Delta electricity

Annual Report 2004

Executive Summary

At Delta Electricity we understand the importance of good leadership and a balanced strategic framework.

Delta's performance reflects the qualities and application of leadership throughout the business. Our team leaders have been an essential link between the strategic direction and the delivery of productivity gains. The breadth of staff involvement in developing Delta's future direction has resulted in a balanced strategy that provides for the long-term security of the business. Effective achievement of Delta's commercial, environmental and social objectives is underpinned by a robust governance structure.

PERFORMANCE SUMMARY

Highlights

Plant Performance
Excellent plant availability enabled production at times of high market demand.

Safety
All sites maintained their five star rating from the National Safety Council of Australia.

Innovation
Numerous initiatives provided substantial improvements in internal efficiency and contributed to Delta's financial performance.

Community
Received the Business Partnership Award from Keep Australia Beautiful (NSW).

New Capacity
A development application was lodged for a wind farm in the southern highlands of New South Wales.

Environment
All sites retained ISO 14001 certification.

Each power station achieved greenhouse gas emission rates on the lower (best efficiency) end of the range for plants of their age and design.

REPORTING OBJECTIVES

Delta Electricity's report aims to meet a standard of reporting that satisfies our stakeholders' expectations for accountability and transparency.

The information needs of Delta's key constituencies – customers, local communities, employees and shareholders – may be different but there is convergence on a framework that best meets these needs.

For this reason, guidelines developed by the Energy Supply Association of Australia have been used to structure the content of the report.

The guidelines assist Delta in the communication of its performance from economic, environmental and social perspectives. The framework is also used to describe Delta's capability to manage its operations for long-term viability.

This report provides information to stakeholders for an assessment of Delta's performance and the sustainability of its operations.

We believe it conveys a message of a business that seeks to play its part in the long-term energy solutions for Australia.

FRONT COVER
Mt. Piper Power Station – part of Delta's portfolio of generation assets for the safe and reliable production of electricity

Executive Summary

Chairman's Report

It is a pleasure to provide my first report as Chairman of Delta Electricity. The results of the Corporation demonstrate a business that has successfully integrated the many needs of its stakeholders.

Delta Electricity continued its consistent performance with a net profit before tax of $111 million. The ability to maintain this performance stems from the development and implementation of strategies that effectively meet the competitive pressures of electricity generation in the National Electricity Market (NEM).

Plant reliability is essential to meet customers' electricity needs and a third year of high levels of availability aided Delta's performance. Indeed, one of the success stories of the electricity market has been generators markedly improving the availability of their plant. Nevertheless, there is a need to maintain this momentum as a counter to advantages enjoyed by other competitors.

Delta has had a consistent strategy of maintaining strong relationships with customers and developing products that meet their requirements in a volatile market. These customer relationships, underpinned by effective products, have supported the Corporation's strong financial performance.

MARKET PRICES

The average electricity price for last year was $32.37/MWh, the lowest in three years. For most of the first half of last year the daily spot price averaged around $18/MWh, well below the level required to encourage new investment in the market.

Prices improved with hot weather and an extreme demand period on 9 March 2004 when high temperatures and plant and market factors combined to produce the highest daily price achieved in NSW since the market commenced. Prices remained higher in the final few months of the year.

MARKET DEVELOPMENT

The NEM continues to evolve and Delta participated in discussions in relation to several market developments. Delta was successful, through its participation in the National Generators Forum, in incorporating market based performance incentives in the revenue for regulated transmission network providers.

Delta provided submissions to the Ministerial Council on Energy on NEM market design and governance consultations including, most recently, on the proposed new Code change process. Delta, together with other generators, was influential in the new generator technical standards regime introduced by the market manager, NEMMCO.

PORTFOLIO DEVELOPMENT

Capacity additions are forecast to be required within the next couple of years for peaking plant and, in the longer term, for larger increments of base-load plant. Delta's strategy for portfolio development identifies a suite of competitive options that are the best available for the particular technology and fuel mix that the market demands at the time of investment. The options being developed include gas generation, wind turbines and facilities generating renewable energy from biomass materials.

SECURITY

The 11th September and Bali terrorist attacks changed the security environment in a fundamental and enduring way. Over the past 18 months, the threat level in respect of critical infrastructure, including power stations, has been raised by the Federal Government to medium.

Delta has developed and implemented a security model that clearly identifies the physical security requirements of escalating threat levels as derived from the National Security Threat Level Assessments. In addition, security reviews have been undertaken by local area police commands and specialist security advisers. As a result of these reviews, upgrades of security items such as fencing, gates, cameras, computers, recording facilities and lighting have been undertaken.

GOVERNANCE

Delta has implemented effective governance programs throughout the business. During the year Delta revised its Business Continuity Plan to meet guidelines of Australian Standards. To further improve the governance framework, a compliance program was developed to bring together initiatives in various parts of the organisation for a full compliance overview.

The previous Chairman, Mr Peter Dodd, stepped down in February 2004 due to an overseas posting. His four year tenure at Delta was characterised by consistent and strong performance and his efforts are to be congratulated. The work of Mr Warwick Hilder as an interim Chairman in the four months between Mr Dodd's departure and my appointment is also to be acknowledged together with the contribution of the Directors. Finally, I thank the employees for their work and innovation in achieving the results for the year.

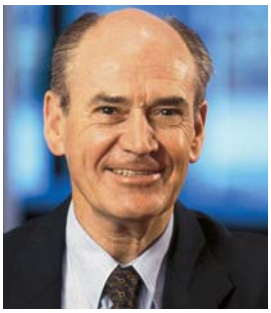
OUTLOOK

Delta expects the next five years to be characterised by high levels of competitiveness among existing generators in the NEM. The focus will be on achieving cost savings in operations and the development of future generation options to meet both the short and long-term generation requirements resulting from increases in energy demand.

I look forward to my role as Chairman in building on the good work of previous incumbents in a very challenging period for the NEM. In this task, the continuing support of my fellow Directors, the management and staff of Delta will be vital in maintaining Delta's competitive position.

Peter Young
Chairman

Chief Executive's Report



The 2003/04 year was a particularly challenging one in the National Electricity Market. Lower average prices, energy policy reviews, market reforms and competitive pressures were just a few areas which challenged Delta's people and to which they responded very effectively. A net profit before tax of $111 million is an outcome that provides testimony again to the dedication and ability of Delta's staff and I thank them for that effort.

Performance in other areas of the business also contributed to meeting customer and stakeholder needs. Improvements to internal efficiency have reduced operating costs. Innovation initiatives by staff made a significant contribution and helped to confirm Delta's market position. Plant reliability underpinned this performance as good availability enabled production at times of high market demand for energy.

PEOPLE

All Delta sites retained their five star rating from the National Safety Council of Australia. However, a target of zero safety incidents remains a priority and a behavioural based safety process, D-Zip, was implemented. The commitment to the process and acceptance by staff is pleasing and a positive step to achieving this safety goal.

A consolidation of innovation as part of Delta's working environment was enthusiastically and strongly supported by staff. The projects implemented improved performance and contributed to a reduction in operating costs. However, Delta needs to identify new areas of innovation for competitive advantage and the formal recognition and reward of innovation is expected to yield further significant improvements in 2004/05.

Some business units were restructured to improve efficiency and encourage individual accountability for plant areas on a regional basis. Best-practice asset management has intensified preventative maintenance work carried out in plant outages, lengthening the time between major outages. The previous maintenance structure of outage and routine teams was unsuited to these new work needs and teams are now normally structured to optimise utilisation of skills and resources for both outage and operational requirements.

Productivity improvements will be a continuing focus for the coming year. Restructured business units will be monitored to ensure high levels of productivity. In addition, a major initiative will be a program for all team leaders which will enhance their leadership skills and consequential team performance.

ENVIRONMENT

All of Delta's operational sites retained their certification to the international environmental standard, ISO 14001. Retaining this certification requires sites to establish and maintain environmental systems and practices including management plans, risk analysis and employee education.

