

2011/12

Annual and
Sustainability Report



Embracing change for the future





Front Cover: David McKee, Power Station Engineer
Inside Front Cover: William Woolmer, Mechanical Fitter

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**The Hon.
Michael Baird MP**

Treasurer
Level 36
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

**The Hon.
Greg Pearce BA LLB MLC**

Minister for Finance & Services
Level 36
Governor Macquarie Tower
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Dear Shareholders,

It is with pleasure that the Board of Delta Electricity submits its Annual Report for the period of 1 July 2011 to 30 June 2012 as required under the *Annual Report (Statutory Bodies) Act 1984*.

The Annual Report covers the activities of Delta Electricity for the year and contains the Financial Statements for the period ended 30 June 2012.

The Annual Report includes a letter of submission to the Voting Shareholders and was prepared in accordance with Section 24A of the *State Owned Corporations Act 1989* and the *Annual Reports (Statutory Bodies) Act 1984*. It is being submitted for presentation to Parliament.

Yours faithfully,



Helen Garnett
PSM FTSE FAICD
Chair



Greg Everett
Chief Executive

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Profile

Mission

To generate electricity safely, reliably and competitively while respecting our workmates, our customers, our community and the environment.

Delta Electricity is one of the largest capacity electricity generators in the National Electricity Market with an installed capacity of over 4,000 megawatts. We produce electricity from coal, gas, water and biomass.

Formed in 1996, our generators produce around 10.5% of the electricity needed by consumers in the National Electricity Market, comprising all states and territories except Western Australia and the Northern Territory.



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Chris Glynn, Shift Manager

Delta Electricity participates in the National Electricity Market, trading output from our power stations on the Central Coast. The output from Delta's Western power stations is traded by TRUenergy. Most of Delta's generation occurs at four power stations located in NSW. These are Mt Piper and Wallerawang near Lithgow, and Colongra, and Vales Point on the Central Coast.

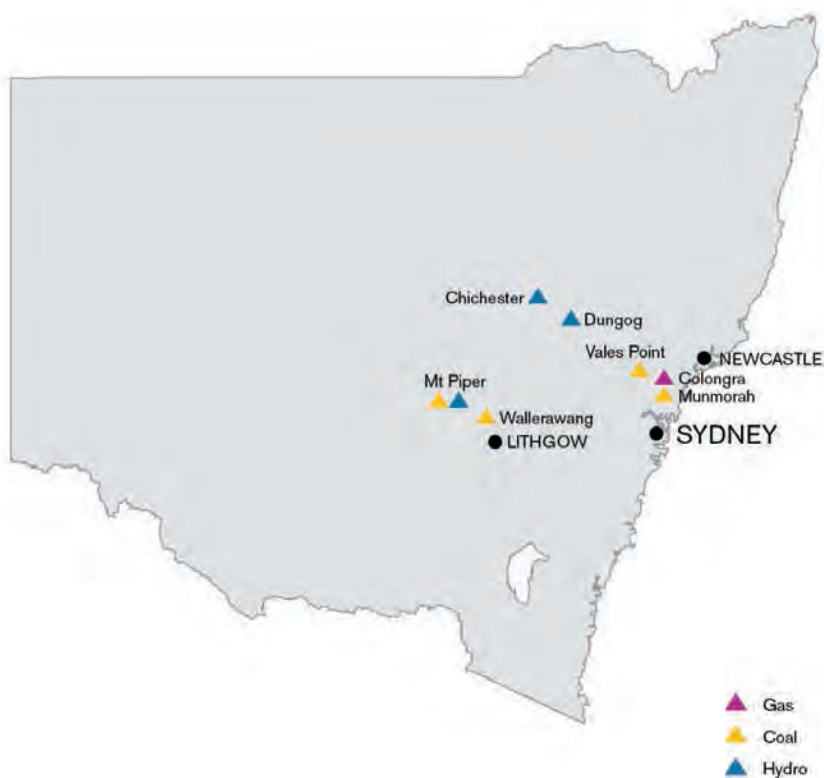
Delta Electricity operates under the *Energy Services Corporations Act 1995* and the *State Owned Corporations Act 1989*. As a Government Trading Enterprise, Delta prepares a Statement of Corporate Intent each year.

Our principal functions are to establish, maintain and operate facilities for the generation of electricity and other forms of energy; and to supply electricity and other forms of energy.

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

1. To be a successful business and, to this end:
 - to operate at least as efficiently as any other comparable businesses;
 - to maximise the net worth of the State's investment in Delta; and
 - to exhibit a sense of social responsibility by having regard to the interests of the communities in which we operate.
2. To protect the environment by conducting our operations in compliance with the principles of ecologically sustainable development contained in section 6 (2) of the *Protection of the Environment Administration Act 1991*.
3. To exhibit a sense of responsibility towards regional development and decentralisation in the way in which we operate.
4. To operate efficient, safe and reliable facilities for the generation of electricity.
5. To be an efficient and responsible supplier of electricity.
6. To be a successful participant in the wholesale market for electricity.

Locations



Type	Unit size	Total units	Capacity
Coal			
Mt Piper	700 MW	2	1,400 MW
Vales Point	660 MW	2	1,320 MW
Wallerawang	500 MW	2	1,000 MW
			3,720 MW
Gas			
Colongra	167 MW	4	667 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
Total			4,387.6 MW

Note: Munmorah, with a capacity of 600MW, was closed June 2012.

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Year in Review

Embracing change for the future was the key theme for Delta Electricity during 2011/12. In keeping with this theme, we are proud to introduce our first combined Delta Annual and Sustainability Report. The new integrated report reflects our commitment to sustainability across all aspects of our operations – from delivering a reliable electricity supply through to effectively sustaining our environment, our communities, our people and our business.

Financial assessment

For the 2011/12 financial year, Delta achieved an operating profit before tax of \$39.4 million – an improvement of 43% compared to the 2011/12 Statement of Corporate Intent budget.

During the year our Western power stations operated under the Generation Trading (Gentrader) Agreements with TRUenergy, while our Central Coast power stations operated in the National Electricity Market.

Beyond the operating result, the Statement of Comprehensive Income

includes the impact of \$49.8 million in impairment losses and inventory write downs associated with Central Coast operations and the closure of Munmorah Power Station, offset by fair value gains of \$62.9 million on financial instruments. With recent announcements of changes to the carbon floor price and the link to the international pricing of carbon, Delta's assessments of asset impairment may need to be revised and may lead to an improved valuation in future years.

During 2011/12 labour related costs were impacted by accounting adjustments

required for employee entitlement provisions. A sharp fall in bond rates during the year increased these costs by over \$4 million and significantly contributed to an actuarial loss of \$150 million for defined benefit superannuation liabilities.

In May 2012 the National Tax Equivalent Regime rules were amended, resulting in NSW Treasury removing Delta's Western operations from our tax balances from 1 July 2011. Delta Electricity's current tax balances and payments are now calculated solely on Delta's Central Coast operations.

Energy reform

Energy reform continued at both a national and state level during the year, with unprecedented public discussion and media debate on energy pricing, regulation, carbon emissions and asset ownership.

In April 2011 the Special Commission of Inquiry into Electricity Transactions began



and, in October 2011, the Tamberlin Report was released. The report recommended that the NSW Government offer the State's electricity generators for sale or long-term lease. In May 2012 legislation to sell the State's electricity generators was passed in the NSW Parliament, with the sale structure and strategy to be developed during the latter half of 2012.

In late 2011 the Australian Government passed the Clean Energy Future Package which included the carbon tax legislation. Delta Electricity completed a detailed evaluation of its impacts and actively called for an urgent review and overhaul of the legislation. The carbon tax scheme will

impose serious financial consequences on our shareholders and the taxpayers of NSW, and discriminates against publicly owned black coal generators by granting zero compensation. Due to competition from lower emission technologies, it is unlikely that Delta will be able to pass on our entire carbon cost and this impost will reduce dividends to the people of NSW.

From 1 July 2012 Delta will pay \$23 per tonne for CO₂ emissions, with a fixed carbon price for three years rising 2.5 per

cent each year, followed by a transition to a floating carbon price with emissions trading linked to the international market. Delta's liability from our Central Coast operations is approximately 6 million tonnes of CO₂ per annum. Under the Gentrader Agreements, TRUenergy is responsible for any carbon tax liability resulting from Delta's Western operations at Mt Piper and Wallerawang Power Stations.



Apprentices – Western region

Munmorah closure

In the context of reduced demand for electricity in NSW, Delta assessed the future role of Munmorah Power Station and decided to close the plant.

Having been in operation for 45 years, Munmorah's place in the market had been overtaken by newer and more efficient generators and alternative electricity sources. The station's ageing infrastructure and high maintenance costs meant that it was not economically viable to operate. The carbon tax further eroded its viability.

The station has not been in production since August 2010 and has been

maintained on standby. Munmorah will be decommissioned in late 2012, allowing a significant reduction in our Central Coast operating costs.

Munmorah Power Station has development consent for rehabilitation as either a coal or gas fired generator, but this would require substantial new capital investment by a future owner.

Environmental initiatives

Delta Electricity is committed to reducing our environmental footprint and we proudly support the research and application of a range of technologies

that increase efficiency in our plants and improve our environmental performance.

In our Central Coast region, Delta is involved in hosting low carbon innovation projects at our Vales Point Power Station. Developed with the CSIRO, the \$7 million Carbon Capture Pilot Plant is currently being moved from Munmorah to Vales Point, having successfully demonstrated carbon capture technology exceeding all targets. This technology has the potential to reduce greenhouse emissions from coal and gas fired power stations.

The relocated plant will be operated by the CSIRO for up to four years, undertaking research projects including the use of novel membrane technology as a way to separate CO₂ from the power station flue gases and a feasibility study into the use of solar thermal energy to power the carbon capture process.

The site will also host the NSW Carbon Capture and Storage Demonstration Project, which will see the construction of a demonstration scale carbon capture plant. This project aims to capture, liquefy, transport and sequester 100,000 tonnes of CO₂ each year.

In our Western region, our commitment to sustainability is reflected in our significant investment in two major projects at Wallerawang Power Station. By the end of 2015, Delta will ensure 100 per cent of cooling tower blowdown water at the plant is fully treated, which will reduce our water emissions to the environment to almost zero. By the end of 2017, Delta will also complete the installation of fabric filters at the plant, which will deliver improved air quality.

In 2011/12 Delta was awarded Silver Partnership status in the NSW Government Sustainability Advantage program in recognition of our commitment to sustainability and achieving real environmental improvements, including the initiative to increase use of power station ash in value adding products.

Looking ahead

Delta's immediate future as a business will be determined by the privatisation scoping study being undertaken by Goldman Sachs



Peter Compton, Production Officer



Wallerawang Power Station

valuable time and feedback to help us deliver better outcomes. We thank them all.

We would also like to thank Warren Phillips for his valuable and long-term contribution as a Director of Delta Electricity for the past 12 years.

Delta Electricity is confident that we can rise to meet the current challenges facing the electricity generation industry. We have a strong commitment to innovation, excellence and sustainability across our business and in the years ahead we will continue to provide reliable electricity to ensure essential supplies to communities and industry across NSW.

Helen Garnett
PSM FTSE FAICD
Chair

Greg Everett
Chief Executive

for the NSW Government. While this creates uncertainty for Delta as an entity, the power station assets will continue to provide an essential service for the people of NSW.

Forecast low demand and the carbon tax are negative near term issues that will suppress profitability in the medium-term. However, there are a number of factors that provide a more positive outlook for the assets. A forecast increase in gas pricing is making the financial viability of alternative investments less attractive, while the commencement of Cobbora coal supplies will establish a reliable, long-term competitive fuel supply for Vales Point. The Delta assets continue to be maintained to a high standard, which will ensure they are available for base load energy production as well as meeting peak load requirements. On this latter point, Colongra Power Station is in near new condition and has a long and positive future ahead of it.

Delta's people are our strongest asset. The knowledge, expertise and enthusiasm, with the strong commitment to safety in the workplace, gives Delta the edge in how we deliver reliable electricity to the community every day. Our communities around Delta work in partnership with us to help maintain our environment and support our staff who live locally. They give their



Greg Everett, Chief Executive
and **Helen Garnett, Chair**

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Key Performance Indicators



Carie Vanderhaar, Commercial Support Officer

Key performance indicators (KPI)

	Unit	11/12 ⁴	10/11	09/10	08/09	07/08 ¹
Financial Statistics						
Total Sales Revenue ²	\$m	827.2	1,003.3	1,042.5	983.1	1,008.4
Earnings before Interest and Tax	\$m	118.3	(176.1)	189.7	146.4	212.1
Net Profit/(Loss) before Tax	\$m	39.4	(277.7)	78.4	100.7	169.3
Net Profit/(Loss) after Tax	\$m	(4.8)	(195.6)	55.8	75.3	113.7
Total Debt	\$m	855.4	849.6	1,358.4	1,302.4	776.2
Total Equity	\$m	255.1	511.2	906.6	999.6	897.0
Return on Assets (EBIT / Assets)	%	6.8%	-8.1%	5.9%	4.5%	7.7%
Return on Equity (NPAT / Equity)	%	-1.9%	-38.3%	6.2%	7.5%	12.7%
Gearing (Debt / (Debt + Equity))	%	77.0%	62.4%	60.0%	56.6%	46.4%
Interest Cover (EBIT / Interest)	Times	1.5	-1.7	1.7	3.2	4.9
Debt:Equity (Debt / Equity)	%	335.2%	166.2%	149.8%	130.4%	86.5%
Current Ratio (CA / CL)	%	1.9	1.8	1.3	0.7	0.4
Operational Statistics						
Production	GWh	19,916	21,501	21,999	23,746	24,054
Equivalent Forced Outage Factor	%	5.8	1.9	2.2	2.4	7.1
Availability	%	84.8	91.4	92.0	86.8	77.3
Thermal Efficiency	%	34.7	34.9	34.6	34.6	35.0
Coal Stockpile Levels ³	\$m	43.7	23.1	93.4	81.8	69.8
Employee Statistics						
GWh/employee		30.5	32.0	30.6	32.1	33.1
Staff Numbers		653	671	719	741	726
Safety Frequency Rate	Frequency rate	3.8	3.7	4.1	4.8	4.9
Environmental Statistics						
Licence Breaches	Number	0	1	0	1	2

¹ Updated to reflect a change in accounting policy for the treatment of actuarial gains and losses associated with defined benefit superannuation schemes.

² Includes revenue from Western Gentrader Operations from 1 March 2011.

³ Excludes Western Gentrader coal stockpiles from 2010/11.

⁴ Parent entity only, previous years represent consolidated results.

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Sustainability

Sustainability involves balancing economic, environmental, social and corporate governance aspects of the business, meeting the needs of today, without compromising the needs of future generations.

Delta Electricity is committed to the principles of sustainable development and managing our business in an economically, environmentally and socially responsible manner.

In combining our sustainability and annual report for 2011/12, Delta commissioned Net Balance to undertake a Materiality Assessment. This 5 Part Materiality Test identified and ranked issues most material to Delta's operations that impact on our commitments in delivering our corporate and sustainability strategies. These key issues have become the focus for our 2011/12 Annual and Sustainability Report and will assist Delta in development of future strategy.

Delta is committed to maintaining a balance between the demand from the community for a reliable and economic electricity supply, and the impact from its production on the environment and the communities in which we operate.

Delta bases our reporting on standards from the National Generators Forum, the Global Reporting Initiative (GRI) Draft Electricity Sector Supplement and the esaa Sustainability Reporting Framework. Delta reports to the GRI Level B reporting standard which is an international benchmark.

Seven issues were identified as material and having high importance to Delta:





- Market prices and forces;
- Reliability and availability;
- Regulatory compliance;
- Disaster and emergency planning;
- Governance;
- Occupational health and safety; and
- Privatisation and Gentrader.

In addition we have identified water issues as worthy of continued focus. Whilst not in the top material issues this year, water remains a key component in the production of electricity. Despite the breaking of the drought in 2011 with water supplies assured in the medium-term, the unreliable nature of Australian weather requires that Delta pay continuing attention to the best use of our water resources and the optimum way of minimising impacts into the future.

