



Left to right:
Sue Graves,
George Quinell and
Anne Wells,
Lithgow Tidy Towns

Q. How does Delta's business practices benefit the community?



A. Working in partnerships builds better and more sustainable communities.

EMPLOYEES

Quality of Management

Balanced Scorecards were used as a way of recording and communicating the performance of Delta overall, and each of its business units. The scorecards contain key performance measures and the results are used to determine an annual performance payment to staff.

In the year, Delta participated in an external staff survey to identify the BEST Employers to work for in Australia. Over 50% of Delta’s staff responded to this opportunity to have their say. The results have been discussed with staff and considered when developing business plans for both the organisation and individual business units.

Consistent with Delta’s Strategic Plan 2002/03, local business plans were developed by involving a cross section of staff to review strategies and actions associated with their part of the business. This occurred in each of the business units and in respect of other corporate plans. Business unit plans were cascaded to team and individual performance agreements ensuring alignment at all levels of the business.

A number of programs were run during the year to reinforce the accepted behaviours and culture consistent

with Delta’s vision and values. Employees were made aware of Delta’s revised Code of Conduct through workshops addressing the legal and ethical considerations associated with our competitive environment.

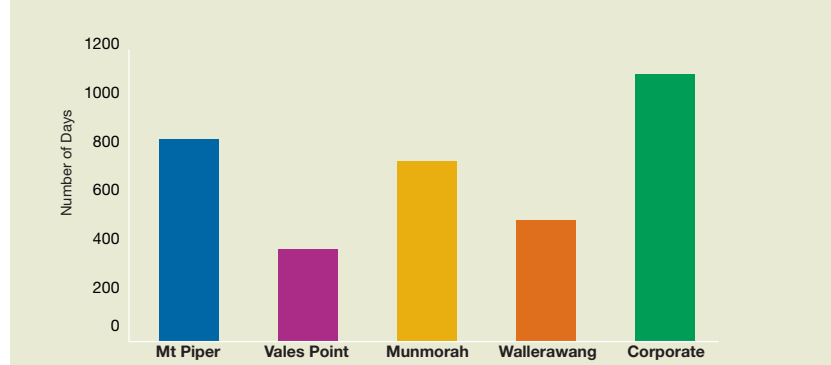
Industrial Relations

The successful negotiation of a new Delta Electricity Employees Award, commencing in March 2003, provided for salary increases in line with industry standards for staff over the two year life of the Award and a number of other changes including:

- The opportunity for employees to salary sacrifice from their pre-tax income for the financing of a novated motor vehicle lease, purchase of a laptop computer and extension of the amount of extra optional employer superannuation contributions;
- Reimbursement through salary sacrifice arrangements for the payment of their electricity account (up to a limit);
- Removal of payments when staff move between sites in the Central Coast and Western regions; and,
- Standardised 12 hour shift provisions across all sites;

Delta’s Chief Executive met on a number of occasions throughout the

FIGURE FOURTEEN: SAFETY MILESTONES – DAYS WITHOUT A LOST-TIME INJURY



year with the Labor Council of NSW and union officials to discuss trends and developments both within Delta and the electricity industry.

Health and Safety

During the year the following milestones were achieved in relation to days without a lost time injury.

- Mt Piper Power Station exceeded 800 days.
- Munmorah Power Station exceeded 700 days.
- Wallerawang Power Station exceeded 500 days.
- Corporate exceeded 1,100 days.

As at 30 June 2003 each of Delta's three business units maintained a Five Star rating under the National Safety Council of Australia's safety award system.

Delta recognises that many injuries result from the behaviour of people. In an effort to reduce such injuries, a Delta wide behavioural based safety initiative was developed and will commence in 2003/04.

The contractor Occupational Health and Safety (OHS) management system was further strengthened with the introduction of an outage safety award scheme which recognises contractors with outstanding safety performance. Local community initiatives and businesses are supported as part of this process.

A Delta wide task based risk assessment tool has been implemented across each of the business units as part of the NiSoft safety rules management system, further strengthening Delta's commitment to the risk management principles outlined in the revised OHS Regulations.

Following a fatality of a contractor's employee at Mt Piper Power Station in October 2000, WorkCover initiated prosecutions against the contractor and Delta. Delta's matter was heard in May 2003. In a judgment handed down on the 10th July 2003, Delta was fined \$81,500. In determining a penalty at the lower-end of the scale the Judge took into account a range of factors including that it was not an easily foreseen risk, Delta's commendable record in safety, and the remedial actions initiated by Delta following the incident.