Improvements to power station efficiency have resulted in the each of Delta's four power stations achieving greenhouse gas emission rates at the lower (best efficiency) end of the range for plants of their age and design. These improvements have contributed significantly to the lowering of Delta's overall emission rate to 906 tonnes of carbon dioxide per gigawatt hour (GWh).

One licence compliance event was reported when stormwater breached a bund wall on the Mt Piper dry ash disposal site causing fly ash material to escape from the storage area. Immediate action was taken to remove the material and measures have been taken to prevent a recurrence.

OPERATIONAL CHALLENGES

Water is an essential supply commodity for electricity generation, with a particular emphasis on the Western region due to fresh water usage for cooling and diminishing water levels in dams in the current drought. To meet future electricity generation needs, Delta, in conjunction with Centennial Coal and Department of Commerce, have planned and proposed two projects to further augment the existing water supply by way of diverting coal mine water discharges directly to the power stations and to the Coxs River catchment. The overall effect of these new sources will be to improve the ability of Delta's Western stations to generate through future drought periods and deliver increased flows to the Coxs River in higher rainfall periods.

Particulate emissions from the electrostatic precipitators at Vales Point are well within licence limits but the visual impact of these emissions under certain weather conditions are a significant issue. A number of technical solutions have been implemented and continue to be refined. Longer-term solutions are under investigation.

COAL

The year was characterised by the large increase in international coal prices. Fortunately, Delta has been largely sheltered from this rise by its suite of contracts established prior to the global upswing. These contracts will maintain this situation for the next few years. On the Central Coast, over one and a half million tonnes was received via rail, the largest annual tonnage since the refurbishment of the coal unloader at Wyee in 2000.

The challenge ahead is to determine the best strategy to secure coal supplies that will be cost competitive with the coal cost of competitors who own their coal resources or have access to dedicated reserves, isolating them from coal market fluctuations.

DEVELOPMENT

Co-firing biomass with coal at Mount Piper, Vales Point and Wallerawang has become a part of normal operations and more than 25 GWh of renewable energy was produced last year from this activity. Higher production is expected as reliable fuel supply sources continue to be secured.

The co-generation proposal with the NSW Sugar Milling Co-operative is approaching conclusion. With actionable development consents and new construction offers in place, Delta is concluding the necessary agreements to achieve commencement of the operations in the second half of 2006.

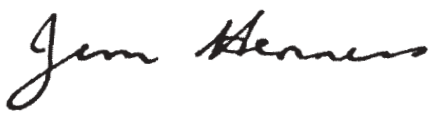
An Environmental Impact Statement was submitted for a wind development in the Southern Highlands of NSW. This site is considered the best prospect in the region and offers a relatively high capacity factor. It is estimated that the development could produce about 200 GWh per annum and be operating in 2006. A second wind site is being investigated with a number of locations across NSW under review.

The Mount Piper, Chichester and Dungog mini hydros produced more than 1,500 megawatt hours of renewable energy in the year, an amount which was substantially affected by the continuing drought conditions. It is intended to install two new plants at Windamere and Glennies Creek and both are expected to be in service by late 2004.

These developments were supplemented by a package of initiatives to meet longer-term supply requirements. Investigations commenced into the uprating of the two existing Mt Piper units. Also at Mt Piper, a feasibility study into the addition of another unit began while work was progressed on a site for gas turbines.

In summary, it was very successful year with productivity improvements in all areas of the business from the operation and maintenance of our power stations through to the marketing of our product. The leadership and support of the Board has been an important factor in Delta's performance and I thank the Directors, particularly the previous Chairman Peter Dodd, for their advice and counsel.

I welcome the appointment of Peter Young as Chairman and I look forward to developing a strong working relationship with him to maintain Delta's level of performance into the future. Our staff will be part of this success and I again thank them for their efforts last year.



Jim Henness

Chief Executive

Executive Summary

Balanced Scorecard

The following table represents Delta's performance for the year measured against eight key indicators. The white bar indicates the target range from lowest (left) to highest (right) and the green box indicates Delta's actual result. The further right the green box, the better the result.

FIGURE ONE: BALANCED SCORECARD

MEASURE AND DESCRIPTION	RANGE AND RESULT	COMMENT
Net Profit Before Tax This indicator is the key financial measure of the performance of the organisation.	50 76.4 105.1 120 $m 105.4	Effective customer relations, excellent plant performance and a focus on cost control enabled an above budget outcome.
Equivalent Forced Outage Rate Represents the percentage of total energy lost due to all forced outages and is a key measure of plant performance and the effectiveness of asset management.	5.0 3.2 2.0 0.0 % 1.7	The third successive year of very low forced outage rates confirms the effectiveness of Delta's asset management strategies.
Environment Compliance with international environmental systems mitigates against environmental risks. Emission rates reflect plant efficiency.	910 907 893 890 906 tonnes/GWh	An environmental incident involving ash at Mt Piper was the first incident in three years. All power stations attained emission rates at the lower end of their design range.
Safety Index An index from the National Safety Council of Australia where a score of 50 or below needs to be achieved on this measure to attain the maximum five star rating.	150 29 0 30	A behaviour based safety program was introduced, increasing safety awareness.
Community Rating A rating from a regular survey of community attitudes which includes a random sample of the local community and a number of key decision-makers.	3.0 3.2 4.0 3.7	Delta's approach to community partnerships continues to rate favourably with the local communities.
Employee Survey Index Provides a measure of the standard of working life in Delta in relation to a number of important areas such as training, communication, safety and leadership.	55 60 68 70 % 64.1	Overall survey results improved from last year. The survey findings have been incorporated into plans for the coming year.
Innovation An innovation is a step change that results in improved performance and is measured by the savings that are realised as a result of the change.	0.0 12.0 15.0 $m 10.5	Consolidation of innovation as part of Delta's culture was heavily supported during the year.
Green Energy Production (GWh) This measure tracks our progress towards the implementation of known projects.	0 29 45 GWh 28.2	Drought conditions affected the output of existing mini-hydro plants and the development of new facilities while fuel availability in the first half of the year restricted biomass output.

Key Performance Indicators

TABLE ONE: KEY PERFORMANCE INDICATORS – STATISTICAL SUMMARY

	Unit	03/04*	02/03*	01/02	00/01	99/00	98/99
Financial Statistics							
Total Sales Revenue	$m	724.2	727.7	719.3	737.8	639.8	562.9
Earnings Before Interest and Tax	$m	177.3	173.2	200.6	225.1	167.1	96.4
Net Profit Before Tax	$m	111.0	102.0	142.4	188.1	158.7	60.7
Net Profit After Tax	$m	74.2	61.4	95.0	133.0	119.7	38.5
Total Debt	$m	642.8	784.3	728.6	730.9	351.4	420.9
Total Equity	$m	800.6	800.6	393.6	384.1	760.8	727.7
Return on Assets	%	9.4	8.6	12.6	14.5	11.2	7.0
Return on Equity	%	9.3	7.7	24.1	34.6	13.4	5.3
Gearing	%	44.5	49.5	64.9	65.6	31.6	36.6
Interest Cover	Times	2.7	2.4	3.4	6.1	4.9	2.7
Debt:Equity	%	80.3	98.0	185.1	190.3	46.2	57.8
Current Ratio		0.8	1.3	1.3	1.3	1.3	1.0
Operational Statistics							
Production	GWh	21,308	20,354	20,843	21,163	20,481	20,006
Equivalent Forced Outage Factor	%	2.7	1.7	0.9	3.5	9.6	4.2
Availability	%	92.9	88.8	90.4	85.2	82.9	86.7
Thermal Efficiency	%	35.5	35.3	35.0	34.9	35.2	35.3
Coal Stockpile Levels	$m	32.7	65.8	54.9	48.3	30.2	28.0
Employee Statistics							
GWh/employee		29.0	27.1	27.6	27.1	25.9	24.3
Staff Numbers		735	751	754	782	797	822
Training	Days/employee	5.8	5.9	7.1	6.9	7.2	8.2
Sick Leave	Days/employee	8.0	6.1	5.8	6.5	6.6	8.5
Safety	Frequency rate	8.8	8.7	4.7	7.0	11.8	5.7
Environment Statistics							
Licence Breaches	Number	1	0	0	0	2	3

*Figures relate to Delta Electricity's consolidated result

OVERVIEW

Delta Electricity is an electricity generation corporation. We produce electricity from several facilities and a diversified set of energy sources including coal, water and biomass materials.