Delta has secured Silver Partner status in the Office of Environment and Heritage Sustainability Advantage program for our demonstrated achievements in the environment and sustainability. Delta is the only NSW generator to achieve this status. Highlights of these achievements include:

- Ongoing staff engagement in sustainability through our "Step Ahead" program;
- Ongoing resource efficiency efforts on the Central Coast which initiated 63 projects to improve sustainability at Delta's workplace. Some notable projects include a compressed air leak audit that identified a 10% energy saving potential and the use of recyclable material in transformer breathers;
- Development of a centre for low carbon innovation at the Central Coast that allows research institutions to conduct research on Delta's pilot carbon capture plant as well as hosting the NSW Demonstration Carbon Capture and Storage project;
- A 7% increase in ash utilisation across Delta in 2011/12; and
- A commitment to reduced water consumption through the \$20M reverse osmosis plant at Wallerawang Power Station commissioned in July 2011.

Sustainability Scorecard

	Area of Focus	Measure	Target	Progress
Customers 	Customer Satisfaction	Results of Customer Survey	90% customer satisfaction by 2012	Independent survey completed November 2011. 98.4% customer satisfaction achieved.
Workplace 	Safety	LTIFR	Zero	Our LTIFR is 3.8 Safety mark remains low.
	Employee Engagement	Employee Engagement Score	Implement and begin tracking engagement metric by September 11	Measure collected December 2011. Baseline of 69 established.
Environment 	Environmental Impact	Water Management	Water discharge compliance with ANZECC guidelines by 2018 (L2 - 80%)	RO plant installed to treat 50% of Wallerawang cooling water discharge and commitment to treat 100% of the discharges by 2015.
		Visible Air Emissions	No visible chimney stack emissions by 2017	Fabric filter installation budgeted for 2014/15 & 16/17. Project structure approved in September 2011.
		Ambient Air Quality	Full compliance with National Air Quality Standards for power station emissions for SO _x , NO _x and particulates	Fully compliant.
	Greenhouse Response	CCS	Demonstration plant operational by 2015	Delayed by an estimated 9 months. Delta accelerating an alternate storage site.
		Large Scale Biomass Development	Pursue 5 - 20% biomass co-firing at Vales Point and Wallerawang	Large scale not viable, maintain watch on economics.
	Resource Inputs & Waste	Increase Ash Re-used	Increase ash utilisation 50% on 2010 levels by 2015	Third party access to sell ash available at Mt Piper and Vales Point.
Community 	Community Satisfaction	Community Engagement	Implement a revised and targeted stakeholder engagement plan by June 2012	Plan revised and implementation underway.
	Community Involvement	Staff Volunteer Program	50% days taken by 2014	Identification of appropriate programs ongoing. Implementation on hold until outcome of Delta sale program is complete.



Business Performance

CHALLENGES

During 2011/12 a number of structural and legislative changes impacted on the electricity generation sector in Australia. Reduced demand, oversupply in the market, the effect of renewables, the introduction of the carbon tax and a slowing economy have all contributed to challenges and increased complexity in the sector.

National Electricity Market

National Electricity Market (NEM) energy and peak demand continued to decrease throughout 2011/12, placing further downward pressure on market prices. Energy demand in the NEM was around 2% lower in 2011/12 compared to the previous year. In NSW, wholesale energy was down by more than 3%. Peak demands in the NEM were also lower in 2011/12 compared to 2010/11, with the summer peak demand close to 4000MW lower.

While traditional coal and gas fired generation will remain the dominant electricity source

for the foreseeable future, renewable generation commanded an increasing share of the NEM energy in 2011/12.

During the financial year, the lower wholesale contract and spot prices pushed the market below a sustainable level, which stands in contrast to the increase in retail electricity tariffs which have increased substantially as a result of network costs, green scheme initiatives and the carbon tax. At the commencement of the electricity market in NSW in 1996, Delta was receiving a regulated contract price of \$43.87/MWh. Last year the NSW wholesale average spot price was \$29.67/MWh. Over the same period, the regulated rate for domestic tariffs rose from \$87.50/MWh to \$278.70/MWh – well above increases in inflation.

In 2011/12 the structure of the industry also continued to evolve with the three major retailers in the NEM also serving as the three largest generators in the market. In addition, a number of major generators in the NEM established subsidiary retail

businesses, resulting in the smaller stand-alone generators facing higher risks in securing longer-term revenue certainty from the contract market.

The Australian Energy Market Operator (AEMO) is expecting growth to return to the NEM in 2013/14 on the back of underlying economic activity. However, while demand for electricity is expected to grow strongly in Queensland in the medium-term with new liquefied natural gas facilities, there are currently no signs of market growth in the other regions. According to AEMO's 2012 Electricity Statement of Opportunities, NSW will remain oversupplied until 2021/22 based on a medium energy growth scenario.

Carbon tax readiness

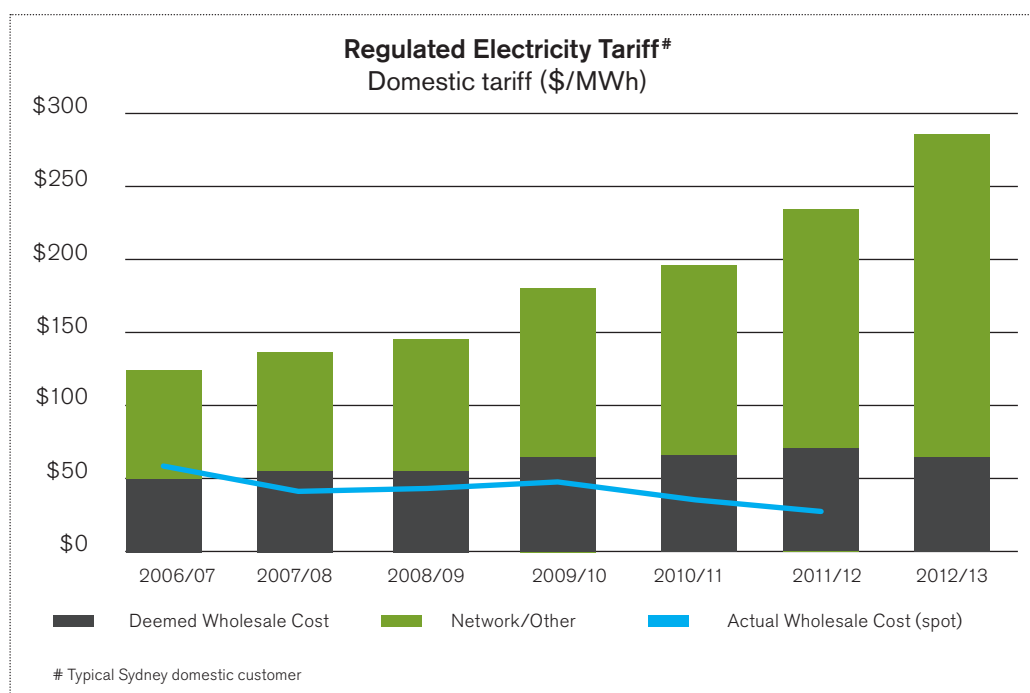
During 2011/12 Delta Electricity successfully implemented new carbon reporting systems and processes well ahead of the implementation of the Carbon Tax on 1 July 2012, to ensure compliance with the *Clean Energy Act*.

There was an orderly transition to carbon pricing in the electricity market on 1 July 2012 and generator dispatch offer prices were increased, as expected, to reflect the higher marginal cost of production.

Gentrader agreements

On 1 March 2011 the NSW Government sold to TRUenergy the rights to the capacity and output generated in our Western region by the Mt Piper and Wallerawang Power Stations.

Under the Gentrader agreements, Delta successfully established protocols to protect the confidentiality of TRUenergy's commercial information. Delta's Marketing group – including people, systems and processes – were ring-fenced from the activities of our Gentrader group. The Marketing group deals with our Western power stations the same as any competitor in the market and views their operations via the data published by AEMO. Given that TRUenergy is a major retailer in the market, the Marketing group also maintains a customer relationship with its wholesale trading team. Delta works closely with TRUenergy to implement



Customer Satisfaction Survey

Each year Delta Electricity commissions an independent customer satisfaction survey with our electricity generation customers.

Delta's customers are wholesale customers including retailers, Gentailers (hybrid companies with generation and retail arms) and direct load customers from industry. Delta's customer base has changed because of the Gentrader. The overall customer satisfaction figure of 98.4% is the highest customer satisfaction level and higher than our best rated competitors since our surveys started in 2006.

The issues for which satisfaction for Delta were particularly high (compared to other generators) were:

- Availability and pro-activeness of account executives, flexibility in structuring products;
- Reliability, trustworthiness, confidentiality of dealings, knowledge, professionalism; and
- Understanding a customer's business and its risk management processes.



Delta has minimised our exposure under the Gentrader requirements by ensuring reliability of plant and optimising our use of the planned maintenance and availability margins under the contract.



Scheduled maintenance at Vales Point Power Station.

the obligations of the *Clean Energy Act* under the Gentrader agreements.

Delta primarily receives a fixed income stream under the Gentrader agreements. We are focused on meeting the performance and good electricity practice objectives of the agreements, while keeping costs below payments received. Delta has minimised our exposure under the performance requirements by ensuring reliability of plant and optimising our use of the planned maintenance and availability margins under the contract. In 2011/12, minimal availability liquidated damages were incurred due to good plant operational reliability from our Western power stations and the negotiated arrangements with TRUenergy.

A constructive and positive relationship has developed between Delta and TRUenergy. This has resulted in commercial arrangements for additional services being implemented, providing more flexible access to plant for maintenance and enhancing the value of operations and the plant capacity available to the market.

Fuel supplies

During 2011/12 coal was used to generate 99% of the electricity produced by Delta Electricity, with the remainder derived from gas, a small amount of biomass and hydro. To meet this demand, the coal is sourced from a range of mines under contracts of varying terms.

However, strong international demand for thermal coal in recent years has made the search for future supplies increasingly challenging. The development of a new mine at Cobbora in NSW's Central West supports the security of electricity supply for Vales Point Power Station from 2015.

To ensure the efficient delivery of Cobbora coal to Vales Point, Delta has focused on enabling its transport by rail. Challenges include the distance, the need to navigate two independently operated networks and the different environments of the two network operators. As a result of our efforts, Delta's rail requirements are now included in Australian Rail Track Corporation's Hunter Valley Corridor 2012/21 Capacity Strategy.

Delta is also reviewing options for enhancements to the Vales Point rail loop and unloader to manage the requirements of the various network operators. Logistics models have been developed and consultation undertaken with the haulage industry for the development of procurement timetables.

PERFORMANCE

Western region

Mt Piper: In 2011/12 Mt Piper Power Station continued to perform at world-class levels. Unit 2 has now achieved 20 years of continuous service.

Mt Piper availability for the financial year was 93.24%. This fell just below Delta's target performance level of 94.1% due to a generator transformer failure following a direct lightning strike during a storm in March 2012. A strategic spare unit available on site enabled the affected unit to be returned to service quickly and full capacity was restored within 14 days.

Wallerawang: Wallerawang Power Station continued to operate at high capacity in 2011/12, achieving industry standard levels of reliability. Availability for the year was 85.7%, which includes a major outage on Unit 8. For three months the station's Output Factor exceeded 89%, while the annual Output Factor was 72.3%.

Central Coast region

Vales Point: During the 2011/12 financial year, performance statistics for Vales Point Power Station were impacted by over 30 weeks of major outages on both units. As a result of these outages, annual availability for Vales Point was 62.35%.

Unit 5 was taken out of service during the spring for turbine re-blading and extensive boiler works. Inspection during the outage identified damage to the generator core and the rotor. The utilisation of a strategic spare generator rotor and assistance from Toshiba Corporation specialists from Japan enabled the generator to be repaired and reassembled on schedule. During the unit return to service, an air heater fire caused extensive damage. Following repairs, the unit was returned to service in February 2012.

Unit 6 was taken out of service during the autumn for a similar scope of work to Unit 5. Efficient work practices ensured that the unit was returned to service close to schedule.

Colongra: In 2011/12 Colongra Power Station, Delta's gas peaking plant, operated when demand and supply meant the plant was economic to dispatch. Annual availability for Colongra was 96.2%. The lost availability was due to the need to replace a turbine rotor damaged by a

foreign object. The damage was identified during a scheduled inspection at the plant.

Colongra is one of a few sites that provides restart services for the National Electricity Market. This station can be started in a "system black" situation to provide energy for other generators to return to service. In 2011/12 a test of Colongra's black start capability successfully demonstrated that the station could help bring the national electricity network back online in the event of a catastrophic power system failure.

Munmorah: Munmorah Power Station did not operate during the 2011/12 financial year, with both units being managed on an extended recall basis if required by the market. Market conditions and the high cost of plant operations contributed to the power station becoming uneconomic to operate and the decision to close Munmorah after 45 years of operation was taken in mid-2012. Delta Electricity announced the formal closure of the power station and its withdrawal from the National Electricity Market on 3 July 2012.

PROJECTS

Mt Piper – Lamberts North Ash Placement

In February 2012 the NSW Minister for Planning and Infrastructure approved the Mount Piper Ash Placement Project. The project involves the construction and operation of a new ash placement area at Lamberts North site catering for the ash generated from Mt Piper. Design, construction management, environmental and community communication plans are being developed. Construction is scheduled to commence late 2012 and the site will be ready for ash placement towards the end of 2012.

Wallerawang Fabric Filters Project

Delta Electricity has started on a major project to install fabric filters at Wallerawang Power Station between 2014 and 2017. The project will result in 99.99% of all particulate emissions being captured before they enter the

environment, delivering improved air quality for the environment and local residents.

The fabric filters, which are replacing electrostatic precipitators, will keep emissions well below licence limits and result in the virtual elimination of visible emissions from the stacks. This significant 5 year project involves the design, manufacture, installation and commissioning of new plant. Started in 2012 with planning and procurement activities, the installation will take place during major planned outages at the station in 2014/15 and 2016/17.

Wallerawang Water Project

Delta has applied to the NSW Environment Protection Authority to vary the licence for Wallerawang Power Station with a program for the full treatment of cooling tower blowdown water by the end of 2015. An expansion of the Reverse Osmosis Plant at Mt Piper will help deliver an almost zero discharge at Wallerawang Power Station in the future. Delta is continuing to work with the community and our stakeholders to implement this significant project.



John Duah, Finance and Taxation Advisor

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Environmental Performance

Environmental management

Delta Electricity is committed to managing the potential environmental impacts associated with our power generating activities. In 2011/12 we continued to maintain an Environmental Management System (EMS) with ISO 14001 accreditation, first obtained in 2004, that meets international standards for best practice environmental management. Our EMS undergoes annual independent audits with a recertification audit every three years to ensure the high standards are maintained. The last recertification audit was successfully completed in August 2011.

During 2011/12 Delta continued to fully comply with statutory requirements in the relevant legislation, regulations and licences issued by government authorities to ensure our generating activities were sensitively managed and any potential environmental impacts were eliminated or mitigated.



Curtis Main, Apprentice

Environmental monitoring

All Delta facilities must comply with the State's environmental protection legislation and each power station holds an environmental protection licence under the *Protection of the Environment Operations Act 1997 (NSW)*. These licences specify the terms and conditions under which each site can operate, detailing the acceptable limits on emissions to the atmosphere, lakes and rivers for all designated discharge points at each power station. Each licence also outlines a monitoring regime for specific substances from each discharge point. In 2011/12 Delta operated in accordance with these licences.

During the year, we submitted an annual return to the NSW Environment Protection Agency. In response to recent changes to the *Protection of the Environment Operations Act Amendment Act 2012*, Delta also prepared Pollution Incident Response Management Plans for each power station and published them, along with monthly monitoring data, on our website – www.de.com.au

Water

During 2011 the drought in NSW finally broke and water availability became less critical. However, Delta understands that droughts are a recurring part of the Australian landscape. In 2011/12 we continued to take a long-term, strategic approach to manage this valuable resource efficiently and responsibly.