An employee assistance program operated as part of Delta's commitment to employee well being. This program provides employees and their families

with professional and confidential counselling services on a range of matters.

Human Rights

EQUAL OPPORTUNITY & NON-DISCRIMINATION POLICIES AND PROGRAMS

1. Harassment Prevention

As part of Delta's commitment to a harassment free work environment, in May and June 2003, the Anti-Discrimination Board conducted harassment prevention training for all team leaders and managers. This training supplemented the compulsory harassment prevention training that was conducted for all Delta employees in June 2002.

2. Indigenous Employment Strategy

Delta recognises its responsibility towards the Aboriginal and Torres Strait Islander people of New South Wales and the need to achieve sustainable improvements in employment opportunities. To this end, Delta provided the opportunity on the Central Coast for an additional

12 month Traineeship to be offered to a person of Aboriginal and Torres Strait Islander descent.

Delta also endeavoured to provide the opportunity for two apprenticeships to be offered to Aboriginal or Torres Strait Islanders. Whilst these positions were advertised through local training groups in the Central Coast and Western Regions, no suitable applicants could be identified. Delta has again committed to providing two such positions for 2004.

3. Disability Plan 2002 – 2004

Delta's Disability Plan 2002 – 2004, ensures that equal opportunities exist for people with disabilities, enabling maximum participation and contribution. The major strategies outlined in the Plan are proceeding in accordance with the targeted timeframes.

In the last financial year, Delta's Western region provided an opportunity for a 12 month Traineeship for a person with a disability, whilst they undertook an Engineering Production Certificate.

TABLE SIX: TRENDS IN THE REPRESENTATION OF EEO GROUPS¹

EEO Group	Benchmark	% of Total Staff ²			
		2000	2001	2002	2003
		or Target			
Women	50%	8%	7%	8%	7%
Aboriginal People or Torres Strait Islanders	2%	1.4%	0.8%	1%	0.7%
People whose first language was not English	20%	5%	5%	5%	6%
People with a disability	12%	9%	8%	9%	9%
People with a disability requiring work-related adjustment	7%	4.1%	3.3%	3.8%	4.1%

TABLE SEVEN: TRENDS IN THE DISTRIBUTION OF EEO GROUPS¹

EEO Group	Benchmark	Distribution Index ³			
		2000	2001	2002	2003
		or Target			
Women	100	94	98	96	98
Aboriginal People or Torres Strait Islanders	100	n/a	n/a	n/a	n/a
People whose first language was not English	100	117	116	114	110
People with a disability	100	95	101	102	99
People with a disability requiring work-related adjustment	100	91	99	96	94

Notes

1. Staff Numbers are as at 30 June.

2. Excludes Casual Staff.

3. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Value less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by ODEOPE.

SOCIAL EMPLOYEES & COMMUNITY

4. Ethnic Affairs Priority Statement (EAPS) 2002 – 2004

Delta recognises the importance and benefits of cultural diversity to our organisation and to the community at large. Delta supports the NSW Government's initiatives and Delta's EAPS and Implementation Plan ensures that our business activities support these initiatives. The key result areas covered by the EAPS plan are: social justice; community harmony and economic and cultural opportunities.

5. Action Plan for Women

Delta is committed to the ideology of the Spokeswomen programme and has ensured that it is incorporated into our business practices. An example includes targeted recruitment training which incorporates equal employment principles.

Training

The ongoing training and development of Delta staff remains a priority for the organisation. All staff have an individual development program which is developed in consultation with them at the start of the year and is aligned to their current role and future potential. A review is conducted twice annually of progress in implementing individual development programs.

Delta provided a range of training support for staff during the year including:

- On-the-job training;
- Attendance at programs during normal work hours;
- External programs and courses of study (for which study leave and fee reimbursement is made);
- Acting in higher graded positions; and,
- Other development opportunities outside of a person's normal area of involvement such as participation in special projects, secondment opportunities and filling vacant positions.

On average each employee attended approximately six days of formal training during work hours. This equates to in excess of 4,400 days devoted to the training of Delta staff. In addition to this, 35 people took advantage of the study leave provisions to undertaking external courses of study. Programs undertaken ranged from Certificate level courses through to studies at Masters level and included

courses and programs in Australia and overseas.