Our generators produce around 12% of the electricity needed for the national electricity market, meeting the needs of electricity consumers from Queensland to South Australia.

Most of Delta's generation derives from the coordinated operation of four coal-fired power stations located in NSW: Mt Piper and Wallerawang near Lithgow, and Vales Point and Munmorah on the Central Coast. The total available generating capacity is 4,240 MW.

Delta aims to achieve a lowest cost of overall production commensurate with the needs of managing the commercial risks of our participation in the market. While coordinating the operation of the four power stations presents complex operating challenges, we gain considerable benefits from our ability to respond rapidly to changing market and plant conditions.

The remainder of Delta's generation is from renewable energy sources. The contribution from mini-hydro generators and biomass materials is small at this time, but continues to grow as new projects are completed.

Delta operates under the Energy Services Corporations Act (1995) and the State Owned Corporations Act (1989). The organisation was formed on 1 March 1996 as part of the NSW Government's restructure of the State's electricity industry. This restructure was in response to large scale changes in generation, transmission and supply of electricity in eastern Australia following the program of competition reform.

PRINCIPAL FUNCTIONS AND OBJECTIVES

Delta Electricity's principal functions are to:

(a) establish, maintain and operate facilities for the generation of electricity and other forms of energy;

(b) supply electricity and other forms of energy.

Guiding Delta in carrying out these functions are the following principal objectives:

(a) to be a successful business and, to this end, to:

  (i) operate at least as efficiently as any other comparable businesses;

  (ii) to maximise the net worth of the State's investment in Delta; and

  (iii) to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates;

(b) to protect the environment by conducting its operations in compliance with the principles of ecologically sustainable development contained in section 6 (2) of the Protection of the Environment Administration Act 1991;

(c) to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates;

(d) to operate efficient, safe and reliable facilities for the generation of electricity;

(e) to be an efficient and responsible supplier of electricity;

(f) to be a successful participant in the wholesale market for electricity.

VISION, MISSION AND VALUES

Vision

Delta Electricity – Generating Performance Through Innovation

Mission

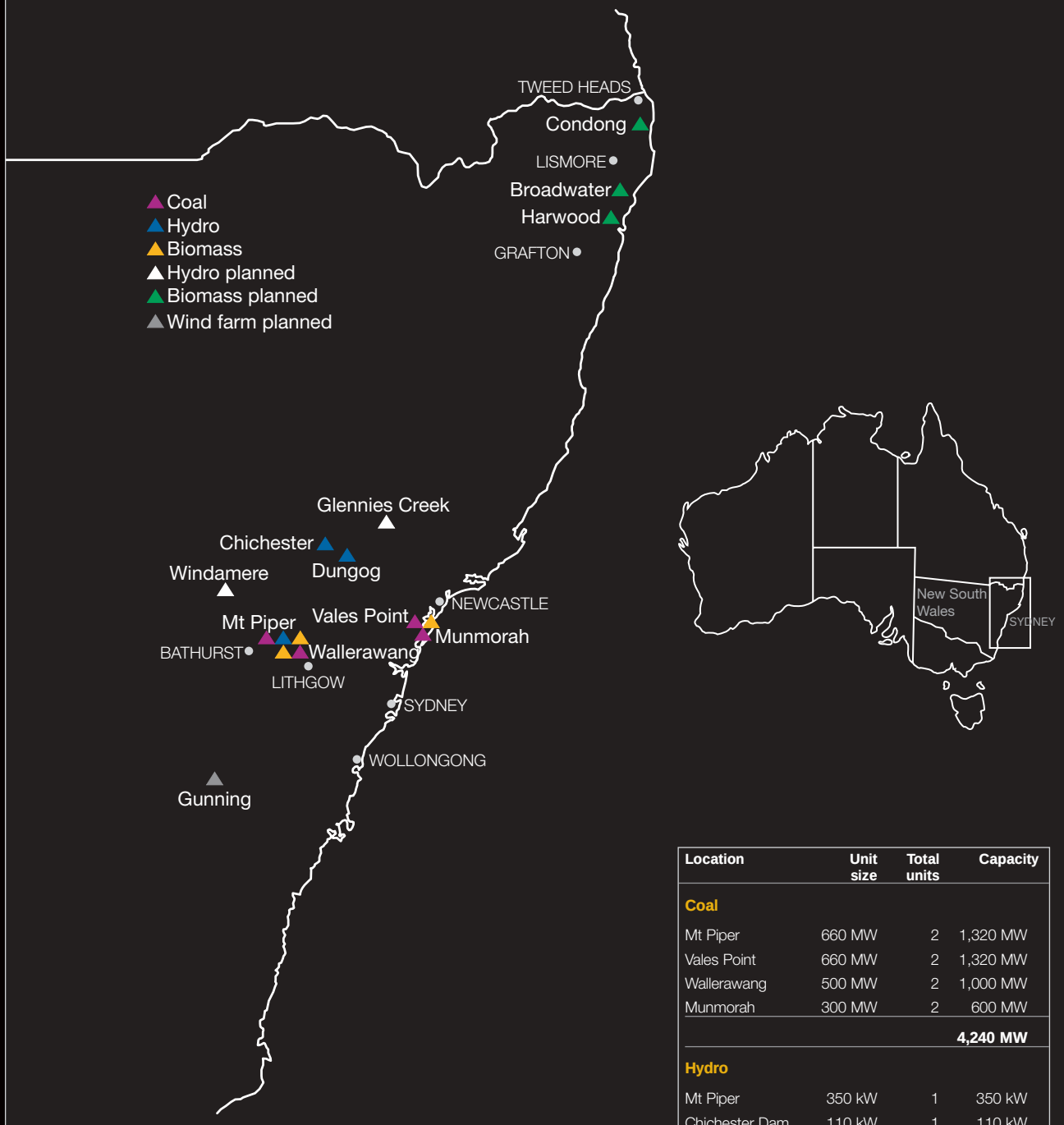
To generate consistent, superior dividends to the Shareholder by ensuring that:

- **Customers** receive competitive prices, reliable supply and innovative, customised services.
- **Staff** work in a safe, challenging and creative workplace, receive a fair return for their contribution and have opportunities to develop.
- **Community** members welcome us as a valued, environmentally responsible organisation.
- **Stakeholders** are confident that we effectively manage the business and associated risks.

Values

We value:

- **Safety, health, welfare and security.** Providing for the safety, health and welfare of our people, visitors and the community and for the security of our facilities.
- **Business performance.** Using innovation to continually improve profitability.
- **Productive relationships.** Maintaining productive relationships with customers, colleagues and suppliers.
- **Environmental performance.** Caring for the environment for future generations.
- **Learning and development.** Supporting the learning and development of our people for business success.
- **Honesty, fairness and integrity.** Ensuring honesty, fairness and integrity in all that we do.

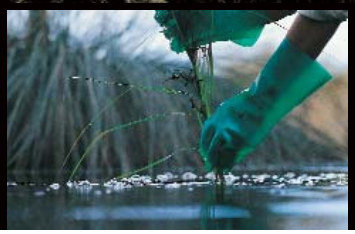


Location	Unit size	Total units	Capacity
Coal			
Mt Piper	660 MW	2	1,320 MW
Vales Point	660 MW	2	1,320 MW
Wallerawang	500 MW	2	1,000 MW
Munmorah	300 MW	2	600 MW
			4,240 MW
Hydro			
Mt Piper	350 kW	1	350 kW
Chichester Dam	110 kW	1	110 kW
Dungog Water Treatment Plant	110 kW	1	110 kW
			570 kW

Biomass

Biomass operations at Mt Piper, Wallerawang and Vales Point involve the addition of biomass materials to the coal being conveyed to the station for combustion. This activity does not change the capacity of the station. Output for 2003/04 was 26.4 GWh.