At 30 June 2012 the water storage levels for dams in our Western region sat at almost 100%. During the year the NSW Office of Water conducted a review of water sharing arrangements for the Fish River Water Supply Scheme, which are currently being discussed with downstream users and other major stakeholders.

From mid-2011 the implementation of Delta's Reverse Osmosis Plant at Wallerawang Power Station and the new waste stream pipeline to Mt Piper significantly reduced our reliance on Fish River water supplies. As a result of the plant, water discharges from Wallerawang

Total water withdrawal by source

Water used for processing (including use of fresh water in ash handling), cooling and consumption in thermal power plant.

Water source		Gross extraction (ML)	
		2011/12	2010/11
Western			
Surface water	Coxs River	19,562	21,308
	Fish River (potable)	4,089	4,667
Waste water	Springvale mine water	6,956	6,096
	Reverse Osmosis Water Treatment Plant – Wallerawang	140	–
Central Coast¹			
Municipal water supplies	Hunter and Wyong	428	406
	Treated sewage effluent	178	195

1. Central Coast used significantly less water due to reduced generating loads from plant outages.

Total water discharge

Destination		Volume (ML)	
		2011/12	2010/11
Coxs River at Wallerawang – blow down		4,693	4,885
Coxs River at Wallerawang – ash dam discharge ¹		882	535
Lake Macquarie and Lake Munmorah – ash dam discharge ¹		26,816	20,577

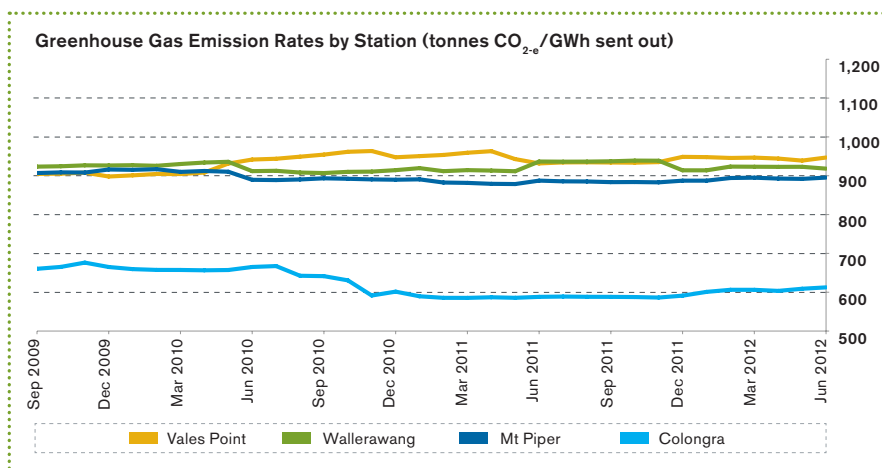
1. Increased water discharge due to high rainfall throughout year.

Highlights

Western

- 9% less fresh water used in the west
- 16% more waste water used.

Carbon emissions



The graph above shows the carbon emission rates for each of Delta's power stations over the past three years. Emission rates are relatively stable with slight variations over time due to output factors, stockpile adjustments, operational issues and degradation between maintenance programs.

were reduced with approximately 50% of cooling tower blowdown no longer discharged. Additional water treatment facilities will eliminate cooling water discharge by the end of 2015.

Research and development

Carbon capture and sequestration

In a joint initiative with CSIRO, Delta successfully demonstrated carbon capture technology with the \$7 million Carbon Capture Pilot Plant at Munmorah Power Station on the Central Coast. The plant exceeded all targets for capture rate, carbon dioxide purity and sulphur removal.

The carbon capture plant is currently being relocated from Munmorah to Vales Point Power Station, where Delta will continue to host low carbon innovation projects. The newly relocated plant will be operated by CSIRO for up to

four years through funding from Coal Innovation NSW and the Australian Solar Institute. A number of research projects will be conducted, including the use of novel membrane technology as a way to separate CO₂ from the power station flue gases and a solar thermal project aiming to develop a new solar reboiler for carbon capture plants and a storage solution for low emissions energy.

Vales Point will also host the NSW Carbon Capture and Storage Demonstration Project, which will see the construction of a demonstration scale plant at the site.

Commercial biomass co-firing project

In 2011/12 Delta continued to support biomass research projects with a view to improving environmental outcomes from our electricity generation. Biomass is a renewable fuel that is carbon neutral.

During the year, Vales Point Power Station continued to host the Crucible Group's demonstration scale plant, which is undertaking studies of alternative fuel preparation technologies including torrefaction/pyrolysis.

We also completed the second year of our Mallee tree plantation trial, with higher than expected survival rates and growth. Farmer and local community expo days were held in regional areas in late 2011 to showcase the trial.

In addition, Delta undertook studies on future biomass projects with economic modelling looking at the cost inputs required for the consolidation of fuel supply, transport, processing and power station site modification. The study results identified that any commercial project should be put on hold until the economic feasibility improves.

In the meantime, Vales Point Power Station continues to co-fire source-

L to R: Greg Hammond, Production Operator and Wayne Wilcock, Production Technician



separated clean timber waste from the Sydney metropolitan area. As a result, biomass co-firing accounts for up to 2% of the fuel used to generate at Vales Point.

Legal matters

During 2011/12 three Land and Environment Court actions involving Delta Electricity were finalised.

In 2009 the Blue Mountains Conservation Society alleged Delta had polluted the Coffs River and sought court orders that we cease polluting and take steps to mitigate the alleged harm. In October 2011 Delta Electricity and the Blue Mountains Conservation Society agreed to a mediated settlement. Delta has committed to full treatment of cooling tower water discharges to the Coffs River by December 2015, by constructing an additional water treatment facility at Wallerawang Power Station. In addition, an application has been made to the NSW Environmental Protection Authority for a licence variation setting interim water quality discharge limits until 2015.

In 2010 an action was lodged challenging the approval of Delta's proposal to extend Mt Piper Power Station. In 2011 the development site was sold to TRUenergy and it replaced Delta in the proceedings. A judgement in December 2011 dismissed the proceedings.

In 2011 an action was lodged by the Hunter Community Environment Centre (HCEC), challenging the Minister for Planning's approval of Delta's proposal to rehabilitate the Munmorah Power Station site. This matter was adjourned until judgement was made on the Mt Piper extension matter. Subsequent to the handing down of the Mt Piper judgement, the HCEC amended its claim. A judgement in August 2012 was made in favour of the Minister for Planning and Delta Electricity and the proceedings have been dismissed.



Brian West, Maintenance Planning Officer



David Stow, Boiler Maker

Inquiries, complaints and incidents

Delta records all complaints, enquiries and incidents to monitor any emerging trends and ensure corrective actions are taken. In 2011/12 Delta had no fines or sanctions for non-compliance with environmental laws and regulations. During the year a total of nine environmental issues arose, with seven relating to the timing of submissions and appropriate collection of monitoring data. Two issues related to minor exceedances.

For the 12-month period we received 65 community enquiries, with 21 relating to land management issues, including tree lopping, fencing, grass reduction and general maintenance. Of these enquiries, 26 were complaints with the majority (17) associated with noise from a temporary steam leak on a Vales Point unit returning to service after an outage. The remaining enquiries (18) related to requests for general information or issues unrelated to Delta activities.

Reuse and recycle

Ash re-use

In 2011/12 Delta continued to work towards additional reuse and recycling of ash, a major by-product of coal fuelled electricity generation.

In the 12-month period, black coal purchased by Delta contained an average 23% ash content, resulting in 2.2 million tonnes of ash being produced. This ash was safely stored in ash placement areas adjacent to Delta power stations.

Around 17% of Delta's ash – 334,000 tonnes – was utilised by industry, largely as a substitute for materials in cement, which is energy-intensive to create. Reusing ash in cement production further reduces the total greenhouse gas emissions from cement production. Given that this market for ash is approaching saturation, Delta is looking for new re-use opportunities.

During the year, a new ash placement area was approved at Mt Piper Power Station on the condition that Delta

move towards an ash utilisation target at Mt Piper of 40% by 2020 (from 23%).

To achieve these new goals Delta is collaborating with industry and government to create new markets for ash, including using ash as a replacement for some traditional aggregate materials and in road base construction.

In 2011/12 Delta worked on developing a superior road base specification using coal ash. Currently undergoing laboratory testing by NSW Roads and Maritime Services, this specification will be trialled on test roads within Delta sites.

WRAPP

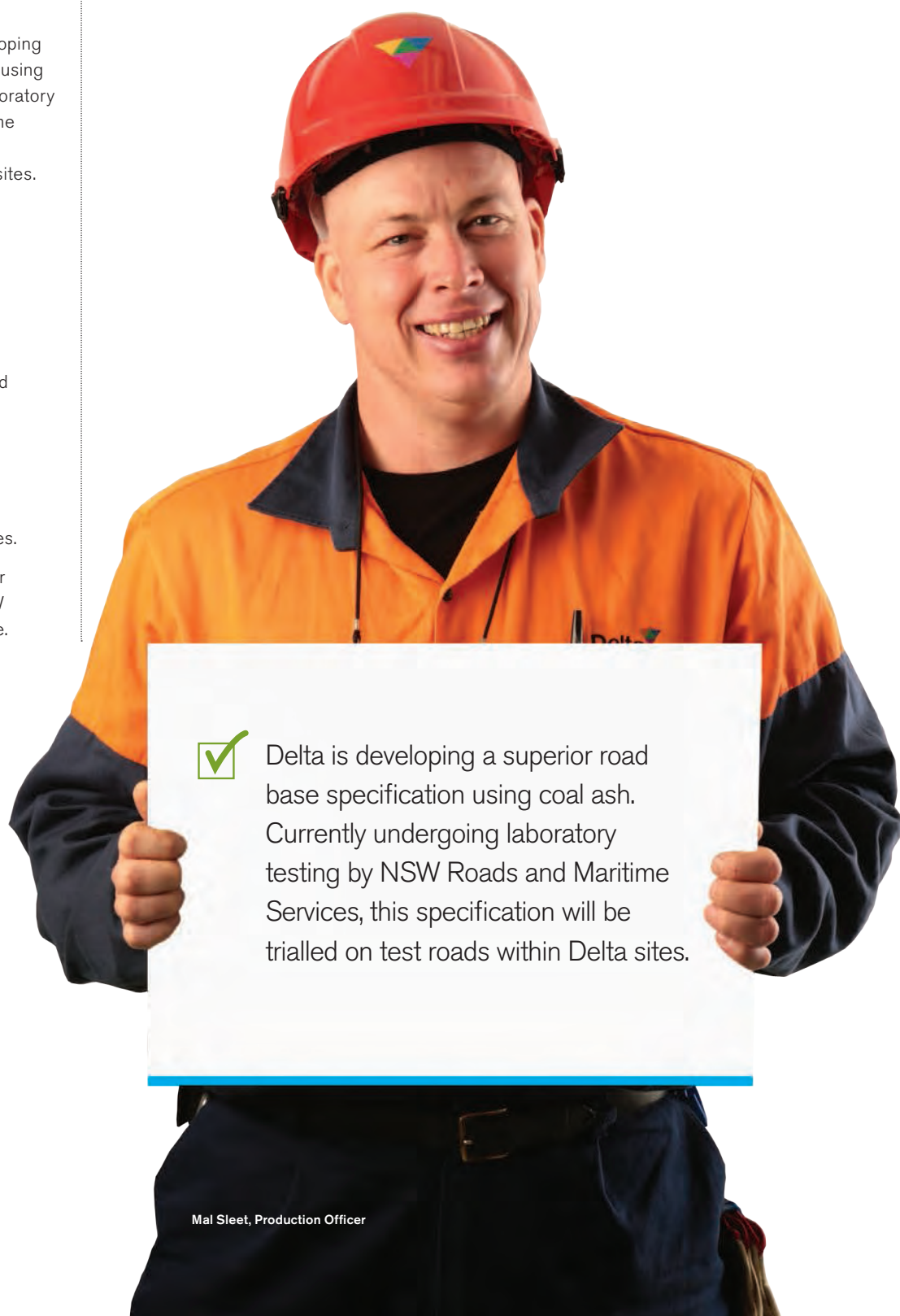
During 2011/12 Delta remained compliant with the NSW Government Waste Reduction and Purchasing Policy (WRAPP).

We had in place a WRAPP Plan and operational standards that applied to all employees and contractors employed at Delta facilities. The plan sets out the requirements for the management of waste and the purchase of materials at our facilities.

In August 2011 Delta submitted our biennial WRAPP report to the NSW Office of Environment and Heritage.

Increased ash recycling

	2011/12	2010/11	2009/10
Ash recycled kT	334	311	282
% ash recycled	17%	14%	13%



Delta is developing a superior road base specification using coal ash. Currently undergoing laboratory testing by NSW Roads and Maritime Services, this specification will be trialled on test roads within Delta sites.

7

Social Performance

**Safety**

- Safety Index lowest in 3 years
- Lost Time Injury frequency rate 3.8
- Lost Time Injury duration rate 4.2
- 5 star Safety Rating awarded
- Self Insurance Licence retained
- New Work Health & Safety legislation implemented

Shannon Bruce, Senior Environment Officer

OUR PEOPLE

During 2011/12 Delta Electricity total staff numbers declined from 671 to 653. Further reductions in staff numbers are anticipated in the coming year as the result of the closure of Munmorah Power Station and the necessary restructure of the Central Coast business.

With the average age of Delta employees at 48 years – with an average of 22 years of service – we regularly review our skills profile to help shape our future recruitment needs.

Employee engagement

In 2011 Delta conducted a series of focus groups which included a survey to help gauge employee engagement. Staff engagement was measured by motivation and willingness to expend discretionary effort for the organisation. Delta recorded a benchmark employee engagement index score of 69. This benchmark score will be used for future measures of staff engagement.

Over the past three years we have adopted a more qualitative approach to collecting information on employee engagement. In addition to developing an engagement score, Delta has also gathered data on employee perceptions and sentiments about a range of workplace issues such as safety, communication and leadership. Five broad themes were identified by staff for future focus:

- internal communication;
- leadership (team leaders/managers);
- reward and recognition;
- safety policies; and
- knowledge management and succession planning.

Training and development

Training is integral to Delta's Performance and Development Program. We believe there are two key components to training

- mandatory training enabling our staff to effectively perform their current role, as well as additional training that helps them develop their skills for the future.

During 2011/12 Delta undertook major training initiatives designed to support our Team Leaders to improve their communication skills and to facilitate the introduction of our new impairment testing program.

Workplace safety

Delta's Zero Incident Process (D-ZIP) continued to be the centrepiece of our safety culture in 2011/12. To maximise benefit from D-ZIP during the year, we gave all staff refresher training, tailored key performance areas to ensure all staff were supporting the program and provided additional management focus during outage periods.

Each year Delta also develops emergency plans and tests them to ensure the safety of staff, contractors and our local communities. In March 2012 Mt Piper Power Station staged a successful exercise that demonstrated Delta's ability to jointly manage an emergency or incident at the station with local emergency agencies. Responding to a fictional incident involving escaped gases, Delta and emergency service staff were able to practice communication, first aid responses, site evacuation and community notifications.

In January 2012 NSW Occupational Health and Safety (OHS) laws were repealed and replaced with national Work Health and Safety legislation. Delta actively liaised with the national body Safework Australia, the NSW WorkCover Authority and other peak body organisations to ensure our participation in the development of the Model Act, Regulations and associated Codes of Practice. During the year Delta has met the obligations of this new legislation and we continue to refine our systems and processes to ensure ongoing compliance.

In 2011/12 Delta continued our commitment to providing a safe and healthy work environment for staff, contractors and visitors to all our sites. This commitment is underpinned by our policies and standards, the inclusion of OHS in the balanced scorecard approach and its identification as a priority item in our induction, training and awareness programs and initiatives.