Leadership development continued to remain an area of importance. In addition to a number of people undertaking external studies in this area, two were selected to complete a leadership development program through the Mt Eliza Business School. Delta also offered two Chief Executive

CASE STUDY HUMAN RESOURCES

The development of our people is valued in Delta. Whilst there are processes in place to ensure that all staff are given appropriate development opportunities a priority for Delta is in the development of our future leaders.

The following examples demonstrate two ways in which leadership development has been approached.

In two years, six team leaders have or are undertaking the Performance Development Program through Mount Eliza Business School which was chosen by Delta as a capstone leadership program. The course has the advantages of being able to be studied without frequent regular classes which busy team leaders find hard to attend, but with some concentrated group activity from time to time. Another benefit of the course is a work related, practical assignment.

Jason Riley, Technology Manager with the Information Technology and Communication Group, completed the course during the year. "It certainly opened my eyes to a number of aspects of leadership which I have tried to incorporate into the way I work with my team", said Jason. One of the unique challenges facing Jason is having staff reporting to him from three sites.

If the excellent results of a recent survey of his staff concerning Jason's leadership style are any indication, then the course is contributing as intended.

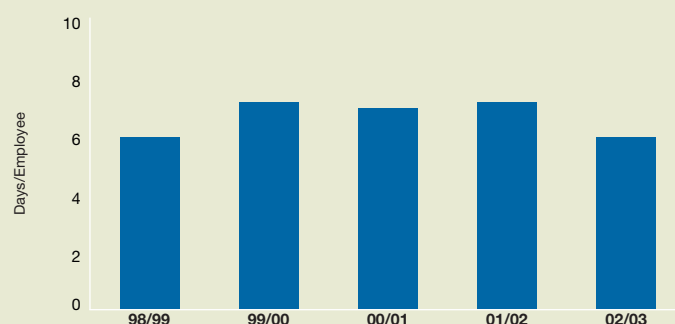
The Chief Executive's Scholarship provides the opportunity for an employee to accelerate their studies. Andrew Davies, Asset Manager/Unit Plant with Western Production was burning the candles at both ends until he was awarded the scholarship during the year.

"The scholarship allowed me to complete my MBA in six months full time study without work distractions", Andrew said. "Now I am back at work I can devote my full attention to the job as well as bring additional knowledge to the task at hand". Andrews' results were outstanding and should bring new perspectives to his work.

Andrew also commented that "getting the scholarship helped ease the pressures of having a young family, for which I am also grateful".

Two more scholarships will be awarded in 2003/04.

FIGURE FIFTEEN: TRAINING



Scholarships for people who were involved in external study, providing them with the opportunity to undertake some component of their studies on a full time basis (see case study).

Significant changes and upgrades to Delta's information technology systems occurred during the year. This resulted in a series of training programs in these applications. In addition to face to face sessions, self paced computer based training enabled Delta to meet the high demand for training in this area.

COMMUNITY

Community Development

Delta's community relationship program addresses community stakeholders' needs, with a structured approach including sponsoring diverse community activities. The approach to community relations seeks to broaden relationships within the community, enhance understanding of community issues and identify opportunities.

In developing this approach, reviews of feedback from community and employee research and the prior year's performance are assessed. The strategy is updated to reflect opportunities and issues, and to ensure it continues to meet Delta's objectives and addresses areas of community concern.

Sponsorship is a critical element of the strategy which also addresses resources, involvement in local organisations and stakeholder relationships. A formal sponsorship policy clearly outlines the criteria Delta uses for community partners ensuring corporate sponsorships and donations reflect the social and environmental responsibilities of Delta in each region.

Delta partners with many volunteer and community organisations. Specific goals for each partner vary but most seek to improve an element of their local community. The scope of organisations partnering with Delta increases local volunteer activity on many fronts. Specific benefits such as new parks, new sporting and arts awards, improved wetland management, new sports facilities and better managed events have added to the quality of the local community environment.

Delta targets groups dealing with issues identified as most important by community research, so funds and support are focussed on areas of greatest need. For the Lithgow and Central Coast communities the partnerships mean better funded community groups and greater surety of funding for those who meet objectives. In some cases, Delta and a community group enter into a three year agreement, enabling the group to be more strategic and focussed on service delivery.

