

across-business focus on sustainable

Report from CEO Dr Peter Davis

PART ONE

about us

Report from the CEO



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The 2008/2009 year has delivered huge changes and challenges for our business. We have made great strides this year towards improving energy security and have attracted national attention in both telecommunications and the commercialisation of a household electrical safety device.

At the same time, we have not lost sight of our core business, the distribution and retailing of electricity to our Tasmanian customers. It is very pleasing that despite financial challenges associated with the economic climate, our move into generation and a volatile Tasmanian market, we returned \$24 million to our shareholders through income tax equivalents and dividends paid. Indicators of customer satisfaction and corporate image also remained solid.

Community strength

Our community contribution does not end with our commercial returns. This year we provided more than \$490,000 to Tasmanian-based organisations in line with our company purpose statement. This figure comprises funding for sponsored partners and charitable organisations, for local voluntary bodies and causes chosen by our field crews and for charities selected under our workplace giving program. It does not include the funds raised by our people during many special events held during the year. Further information on our community engagement is on pages 72-77.

Safety a personal highlight

I agree wholeheartedly with our Chairman that to end the financial year with a best-ever Lost Time Injury Frequency Rate for the parent company of 1.8 was a personal highlight (pages 57-58) This result is testimony to the intensive work conducted to improve the safety culture in our business this year.

It also demonstrates that despite the inherent dangers in our industry, our people do go home safely to their families at the end of the working day. The fact that over 700,000 hours of construction work was undertaken on the Tamar Valley Power Station without a lost time incident serves to bolster this achievement further. We do not intend to rest on our laurels and we will continue our drive to improve our safety performance across all our operations.

Vulnerable customers protected

Our challenge is to retain the loyalty of our customers at a time when underlying energy prices are set to increase. While the Tasmanian Economic Regulator's approval of higher than expected price increases for our retail customers in July 2009 will assist our distribution business to deliver electricity supply reliability improvements, we are mindful that the community finds any price increases difficult in the current economic climate. I would like to acknowledge the support and guidance we received over many years from the former Tasmanian Economic Regulator, Mr Andrew Reeves, who left his position during the year, and welcome his successor, Mr Glenn Appleyard, into the role.

We intend to continue working closely with our stakeholders in the community sector to ensure that our most vulnerable customers are protected. We announced a doubling of our financial commitment to the Hardship Policy to \$270,000 each year from 2008/2009 and reduced the price rise for Aurora Pay As You Go customers on low incomes. More information is on pages 30-31.

Reliability improves

The reliability performance of our distribution system improved this year. Our customers experienced an average of 1.55 power outages over the year, which represents a record result for our business. The time spent without supply reduced from 192 minutes in the previous year to 183 minutes this year, which we attribute to milder weather conditions and our reliability improvement strategies.

The development of a closer partnership between our Network and Network Services divisions will ensure we have the skilled resources necessary to complete an extensive program of work. See page 40 for further information.

Field capabilities boosted

We welcomed 25 new apprentices into our business, demonstrating our commitment to employing Tasmanians in regional areas and planning for future customer needs (pages 52-53.) There were several extraordinary weather events this year, which put the skills of our field crews to the test. As usual, they rose to the challenge of restoring power to our customers as quickly as possible while making safety the first priority (page 38).

Sustainable Aurora program provides guidance

We are committed to operating our business efficiently in an environmentally responsible and sustainable manner and the development of our Sustainable Aurora program will help us to reach this goal (page 65). This year we established a Carbon Inventory Management System to enable us to fulfil reporting requirements and to better manage our own carbon footprint. Improvements to our procurement practices, changes to our fleet policy and a series of waste and energy audits have been other important steps taken this year.

We combined the launch of Sustainable Aurora with the launch of *Warm TV* to our external audience. More information is on page 32.

People pull together in challenging period

Our workforce continues to grow as a result of our diversification and now numbers 1309, including apprentices and trainees and staff in our subsidiary companies. We have made some key appointments this year that will enhance our competitive abilities. A 3 per cent improvement in our employee engagement score to 64 per cent (page 46) puts us above the energy sector benchmark of 60 per cent.

I would like to pay tribute to our people. They are making a remarkable contribution to our business at a time when expectations and workloads are higher than ever before. Much of this work is still in development but it is vital to our future.

I am pleased to welcome to the Aurora Executive Team our Chief Financial Officer and General Manager Commercial Services Darren Smith. Darren brings significant experience to our management team. I also look forward to welcoming our newly appointed Chief Operations Officer – Energy, Michael Brewster. Michael has a strong background in electricity generation and will be well positioned to lead Aurora's energy business as we become a vertically integrated retail, wholesale and generation business.

My thanks go to the Chairman, John Hasker AM, members of the Board and the Aurora Executive Team and to all my fellow employees for their leadership, support and friendship during the year. We will continue to find ways to improve the efficiency of our business, while delivering on our promise to our shareholders and our customers. If we continue to pull together in the year ahead, our business will remain a cornerstone of the Tasmanian economy.



Peter Davis
Chief Executive Officer