Fit for work

Delta implemented several organisation-wide awareness initiatives during the year. They included training for all staff to help them understand the importance of being fit-for-work and the processes around impairment testing.

In early 2012 Delta introduced a program to manage impairment at work. Developed through extensive consultation with staff and unions, the program consists of an organisation-wide education program, drug and alcohol testing and an impairment testing pilot program at our Vales Point Power Station. Delta delivered training programs for staff with age specific information to help them prevent or minimise any back injuries.

Training

- 5.08 training days per employee up from 4.95 last year
- Team Leader Communication Training Program introduced

All staff:

Code of conduct, Safety refresher, Impairment training, National Work Health & Safety legislation, Back Care training tailored to age and work.



Apprentices

- 25 Central Coast apprentices
- 30 Western apprentices
- Regional Novaskill Apprentice of the Year

Year	West	Central Coast	Total
1	7	7	14
2	6	6	12
3	6	7	13
4	6	10	16
Total	25	30	55

Emma Mansy, Market Systems Administrator

Skills for the future

Delta provides young people in our communities with opportunities to gain skills that will develop their careers and our business into the future through our apprentice programs and our scholarships with industrial placement.

Over the years our apprentice program has attracted high quality candidates, with many receiving regional and state recognition. In 2011 this proud record continued with our Central Coast apprentice Adam Broi awarded Regional Novaskill Apprentice of the Year. Adam has now joined us as an electrical tradesperson. During 2011/12 Delta also offered permanent trade positions to another eight 4th year apprentices in our Western region.

In 2011/12 we continued to support undergraduates in obtaining hands-on work experience in the power industry. During the year we also supported scholarships for engineering students through both Newcastle and Wollongong Universities.

Equal Employment Opportunity

Delta is committed to supporting the principles of Equal Employment Opportunity (EEO) and the targets set by the NSW Government. In 2011/12 we ensured these principles were incorporated into our recruitment practices and that all our policies were consistent with these guiding fundamentals.

The nature of the power industry provides unique challenges in meeting the NSW Government targets. It is characterised by relatively low rates of staff turnover and a history of male dominated employment in trades and engineering positions. Delta is proud to report that representation of EEO groups within our workforce continues to increase each year. In 2012 23% of our new employees were female.

During the year Delta continued to encourage representation in non-traditional roles by promoting our apprenticeships and graduate opportunities at school and career day expos. In our Western region we held an information night to promote apprentice

opportunities. In addition, we provided work experience to students interested in a career in the power industry.

Respecting cultural diversity

Delta recognises the significance and benefits of cultural diversity in our organisation and the community in general.

In 2011/12 Delta continued to implement our Multicultural Policies and Services Program, which ensures our recruitment practices are sensitive to cultural issues. We use plain English in developing selection criteria and we recognise prior learning, particularly among applicants born overseas. We also support cultural harmony by creating an environment where employees are free to practice their religious beliefs free of discrimination.

Boosting indigenous employment and support

Delta is committed to improving outcomes and ties with the local indigenous community.

Each year we support indigenous employment by dedicating two apprenticeship positions to persons from an Aboriginal or Torres Strait Islander background. In 2011/12 we were successful in recruiting two indigenous apprentices who were offered an indentured four-year apprenticeship. We continue to work with the relevant Registered Training Organisation to ensure ongoing support is provided to our indigenous apprentices.

Each year Delta also awards a \$2,000 scholarship to an undergraduate with an Aboriginal or Torres Strait Islander background undertaking a degree at the University of Newcastle's Ourimbah campus.

In addition, as part of our ongoing support for the local indigenous community, we supported a 2011 NAIDOC week event on the Central Coast through a \$5,000 sponsorship.

Stephen Morrissey, Fuel Operations Manager

Trends in the Representation of EEO Groups

EEO Group	Benchmark/ Target	2012	2011	2010
Women	50%	11.8%	11.0%	10.3%
Aboriginal People and Torres Strait Islanders	2.6%	1.2%	1.3%	1.0%
People whose first language spoken as a child was not English	19.0%	5.7%	6.2%	5.9%
People with a disability	N/A	4.8%	5.1%	5.8%
People with a disability requiring work-related adjustment	1.5%	1.8%	2.2%	2.5%

Trends in the Distribution of EEO Groups

EEO Group	Benchmark/ Target	2012	2011	2010
Women	100	96	96	94
Aboriginal People and Torres Strait Islanders	100	N/A	N/A	N/A
People whose first language spoken as a child was not English	100	110	106	110
People with a disability	100	103	106	102
People with a disability requiring work-related adjustment	100	N/A	N/A	N/A

Note 1: 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. Values 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.

Note 2: The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.



Engineering scholarships and industrial placements

- 5 engineering scholarships at University of Newcastle
- 2 engineering scholarships at University of Wollongong
- 9 Central Coast region industrial placements
- 6 Western region industrial placements



Supporting people with a disability

Delta is committed to ensuring equal opportunities exist for people with disabilities, enabling their participation and contribution to our workforce.

In 2011/12 Delta dedicated an administration traineeship to a person with a disability and this position was successfully filled.

We also continued to support those people working with a work-related or non work-related disability.

Delta currently has approximately 33 employees working under long-term medical

restrictions, where some adjustments have been made to their duties. We also have a further 20 employees working under temporary medical restrictions.

During the year Delta had the support of an Occupational Therapist who provided advice and assistance in supporting people with a disability.

OUR STAKEHOLDERS

Community engagement

Delta is committed to engaging with our stakeholders and communities to help us understand and respond to their interests and concerns. Our primary focus is our communities and neighbours close to our power stations.

Each year we hold four meetings with key community representatives in each region that provide opportunities for site tours, presentations and dialogue with the community.

During the year Delta also provided opportunities for local and state government, industry and parliamentary committee representatives to participate in briefings and tours at our plants. These tours gave the representatives an understanding of the electricity generation process and enabled them to see first-hand how Delta provides safe and reliable electricity to the people of NSW.

Delta is proud of our strong links with the education sector through tours, school curriculum information, industry links, scholarships and work opportunities.

Community involvement

In addition, Delta is actively involved in the communities in which we operate and we regularly support local community events.

In our Central Coast region, we participated in community events with the Wyong Chamber of Commerce Business Awards, Northlakes Toukley Chamber of Commerce Business Awards, Delta Scholarships presentation at University of Newcastle's Ourimbah Campus, presentation of Delta awards at local schools, opening of the Wyee Point Reserve and the Central Coast Sculpture Awards.

In our Western region – which includes the Lithgow, Portland, Wallerawang and surrounding communities – our staff attended a wide range of events throughout the region including the Portland Art Prize, Lithgow Show, Iron Fest and school presentations.

Community

- 7,500 visitors and education groups visit Mt Piper & Energy Expo
- 4 community forums with key community representatives in both regions
- 73 community events attended by key Delta staff

Sharing information

In 2011/12 Delta enhanced communication channels to better communicate information about our operations and activities with our stakeholders and communities.

In our Central Coast and Western regions, we published the first issue of our *Community News* in the local newspapers. The newsletter will be produced three times a year to inform our neighbours and broader communities about our activities, upcoming projects, sponsorships and the environment.

Sponsorships and donations

Delta strives to 'give back' to the communities in which we operate and we are extremely proud of our ongoing sponsorships and donations program.

Again in 2011/12, our Central Coast and Western regions each made approximately \$200,000 available to support small and large community organisations to build capacity, help provide community facilities, support environmental projects and encourage educational, sporting and cultural activities.

Highlights of our sponsorships during the year included a new young entrepreneur's award in the Lake Macquarie Business Awards, Camp Breakaway, Portland Art Prize, Central West Industry Links, Lake Macquarie Dunecare and much-needed equipment for local police and emergency services including trail bikes on the Central Coast and a rescue minipod in the Western region. In addition, Delta continued to support Landcare groups in both our regions, demonstrating our commitment to our environment and our local communities. Local media in both our regions acknowledged Delta's ongoing support and involvement in local activities and community events.

Staff donations

Delta staff raised funds for many charities including:

- World's Biggest Morning Tea;
- Smith Family;
- Hunter Rescue;
- Lithgow PCYC;
- Movember;
- Careflight; and
- Camp Breakaway.

Delta supported staff initiatives with over \$15,000 in matching donations.

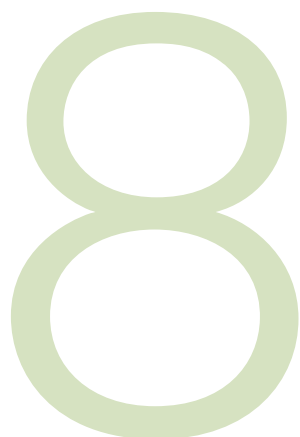
Scholarships

Delta has a strong commitment to education both in the electricity generation sector and in the local communities surrounding our power stations. Five scholarships are awarded at the University of Newcastle (Ourimbah Campus) each year and one at Charles Sturt University in Bathurst for students who live in our local communities.



Sharing information

- Western region *Community News*
- Central Coast *Community News*
- New interactive dam levels at www.de.com.au
- New environmental monitoring information at www.de.com.au
- Delta Incident Information Line fridge magnets distributed to community
- Community contacts register implemented



Governance

The Board

The Board's governing role is determined by the *State Owned Corporations Act*, the *Energy Services Corporations Act* and the Memorandum and Articles of Association. An annually approved Board Charter defines the duties and responsibilities of the Board in the context of its statutory framework and performing its key roles of approving strategy and monitoring performance.

The Board's performance agreement with Voting Shareholders is detailed in the Statement of Corporate Intent. It is agreed annually and monitored regularly. The performance requirements are reflected in the Chief Executive's own performance agreement and, where appropriate, cascaded to the management team.

The legislation allows for the Board to be comprised of up to seven Directors. Director appointments and resignations both before and in the current year resulted in varying compositions of the Board. The Board was able to perform its duties,

Directors

Current Directors

Dr Helen Garnett PSM FTSE FAICD	Chair and Director	Dr Garnett was appointed as Chair and a Director on 16 January 2012 for three years.
Mr Steve Turner BSW MLLR	Director	Mr Turner was appointed as a Director on 3 March 2011 for three years.
Mr Jon North BA LLM	Director	Mr North was appointed as a Director on 1 May 2012 for three years.
Mr Greg Everett BCom MBA GAICD	Chief Executive and Director	Mr Everett was appointed Chief Executive and Director on 17 July 2010.

Past Directors

Mr Warren Phillips DipCom FCPA FCIS	Director	Mr Phillips was first appointed on 1 March 2000 and subsequently reappointed for a period ending 31 August 2012. Mr Phillips resigned on 30 April 2012.
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however, not all meetings of the Board Committees were able to be held. On these occasions, matters to be considered by the Committee were addressed by the Board.

Meetings of the Board

During 2011/12 the Delta Electricity Board met on a monthly basis in the Delta Corporate Office or at a Delta power station according to the Charter for the Board.

Board Committees

Three Board Committees were in operation during the course of the year:

- Board Audit Committee;
- Board Environment, Occupational Health and Safety Committee; and
- Board Remuneration and Nomination Committee.

The terms of reference for each Board Committee were reviewed and approved by the Board in February 2012. The Board Committees and their functions are listed below.

Board Audit Committee

The purpose of this Committee is to provide a forum for communications between the Board, senior management and both the internal and external auditors and to recommend the appointment of the internal auditor. The Committee also ensures the integrity of the internal audit function and that management practices and systems support the effective operation of Delta Electricity's risk management strategies, business continuity and fraud control plan. The Committee further reviews the adequacy of Delta Electricity's short and long-term finance and risk management strategies.

In 2011/12 membership of the Board Audit Committee included Warren Phillips (Convenor) and Steve Turner.

Board Environment, Occupational Health and Safety Committee

The purpose of this Committee is to assist the Board in discharging its responsibilities relating to compliance with environmental and occupational health and safety (OHS) policies and legislation. The Committee reviews Delta's Environment and OHS policies and related management plans.

In 2011/12 membership of the Board Environment, Occupational Health and Safety Committee was Steve Turner (Convenor) and Greg Everett.

Board Remuneration and Nomination Committee

The purpose of this Committee is to:

- provide advice to the Board on remuneration and associated issues;
- enhance the independence and objectivity of Board decisions on sensitive commercial and personal issues related to the executive managers of the corporation;
- enable corporate business strategies and plans and remuneration strategy and policy to be effectively linked; and
- ensure the Board comprises individuals best able to discharge the responsibilities of Directors having regard to the strategic direction of the corporation and the current skills and experience of the Board.

In 2011/12 membership of the Board Remuneration and Nomination

Committee included Helen Garnett (Convenor) and Warren Phillips.

Managing organisational risks

In 2011/12 Delta Electricity's Risk Management Plan conformed to the Australian Standard AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines. The plan was structured to provide Delta Electricity and our employees with policy direction and a framework for identification, assessment and reporting of risk. During the year, key risks – operational and strategic – were reviewed and reported quarterly to Delta's Board.

As part of Delta's annual insurance renewal program, reviews and valuations of risk exposures were undertaken. Delta Electricity is cooperatively engaged with our insurance providers to reduce risk exposures for key operating plant and equipment. Business continuity risks have been identified and

action plans designed to return the business to normal operations after an incident.

During 2011/12 Delta Electricity's Corporate Governance & Legal Compliance Plan and management software ensured full compliance with all our legal, regulatory and compliance obligations.

The Board Audit Committee assisted in fulfilling responsibilities relating to the accounting, auditing and reporting practices of Delta Electricity. It also oversaw the internal audit function and liaised with the Auditor-General regarding external auditing matters. Delta's internal

Scheduled Director Meetings – 1 July 2011 to 30 June 2012

	Board Meetings		Board Remuneration & Nomination Committee Meetings		Board Audit Committee Meetings		Board Environment, OHS Committee Meetings	
	A ¹	B ¹	A ¹ & 3	B ¹ & 3	A ¹ & 3	B ¹ & 3	A ¹	B ¹
Dr H Garnett ²	6	6	1	1				
Mr S Turner	12	12			1	1	4	4
Mr J North ²	2	2						
Mr G Everett	12	12					4	4
Mr W Phillips ²	10	9	1	1	1	1		

1. Column A is the number of meetings a Director was entitled to attend. Column B is the number of meetings attended.

2. Dr Garnett was appointed on 16 January 2012. Mr North was appointed on 1 May 2012. Mr Phillips resigned on 30 April 2012.

3. Director appointments and resignations both before and in the current year resulted in varying compositions of the Board. This meant that not all meetings of the Board Committees were able to be held. On these occasions, matters to be considered by the Committee were addressed by the Board.



Delta Electricity Board
– L to R: Steve Turner,
Helen Garnett, Greg
Everett, Jon North

audit reviews assessed compliance with policies and procedures, as well as the efficiency, economy and effectiveness of management policies, practices and controls. Audit reports were submitted to the Board Audit Committee to ensure full awareness of internal audit activities, audit results and any remedial actions required.

Annual reporting compliance

Exemption from reporting provisions

Approval was given by the NSW Treasury under delegation from the then Treasurer, the Hon. Michael Egan, MLC to exempt Delta Electricity for the year ended 30 June 1997 and subsequent financial years from the following financial reporting requirements:

- Budgets;
- Research and Development;
- Land Disposal;
- Payment of Accounts;
- Time for Payment of Accounts;
- Investment Management Performance; and
- Liability Management Performance.

Exemptions from the following annual reporting requirements were approved subject to the condition that comments and information relating to these items are disclosed in summarised form:

- Summary Review of Operations;
- Management and Activities;
- Consumer Response; and
- Report on Risk Management and Insurance Activities.

Other exemptions were approved subject to specific conditions as follows:

- **Consultants:** In 2011/12 expenditure on consultants totalled \$1.03million. The main purposes of these engagements were for environmental assessment services, feasibility studies, finance, accounting and management services.
- **Sale of assets:** During 2011/12 Delta Electricity sold motor vehicle and land assets totalling \$2.8 million.
- **Disclosure of controlled entities:** Names of the controlled entities are to be disclosed, along with a summarised disclosure of the controlled entities objectives, operations and activities and measures of performance. Refer to Note 12 in the Notes to the Financial Statements for a description of Delta Electricity Australia Pty Ltd and Mid West Primary Pty Ltd.
- **Financial statements of controlled entities:** Delta Electricity is exempt from preparing manufacturing and trading statements, but required to prepare a summarised operating statement.