The process of measurement and review has seen specific sponsorships redesigned where the existing format was deemed unsuccessful (as measured, for example, by falling attendances) and converting a single event into multiple events throughout the region.

SPONSORSHIPS AND DONATIONS

Delta's community sponsorship and donation program covers financial contributions, in-kind support and dedicated staff resources. Additionally, staff represent Delta at specific sponsored events and staff donations to several charities are matched dollar for dollar.

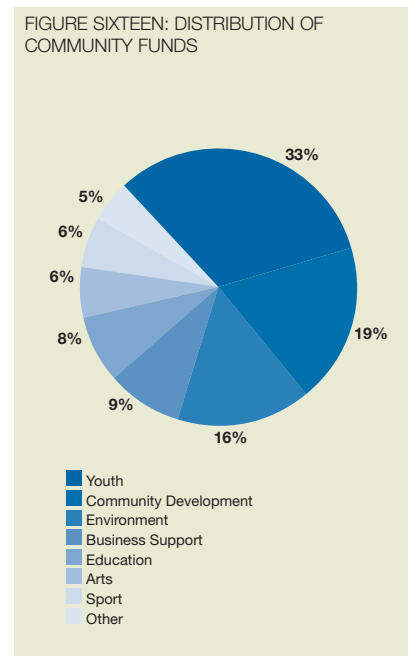
The direct financial contribution of Delta in the two regions exceeded \$520,000 for the year. This expenditure was spread over 120 organisations and community groups. The distribution of funds for the year by activity is given in the table below.

The following example illustrates one of a variety of partner projects and goals in community development. Summerland Point and Gwandalan Tidy Towns and LandCare are allocated a global budget which they nominate specific projects before seeking Delta's approval. Each year the group reviews its outcomes with Delta and explains areas of new need, resulting in a partnership that has succeeded for several years and seen rising volunteer numbers. The group has developed a Heritage Walk by rehabilitating a very degraded bushland area and building an interpretive shelter. Their goal is to continue partnering with Delta as a major sponsor to keep working for the betterment of the local community.

APPRENTICES

Delta's approach to the training of apprentices has been, since 1997, to sponsor a number of apprentice

FIGURE SIXTEEN: DISTRIBUTION OF COMMUNITY FUNDS



SOCIAL & ECONOMIC

opportunities through two apprentice training groups. These groups provide the co-ordination of apprentices through their industrial experience, hold the indentures and complete all necessary functions associated with the scheme.

Delta pays for the training and cost of wages for six apprentices in each of the Western and Central Coast regions in their first year and provides industrial experience opportunities in subsequent years for three of these in each region. Responsibility for the provision of appropriate industrial experience for the other three first-year apprentices rests with the training group.

WORK EXPERIENCE PROGRAMS

Delta supports a range of activities for school children and university students to gain business skills and industry experience. More than 65 high school and university students undertook work experience and vocational education programs.

Under the Business Enterprise Education program of Young Achievers Australia, young people form a company and manufacture and market a product. Delta provided facilities,

financial support, mentoring, skills transfer and, according to the group, enthusiasm.

PUBLIC PERCEPTION

Delta has several formal measurement processes of the effectiveness of its community program. Each year, the Lithgow and Central Coast communities are randomly surveyed by independent research companies, with specific questions on how they view Delta, whether they understand Delta's operations, awareness of specific sponsorship activities and issues that are important both in relation to Delta and to the overall community.

The 2003 results showed that Delta continued to rate favourably with the local communities. There is good recall of the community events that Delta sponsors, with residents being able to specify a number of events. Residents' recall of Delta's environmental programs was less known and is one area identified for improvement.

Generally, the results show that residents in these communities continue to be concerned about environmental issues, though they do not see Delta as

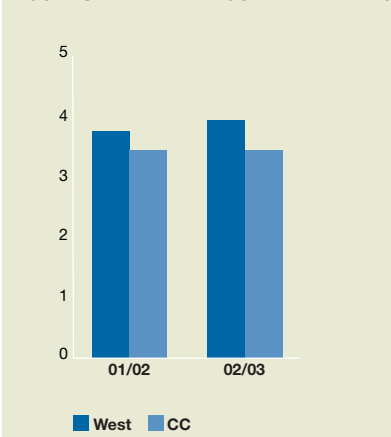
a main contributor. Stack emissions is an increasing concern to Central Coast residents and water usage is an emerging issue in the Western Region. Both regional communities identified youth support as an important area for Delta to consider.