Environmental Performance



ENVIRONMENTAL PERFORMANCE
Green waste material, destined for landfill, is being shredded before use as a capping for the Vales Point ash dam. Use of the material in this way saves on landfill space and provides a nutritional layer for revegetation on the ash dam.

COMPLIANCE WITH ENVIRONMENTAL LEGISLATION AND REGULATIONS

A critical environmental objective of Delta Electricity is to comply with all statutory requirements. These are set by legislation, regulations and licences issued by various government authorities. They cover the full range of power generation activities including fuel and water use, air and water emissions, community air monitoring and other environmental protection activities.

Delta believes that its responsibility in safeguarding the environment extends beyond compliance. An environmental reporting system and governance framework ensure that all environmental issues, including ones that are not a licence breach, are vigorously investigated and assessed.

Recommendations for action are taken to ensure that the risk of an issue being repeated is minimised. Since its formation in March 1996, Delta Electricity has not been issued with an environmental infringement notice, prosecution or penalty for non-compliance.

Each environmental issue is classified into one of three categories:

Category 1 incidents are those that involve a breach of an EPA licence condition or other statutory regulation.

Category 2 issues are near miss incidents that involve a possible or potential breach of a licence condition or other statutory regulation.

Category 3 issues are minor plant related matters that, although not serious in nature, are monitored to assist in the management of potential environmental problems.

During the year, one licence non-compliance event was reported. This occurred at Mt Piper Power Station when stormwater breached a bund wall on the dry ash disposal site, causing flyash material to escape from the storage area. Immediate action was taken to contain and clean-up the material and measures have been taken to prevent a recurrence. The Environment Protection Authority investigated the incident and has determined that appropriate corrective and preventative measures were implemented.

The number of Category 2 issues was consistent with previous years, but there was a significant increase in the number of Category 3 issues reported. This increase is believed to result from improved data collection following rigorous application of the ISO 14001 processes, together with the development of a user friendly computerised reporting process. Procedures are in place to ensure that all environmental issues are recorded, classified and reported regularly to senior management and appropriate corrective measures are applied.

BEYOND COMPLIANCE

Part of Delta's environmental governance is the adoption of a range of voluntary codes, standards and activities that exceed requirements prescribed by licences. These additional undertakings are viewed as a significant step towards meeting the principles of ecological sustainable development.

Environmental audit program

Part of Delta's commitment to going beyond compliance with environmental legislative requirements is a comprehensive auditing program which covers all aspects of environmental performance. These audits include:

- Self audits – conducted by Delta's environmental staff and plant personnel on a regular basis.
- Facilities and Process; and Compliance audits – conducted by external auditors every two years.
- Compulsory audits – conducted by Environment Protection Authority staff on a random basis.

During 2003/04, Delta staff conducted specific plant area self-audits. All recommendations from the 2003 Facilities and Process and Compliance audits have been addressed. The next round of these audits will be conducted in early 2005.

ESAA Code of Environmental Practice

Delta Electricity is a signatory to the Energy Supply Association of Australia (ESAA) Code of Environmental Practice. This voluntary Code outlines the standard of environmental performance expected of ESAA members and requires commitment to bi-annual audits against the Code. The next audit will be conducted before November 2004.

FIGURE THREE: ENVIRONMENTAL ISSUES

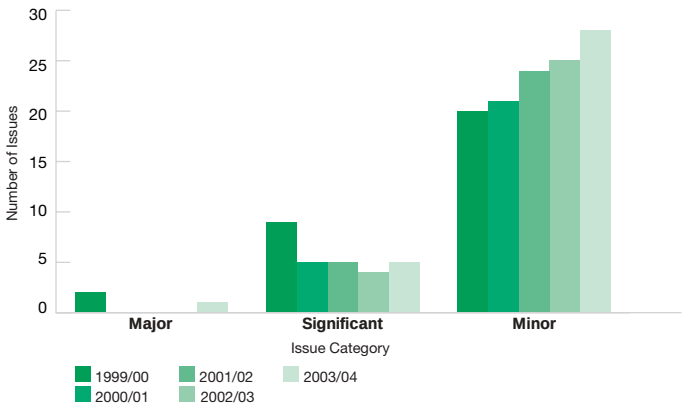
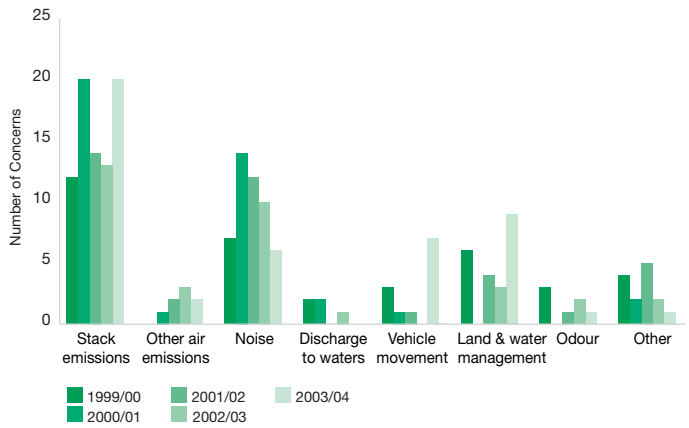


FIGURE FOUR: COMMUNITY ENQUIRIES



ESAA and its members support the underlying principles of sustainable development as setting the framework for environmental management. Through working with the community, government and its customers the electricity supply industry is committed to continual improvement in environmental performance.

ISO 14001

ISO 14001 is an International Standard which outlines the recognised best practice environmental management processes. In order to retain certification, sites must establish and maintain systems and practices which include the use of environmental policies, management plans, risk analysis, continuous improvement, employee education and training, emergency preparedness and reporting.

During 2003/04, Delta retained ISO 14001 certification for all operational sites. As part of this process, Environmental Management System (EMS) audits were conducted and 14 staff were trained in self-auditing. A full ISO 14001 recertification audit will be carried out in early 2005.

Monitoring community concerns

The growth of communities and townships near power stations, particularly on the Central Coast, has resulted in many people living in close proximity to these facilities. Delta has an active community partnership program which includes a comprehensive system of monitoring and addressing community concerns and enquiries.

Each community contact of this nature is recorded and reported. Additionally, Delta's environmental officers contact the person to ensure that, where possible, the issue is satisfactorily addressed. This could include, for example, undertaking dust sampling or noise monitoring.

Delta received a total of 46 community contacts regarding power station operations during 2003/04, 12 more than the previous year. On investigation, nine were found to have no connection to power station operations, compared with 14 in the previous year. These contacts are included in the statistics as they are a valuable measure of community perceptions.

The majority of contacts (16) were in regard to stack dust emissions or deposits from Vales Point Power Station. Delta has engaged engineering consultants to develop options for reducing these emissions. There were also a significant number of contacts in the Western region regarding dam water levels and river flows due to ongoing drought conditions. Coal truck movements were also prominent in contacts from the Western community.

Environmental Performance

DEVELOPMENT OF LOW ENVIRONMENTAL IMPACT TECHNOLOGIES AND MEASURES

Delta has a number of programs in place to implement low environmental impact technologies. These include improvements in emission monitoring and controls, reduction of environmental risks, improved land management practices and innovative programs for waste management and resource conservation. Some specific programs are listed below.

Improvement in discharges to the environment

Measures implemented in the Central Coast region to improve discharges to the environment include:

- a program to cap 25% of the ash dam dry surface to reduce fugitive dust emissions;
- identification and correction of a potential drainage problem in the coal plant during high rainfall;
- redirection of neutralised demineralising plant wastes to the ash dam instead of the cooling water outfall canal;
- upgrading of inlet and outfall canal temperature monitoring;
- changes to emission monitoring to individual units as opposed to two unit monitoring; and
- significant quantities of re-refined oil used as fuel oil substitute.