Organisation Structure

Voting Shareholders

The Hon. Michael Baird, MP
Treasurer

The Hon. Greg Pearce, MLC
Minister for Finance and Services

Board of Directors

Chief Executive
Greg Everett

	Production General Manager Steve Saladine
	Central Coast General Manager Glenn Sharrock
	Western General Manager Luke Welfare
	Finance Chief Financial Officer Richard Street
	Fuel & Environment General Manager David Hogg
	Delta Maintenance* General Manager Chris Horner
	Marketing General Manager Anthony Callan
	Gentrader General Manager Rodney Ward
	Human Resources General Manager John Bund
	Corporate Secretary Ray Madden

* Position redundant post closure of Munmorah and Central Coast restructure.



Julian Hanson, Information Technology Support Officer

Executive remuneration

State Owned Corporations must disclose executive remuneration where the total remuneration is at or exceeds State Executive Service level 5 equivalent (\$247,301) during the financial year. The table below reports the total remuneration for all Delta executive positions for the full 2011/12 year.

Name	Fixed remuneration (base + statutory superannuation)	Fixed 2% non-statutory superannuation	Total performance related payment	Total retention payments*	Individual performance criteria
Greg Everett BCom, MBA, GAICD Chief Executive	\$479,008	\$12,288	\$135,345	Nil	Assessment of performance by the Board against corporate performance indicators, including Delta Electricity's key success indicators including plant performance, safety, environmental management and costs.
John Bund BEc (Hons) General Manager Human Resources	\$215,852	\$5,300	\$44,487	Nil	Oversight of Delta's Human Resources activities, including industrial relations, safety and other agreed performance targets.
Anthony Callan BEng, MBA General Manager, Marketing	\$313,253	\$8,842	\$58,033	\$84,378	Development and management of the marketing strategy to ensure optimal mix of contract and spot exposure and assessment against other agreed performance targets.
David Hogg BE, GAICD General Manager, Fuel & Environment	\$254,638	\$7,264	\$54,893	\$67,071	Development and management of Delta's fuel and environment portfolio (ensuring regulatory compliance) and assessment against other agreed performance targets.
Chris Horner BE (Mech), Marine Eng. Cert, CP Eng, GAICD General Manager, Delta Maintenance*	\$246,049	\$5,992	\$55,236	Nil	Management of Business unit operations, supervision of Delta's biomass project and assessment against other agreed performance targets.
Ray Madden BA (Hons), MBus, GradDipAppCorpGov, GAICD, ACIS Corporate Secretary	\$222,417	\$5,081	\$44,542	Nil	Management of Delta's compliance and legal activities and other agreed performance targets.
Stephen Saladine BE (Hons) General Manager Production	\$323,917	\$9,835	\$81,042	\$84,760	Overall management of the Production portfolio, including plant performance and assessment against other agreed performance targets.
Glenn Sharrock BSc, GCofM, GAICD General Manager, Central Coast	\$236,875	\$6,916	\$53,514	\$62,871	Management of Central Coast power station operations and assessment against other agreed performance targets.
Richard Street BEc, CA, MBA, GAICD Chief Financial Officer	\$285,260	\$8,620	\$73,120	\$74,034	Oversight of Delta's financial management and structures and assessment against other agreed performance targets.
Rod Ward BEng (Hons), MBA, FAICD, CPA, FFTP General Manager Gentrader	\$271,607	\$6,595	\$58,636	Nil	Management of the Gentrader contract and assessment against other agreed performance targets.
Luke Welfare BE (Elect), MEM General Manager, Western	\$236,066	\$5,667	\$47,666	Nil	Management of Western power station operations and assessment against other agreed performance targets.

Retention arrangements determined for essential staff pre and post the Gentrader transaction.

* Position redundant post closure of Munmorah and Central Coast restructure.

Number of executive officers	Total	Women
Number of executive officers with remuneration equal to or exceeding equivalent of Senior Executive Service Level 1 as at 30 June 2012.	32	1
Number of executive officers with remuneration equal to or exceeding equivalent of Senior Executive Service Level 1 as at 30 June 2011.	33	1

Public Interest Disclosure Act (PID)

Delta Electricity has a Standard to comply with Section 6D of the PID Act which describes the internal reporting system for the reporting of public interest disclosures within Delta Electricity. It complements normal communication channels between employees, individuals, managers and team leaders.

In addition, Delta Electricity has taken action to meet its staff awareness obligations in compliance with Section 6E of the PID Act including training, briefing sessions and communications to staff.

There were no Public Interest Disclosures made in the reporting period 2011/2012.

Information Access under GIPA Act

During 2011/12 Delta Electricity received two applications under the *Government Information (Public Access) Act 2009 (GIPA Act)*. The requests were from a media organisation requesting information other than personal information. Both access applications were granted with information in full. No formal access applications were refused based on information referred to in Schedule 1 to the *GIPA Act*.

One formal application based on a previously refused access to information underwent a review under Part 5 of the *GIPA Act*. The original access request was from a not-for-profit organisation requesting information other than personal information. Following the Office of the Information Commissioner's (OIC) recommendation, an internal review was conducted and it was decided under Section 58(1)(d) of the *GIPA Act* to refuse to provide the applicant access to the information sought on the basis that there is an overriding public interest against disclosure of the information. Internal reviews and decisions were made and advised to the access applicants within the statutory timeframe.

Section 7(3) of the *GIPA Act* requires agencies such as Delta Electricity to annually review our program for the release of government information under the *Act*. Delta proactively releases information on our website in accordance with our obligations under the *GIPA Act*. We annually review our compliance with the *Act* using the OIC's compliance checklist for agencies and have met all obligations. Delta also submits an annual report on our *GIPA* obligations. The *GIPA* Annual Report is provided directly to the Information Commissioner and the Minister each year as required by the *Act*.

Cost of Annual Report

The cost of the Delta Electricity Combined Annual and Sustainability Report 2011/12 is \$17,620.



Jennifer Ratsep, Plant Owner

Overseas Visits

Name	Date of Travel	Purpose of Travel
Greg Everett	18 – 27 November 2011	CIAB meeting Paris. Visit Carbon Capture plants – Le Havre France, Ferrybridge UK
Justin Flood	18 – 27 November 2011 4 – 18 June 2012	CIAB meeting Paris. Visit Carbon Capture plants – Le Havre France, Ferrybridge UK. CIAB meeting Paris. EPRI Calambrone Italy International Technology Innovations Summit.
Steve Saladine	13 – 27 November 2011	Attend CIEAM conference China Visit Toshiba, Yokogawa and IHI – Japan.
Vince Reedy	18 – 28 February 2012	Attend EPRI Conference Phoenix, USA EPRI offices Charlotte USA (Funded by EPRI)
Ben Tesoriero	18 – 28 February 2012	Attend EPRI Conference – Phoenix, USA EPRI offices (Charlotte USA) (Funded by EPRI)
Mike Saville	16 – 25 March 2012 24 – 30 September 2011	Visit ABB for generator testing – Chongqing China Toshiba Generator Training Course Japan.



Apprentices – Central Coast region



Financial Reports 2011/12

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Statement of Financial Position

As at 30 June 2012

		Delta Electricity		Consolidated
		June 2012 \$'000	June 2011 \$'000	June 2011 \$'000
	Note			
Current Assets				
Cash and Cash Equivalents	7	233,603	237,771	237,771
Trade and Other Receivables	8(a)	162,788	199,939	199,939
Tax Assets		8,636	–	–
Inventories	9	85,365	67,496	67,496
Other Financial Assets	10(a)	30,685	61,112	61,112
Other	11	4,079	3,962	3,962
Assets Attributable to Disposal Group Classified as Held For Sale	12	–	120	120
Total Current Assets		525,156	570,400	570,400
Non-Current Assets				
Receivables	8(b)	357,948	403,075	403,075
Other Financial Assets	10(b)	77,111	203,882	203,882
Property, Plant and Equipment	15	745,027	833,099	833,099
Intangible Assets	16	3,859	3,724	3,724
Deferred Tax Assets	6(b)	37,907	154,838	154,838
Total Non-Current Assets		1,221,852	1,598,618	1,598,618
Total Assets		1,747,008	2,169,018	2,169,018
Current Liabilities				
Trade and Other Payables	17(a)	133,464	174,112	174,112
Borrowings	18(a)	15,057	5,344	5,344
Income Tax Payable		–	25,770	25,770
Provisions	19(a)	54,652	50,206	50,206
Other Financial Liabilities	20(a)	71,614	56,089	56,089
Other	21(a)	6,676	5,914	5,914
Total Current Liabilities		281,463	317,435	317,435
Non-Current Liabilities				
Trade and Other Payables	17(b)	–	8,909	8,909
Borrowings	18(b)	840,314	844,216	844,216
Deferred Tax Liabilities	6(b)	37,907	150,596	150,596
Provisions	19(b)	258,624	113,597	113,597
Other Financial Liabilities	20(b)	72,948	222,205	222,205
Other	21(b)	604	896	896
Total Non-Current Liabilities		1,210,397	1,340,419	1,340,419
Total Liabilities		1,491,860	1,657,854	1,657,854
Net Assets		255,148	511,164	511,164
Equity				
Contributed Equity	22(a)	586,305	625,376	625,376
Reserves	22(b)	35,329	82,569	82,569
Retained Profits	22(c)	(366,486)	(196,781)	(196,781)
Total Equity		255,148	511,164	511,164

The accompanying Notes form an integral part of these Financial Statements.

Statement of Comprehensive Income

For the period ended 30 June 2012

		Delta Electricity		Consolidated
		June 2012	June 2011	June 2011
	Note	\$'000	\$'000	\$'000
Continuing Operations				
Revenue	3	874,047	1,109,772	1,109,473
Expenses, excluding finance costs	4	(818,677)	(1,297,410)	(1,293,599)
Finance Costs	5	(78,925)	(96,898)	(96,898)
Profit/(Loss) from Continuing Operations before Financial Instrument Fair Value Movements and Income Tax Expense		(23,555)	(284,536)	(281,024)
Income Tax Benefit/(Expense) on Profit/(Loss)	6(a)	(34,822)	83,379	80,926
Profit/(Loss) from Continuing Operations before Financial Instrument Fair Value Movements		(58,377)	(201,157)	(200,098)
Financial Instrument Fair Value Movements		62,941	4,324	4,324
Income Tax Expense on Financial Instrument Fair Value Movements	6(a)	(9,395)	(1,297)	(1,297)
Profit/(Loss) from Continuing Operations after Income Tax		(4,831)	(198,130)	(197,071)
Discontinued Operations				
Gain/(Loss) from Discontinued Operations after Income Tax	12	–	–	1,488
Profit/(Loss) for the Year		(4,831)	(198,130)	(195,583)
Other Comprehensive Income				
Gain/(Loss) on Cash Flow Hedges Taken to Equity	22	58,617	77,921	77,921
Cash Flow Hedges Transferred to Statement of Financial Position/Statement of Comprehensive Income	22	(78,192)	(149,937)	(149,937)
Actuarial Gain/(Loss) on Defined Benefit Superannuation Plans	23	(150,507)	(1,712)	(1,712)
Gain/(Loss) on Revaluation of Property, Plant & Equipment	22	(34,960)	(854,700)	(854,700)
Income Tax on Items of Other Comprehensive Income	22	44,901	278,528	278,528
Other Comprehensive Income/(Loss) for the Year, Net of Tax		(160,141)	(649,900)	(649,900)
Total Comprehensive Income/(Loss) for the Year		(164,972)	(848,030)	(845,483)

The accompanying Notes form an integral part of these Financial Statements.

Statement of Changes in Equity

For the period ended 30 June 2012

		Delta Electricity 2012				
		Contributed Equity	Asset Revaluation Reserve	Cash Flow Hedge Reserve	Retained Profits	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
	Note					
At 1 July 2011		625,376	70,712	11,857	(196,781)	511,164
Profit/(Loss) for the Year		–	–	–	(4,831)	(4,831)
Other Comprehensive Income/(Loss)		–	(24,516)	(13,703)	(121,922)	(160,141)
Total Comprehensive Income/(Loss) for the Year		–	(24,516)	(13,703)	(126,753)	(164,972)
Transfer Asset Revaluation Reserve to Retained Earnings		–	(9,021)	–	9,021	–
Transactions with Owners in their capacity as Owners:						
Shareholder Equity Contribution	22(a)	22,772	–	–	–	22,772
Return of Capital to Shareholder	22(a)	(61,843)	–	–	–	(61,843)
Dividends Paid/Payable	22(c)	–	–	–	(51,973)	(51,973)
At 30 June 2012		586,305	37,175	(1,846)	(366,486)	255,148

		Delta Electricity 2011				
		Contributed Equity	Asset Revaluation Reserve	Cash Flow Hedge Reserve	Retained Profits	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2010		175,376	669,002	62,268	2,548	909,194
Profit/(Loss) for the Year		–	–	–	(198,130)	(198,130)
Other Comprehensive Income/(Loss)		–	(598,290)	(50,411)	(1,199)	(649,900)
Total Comprehensive Income/(Loss) for the Year		–	(598,290)	(50,411)	(199,329)	(848,030)
Transactions with Owners in their capacity as Owners:						
Shareholder Equity Contribution	22(a)	450,000	–	–	–	450,000
Dividends Paid/Payable		–	–	–	–	–
At 30 June 2011		625,376	70,712	11,857	(196,781)	511,164

The accompanying Notes form an integral part of these Financial Statements.

Statement of Changes in Equity (cont.)

For the period ended 30 June 2012

		Consolidated 2011				
		Contributed Equity	Asset Revaluation Reserve	Cash Flow Hedge Reserve	Retained Profits	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2010		175,376	669,002	62,268	–	906,646
Profit/(Loss) for the Year		–	–	–	(195,583)	(195,583)
Other Comprehensive Income/(Loss)		–	(598,290)	(50,411)	(1,198)	(649,899)
Total Comprehensive Income/(Loss) for the Year		–	(598,290)	(50,411)	(196,781)	(845,482)
Transactions with Owners in their capacity as Owners:						
Shareholder Equity Contribution	22(a)	450,000	–	–	–	450,000
Dividends Paid/Payable	22(c)	–	–	–	–	–
At 30 June 2011		625,376	70,712	11,857	(196,781)	511,164

The accompanying Notes form an integral part of these Financial Statements.

Statement of Cash Flows

For the period ended 30 June 2012

	Note	Delta Electricity		Consolidated
		June	June	June
		2012	2011	2011
		\$'000	\$'000	\$'000
		Inflows	Inflows	Inflows
		(Outflows)	(Outflows)	(Outflows)
Cash Flows From Operating Activities				
Cash Received from Customers		1,129,791	1,215,473	1,221,451
Interest Received		9,146	6,527	6,593
Cash Payments to Suppliers and Employees		(994,465)	(875,100)	(876,314)
Interest and Other Finance Costs Paid		(73,935)	(99,532)	(102,209)
Income Taxes Paid		(29,480)	(57,339)	(57,339)
Net Cash Provided/(Used) by Operating Activities	28(f)	41,057	190,029	192,182
Cash Flows from Investing Activities				
Proceeds from Sale of Property, Plant and Equipment		2,879	20,527	20,527
Payments for Property, Plant and Equipment		(38,469)	(58,401)	(58,589)
Payments for Intangibles		(1,643)	(1,314)	(2,195)
Advance to Jointly Controlled Entity		–	–	(3,862)
Investment in Subsidiary		–	(4,843)	–
Proceeds on Disposal of Subsidiary		–	43,205	43,205
Derecognition of Cash on Loss of Control		–	–	(4,274)
Net Cash Provided/(Used) by Investing Activities		(37,233)	(826)	(5,188)
Cash Flows from Financing Activities				
Proceeds from Borrowings		108,371	101,970	101,970
Repayment of Borrowings		(108,371)	(101,970)	(101,970)
Payments to Reduce Outstanding Finance Lease Liability		(2,389)	(2,184)	(2,184)
Shareholder Equity Contributions/(Return of Contributed Equity)		22,772	–	–
Dividends Paid		(28,375)	(36,608)	(36,608)
Net Cash Provided/(Used) by Financing Activities		(7,992)	(38,792)	(38,792)
Net Increase/(Decrease) in Cash and Cash Equivalents		(4,168)	150,411	148,202
Cash and Cash Equivalents at Beginning of Financial Year		237,771	87,360	89,569
Cash and Cash Equivalents at End of the Year	28(b)	233,603	237,771	237,771

The accompanying Notes form an integral part of these Financial Statements.