Stakeholder Engagement

Reporting on community relations activities is undertaken through several media including regular community newsletters and newspaper inserts detailing recent activities. News releases, developed with partners, receive coverage in local newspapers, on radio and occasionally television. A monthly Delta Diary published in local papers summarises activities. This information is also available through Delta's website which has its own extensive community section. Specific stakeholder communications include community forums, planning meetings and surveys.

On the Central Coast, a Community Access Regional Environment (CARE) Forum has been in place for several years, providing a basis for feedback on current and proposed activities. The Forum is community-based and links into existing community networks, providing an outlet for community concerns. Each year stakeholders in the Western Region are invited to participate in a planning forum to assist with the formulation of the community strategy.

FIGURE SEVENTEEN: FAVOURABILITY RATING



CASE STUDY

HIGHER SCHOOL CERTIFICATE PHYSICS PROGRAM

The syllabus for high school students now includes a focus on generators, transformers and motors. Delta initiated a program relevant for year 12 physics classes of local high schools.

The program encompassed inspection of plant facilities including transformers, generators, and high and low voltage motors and a presentation describing the electrical apparatus and design and maintenance issues. Also, a cutaway induction motor was donated.

At the completion of the program, the students completed a survey which indicated they had found it helpful to their course, improved their awareness of the power station and most felt their understanding electricity generation technology had improved.

ECONOMIC

COMMERCIAL ACTIVITIES

Delta's core business is to establish, maintain and operate facilities for the profitable generation of electricity and ancillary services and to supply electricity in a safe, efficient, reliable and environmentally responsible manner to the satisfaction of its customers and Shareholders.

Other commercial activities that utilise Delta's skills and resource base are undertaken as opportunities arise where they add value to the business. A rigorous investment appraisal process is undertaken before any such activity is commenced.

Delta has carefully pursued opportunities to grow and expand the business with potential projects associated with green energy. The organisation has three (3) mini-hydro stations and has implemented biomass co-firing at existing thermal power stations. These projects and others have been subject to feasibility studies to assess environmental and financial viability prior to commitment.

Financial Performance

Delta aims to achieve an optimum level of profit to meet its commercial objectives while at the same time maintaining its assets in an economic operational condition. Delta has sophisticated planning and control mechanisms in place which assist the organisation in meeting performance targets.

The organisation has identified financial performance measures which are shown in Table Eight.

Investment Appraisal

Investment appraisals of major projects are undertaken at an early stage to assist in the development of options for investment of resources and prior to any commitment of resources.

An investment model has been designed to assist Delta in its decision making process by assessing the value each new project will add to the core business of the organisation. This process requires that all projects provide a return higher than the weighted average cost of the capital of the organisation.

ECONOMIC ACTIVITIES

Economic indicators focus on the manner in which an organisation affects

the stakeholders with whom it has direct and indirect economic interactions.

Therefore, the focus of economic performance measurement is on how the economic status of the stakeholder changes as a consequence of the organisation's activities, rather than on changes in the financial condition of the organisation itself.

The electricity industry provides a significant benefit to Australia as shown in the graph on contribution to GDP. The industry contributes to economic growth by providing reliable, low cost energy supply. With an aggregate annual turnover of more than \$20 billion and employment of more than 30,000 people, the industry provides significant direct and indirect benefits.

Impacts

SALES

Delta generated 20,354 GWh of electricity last year resulting in sales revenue of \$727.7 million. This output represented almost 13% of the total generation in the National Electricity Market.

SUPPLIERS

In order to measure the processing efficiency in accounts payable functions, key performance indicators

have been established and are monitored monthly to determine trends and level of performance achieved.

One measure of performance is the processing invoices within Delta's basic terms of payments which is 30 days. This measure was introduced this year and shows that invoices are processed within Delta's basic terms of payments of 30 Days.

Distributions

The dividend payable provides for retention in the business of sufficient cash for operations and capital investment needs, to ensure the ongoing financial health of the organisation. Delta's current dividend policy is to allow for a dividend distribution equal to 100% of after tax profit.

