rail, Fairfax and Unilever Australia. He is a Fellow of both CPA Australia and The Finance and Treasury Association (where he is also a past national President and NSW Chapter Chairman). Garry is a non-executive director of the not-for-profit company, Brisbane Boarders Limited.

Wayne Collins

BEng, BBus

General Manager Business

Services (May 2007 to May 2008)

Acting Chief Operating Officer

(May 2008 to current)

Wayne has worked in the electricity industry for 27 years. During this time, he has held a variety of engineering, managerial and business development roles, principally associated with power generation. In May 2008, Wayne was appointed Acting Chief Operating Officer, responsible for managing Stanwell's production operations. Wayne has been a senior executive with Stanwell for 11 years with previous General Manager roles including Business Services, Asset Management and Technical Services and Business Development at different times.

Derek Hannigan

BEng (Civil) MBA

General Manager Business

Development

(April 2008 to current)

Derek joined Stanwell more than six years ago in the role of Manager Group Procurement. This role was established to create a single procurement function and expanded to include an energy resource function which incorporated the development of opportunities to grow the business, based on analysis of suitable fuel resources. Derek has overseen Stanwell's Business Development division in a full time capacity since October 2006 and was appointed General Manager in April 2008.

Brad Neven

MBA (HRM), ComDec, MAHRI, MIRSQ

Acting General Manager Business

Services (May 2008 to current)

Brad has worked at Stanwell for nine years. During this time, he has held a variety of human resource and managerial roles within Stanwell. In May 2008, Brad was appointed the Acting General Manager Business Services, responsible for managing health and safety, environment, information and communication technology, risk, land and property, and human resources. From July 2007 to May 2008, Brad was responsible for Stanwell's human resources functions, including industrial relations, training and development, organisation development, and more traditional functions such as recruitment, remuneration and policy and compliance.

Michael O'Rourke

BLaw, BCom, GDip Applied Finance

and Management, GDip Company

Secretarial Practice

Acting General Manager

Corporate Services (September

2007 to current)

Michael joined Stanwell in 1998 as Legal Counsel. In this role, Michael was responsible for the strategic direction and operational performance of Stanwell's legal team. In 2002, Michael was appointed Stanwell's Company Secretary/Legal Counsel. As Company Secretary, Michael reported to the Stanwell Board on all secretariat related matters. In 2007 Michael was appointed Acting General Manager Corporate Services, responsible for the internal departments of secretariat, legal, internal audit, corporate communications, stakeholder relations, insurance and quality.

Brett Smith

BEng (Mech.), GDip Management

Chief Operating Officer

(May 2007 to May 2008)

Brett Smith joined Stanwell in 2001 as the Employee Relations Manager and subsequently undertook the role of General Manager Operations and Maintenance Services in July 2006. In May 2006, Brett's portfolio expanded to include management of Stanwell's health and safety and environment functions.

Brett was appointed Chief Operating Officer in May 2007 where he continued to oversee the operations and maintenance functions and assumed responsibility for the engineering and asset management teams.

Jon Norris

BCom (Econ)

General Manager Corporate

Communications (May 2007 to

September 2007)

Jon Norris joined Stanwell in 2007 to oversee the company's communication and stakeholder engagement functions. Prior to joining Stanwell, Jon was the Senior Policy Advisor for the Queensland Minister for Mines and Energy.

Jon has held senior positions within ministerial offices and Queensland Government departments within a range of industry sectors, notably energy, transport, industry and business development and regional planning. Jon was also Director of Policy in Commerce Queensland, a peak body for Queensland business.

Board of Directors



● Denis Byrne
● Chairman



● Barry Kelly



● Bronwyn Morris



● Mark Williamson



● Laurie Gillespie



● Peter Gregg



● David Watson

Denis Byrne

LLB

Chairman

Appointment tenure: 1 July 2006 to 30 September 2009

Denis Byrne practised commercial law for 27 years, with wide experience in the corporate, infrastructure and resources areas. Since 1997, he has pursued a corporate career.

Denis has substantial chairmanship and senior executive experience. He is currently a Director of ZeroGen Pty Ltd and China Cattle Limited.