Notes to and forming part of the Financial Statements

As at 30 June 2012

1. Corporate Information

Delta Electricity is a statutory state owned corporation domiciled in New South Wales. The entity's Australian Business Number is 67 139 819 642.

The Financial Statements of Delta Electricity for the year ended 30 June 2012 were authorised for issue in accordance with a resolution of the Directors on 20 September 2012.

On 28 February 2011 Delta Electricity Australia Pty Ltd was placed into voluntary administration and subsequent receivership on 28 February 2011. Delta Electricity Australia Pty Ltd remains in receivership at 30 June 2012.

On 1 March 2011, Generation Trading Agreements were executed with TRUenergy Pty Ltd for Delta Electricity's Western power stations (Mt Piper and Wallerawang) for the remaining life of each power station. Refer to Note 25(b).

On 20 June 2012, Delta Electricity received approval from the Shareholding Ministers under Section 20Y of the *State Owned Corporations Act* to close Munmorah Power Station following a commercial review of future operations of the power station.

2. Summary of Significant Accounting Policies

The Financial Statements are general purpose financial statements prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the New South Wales *Public Finance and Audit Act* and Regulation, and requirements of the *State Owned Corporations Act, 1989* (as amended).

(a) Statement of Compliance

The Financial Statements of Delta Electricity and the comparative information relating to the consolidated entity comply with Australian Accounting Standards. The Financial Statements also comply with International Financial Reporting Standards (IFRS).

(b) Basis of Accounting

Delta Electricity's Financial Statements have been prepared in accordance with the principles of accrual accounting and the historical cost convention, and except where stated do not take into account current valuations. Cost is based on the fair values of the consideration given in exchange for assets. Assets and liabilities are measured at the recoverable amount.

(i) Significant Accounting Judgements, Estimates and Assumptions

In the application of Australian Accounting Standards management is required to make judgements, estimates and assumptions that affect the carrying

values of assets and liabilities that are not readily apparent from other sources.

Significant Accounting Judgements

The Financial Statements have been prepared on a business as usual basis and include the estimated impact of the carbon tax which commenced on 1 July 2012 under the Clean Energy Legislative Package which was passed by the Federal Government on 8 November 2011. This legislation provides Delta Electricity with the basis for carbon price assumptions which are a key input into the modelling used to determine the carrying amount of assets. Significant amendments to the legislation could impact on the carrying amount of assets determined by Delta Electricity.

Significant accounting judgements are also required for the valuation of long dated electricity derivative contracts due to the absence of an active market and the valuation of coal stocks due to measurement issues associated with determining the volume of coal on the stockpiles.

Significant Accounting Estimates and Assumptions

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant estimates and assumptions apply to the following items:

- Defined Benefit Superannuation Schemes

Various actuarial assumptions are required when determining the value of defined benefit superannuation schemes. Refer to Note 19 and Note 23(b).

- Property, Plant and Equipment

Estimates and assumptions are required when determining asset life and calculating the recoverable amount for impairment testing. Calculation of recoverable amount requires estimates which are subject to volatility in competitive energy and coal markets. The most vulnerable are forecasting the impact of the carbon tax scheme, long-term electricity and fuel prices and production levels in an environment of predicting the timing of new entrants and technology improvements, the cost of operation and maintenance of power station assets, and determination of an appropriate discount factor. The impact of the carbon tax

scheme is based on information included in the Clean Energy Legislative Package which was passed by the Federal Government on 8 November 2011. The consequences of these factors in particular may cause future asset values to materially change. Refer to Note 2(k), Note 2(n) and Note 15.

During the year management revised its assessment of the cash generating units (CGUs) that exist within Delta Electricity as a result of the closure of the Munmorah Power Station and impairment of related assets (refer to Note 15(a)).

In valuing property, plant and equipment at 30 June 2012, Delta Electricity has used the income approach to assess fair value under AASB 116 Property, Plant and Equipment. A reduction in fair value was recognised in relation to Vales Point and Colongra power stations. Refer to Note 15(a).

Land valuations assume that land under power stations will be used for this specific purpose throughout their useful life. Land associated with the Munmorah Power Station has been valued on the basis that it has use as an electricity generation site for the foreseeable future.

- Provision for Employee Benefits

Estimates and assumptions are required for projected remuneration rates, discount rates and timing of entitlement use when determining the provision for employee benefits. Refer to Note 2(p) and Note 19.

- Provision for Insurance

Various actuarial assumptions are required when determining the entity's insurance provision. These assumptions are determined by specialist service providers. Refer to Note 2(r) and Note 19.

- Coal Stocks

Estimates and assumptions are required when determining coal stock quantities used in the calculation of coal stock inventory value. The nature of coal stockpiles, particularly in relation to density, makes independent determination of coal stock quantities difficult. Management estimates coal stock quantities after considering independent survey reports, coal deliveries, production output and power station performance. Refer to Note 9.

- Assets Attributable to Disposal Group Classified as Held for Sale

Estimates and assumptions are required when determining non-current assets held for sale. The calculation of fair value less costs to sell requires estimation of the expected sales price and expected transaction costs. These estimations are also required when performing impairment testing on the asset

as the fair value less costs to sell is used to determine the asset recoverable amount.

A disposal group is made up of assets intended to be disposed of.

- Recognition of Gentrader Fixed Operating and Maintenance Receipts

Delta Electricity receives monthly fixed operating and maintenance amounts from TRUenergy Pty Ltd. The receipts are recognised as revenue over the contract period in accordance with the contracted fee schedule. While there is no direct contractual link between the fee schedule and the timing of the services provided, the schedule represents management's best estimate of when the services will be performed.

- Recognition of Non-Current Financial Liabilities

Under the terms of a Power Purchase Agreement ('PPA') with a joint venture between Delta Electricity and the NSW Sugar Milling Co-operative, Delta Electricity is contractually obliged to make payments if several operational thresholds are met or exceeded. Estimates and assumptions are required when modelling and valuing the expected future liability to be recognised in the Statement of Financial Position. Such estimates include crop forecasts, electricity and renewable energy certificate price paths and the operation of the joint venture by its receiver.

(ii) New/Amended Accounting Standards

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the reporting period ended 30 June 2012. A summary of standards relevant to Delta Electricity is as follows:

- AASB 13 Fair Value Measurement

This standard applies to reporting periods beginning on or after 1 January 2013 and establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change the circumstances whereby an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted.

- AASB 1053 Application of Tiers of Australian Accounting Standards

This standard applies to reporting periods beginning on or after 1 July 2013 and establishes a differential financial reporting framework for preparing general purpose financial statements.

- AASB 9 Financial Instruments

This standard applies to reporting periods beginning on or after 1 January 2013 and simplifies the classification and measurement

of financial assets and liabilities and derecognition of financial instruments.

- AASB 119 Employee Benefits

This standard applies to reporting periods beginning on or after 1 January 2013. The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognised in other comprehensive income.

Other recently issued or amended standards are not expected to have a material impact on the entity.

(c) Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the comparative year.

In the current reporting period Delta Electricity has adopted the following new and revised Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2011:

- AASB 124 Related Party Disclosures (Amended) effective 1 January 2011

This standard simplifies the definition of a related party and amends the disclosure requirements for government related entities.

- AASB 7 Financial Instrument: Disclosures

This standard applies to reporting periods beginning on or after 1 July 2011 and increases the disclosure requirements for transactions involving transfers of financial assets.

(d) Basis of Consolidation

On 28 February 2011, Delta Electricity Australia Pty Ltd was placed into voluntary administration and subsequent receivership. On 28 February 2011, as part of the New South Wales Government restructure of the Cobbora coal development venture, Delta Electricity disposed of its investment in Mid West Primary Pty Ltd. Refer Note 12.

As a result of the transactions, Delta Electricity is no longer required to prepare Consolidated Financial Statements in accordance with AASB 127 *Consolidated and Separate Financial Statements*.

Delta Electricity and the entities it controlled during the year ended 30 June 2011 are referred to as the Consolidated Entity. For the purpose of presenting comparative information as required by AASB 101 *Presentation of Financial Statements*, the

comparative information for Delta Electricity and the Consolidated Entity has been presented in the Financial Statements.

The effects of transactions between entities in the consolidated entity are eliminated in full. The Consolidated Financial Statements incorporate the assets and liabilities of all entities controlled by Delta Electricity as at 30 June 2011 and the results of all controlled entities for the year then ended or up to the date on which control was lost.

On loss of control, assets (including goodwill) and liabilities of the subsidiary were derecognised and any surplus or deficit in profit or loss was recognised.

(e) Contributed Equity

Delta Electricity commenced operations on 1 March 1996. Under the terms of a Ministerial Order signed by the Honourable P.C. Scully Acting Minister for Energy and dated 1 March 1996, staff, assets, rights and liabilities were transferred from Pacific Power to Delta Electricity.

The *State Owned Corporations Act 1989* (as amended), requires Delta Electricity to have two voting shareholders. Current shareholders are the New South Wales Treasurer and the Minister for Finance and Services who hold the shares on behalf of the NSW Government. Each shareholder holds one \$1 share.

(f) Financial Assets and Financial Liabilities

The classification of financial assets and financial liabilities depends on the nature of the item and is determined at the time of initial recognition. Further disclosure on financial assets and financial liabilities is included in Note 27.

Financial Assets

Financial assets are categorised as follows:

Cash and Cash Equivalents

Cash at bank and cash management funds are classified as cash and cash equivalents.

Loans and Receivables

Trade debtors, advances and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recorded at fair value and subsequently measured at amortised cost.

At Fair Value Through Profit or Loss – Held for Trading

This category includes derivative financial instruments not designated or effective as a hedging instrument. These assets are recorded at fair value with any resultant gain or loss recognised in profit or loss.

Notes to and forming part of the Financial Statements

As at 30 June 2012

Derivative Financial Instruments – *Effective Hedges*

This category includes derivative financial instruments used as cash flow hedges of highly probable forecast transactions or firm commitments. These assets are recorded at fair value. Changes in fair value of effective hedges are deferred in equity. The timing of the recognition in profit or loss depends on the nature of the hedging relationship. Ineffective hedges are classified as held for trading and included in the At Fair Value Through Profit or Loss category.

Financial Liabilities

Financial liabilities are categorised as follows:

At Fair Value Through Profit or Loss – *Held for Trading*

This category includes derivative financial instruments not designated or effective as a hedging instrument. These liabilities are recorded at fair value with any resultant gain or loss recognised in profit or loss.

Derivative Financial Instruments – *Effective Hedges*

This category includes derivative financial instruments used as cash flow hedges of highly probable forecast transactions or firm commitments. These liabilities are recorded at fair value. Changes in fair value of effective hedges are deferred in equity. The timing of the recognition in profit or loss depends on the nature of the hedging relationship. Ineffective hedges are classified as held for trading and included in the At Fair Value Through Profit or Loss category.

Other Financial Liabilities

Other financial liabilities include payables and borrowings. These liabilities are initially recorded at fair value and subsequently measured at amortised cost.

(g) Borrowings

All loans and borrowings are initially recognised at fair value being the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in profit or loss through the amortisation process and when the liabilities are derecognised.

Fair value of interest bearing loans has been determined by Delta Electricity's treasury service provider who uses a discounted cash flow methodology to market value the

financial instruments. The discount rate used is based on the zero coupon curve derived from market rates prevailing at reporting date.

Borrowings are classified as current liabilities unless Delta Electricity has an unconditional right to defer settlement of the liability for at least 12 months.

(h) Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and gains and losses incurred in the use of derivative instruments for the management of interest rate exposure related to borrowed funds.

Costs associated with borrowings specifically financing qualifying assets are capitalised up to the date of completion of each qualifying asset to the extent those costs are recoverable. All other borrowing costs are expensed in the period they occur.

(i) Leased Assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

As a Lessee

Assets held under finance leases are initially recognised at their fair value or, if lower at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset, or where shorter, the term of the relevant lease.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expenses on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

As a Lessor

Assets subject to a finance lease are presented as a finance lease receivable in the Statement of Financial Position at an amount equal to the net investment in the lease.

Lease receipts are apportioned between interest income and reduction of the lease receivable so as to achieve a constant rate of interest on the remaining balance of the asset.

(j) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand along with short-term deposits and investments.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts and borrowings which are used in the cash management function on a day-to-day basis.

(k) Property, Plant and Equipment

Property, plant and equipment is recognised at fair value less accumulated depreciation and impairment in accordance with AASB116 *Property Plant and Equipment*, AASB136 *Impairment of Assets* and the New South Wales Treasury Accounting Policy for the Valuation of Physical Non-Current Assets at Fair Value. Fair value of power station property, plant and equipment with the exception of land is determined by using the income approach due to the absence of observable market prices. The fair value of land is determined by the depreciated replacement cost approach due to the absence of observable market prices.

Revaluations are made with sufficient regularity to ensure the carrying amount of property, plant and equipment does not differ materially from its fair value at reporting date.

Revaluation increments are generally credited directly to the asset revaluation reserve. A revaluation increment is only recognised immediately in profit or loss when the increment reverses a revaluation decrement, in respect of an individual asset, previously recognised in profit or loss.

Revaluation decrements are generally recognised immediately in profit or loss. A revaluation decrement is only recognised as a debit to the asset revaluation reserve when a credit balance for the same asset exists in the asset revaluation reserve.

Revaluation increments and decrements are offset against one another but only against the individual asset. The definition of an asset for the purposes of offsetting revaluation increments and decrements in the asset revaluation reserve has been determined to be at the power station level. The rationale

for this is that all components of the complex infrastructure asset must function and combine together to produce electricity.

An item of property, plant and equipment is derecognised on disposal or when no further economic benefits are expected from its use or disposal. Upon disposal, any revaluation reserve related to the particular asset is transferred to retained profits. Any gain or loss on derecognition is included in profit or loss in the year the asset is derecognised.

The accounting policy for impairment of assets is included under Note 2(n).

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The expected useful lives of property, plant and equipment is up to 50 years for operating coal fired power stations (2011: 50 years), up to 30 years for operating open cycle gas turbines (2011: 30 years) and from 5 to 30 years for other property, plant and equipment (2011: 5 to 30 years).

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

Where material items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

(I) Intangible Assets

Intangible assets comprise eligible computer software.

Computer software is stated at cost less accumulated amortisation and impairment and is amortised on a straight line basis over 2.5 years (2011: 2.5 years).

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future

economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss under the 'Expenses, excluding Finance Costs' line item.

(m) Green Certificates

Green certificates include renewable energy certificates, New South Wales greenhouse abatement and energy saving certificates. The certificates are classified as other assets and recorded at fair value in the Statement of Financial Position with any gains or losses from changes in fair value taken to profit or loss. Fair value is calculated on the basis of observable market data where available.

(n) Impairment

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is based on value in use and is determined at the cash generating unit level. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease (refer Note 2(k)).

Where an impairment loss subsequently reverses, the carrying amount of the cash generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the cash generating unit in prior years. A reversal

of an impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase (refer Note 2(k)).

(o) Non-Current Assets and Disposal Groups Held for Sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. They are not depreciated or amortised.