Delta's funding requirements are determined each year by:

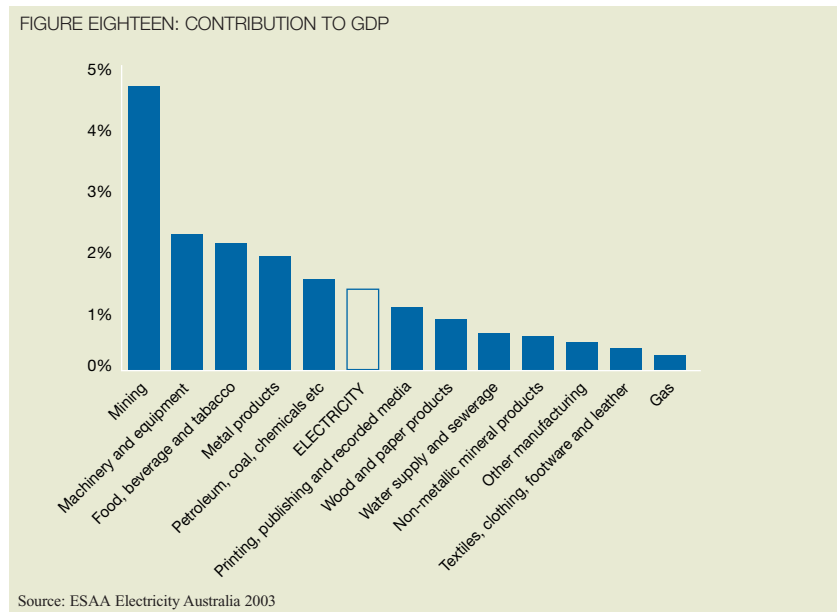
- Medium term fixed asset expenditure program;
- Investment in new business opportunities;
- Sustainable financial structure of Delta, and
- Working capital requirements.

Dividend payments and tax expenses are shown in Table Eight.

TABLE EIGHT: FINANCIAL PERFORMANCE TARGETS

	2002/03	2001/02	2000/01	1999/00	1998/99
Tax Expense (\$m)	33.9	47.4	55.0	39.0	22.2
Dividend Payable (\$m)	113.0	85.5	129.7	86.7	32.7
Return on Assets (%)	8.7	12.6	14.5	11.2	7.0
Return on Equity (%)	7.7	24.1	34.6	13.4	5.3

Notes
2002/2003 figures reflect impact of asset revaluation undertaken in 2002/03



SOCIAL & ECONOMIC

Customers

Delta values its relationships with its customers, the retailers of the National Electricity Market. Delta's team works with our customers to better understand and meet their energy needs.

We recognise that our customers have different energy needs and that these needs are changing over time. Customers are increasingly looking for products to help them manage their risks in the market. Delta strives to meet these needs by working closely with customers to tailor products to meet their specific needs.

Delta is also committed to providing a high quality of customer service. We are responsive to requests, receptive to new ideas, listen to our customers and make every effort to provide innovative solutions

We know there is more to achieving a satisfied customer than a good product at a good price – people are an important factor in customer satisfaction. Our customer satisfaction research reveals that our people are our strength. Our customers value highly Delta's team members trustworthiness, reliability, availability and professionalism. Delta's team are experienced and respected and know the industry.

Our customers have very high satisfaction levels with Delta and we will maintain these high levels of satisfaction by continuing to be responsive, proactive, innovative and professional in all our dealings with our customers.

CASE STUDY SUPPLIER INITIATIVES – AUTOMATIC INVOICING

Delta Electricity purchases an extensive range of high volume/low value consumable items from key suppliers. Considerable time is expended in the processing of the invoices associated with these purchases. To improve the productivity of this process Delta has worked closely with several key suppliers to implement an automated Recipient Created Tax Invoice system.

These suppliers do not submit invoices to Delta Electricity. Upon the receipt and acquittal of items from these suppliers, Recipient Created Tax Invoices are generated by Delta and issued to the suppliers. At the same time, the system automatically commits a payment for the invoice value in accordance with the agreed terms of payment.

The following benefits have resulted from this initiative:

- **Improved payment terms for suppliers**
- **Reduction in the number of invoices loaded manually**
- **Reduction in the number of pricing errors on invoices.**
- **Reduction in the number of quantity mismatches between deliveries quantity and invoice quantity.**

Expansion of automatic invoicing is planned with other appropriate suppliers.