Western region has implemented a similar suite of actions including:

- capping of the Wallerawang ash dam to prevent fugitive dust emissions;
- use of re-refined oil at Mt Piper;
- upgrading of all opacity monitors at Wallerawang;
- beneficially using ash dam discharge water in cooling towers at Wallerawang; and
- retuning of both Mt Piper boilers to reduce NOx emissions.

Management of emergency situations

Delta maintains emergency response procedures at all sites and simulated environmental emergency exercises are conducted to test these measures. In 2003/04, two exercises were conducted on the Central Coast and one in Western region.

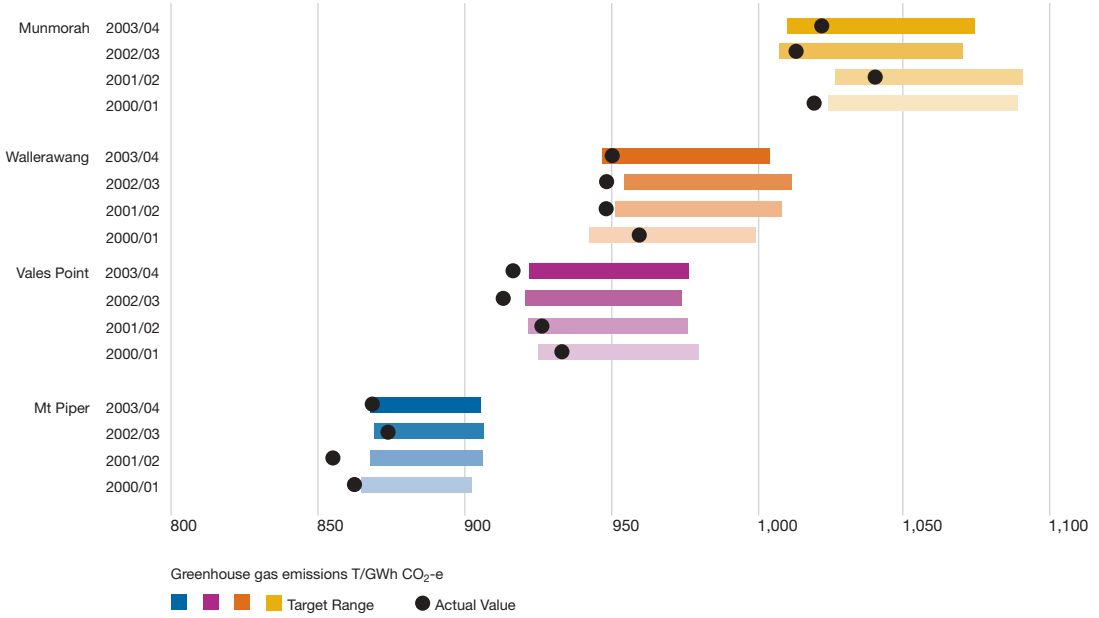
These training exercises demonstrated their value following an ash disposal incident at Mt Piper in November 2003. The availability of emergency response personnel and equipment and the training of Delta staff and contractors were invaluable following this incident. The spill was quickly contained and cleaned up, preventing any significant damage to the environment. Following the incident, a thorough review of procedures and equipment was conducted and the lessons learnt have been incorporated into revised procedures.

GREENHOUSE GAS REDUCTION STRATEGIES

Delta, as a signatory to the Commonwealth Government's Generator Efficiency Standards (GES), is required to implement actions to bring power stations within the "best practice" efficiency bands; and if already within the bands, to take actions to further improve efficiency. The first phase of this program ends in 2005 and most of Delta's actions are nearing completion.

In 2003/04, all Delta power stations were within the "best practice" bands and close to the lower bound (best efficiency) level. The best practice range depends on the average load generated by a plant (output factor) and

FIGURE FIVE: GES PERFORMANCE



Corrections to previously reported data:

1 2000/01 targets have been adjusted to 2005 target for consistency with other years

2 Munmorah 2002/03 data corrected following coal stockpile survey

the age and design of the plant. Delta plant performance over the past four years is as shown in Figure five.

Research into new power generation options

Although there is no requirement in the near future for additional baseload generating capacity in NSW, Delta is evaluating long-term options for future power generation using low emission technologies, including high efficiency coal and gas-fired plant. As part of this process Delta is a member of COAL21, a research program which focuses on "breakthrough technologies" for coal-fired power generation, that is, those with the potential to deliver radical reductions or even eliminate emissions.

Renewable energy development

Delta Electricity has a number of renewable energy projects completed or under development, including:

- Three completed mini-hydro plants (Mt Piper, Dungog Water Treatment Plant and Chichester Dam); and two under development (Windamere Dam and Glennies Creek Dam).
- Biomass co-firing is now routine at Vales Point, Wallerawang and Mt Piper power stations.
- Two 30 MW generating plants, primarily fuelled by sugar cane based fuels, have received development consent and are in the due diligence stage.
- A development application has been lodged for a wind farm near Gunning with a capacity of up to 80 MW.

Delta has been involved in research and development of co-firing wood based materials with coal. These materials include sawdust from radiata plantation sawmills and unusable construction and demolition timber. Such material is regarded as carbon dioxide neutral because it is renewable, reduces the amount of fossil fuel burnt and prevents the emission of methane from wood decay. In support of this program, Delta is a member of Bioenergy Australia and is currently the Australian task leader of the International Energy Agency co-firing task.

ENERGY AND RESOURCE EFFICIENCY

Energy efficiency and conservation

Efficiency in conversion of coal to electricity is a fundamental driver for profitability. As part of this process, Delta has an Efficiency Committee of technical experts whose role is to monitor the performance of all power stations to ensure that each plant maintains its best possible operational efficiency. The Committee reports issues of significance to the Executive Environment Committee to ensure a high level focus is maintained on production efficiency.

A key driver in this process is the ability of stations to generate additional NGAC (NSW Greenhouse Abatement Certificate) income under the NSW Greenhouse Gas Benchmark scheme. This is possible when a station's efficiency exceeds the best practice efficiency line defined in the Commonwealth Government GES. To ensure a continued focus on this, the production of NGACs has been incorporated into the Balanced Scorecard, an incentive scheme which rewards staff on the basis of business unit performance.

Other areas where Delta is contributing to energy efficiency and/or greenhouse gas reductions include:

- Complying with the NSW Government Energy Management Policy which aims at reducing energy use in government operations.
- Trialling an electric/petrol hybrid car to reduce fuel consumption in Delta's car fleet, and based on preliminary results, procuring several additional vehicles.
- Investigating the possible use of greenhouse gas neutral biodiesel as a replacement for fuel oil used in boiler start-ups.

Innovative technologies for water supplies

Delta's dual fresh water connection at Vales Point Power Station has been used to facilitate the inter-connection of Hunter Water supply to the drought affected Gosford Wyong supply. In addition, Delta is working in cooperation with the Gosford–Wyong Water Supply Authority to investigate the possible establishment of a thermal water desalination plant at the station.

Cooling water is an essential component of the production of electricity at power stations. Whereas coastal power stations are able to use the evaporation of sea water for cooling, Delta's inland stations require fresh water. With the prolonged drought, availability of fresh water is becoming an increasing community concern, not just for power station operation but for domestic supply and agricultural uses in the greater Sydney area. Table two shows storage levels in the Western region.

Delta and Centennial Coal are jointly developing a proposal to use coal mine wastewater discharges to supplement fresh

TABLE TWO: STORAGE LEVELS

as at 30 June 2004	Actual Ml	Capacity Ml
Thomsons Creek Dam	19,381	27,500
Lake Lyell	7,293	31,450
Lake Wallace	2,150	3,230
Total	28,824	62,180

Updated figures are available at www.de.com.au

water supplies at Wallerawang. This previously unused water is not suitable for domestic purposes, but with appropriate treatment can be used as cooling water in power stations, thereby replacing an environmental discharge problem with a beneficial use.

Innovative recycling of waste materials

Following a study of waste management in a variety of other industries, Delta has instigated a single global waste management contract that aims to improve both the economic and environmental sustainability of its waste management and recycling activities. The global waste management model will commence later this year and is based on a successful model used at Parliament House, Canberra.