The assets and liabilities must be available for immediate sale and there must be a commitment to selling the asset either through entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets and liabilities.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

(p) Employee Benefits

The liability for wages and salaries at reporting date is recognised in current trade and payables. The liability includes unpaid wages and salaries at reporting date and performance/business success payments related to the 2011/12 financial year. The liability is measured at the amounts expected to be paid when the liability is settled. The liability for wages and salaries is normally settled within 7 days of reporting date, while the liability for performance/business success payments is settled within two months of reporting date.

Delta Electricity makes provision through profit or loss for its liability in respect of employee benefits for annual leave and long service leave. A calculation of the liability at reporting date is made each year for annual leave and long service leave employee benefits.

The basis of the liabilities and contributions are:

- (i) For annual leave, the liability represents the amount which Delta Electricity has a present obligation to pay resulting from employees' services provided up to reporting date. The provision has been calculated at amounts based on expected future salary rates and includes related oncosts. Liabilities in excess of 12 months are discounted.

Notes to and forming part of the Financial Statements

As at 30 June 2012

- (ii) For long service leave, the liability represents the present value of expected future payments for long service leave, including projected remuneration rates. Associated oncosts are also included.

Actuarial gains and losses on defined benefit superannuation schemes are recognised immediately in other comprehensive income in the year in which they occur. Superannuation entitlement details are provided in Note 23(b).

(q) Cash Management Funds

Cash management funds are stated at market values calculated by Delta Electricity's funds manager by referencing specific market quoted prices/yields prevailing at reporting date. Refer to Note 7.

Income earned from cash management funds is included as revenue in profit or loss.

(r) Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where it is expected that some or all of a provision is to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, material increases in the provision due to the passage of time are recognised as a finance cost.

There is some degree of uncertainty about the timing of the future payments and/or the amounts to be paid.

(s) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended. Delta Electricity determines the level of dividend annually in consultation with the shareholder, primarily during preparation of the Statement of Corporate Intent. The Statement of Corporate Intent is a performance agreement between the Delta Electricity Board and the shareholders.

(t) Inventory Valuation

Inventories are carried at the lower of cost and net realisable value. Cost is allocated on an average basis for stores and materials and on a weighted average cost per tonne/gigajoule/litre basis for coal, gas and other fuel stocks.

(u) Taxation

Current and deferred income tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred income tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income tax payments are made to the New South Wales Office of State Revenue under the National Tax Equivalent Regime (NTER). During the year the operations of Delta Electricity's Western power stations were removed from the NTER. Consequently, the Western power stations and associated Generation Trading Agreements are treated as tax neutral. Refer to Note 25(b).

Delta Electricity and its wholly resident subsidiary Delta Electricity Australia Pty Ltd are treated as a tax consolidated group and are taxed as a single entity for the purposes of income tax.

Members of the group have entered into a tax sharing arrangement in order to limit the joint and several liability of each member of the tax consolidated group to their share of the head entity's tax liability should the head entity default on its tax payment obligations. At the reporting date, the possibility of default of taxes is remote.

In addition, there is a tax indemnity deed between Delta Electricity and Delta Electricity Australia Pty Ltd whereby Delta Electricity agrees to indemnify and hold Delta Electricity Australia Pty Ltd harmless against all and any obligations related to income taxes.

(v) Foreign Currency Translation

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables at reporting date are translated at exchange rates current at reporting date. Exchange gains and losses are brought to account in determining the profit or loss for the year.

(w) Segment Reporting

Delta Electricity is an electricity generation corporation that operates in a single business and geographical segment. All production facilities are located in New South Wales.

(x) Revenue

Revenue from the sale of electricity and Western Gentrader operations is recognised as it accrues. Other revenue includes rent and interest income on funds and finance leases which are recognised as they accrue, other miscellaneous income and proceeds from other operations which are recognised on performance of the service or delivery of the goods. Revenue is reported in Note 3.

(y) Grants

Grants are recognised in the Statement of Financial Position as a liability when the grant is received.

When the grant relates to an expense item, it is recognised in profit or loss over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to deferred income and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

(z) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

(aa) Generating Costs

Generating costs represent all costs (raw materials, labour and overheads) associated with the production of electricity for sale in the National Electricity Market. Specific items requiring separate disclosure have been reported individually in Note 4.

(ab) Comparative Figures

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

During the year ended 30 June 2011 Delta Electricity lost control of Delta Electricity Australia Pty Ltd and sold Mid West Primary Pty Ltd. As a result, Delta Electricity is not required to prepare Consolidated Financial Statements in accordance with AASB 127 *Consolidated and Separate Financial Statements* for the year ended 30 June 2012. Refer to Note 2(d).

For the purpose of presenting comparative information as required by AASB 101 *Presentation of Financial Statements*, the comparative information for Delta Electricity and the Consolidated Entity has been presented in the Financial Statements.

(ac) Presentation Currency and Rounding

Amounts shown in the Financial Statements are in Australian dollars, rounded to the nearest thousand dollars (\$'000), except where the disclosure of whole dollar amounts is appropriate.

Delta Electricity		Consolidated
2012	2011	2011
\$'000	\$'000	\$'000

3. Revenue

Sale of Electricity and Green Certificates	289,097	803,200	803,122
Western Gentrader Operations	538,136	200,215	200,215
Other Revenue			
Profit on Sale of Fixed Assets	1,089	14,974	14,974
Interest			
– Cash Deposits	9,111	6,746	6,746
– Finance Leases	22,526	7,866	7,866
Litigation Settlements	72	439	439
Insurance Recoupment	–	50	50
Movement in Other Financial Liability – Other (Note 20)	7,990	–	–
Proceeds from Other Operations	2,124	4,211	4,211
Royalties	203	525	525
Grants	834	471	471
Recycled from Hedge Reserve	–	68,421	68,421
Miscellaneous	2,865	2,654	2,433
Revenue	874,047	1,109,772	1,109,473

Notes to and forming part of the Financial Statements

As at 30 June 2012

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000

4. Expenses (excluding Finance Costs)

Generating Costs	686,715	737,256	733,445
Depreciation			
– Buildings	46	9	9
– Plant and Equipment	45,659	100,141	100,141
– Motor Vehicles	799	819	819
Amortisation of Intangible Assets			
– Computer Software	1,322	1,606	1,606
Impairment			
– Property, Plant and Equipment	43,608	381,049	381,049
– Receivables	–	–	–
Bad Debts	881	11,902	11,902
Movement in Other Financial Liabilities – Other (Note 20)	9,713	40,830	40,830
Loss on Sale of Assets	–	–	–
Superannuation Expenses			
– Defined Contribution Schemes	3,350	3,331	3,331
– Defined Benefit Schemes	877	1,781	1,781
Provision for Employee Benefits	16,095	12,842	12,842
Write down in Value of Inventories	6,445	454	454
Operating Lease Rental Expense	1,053	1,039	1,039
Auditors' Remuneration	263	257	257
Directors' Remuneration	209	272	272
Consultants Fees	1,031	3,064	3,064
Other Expenses	611	758	758
Expenses (excluding Finance Costs)	818,677	1,297,410	1,293,599

Auditors' Remuneration paid or payable in respect to the audit of the 2011/12 Financial Statements is \$232,000 (2011: \$247,000).

5. Finance Costs

Interest on Bank Overdrafts and Borrowings	61,022	90,126	90,126
Interest on Obligations Under Finance Leases	8,806	9,012	9,012
Unwinding of Discounts on Provisions	486	544	544
Other Finance Costs	8,611	(2,784)	(2,784)
Finance Costs	78,925	96,898	96,898

Delta Electricity		Consolidated
2012	2011	2011
\$'000	\$'000	\$'000

6. Income Tax

The major components of Income Tax for the year ended 30 June 2012 are as follows:

(a) Income Tax Expense

The major components of income tax expense are:

Income Tax Expense Recognised in Profit or Loss

<i>Current Income Tax</i>			
Current income tax expense	(41,952)	70,273	70,273
Adjustments in respect of current income tax of previous years	(75)	(2,475)	(2,475)
<i>Deferred Income Tax</i>			
Origination and reversal of temporary differences (Note 6(b))			
– related to deferred tax liabilities	5,602	(89,299)	(89,299)
– related to deferred tax assets	99,611	(60,581)	(60,581)
Derecognition of deferred tax assets and deferred tax liabilities relating to operations not subject to income tax (Delta West) ⁽ⁱ⁾	(18,969)	–	–
Income tax expense recognised in profit or loss	44,217	(82,082)	(82,082)

⁽ⁱ⁾ NSW Treasury removed Delta West's operations from the NTER effective from 1 July 2011. As a result, Delta West's operations are no longer subject to income tax. As at 1 July 2011, Delta Electricity has derecognised deferred tax assets and deferred tax liabilities relating to Delta West's operations.

Income Tax Recognised in Other Comprehensive Income

Deferred income tax related to items charged or credited directly outside profit or loss:

Unrealised gain/(loss) on cash flow hedges (Note 22(b))	(5,873)	(21,604)	(21,604)
Net gain/(loss) on revaluation of property, plant and equipment (Note 22(b))	(10,444)	(256,410)	(256,410)
Actuarial gain/(loss) recognised	(28,584)	(513)	(513)
Income tax expense recognised in other comprehensive income	(44,901)	(278,527)	(278,527)

Reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the organisation's effective income tax rate for the year ended 30 June 2012:

Accounting profit before tax	39,386	(280,212)	(277,665)
Income tax at statutory rate of 30% (2011: 30%)	11,816	(84,064)	(83,300)
Non deductible expense – entertainment	5	2	2
Profit attributable to operations not subject to income tax (Delta West)	(47,155)	–	–
Investment allowance	–	(164)	(164)
Research and development	(58)	(29)	(29)
Other	(315)	4,648	3,884
Reassessment of deferred tax asset ⁽ⁱⁱ⁾	98,968	–	–
Adjustments in respect of current income tax of previous years	(75)	(2,475)	(2,475)
Derecognition of deferred tax assets and deferred tax liabilities relating to operations not subject to income tax (Delta West)	(18,969)	–	–
Income tax expense recognised in profit or loss	44,217	(82,082)	(82,082)

⁽ⁱⁱ⁾ Deferred tax assets of \$98,968,000 have been derecognised based on an assessment of the probability of deriving future tax profits against which the deferred tax assets can be utilised.

Notes to and forming part of the Financial Statements

As at 30 June 2012

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000

6. Income Tax (cont.)

(b) Deferred Income Tax

Deferred income tax as at 30 June 2012 relates to the following:

<u>Deferred Income Tax Liabilities</u>			
<i>Statement of Financial Position</i>			
Accelerated depreciation for tax purposes	(19,907)	(284,180)	(284,180)
Revaluations of property, plant and equipment	23,201	202,656	202,656
Inventory	13,713	7,464	7,464
Intangible assets	–	(3)	(3)
Derivative instruments	3,684	65,897	65,897
Finance lease receivable	–	129,956	129,956
Finance lease payable	17,213	28,770	28,770
Other items	3	36	36
Gross deferred income tax liabilities	37,907	150,596	150,596
<i>Profit or Loss</i>			
Accelerated depreciation for tax purposes	9,176	(13,098)	(13,098)
Revaluations of property, plant and equipment	(12,725)	(107,594)	(107,594)
Inventory	6,248	(21,478)	(21,478)
Derivative instruments – fair value movement	3,673	60,040	60,040
Finance lease receivable	–	(6,184)	(6,184)
Finance lease payable	(888)	(1,040)	(1,040)
Other items	118	55	55
Deferred income tax expense/(benefit)	5,602	(89,299)	(89,299)
<u>Deferred Income Tax Assets</u>			
<i>Statement of Financial Position</i>			
Employee benefits	57,769	47,037	47,037
Provisions (excluding employee benefits)	5,933	8,990	8,990
Derivative instruments	8	60,404	60,404
Accelerated depreciation for accounting purposes	–	6,277	6,277
Finance lease payable	29,160	29,955	29,955
Tax losses	41,952	–	–
Other items	2,053	2,175	2,175
Reassessment of deferred tax asset	(98,968)	–	–
Gross deferred income tax assets	37,907	154,838	154,838

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000
<i>Profit or Loss</i>			
Employee benefits	(1,903)	584	584
Provisions (excluding employee benefits)	2,944	(5,130)	(5,130)
Derivative instruments – fair value movement	167	(49,123)	(49,123)
Revaluation of property, plant and equipment	–	–	–
Accelerated depreciation for accounting purposes	–	(6,687)	(6,687)
Finance lease payable	795	719	719
Other items	(1,360)	(944)	(944)
Reassessment of deferred tax asset	98,968	–	–
Deferred income tax expense/(benefit)	99,611	(60,581)	(60,581)

7. Cash and Cash Equivalents

Bank	12,204	41,314	41,314
Cash Management Funds	221,399	196,457	196,457
	233,603	237,771	237,771

8. Trade and Other Receivables

(a) Current

Trade Debtors	45,629	64,017	64,017
Other Debtors	55,826	64,143	64,143
Finance Lease Receivables	60,234	69,709	69,709
Prepayments	1,099	2,070	2,070
	162,788	199,939	199,939

(b) Non-Current

Finance Lease Receivables	338,516	391,956	391,956
Other Debtors	18,922	10,500	10,500
Prepayments	510	619	619
	357,948	403,075	403,075

Trade and other debtors are carried at nominal amounts due less an allowance for any uncollectible amounts. Collectability of trade and other debtors is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that Delta Electricity will not be able to collect the debt. There were nil doubtful debts at reporting date (2011: \$Nil).

Trade debtors incorporate electricity sales activities with participants in the National Electricity Market. Funds from trade debtors are receivable by no later than 21 working days after completion of the billing period. Board policies are in place for determining eligible counterparties and limits applying to those parties.

Current other debtors include non-lease payments related to the Western Gentrader transaction. These payments are receivable by no later than 31 days after completion of the billing month. Finance lease receivables represents amounts due under finance leases associated with Mt Piper and Wallerawang power stations. Further details on the finance lease receivables are presented in Note 25(b).

Notes to and forming part of the Financial Statements

As at 30 June 2012

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000

8. Trade and Other Receivables (cont.)

Current other debtors also incorporate miscellaneous non-core activities undertaken by Delta Electricity. Amounts are due 30 days after invoicing. Non-current other debtors represent debtors with terms greater than one year from reporting date.

Trade debtors and other receivables past due but not impaired are as follows:

Less than three months overdue	84	442	442
Three to six months overdue	49	–	–
Later than six months overdue	–	–	–
	133	442	442

Delta Electricity still considers that these amounts will be recoverable.

9. Inventories

Stores and Materials	39,655	42,614	42,614
Coal Stocks	43,745	23,129	23,129
Other Fuel Stocks	1,965	1,753	1,753
	85,365	67,496	67,496

Following the closure of the Munmorah Power Station, an expense of \$6,217,000 was recognised in the Statement of Comprehensive Income as a result of a write down of associated inventory to its net realisable value.

10. Other Financial Assets

(a) Current

Electricity Contracts – cash flow hedges	2,303	17,673	17,673
Electricity Contracts – held for trading	28,356	43,404	43,404
Other Derivatives – held for trading	26	35	35
	30,685	61,112	61,112

(b) Non-Current

Electricity Contracts – cash flow hedges	1,595	–	–
Electricity Contracts – held for trading	75,516	203,882	203,882
Other Derivatives – held for trading	–	–	–
	77,111	203,882	203,882

Refer to Note 27 for further information on Other Financial Assets.

11. Other Current Assets

Green Certificates	1,043	2,257	2,257
Miscellaneous	3,036	1,705	1,705
	4,079	3,962	3,962

12. Assets Attributable to Disposal Group Classified as Held for Sale and Discontinued Operations

There were no assets attributable to disposal groups classified as held for sale and discontinued operations during the year. The following disclosures relate to the 2010/11 financial year.

(a) Delta Electricity Australia Pty Ltd

On 28 February 2011 Delta Electricity Australia Pty Ltd was placed into voluntary administration and subsequent receivership.