Denis served for 10 years on the Australian Takeovers Panel and seven years on the New Zealand Takeovers Panel. Denis was also President of the Queensland Law Society from 1985–86, President of the Law Council of Australia, the peak federal body representing Australian lawyers in 1988–89, former Managing Partner of Freehill Hollingdale & Page and inaugural Chairman of the Queensland Gas Appeals Tribunal until the expiration of the terms of all members in 2003. He also served as a member of the Prime Minister's Rail Taskforce.

Denis has served as Chairman of a number of national committees within the horticulture industry. He subsequently served as a Director of the new company Horticulture Australia Limited from 2001 to 2004. Denis was also a previous Chairman of the Fisheries Research and Development Corporation (Commonwealth), a Director of Ball Solutions Group (a subsidiary of Ball Corporation US) and a Director of Advanced Magnesium Limited.

Laurie Gillespie

GAICD

Chairman of the Human

Resources and Workplace Health and Safety Committee

Appointment tenure: 1 July 2006 to 30 September 2009

Laurie Gillespie is a former General Secretary of the Queensland State Service Union. Laurie has more than three decades of experience in the trade union movement as administrator and advocate in both the public and private sectors.

He has also served two terms as a member of the Queensland Heritage Council, in the second instance as Deputy Chair. He is a former Councillor and currently Returning Officer of the National Trust of Queensland. He is also a Member of the Australian Institute of Company Directors.

Laurie was appointed as Chairman of the Human Resources and Workplace Health and Safety Committee in August 2007.

Peter Gregg

B Econ, MAICD, Fellow of the Finance and Treasury Association

Chairman of the Audit and Risk Management Committee

Appointment tenure: 1 July 2006 to 30 September 2009

Peter Gregg was appointed Chief Financial Officer and to the Qantas Board in September 2000.

He is Chairman of the Singapore-based company, Orangestar Investment Holdings Pte Limited and is a Director of a number of controlled entities and associated

companies of the Qantas Group, including Jetset Travelworld Ltd.

Peter is a Director of Leighton Holdings Limited as well as Chairman of the company's Audit Committee. He was formerly a Director of Air Pacific Limited.

Previously Peter was Deputy Chief Financial Officer and Group Treasurer at Qantas. He was also Treasurer of Australian Airlines and has worked for the Queensland Government in various risk management roles.

Peter was CFO Magazine's CFO of the Year in 2006 and won the same recognition at the 2001 INSTO Distinction Awards.

Peter was appointed as Chairman of the Audit and Risk Management Committee in October 2007.

Barry Kelly

Appointment tenure: 1 July 1999 to 30 September 2009

Barry Kelly was the former Managing Director of Golden Circle Limited during which time he was involved in a range of activities, including improving competitiveness and sales and implementing the strategic restructure of the pineapple industry.

Barry is a former Director of the Canned Foods Information Service Board, Food Science Australia Board, the Australian Food and Grocery Council (AFGC) Board, and the Centre for Food Technology. During 2007–08, Barry continued as a Director of Food Spectrum Pty Ltd.

Barry served as the Chairman of the Human Resources and Workplace Health and Safety Committee (from 1 July 2007 to 21 August 2007).

Bronwyn Morris

BCom, FCA, FAICD

**Appointment tenure: 17 July 1997
to 30 September 2008**

Bronwyn Morris is a Chartered Accountant and a former Partner of KPMG. She is a former Chairman of the Queensland State Council of The Institute of Chartered Accountants in Australia and served for a number of years on that council and the National Council of the Institute.

Bronwyn has been serving as a non-executive Director on boards and board committees for more than a decade.

During the 2007–08, financial year, Bronwyn was a non-executive Director of Queensland Investment Corporation, Brisbane Marketing Pty Ltd, Bond University Limited, Spotless Group Limited, Care Australia and an Australian advisory council member of Parsons Brinckerhoff.

Bronwyn is also a former Chairman of Queensland Rail and a former Director of Colarado Group Ltd.

Bronwyn was the Chairman of the Audit and Risk Management Committee (from 1 July 2007 to 24 October 2007).