The successful contractor will establish waste transfer stations in each region to concentrate on maximising recycling and recovery of materials and minimising waste sent to landfill. All waste materials except power station ash will be handled under the scheme, including waste oils, paper and cardboard, metals, plastic, glass and general wastes.

Ash reuse

Apart from the use of ash in cement manufacture, there are a number of potential high volume uses for power station ash. As a member of the Ash Development Association of Australia (ADAA), Delta contributes to research and development of new and innovative uses for power station fly ash.

A major focus of the ADAA has been to stimulate high volume agricultural uses of fly ash. In 2003/04, ADAA conducted a comprehensive review, analysis and report on the environmental benefits of power station ash for agricultural amelioration. This report culminated in major revision to NSW legislation and paved the way for use of power station ash in agricultural applications.

In addition to working with the ADAA, Delta has been working with other companies on a number of potential ash applications such as road base, brick manufacture and mine fill. These will be facilitated by the completion this year of the Wallerawang dry ash collection system.

Waste oil

Delta power stations are equipped with drainage collection systems which ensure oil spills are either contained locally in bunds or are directed to oil/water collection and separation systems. These systems are a result of an extensive risk assessment and plant capital upgrade program over the past 15 years. There have been no significant oil spills to the environment since these systems were completed. All waste oils from the stations are sent for recycling as fuel oil.

ENVIRONMENTAL EDUCATION AND TRAINING

In cooperation with NSW TAFE, a new series of environmental awareness training modules was prepared. More than 90% of power station site staff completed the training in 2003/04. Training will continue over the next 12 months to ensure that all site staff and corporate office staff who regularly visit sites undertake refresher training. In addition, a new set of training modules has been developed for team leaders and managers with specific environmental responsibilities.

SITE REHABILITATION AND CONSERVATION PROGRAMS

Delta manages its extensive landholdings in accordance with the principles of Total Catchment Management. In support of these principles the following activities were undertaken in 2003/04:

- A comprehensive plan was prepared to revegetate, with local native plant species, 200 hectares of grazing land near Thompsons Creek Dam. Implementation of this 10 year program has commenced, with assistance from Lithgow Oberon LandCare and local schools.
- Routine weed eradication programs are in place at all sites and where necessary, feral animal control programs are in place.
- A river health water quality program was established to monitor Coxs River water quality resulting from the revised environmental flow regime.
- A bushfire fuel management program was developed on the Central Coast in cooperation with local bushfire authorities.
- An Environmental Impact Statement was prepared for the Gunning wind farm.
- A land management plan was prepared for a significant bush area near the Vales Point coal unloader known to contain threatened and endangered plant species.

ENVIRONMENTAL PERFORMANCE INDICATORS

The following information conforms to the Environmental Performance Indicator Guidelines for the Australian Electricity Industry February 2003. The guidelines were produced by the Energy Supply Association of Australia as part of an eco-efficiency agreement with Environment Australia.

The purpose of the guidelines is to establish a core set of environmental indicators recommended for use by ESAA member companies to measure and report to internal and external stakeholders. For more information on this and other environmental initiatives, refer to the Environment and EMF section of the ESAA website at http://www.esaa.com.au

TABLE THREE: MANAGEMENT INDICATORS

Total number of incidents reported to environmental legislators	1
Number of warnings or infringement notices received	Nil
Number of prosecutions	Nil
Penalties for non-compliance	Nil
ESAA Code of Practice audit results	Not audited this year
Fraction of activity with EMS to ISO 14001	100% of thermal generating sites Excludes corporate office and other activities

TABLE FOUR: PERFORMANCE INDICATORS

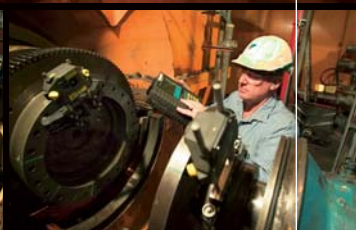
Greenhouse gas emissions (tonnes, t/GWh sent out)	Mt Piper	7,774,435 t	868 t/GWh
	Wallerawang	5,214,135 t	950 t/GWh
	Vales Point	5,951,361 t	915 t/GWh
	Munmorah	271,692 t	1,021 t/GWh
	Delta total	19,211,623 t	906 t/GWh
NOx emissions (tonnes, t/GWh sent out)	Mt Piper	26,664 t	2.96 t/GWh
	Wallerawang	15,635 t	2.21 t/GWh
	Vales Point	12,185 t	2.39 t/GWh
	Munmorah	616 t	1.98 t/GWh
	Delta total	55,100	2.58 t/GWh
SOx emissions (tonnes, t/GWh sent out)	Mt Piper	38,197 t	4.24 t/GWh
	Wallerawang	21,789 t	4.82 t/GWh
	Vales Point	26,574 t	3.33 t/GWh
	Munmorah	804 t	2.92 t/GWh
	Delta total	87,364 t	4.10 t/GWh
PM10 dust emissions (tonnes, t/GWh sent out)	Mt Piper	245 t	0.03 t/GWh
	Wallerawang	1,022 t	0.19 t/GWh
	Vales Point	1,454 t	0.22 t/GWh
	Munmorah	23 t	0.09 t/GWh
	Delta total	2,744 t	0.13 t/GWh
Carbon monoxide emissions (tonnes, t/GWh sent out) (calculated by default emission factors)	Mt Piper	990 t	0.11 t/GWh
	Wallerawang	607 t	0.11 t/GWh
	Vales Point	719 t	0.11 t/GWh
	Munmorah	30 t	0.11 t/GWh
	Delta total	2,346 t	0.11 t/GWh
Net water used by source (ML, ML/GWh sent out)	*Direct extraction from river systems (see below)*		
	Mt Piper	13,604 ML	1.51 ML/GWh
	Wallerawang	9,659 ML	1.75 ML/GWh
	Domestic (treated) water from Council supply		
	Vales Point	839 ML	0.13 ML/GWh
	Munmorah	111 ML	0.41 ML/GWh
	Delta total	25,100 ML	1.14 ML/GWh
Influence on water flows (surface or groundwater)	**Coxs River System**		
	Natural inflow at Lake Lyell		13,708 ML
	Non-natural inflows (STP, mine water)		1,069 ML
	Environmental flows released		1,830 ML (13.3% of natural inflow)
	Evaporation and other losses		5,915 ML
	Extracted by power stations		16,530 ML
	Fish River System		
	Extracted by power stations		6,832 ML

Environmental Performance

TABLE FOUR: PERFORMANCE INDICATORS CONTINUED

Energy consumption by fuel source		**Black coal**	**Fuel oil**
	Mt Piper	86.9 PJ	0.11 PJ
	Wallerawang	59.9 PJ	0.07 PJ
	Vales Point	66.1 PJ	0.08 PJ
	Munmorah	3.0 PJ	0.03 PJ
	Delta total	215.9 PJ	0.29 PJ
Thermal efficiency (% sent out)	Mt Piper	37.2%	
	Wallerawang	33.2%	
	Vales Point	35.6%	
	Munmorah	32.0%	
	Delta total	35.6%	
Consumption of recycled fuels (waste oil, RDF etc.) (% by energy content)	0.18% of total fuel consumed		
Energy consumed in station (GWh, % of generated)	Mt Piper	473 GWh	5.0%
	Wallerawang	429 GWh	7.2%
	Vales Point	308 GWh	4.5%
	Munmorah	19 GWh	6.5%
	Delta total	1,229 GWh	5.4%
Ash beneficially used (tonnes, % of total)	Mt Piper	141,379 t	18%
	Wallerawang	0 t	0%
	Vales Point	92,388 t	15%
	Munmorah	0 t	0%
	Delta total	233,767 t	12%
Total waste by type	Hazardous waste		Nil
	Non-hazardous waste to landfill		324 t
	Ash to landfill		1,694,597 t
Lubricating oil received (tonnes)	Mt Piper	14.3 kL	
	Wallerawang	44.5 kL	
	Vales Point	32.6 kL	
	Munmorah	1.2 kL	
Oil recycled (% of total wastes)		100% of collected wastes	
PCBs (scheduled and non-scheduled, released to environment, removed, captured or destroyed)	Nil		
Amount of land used for power generation (excluding buffer land)	Not surveyed		
Ratio of land rehabilitated to land used	Not surveyed		
Compliance with water quality discharge licence conditions	All monitoring requirements met All discharges within limits		
Renewable energy generation (GWh by source)			
Sustainable biomass	Mt Piper	8.9 GWh	
	Wallerawang	6.8 GWh	
	Vales Point	10.7 GWh	
Mini-hydro	Mt Piper	1.1 GWh	
	Chichester	0.2 GWh	
	Dungog	0.2 GWh	
	Delta total	27.9 GWh	

Social Performance



SOCIAL PERFORMANCE
Safety performance is being strengthened through the implementation of a behavioural based initiative – D-Zip. Here Sarah Martin undertakes an observation of Graham Muir at Wallerawang Power Station.

EMPLOYEES

Quality of management

Balanced Scorecards were revised and again used as a way of extending, measuring and communicating the performance for Delta Electricity overall, each business unit and the corporate group. The scorecards contain key performance measures in the areas of finance, production and business systems, safety and environment, customers and stakeholders, innovation and people.

Each measure is weighted according to its relative importance and the overall Delta Electricity scorecard was calculated at 74%. Eligible staff received a performance payment based on balanced scorecard results.

To assist in assessing employee related issues, Delta Electricity conducted a staff survey. Over 40% of staff participated in the survey and the results were used in the strategic and business planning processes. Overall satisfaction with Delta as a place to work rose from 68% to 72% over the previous survey.

Staff involvement was a feature of the development of individual business unit and group plans, which are all aligned to Delta's Strategic Plan. Business unit plans were cascaded to team and individual performance agreements ensuring alignment at all levels of the business.

In March 2004, the Delta Electricity Employees Award was varied by consent of the parties to include a provision to allow agreements covering individuals beyond the scope of the Award, including the working of a 19 day, four week work pattern.

Recognising the benefits of consultation, Delta's Chief Executive met regularly throughout the 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 580 days.
- Munmorah Power Station exceeded 860 days.
- Wallerawang Power Station exceeded 600 days.
- Vales Point Power Station exceeded 470 days.

As at 30 June 2004, all Delta Electricity business units maintained a Safety Five Star Rating under the National Safety Council of Australia's safety award system.

Delta Electricity recognises that many of its injuries result from at-risk behaviour. In an effort to further reduce the risk of injuries, a Delta-wide behavioural based safety initiative called D-Zip (Delta Zero Incident Process) was implemented. D-Zip applies to all employees and contractors. The program observes safety behaviour on-the-job and follows up with the removal of barriers to safe work practices.

Delta Electricity retained its Workers' Compensation self insurer's licence following a rigorous audit of its OH&S Management System by WorkCover during May 2004. Risk assessment and

Social Performance

consultation processes have been widely implemented across each of the business units as part of Delta's commitment to the revised OH&S Regulations.

A trial program promoting healthy eating, exercise and lifestyle change was undertaken in the Central Coast region with positive feedback received from participants. This program will be conducted in the Western region during 2004/05.

Influenza vaccinations were freely offered to all staff this year and Delta continued its support for staff participating in aerobic activity through a fitness fee reimbursement scheme.

A free employee assistance program operated as part of Delta's commitment to employee wellbeing. This program provides employees and their families with professional and confidential counselling services on a range of matters.

Diversity and opportunity

As part of Delta's ongoing commitment to a harassment-free work environment, the Standard Procedure on Harassment Prevention was reviewed to include strategies in preventing workplace bullying. This will complement the harassment prevention training conducted by the Anti-Discrimination Board for team leaders and managers in 2003.

Delta's Disability Plan 2004-2006 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.

Delta recognises the importance and benefits of cultural diversity to our organisation and to the community at large and supports the NSW Government's initiatives in this area. Delta's Ethnic Affairs Priority Statement (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.

Delta is committed to the principles of the Spokeswomen program and has ensured that it is incorporated into business practices.

Training and development

As part of its performance management process, all Delta employees have an individual development program which is renewed annually and which identifies their training and development requirements. Through this process, a review of work achievements and training completed is undertaken each six months.

Delta utilises a range of training and development initiatives to enhance the capacity and contribution of staff, including:

- on-the-job training;
- attendance at programs during normal work hours;
- external programs and courses of study (for which 38 staff received study leave and fee reimbursement);
- acting in higher graded positions; and
- other development opportunities outside of a person's normal area of involvement such as participation in special projects, short-term rotations, secondment opportunities and filling vacant positions.

Mandatory training associated with the workplace was addressed as were other initiatives to enhance skills. On average, each employee undertook around six days of formal training during work hours.

Delta continued to focus upon the development of its leadership capability. All employees in a leadership position were assessed, at six month intervals, against a set of leadership competencies as part of the performance management process. This helped to identify training opportunities and to reinforce the leadership behaviours sought by Delta.

Delta also offered two Chief Executive Scholarships for people who were involved

TABLE FIVE: TRENDS IN THE REPRESENTATION OF EEO GROUPS[1]

		% of Total Staff[2]				
EEO Group	Benchmark or Target	2004	2003	2002	2001	2000
Women	50%	7%	7%	8%	7%	8%
Aboriginal people or Torres Strait Islanders	2%	0.4%	0.7%	1%	0.8%	1.4%
People whose first language was not English	20%	5%	6%	5%	5%	5%
People with a disability	12%	6%	9%	9%	8%	9%
People with a disability requiring work-related adjustment	7%	2.7%	4.1%	3.8%	3.3%	4.1%

TABLE SIX: TRENDS IN THE REPRESENTATION OF EEO GROUPS[1]

		Distribution Index[3]				
EEO Group	Benchmark or Target	2004	2003	2002	2001	2000
Women	100	99	98	96	98	94
Aboriginal people or Torres Strait Islanders	100	n/a	n/a	n/a	n/a	n/a
People whose first language was not English	100	112	110	114	116	117
People with a disability	100	100	99	102	101	95
People with a disability requiring work-related adjustment	100	n/a	94	96	99	91

Notes:

1. Staff Numbers are as at 30 June 2004
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 means 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

n/a not available

in external study, providing them with the opportunity to undertake some component of their studies on a full time basis.

Indigenous relations

Delta recognises its responsibility towards the Aboriginal and Torres Strait Islander people of NSW and the need to achieve sustainable improvements in employment opportunities. Two tradesperson traineeships were offered to people of Aboriginal and Torres Strait Islander descent. This was in addition to another 12 first year traineeships Delta sponsored, split between the Central Coast and Western operational regions.

Additionally, support is provided to indigenous people through Delta's association with the Central Coast Area Health Service. This support enabled the production and distribution of a diary with health information specific to the indigenous community.

TABLE SEVEN: EXECUTIVE REMUNERATION

The following payments were made to senior contract employees at the end of the 2003/04 financial year. They were accrued into that year's accounts.

The 2003/04 performance payments were made up of the following components, with a weighting towards the Balanced Scorecards.

- The result for a Delta overall Balanced Scorecard.
- The results for their respective Business Unit Balanced Scorecard.
- Individual performance components which were based on their:
  - Individual Performance and Development Agreement (see criteria in table)
  - Individual Management and Leadership Performance

Name (Time in position)	Position as at 30 June 2004	Total Remuneration Package at 30 June 2004	Total 2003/04 Performance Payment	Individual Performance Criteria
Jim Henness All of year	Chief Executive	$384,000	$60,000	Assessment of performance by the Board against corporate performance indicators including Delta's profit and plant performance and maintenance of effective external relationships.
Richard Street All of year	Chief Financial Officer	$221,450	$47,875	Management of financial projects and of the financial and management accounting function and assessment against other performance agreement targets.
Greg Everett All of year	General Manager Strategy	$220,600	$51,679	Contracted coal purchases and assessment against other performance agreement targets.
Steve Saladine All of year	General Manager Western	$219,750	$45,915	Business Unit financial management and plant performance and assessment against other performance agreement targets.
Rod Ward All of year	General Manager Business Development	$217,100	$41,494	Implementation and management of development projects and assessment against other performance agreement targets.
Tim Baker All of year	General Manager Marketing	$211,350	$47,769	Implementation of strategic marketing initiatives and assessment against other performance agreement targets.
Rohan Hall All of year	General Manager Central Coast	$207,300	$43,388	Business Unit financial management and plant performance and assessment against other performance agreement targets.