David Watson

B Com (Hons), MA, PhD, AAUQ, FCPA, FCA

**Appointment tenure: 1 January
2007 to 30 September 2009**

David Watson has had a distinguished career in the field of accounting and financial management. He has held the position of Professor of Accounting and Business Finance at the University of Queensland and before that, Associate Professor

at the University of Illinois Urbana-Champaign.

David has an extensive publication record in the areas of management accounting, governance and public accountability. David's career in politics saw him elected as the Federal Member for Forde (1985–87), where he was involved in policy development in the areas of treasury and education. David was the Queensland Parliament Member for Moggill from 1989 until 2004 and has been a Cabinet Minister (Public Works and Housing) and a Parliamentary Secretary (Treasury).

In 2004, David was appointed a Commissioner for the Commission of Enquiry into the Integrity Management Systems in the Queensland Racing Industry. David is on the board of the Accounting Hall of Fame (USA), the Finance Committee of the University of Queensland Senate and chairs the Translational Research Institute Project Control Group and the Audit Committee of Major Brisbane Festivals Pty Ltd.

He has broad experience in the utilities sector, having been a non-executive Director of Sun Retail Pty Ltd and Sun Gas Retail Pty Ltd.

Mark Williamson

Assoc. Dip. Ind Eng, MAICD

**Appointment tenure: 5 July 2001
to 30 September 2008**

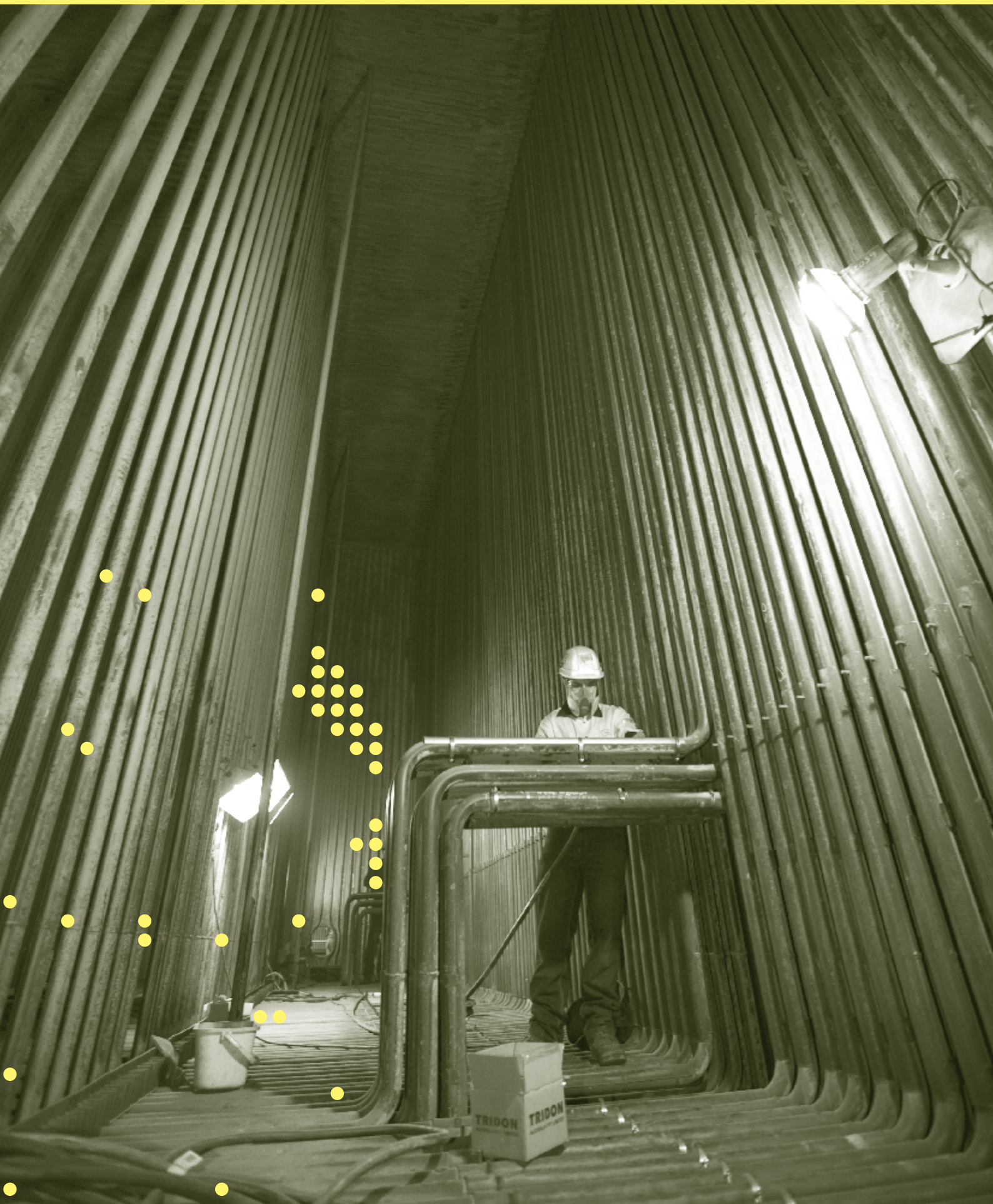
Mark Williamson currently holds the position of Director, Northern Region for SingTel Optus. Prior to this appointment, Mark held senior executive roles in the electricity, IT, telecommunications and airline industries. His professional career has been primarily in sales

and marketing and in general management at state, national and international levels.

Mark is an experienced director who has served on a number of boards, including North Queensland Cowboys Rugby League Club, Brisbane Marketing Ltd, Hamilton Island Airport Ltd, Brisbane Visitors' and Convention Bureau and AFTA (Qld).

During the 2007–08 financial year, Mark continued as a Director with the Starlight Children's Foundation (Qld) and the Mackay Port Authority. He is also a member of the Australian Institute of Company Directors.

Strategic direction



With a new vision leading the business towards a brighter future and a renewed focus on Queensland, Stanwell remains committed to the long-term sustainability of its business portfolio.

This commitment is complemented by our ongoing support for the Queensland Government's ZeroGen project, improving our safety culture, an employee attraction and retention strategy, the implementation of our Climate Change Strategy 2007–12 and strengthening our relationship with our key stakeholders.

Stanwell's new corporate strategy has been developed to ensure it continues to deliver consistent and dependable returns for our shareholders, the Queensland Government.

The future is bright

To ensure we secure a sustainable future for our shareholders, we are committed to delivering our vision of *smarter energy for a brighter future*. To achieve this vision we have developed the following five key business objectives:

1. Right people

By attracting and recognising the best people and providing professional growth and development opportunities, we are equipping the business with the right mix of capabilities to deliver on our business objectives.

Stanwell believes its people drive the business and therefore ensuring a skilled workforce is vital to its success. We continue to foresee a skills shortage in the electricity industry, particularly within the engineering and industry trades division. As a result, we will continue to work closely with key education and industry stakeholders in delivering a range of initiatives that address this issue.

2. Right location

As a Queensland Government Owned Corporation, Stanwell is investing across the state to facilitate development and create regional jobs and opportunities.

We are identifying upstream gas and gas generation opportunities in Queensland for new intermediate and/or peaking plants, in line with our key focus on investigating clean energy developments.

3. Right plant

We are industry leaders in the operation and maintenance of generation assets to meet the growing demand for electricity.

Stanwell invests in plant upgrades and maintenance to ensure it provides Queensland with reliable energy. We are also committed to developing a pipeline of projects to meet predicted growth in electricity demand.

4. Right fuel

We are diversified and CO₂ smart through the innovative use of coal and hydro technology, and new ventures into gas and renewable fuels to reduce our emissions profile.

During the next five years, we are committed to expanding our portfolio of hydro and coal to include a range of gas and renewable energy technologies.

5. Right ownership

Our strong financial position provides opportunities for new projects and strong partnerships.

Stanwell is focused on developing strong strategic business partnerships that will create growth opportunities and reduce shareholder risk.