	Total	Women
Number of executive officers with remuneration equal to or exceeding equivalent of SES Level 1 2003/2004	29	1
Number of executive officers with remuneration equal to or exceeding equivalent of SES Level 1 2002/2003	29	1

COMMUNITY

Stakeholder recognition

Delta Electricity actively supports the development of the communities in which it operates – socially, economically and environmentally. Community advancement is integrated into daily operations through strong management processes at all levels.

Research underpins Delta's community relations program, with an annual community survey and a range of formal stakeholder forums. Consultations with key community stakeholders, including local councils, volunteer groups, charitable organisations and business groups provide input which is used to develop an operational plan in line with the overall corporate and regional business strategies. The performance of the program is ultimately measured within Delta's Balanced Scorecard.

In the Lithgow region, a bi-annual community stakeholder forum facilitates information exchange. The Central Coast has a long standing Community Access Regional Environment (CARE) forum. Made up of representatives from progress associations and the Central Coast Environment Council, the CARE forum has proved a successful platform for engaging stakeholders in that region.

Delta takes a partnership approach to developing the wellbeing of the regional communities in which it operates. Partners cover a wide range of activities and include education programs, major events and sporting, cultural, business, environment and charitable groups. In many instances, long-term partnerships are established enabling better planning and ongoing improvement.

Beyond the sponsorship program, Delta has also begun a program of identifying local suppliers, is active in local business groups and works with Local and State Government to promote its buffer zone land to encourage new industries to locate there. It also pro-actively promotes programs designed to ensure the safety and security of the wider community when interacting with Delta's operations or its buffer land zones.

Press and electronic media stories, meetings with key local stakeholders, advertisements and formal reporting are all used to advise the community of Delta's activities and community support programs.

Delta is seeking to diversify its generation activities including the establishment of renewable energy facilities which are located in rural regions of NSW. Our intention is bring this partnership approach to the communities where these facilities are established. For some projects the initial program has included door-knocking local residents, conducting community meetings and reporting to interested parties on Delta's plans and progress in these communities.

Stakeholder engagement

Regular information is provided to local media outlets detailing operational and community activity. A regular diary is also published in the Lithgow newspaper which promotes local community events and groups. Partners have also increased their use of local media outlets to promote themselves and thank Delta for support.

Delta also takes an active role in many community organisations, for example, by chairing Lithgow Business. Briefings to local council, State Government members and relevant community groups also help in reporting of Delta's activities and as conduits for feedback and input into the wider programs. Information is posted to Delta's website and the availability of documents such as the annual report is publicised.

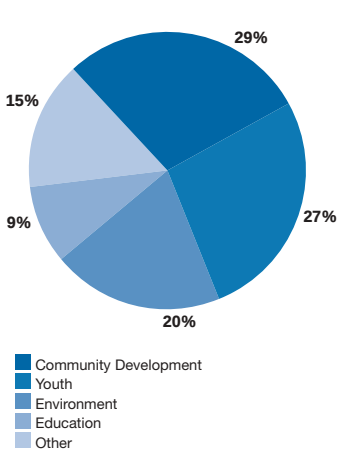
SPONSORSHIPS AND DONATIONS

A formal sponsorship program is developed annually incorporating management objectives and community input in both the Western region and the Central Coast. Over 120 local organisations are supported through Delta's sponsorship program which targets the widest range of community members. The program includes staff nominated charities to which Delta matches staff payroll donations.

In total, Delta expended more than $485,000 on its sponsorship program for the year. Delta's staff also take an active involvement in the community, often invited to present awards or deliver speeches.

An annual community survey is used to assess local needs, with youth, environment and economic development featuring prominently. In response to feedback, Delta aligns its financial sponsorship, in-kind technical support, strategic advice, facilitation and equipment donations to address issues raised through the survey and other community feedback forums.

FIGURE SIX: DISTRIBUTION OF COMMUNITY FUNDS



To be eligible for support, sponsored groups must be known in the community, have objectives consistent with Delta's overall responsibilities and involve or benefit the broad community. With many sponsored groups Delta actively helps them to achieve their own objectives. This includes not just financial support but use of facilities, mentoring, skills transfer and facilitating information exchange across the community.

The success of this approach is demonstrated by Delta recently winning the Business Partnership category of the Keep Australia Beautiful Tidy Town Awards, for its four year program of support of local Tidy Towns Groups. Delta was also presented an Annual Vocational Excellence Award by the Rotary Club of Toukley in acknowledgement of its community support in the region.

An example of Delta's sponsorship is its support for "Lithgow the Learning City". This program aims to promote lifelong learning throughout the region with specific programs such as "Spread the Word", a community literacy program encouraging carers to talk, sing and read to children from birth. A complementary program, "Books for Babies", provides parents of every new baby in the Lithgow region with a book, a bag and information about the importance of reading from early childhood. Delta also sponsors a "Homework Zone" facility at the Lithgow Regional Library to help school students make the most of library resources.

APPRENTICES

Delta's approach to the training of apprentices has been, since 1997, to sponsor a number of apprentice opportunities through two apprentice training groups. These groups provide the coordination of apprentices through their industrial experience, hold the indentures and complete all necessary functions associated with the scheme.

Delta pays for their 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 resides with the training group.

WORK EXPERIENCE

School, TAFE and university students participate in a range of programs. From scholarships to in-house work experience, support for Young Achievers and curriculum based activities, Delta's involvement in learning and work skills development is an important element of its community program.

For example, several hundred school students have participated in a Delta sponsored Land Care program to rehabilitate Thompsons Creek in the Lithgow region. TAFE students help supervise and project manage the school groups as part of their work experience for their Diploma in Conservation and Land Management. A short-term work placement is also offered to the recipient of Delta's Charles Sturt University Scholarship, helping them to meet their course requirements.

PROGRAM MEASUREMENT

Research focuses on awareness of Delta's sponsorship program and the needs of the community to ensure support is targeted where it is most needed. It also addresses perception of the organisation and operational issues to assist Delta understand stakeholder concerns and manage emerging risks. This research shows the community is positive towards Delta and has a high recall and acceptance of its contribution through these sponsorship activities.

A formal measurement process assists Delta understand community needs and the public perception of its operations. Conducted annually by independent research firms, a community survey quantifies Delta's performance in the areas of overall perception, understanding of operations and awareness of sponsorship and community programs. The research also identifies the issues and opportunities important in the general community.

In 2004, Delta was rated favourably by local communities with the majority positive about Delta and its involvement with the community. Respondents agree that Delta is important to the community and support its community involvement programs. The results identified youth as an area of priority for new sponsorship programs. While indicating the communities have few concerns overall, continued successful management of environmental performance is critically important.

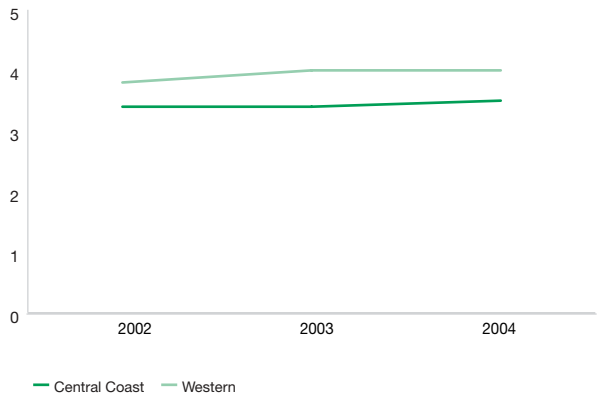



FIGURE SEVEN: RATING BY COMMUNITY