Prior to Delta Electricity Australia Pty Ltd discontinuing operations in the 2010/11 financial year, the entity recognised a gain from discontinued operations after income tax of \$187,000 and net liabilities of \$6,245,000 as at 30 June 2011.

(b) Mid West Primary Pty Ltd

On 28 February 2011, as part of the New South Wales Government restructure of the Cobbora coal development venture, Delta Electricity disposed of its investment in Mid West Primary Pty Ltd to Cobbora Holding Company Pty Limited for cash consideration of \$43,205,000. A gain on disposal of \$1,596,000 was recorded.

The principal activity of Mid West Primary Pty Ltd was the participation in a joint venture to develop a coal resource in New South Wales.

The gain from the discontinued operation after income tax for the period ended 30 June 2011 was \$1,301,000 and net cash outflows of \$237,000 were recorded. The net assets of the entity as at 28 February 2011 were \$41,609,000.

There were no additional transactions relating to the disposal of Mid West Primary Pty Ltd during the current year.

(c) NSW Energy Reform Disposals

On 1 March 2011 the Western Gentrader transaction was executed as part of the New South Wales Government's energy reform initiatives.

The transaction included the sale of Mt Piper Power Station and Wallerawang Power Station generation trading rights, fuel stocks and electricity derivative contracts. In addition, development sites at Marulan and Mt Piper were sold to TRUenergy Pty Ltd and a development site at Bamarang was sold to Lumo Generation NSW Pty Limited. These sites had been acquired or held by Delta Electricity for the potential future development of electricity generation capacity. The Marulan and Bamarang sales were completed on 1 March 2011 and the Mt Piper development site was completed on 20 October 2011.

The total consideration received for the transaction was \$547,396,000 comprising \$93,596,000 in cash and \$453,800,000 to be received by way of finance lease repayments (refer to Note 25(b) for further details on the finance lease arrangement).

The net assets attributable to the disposal group held for sale as at 30 June 2011 were \$532,211,000.

There have been no new transactions relating to the disposal during the current year.

(d) Mt Piper Development Site Sale

On 20 October 2011 Delta Electricity completed the sale of a small parcel of land within Mt Piper Power Station to TRUenergy Pty Ltd. The land had a book value of \$120,000. \$1,099,000 in cash was received in consideration.

13. Investments in Subsidiaries

On 28 February 2011, as part of the New South Wales Government restructure of the Cobbora coal development venture, Delta Electricity disposed of its investment in Mid West Primary Pty Ltd to Cobbora Holding Company Pty Limited. Delta Electricity continues to hold two \$1 ordinary shares in Delta Electricity Australia Pty Ltd.

14. Investments Accounted for Using the Equity Method

(a) Mid West Primary Pty Ltd Associates and Jointly Controlled Entity

As at 30 June 2011, Delta Electricity held, through its investment in Mid West Primary Pty Ltd, ownership interests of 38.3% and 33.3% in Cobbora Management Company Pty Ltd and CCP Holdings Pty Ltd respectively. Both investments were accounted for as associates using the equity method. Delta Electricity also held, through its investment in Mid West Primary Pty Ltd, an ownership interest of 38.3% in the Cobbora Coal Unit Trust. This investment was accounted for as a jointly controlled entity using the equity method.

Cobbora Management Company Pty Ltd was established on 11 February 2009 while CCP Holdings Pty Ltd and the Cobbora Coal Unit Trust were established on 5 September 2008. The principal activity of the Cobbora Coal Unit Trust was to identify and acquire land suitable for developing a coal resource in New South Wales.

CCP Holdings Pty Ltd was a trustee for the Cobbora Coal Unit Trust while the Cobbora Management Company Pty Ltd performed the role of manager for the Cobbora Unincorporated Joint Venture. On 28 February 2011, as part of the New South Wales Government restructure of the Cobbora coal development venture, Delta Electricity disposed of its investment in Mid West Primary Pty Ltd to Cobbora Holding Company Pty Limited.

Notes to and forming part of the Financial Statements

As at 30 June 2012

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000

14. Investments Accounted for Using the Equity Method (cont.)

(b) Reconciliation of Movement in Investments using the Equity Method

Balance at beginning of year	-	-	32,740
Additions – Cobbora Coal Unit Trust	-	-	3,862
– CCP Holdings Pty Ltd	-	-	-
– Cobbora Management Company Pty Ltd	-	-	-
Disposals – Cobbora Coal Unit Trust	-	-	(36,455)
– CCP Holdings Pty Ltd	-	-	-
– Cobbora Management Company Pty Ltd	-	-	(1)
Conversion of Advance to Equity Contribution – Cobbora Coal Unit Trust	-	-	-
Share of Profit/(Loss) for the Period – Cobbora Coal Unit Trust	-	-	(146)
Balance at end of year	-	-	-

During the year ended 30 June 2011 the balances of Investments using the Equity Method were transferred to discontinued operations. Refer Note 12(b).

(c) Summarised Financial Information of Associates and Jointly Controlled Entity

Summarised information related to Mid West Primary Pty Ltd's share of the Cobbora Coal Unit Trust derecognised on disposal and held at 30 June is set out below:

Current Assets	-	-	-
Non-Current Assets	-	-	-
Current Liabilities	-	-	-
Non-Current Liabilities	-	-	-
Revenue	-	-	36
Expenses	-	-	182

15. Property, Plant and Equipment

(a) Reconciliation by Asset Classes

Delta Electricity					
\$'000					
Year ended 30 June 2012	Land	Non Power Station – Buildings	Power Stations – Plant and Equipment	Other – Plant and Equipment	Total
Carrying amount at 1 July 2011	45,300	248	777,485	10,066	833,099
Additions	671	–	34,459	3,583	38,713
Revaluation (i)	(1,022)	–	(59,574)	–	(60,596)
Impairment (ii)	–	–	(17,940)	(32)	(17,972)
Disposals/Write-offs	(37)	–	–	(1,676)	(1,713)
Depreciation Expense	–	(46)	(43,758)	(2,700)	(46,504)
Carrying amount at 30 June 2012	44,912	202	690,672	9,241	745,027
At 1 July 2011					
Gross replacement cost	45,300	282	4,851,168	31,341	4,928,091
Accumulated depreciation	–	(34)	(3,862,068)	(21,275)	(3,883,377)
Accumulated impairment	–	–	(211,615)	–	(211,615)
Net carrying amount	45,300	248	777,485	10,066	833,099
At 30 June 2012					
Gross carrying amount	44,912	282	690,672	30,513	766,379
Accumulated depreciation and impairment	–	(80)	–	(21,272)	(21,352)
Net carrying amount	44,912	202	690,672	9,241	745,027

The above tables include work in progress for plant and equipment of \$15,341,000 (2011: \$14,408,000). The carrying amount of finance lease assets at 30 June 2012 was \$57,375,000 (2011: \$68,063,000).

(i) On 30 June 2012 the fair value of land and power stations plant and equipment was calculated using the income approach permitted under AASB 116 and New South Wales Treasury Accounting Policy for the Valuation of Physical Non-Current Assets at Fair Value. The calculation resulted in a revaluation decrement of \$60,596,000 to the value of Delta's land and the Central Coast power stations of Vales Point and Colongra. Following the revaluation, management is not aware of any further indicators of impairment that would require an impairment test to be carried out in accordance with AASB 116.

(ii) The impairment loss during the year of \$17,972,000 represents the write-down of the Munmorah Power Station to its recoverable amount. The impairment resulted from management's decision to indefinitely defer future operation of the Munmorah Power Station. The recoverable amount was based on value in use applying a pre-tax discount rate. \$17,695,000 of the total write-down is recognised in Other Comprehensive Income as a decrease in the Asset Revaluation Reserve. The remaining \$277,000 has been recognised in the Statement of Comprehensive Income under 'Expenses (excluding finance costs)'.

Notes to and forming part of the Financial Statements

As at 30 June 2012

15. Property, Plant and Equipment (cont.)

(a) Reconciliation by Asset Classes (cont.)

	Delta Electricity				
	\$'000				
Year ended 30 June 2011	Land	Non Power Station – Buildings	Power Stations – Plant and Equipment	Other – Plant and Equipment	Total
Carrying amount at 1 July 2010	49,355	35	2,494,005	11,150	2,554,545
Additions	206	222	48,575	3,356	52,359
Revaluation	(122)	–	(1,024,011)	–	(1,024,133)
Impairment	–	–	(211,615)	–	(211,615)
Transfer to Assets Held For Sale	(4,139)	–	(431,399)	–	(435,538)
Disposals/Write-offs	–	–	–	(1,550)	(1,550)
Depreciation Expense	–	(9)	(98,070)	(2,890)	(100,969)
Carrying amount at 30 June 2011	45,300	248	777,485	10,066	833,099
At 1 July 2010					
Gross replacement cost	49,355	60	10,330,982	31,079	10,411,476
Accumulated depreciation	–	(25)	(7,489,977)	(19,929)	(7,509,931)
Accumulated impairment	–	–	(347,000)	–	(347,000)
Net carrying amount	49,355	35	2,494,005	11,150	2,554,545
At 30 June 2011					
Gross replacement cost	45,300	282	4,851,168	31,341	4,928,091
Accumulated depreciation	–	(34)	(3,862,068)	(21,275)	(3,883,377)
Accumulated impairment	–	–	(211,615)	–	(211,615)
Net carrying amount	45,300	248	777,485	10,066	833,099

	Consolidated				
	\$'000				
Year ended 30 June 2011	Land	Non Power Station – Buildings	Power Stations – Plant and Equipment	Other – Plant and Equipment	Total
Carrying amount at 1 July 2010	49,355	35	2,494,872	11,150	2,555,412
Additions	206	222	48,575	3,356	52,359
Revaluation	(122)	–	(1,024,011)	–	(1,024,133)
Impairment	–	–	(211,615)	–	(211,615)
Transfer to Assets Held For Sale	(4,139)	–	(432,266)	–	(436,405)
Disposals/Write-offs	–	–	–	(1,550)	(1,550)
Depreciation Expense	–	(9)	(98,070)	(2,890)	(100,969)
Carrying amount at 30 June 2011	45,300	248	777,485	10,066	833,099
At 1 July 2010					
Gross replacement cost	49,355	60	10,330,982	31,079	10,411,476
Accumulated depreciation	–	(25)	(7,489,110)	(19,929)	(7,509,064)
Accumulated impairment	–	–	(347,000)	–	(347,000)
Net carrying amount	49,355	35	2,494,872	11,150	2,555,412
At 30 June 2011					
Gross replacement cost	45,300	282	4,851,168	31,341	4,928,091
Accumulated depreciation	–	(34)	(3,862,068)	(21,275)	(3,883,377)
Accumulated impairment	–	–	(211,615)	–	(211,615)
Net carrying amount	45,300	248	777,485	10,066	833,099

2010/11 Revaluation of Western Power Stations Plant and Equipment

In 2010/11 a revaluation of Western power stations' plant and equipment was undertaken on the basis of the expected proceeds from the Western Gentrader finance lease. A revaluation decrement of \$917.3 million was recognised. The assets were disposed in a finance lease on 1 March 2011 with a value of \$431.4 million.

2010/11 Revaluation of Land and Central Coast Power Stations Plant and Equipment

On 30 June 2011 the fair value of land and power stations plant and equipment was calculated by AssetVal Pty Ltd. Following determination of recoverable amount in accordance with the methodology and principles set out in Note 2(n), the revaluation decrement to fair value was adjusted downwards to ensure carrying value would not exceed recoverable amount. As a result, a net valuation decrement of \$318.4 million was approved by the Board of Delta Electricity.

Notes to and forming part of the Financial Statements

As at 30 June 2012

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000

15. Property, Plant and Equipment (cont.)

(b) Carrying Amount of Asset Classes if Valued Using the Cost Model

If property, plant and equipment were measured using the cost model, the carrying amounts would be as follows:

Land			
At cost	10,303	9,669	9,669
Total Land	10,303	9,669	9,669
Non Power Station – Buildings			
At cost	287	282	282
Less: accumulated depreciation	(85)	(34)	(34)
Total Buildings	202	248	248
Plant and Equipment			
Power Stations			
At cost	1,229,346	1,240,069	1,240,069
Less: accumulated depreciation and impairment	(471,125)	(470,109)	(470,109)
Total power stations	758,221	769,960	769,960
Other Plant and Equipment			
At cost	28,555	30,068	30,068
Less: accumulated depreciation and impairment	(19,314)	(20,002)	(20,002)
Total other plant and equipment	9,241	10,066	10,066
Total Plant and Equipment	767,462	780,026	780,026
Total Written Down Value of Property, Plant and Equipment	777,967	789,943	789,943

16. Intangible Assets

	Delta Electricity	
	Software	Total
	\$'000	\$'000
Year Ended 30 June 2012		
Carrying amount at 1 July 2011, net of accumulated amortisation	3,724	3,724
Additions		
– from internal development	333	333
– acquired externally	1,124	1,124
Amortisation	(1,322)	(1,322)
Disposal/Write-Offs	–	–
Carrying amount at 30 June 2012	3,859	3,859
At 1 July 2011		
Cost (gross carrying amount)	22,299	22,299
Accumulated amortisation	(18,575)	(18,575)
Net carrying amount	3,724	3,724
At 30 June 2012		
Cost (gross carrying amount)	18,385	18,385
Accumulated amortisation	(14,526)	(14,526)
Net carrying amount	3,859	3,859
Year Ended 30 June 2011		
Carrying amount at 1 July 2010, net of accumulated amortisation	3,826	3,826
Additions		
– from internal development	258	258
– acquired externally	1,246	1,246
Amortisation	(1,606)	(1,606)
Disposal/Write-Offs	–	–
Carrying amount at 30 June 2011	3,724	3,724
At 1 July 2010		
Cost (gross carrying amount)	24,470	24,470
Accumulated amortisation	(20,644)	(20,644)
Net carrying amount	3,826	3,826
At 30 June 2011		
Cost (gross carrying amount)	22,299	22,299
Accumulated amortisation	(18,575)	(18,575)
Net carrying amount	3,724	3,724

Notes to and forming part of the Financial Statements

As at 30 June 2012

16. Intangible Assets (cont.)

	Consolidated	
	Software \$'000	Total \$'000
Year Ended 30 June 2011		
Carrying amount at 1 July 2010, net of accumulated amortisation	3,826	3,826
Additions		
– from internal development	258	258
– acquired externally	1,246	1,246
Amortisation	(1,606)	(1,606)
Disposal/Write-Offs	–	–
Carrying amount at 30 June 2011	3,724	3,724
At 1 July 2010		
Cost (gross carrying amount)	24,470	24,470
Accumulated amortisation	(20,644)	(20,644)
Net carrying amount	3,826	3,826
At 30 June 2011		
Cost (gross carrying amount)	22,299	22,299
Accumulated amortisation	(18,575)	(18,575)
Net carrying amount	3,724	3,724

Exploration and evaluation assets were transferred to discontinued operations during the year ended 30 June 2011. Refer to Note 12(b).

Delta Electricity		Consolidated
2012	2011	2011
\$'000	\$'000	\$'000

17. Trade and Other Payables

(a) Current

Trade Payables	121,007	162,594	162,594
Other Creditors	12,457	11,518	11,518
	133,464	174,112	174,112

(b) Non-Current

Other Creditors	–	8,909	8,909
	–	8,909	8,909

Trade payables represents amounts to be paid in the future for goods received and services provided at reporting date. These liabilities are usually settled within 42 days. Current other creditors represents interest due on borrowings which are payable within 6 months.

18. Borrowings

(a) Current

NSW Treasury Corporation Short-Term Loans	12,425	2,937	2,937
Finance Lease Liabilities	2,632	2,407	2,407
	15,057	5,344	5,344

(b) Non-Current

NSW Treasury Corporation Loans	746,225	747,495	747,495
Finance Lease Liabilities	94,089	96,721	96,721
	840,314	844,216	844,216

At reporting date, Delta Electricity had Executive Council approval to borrow up to \$1,830 million (2011: \$1,830 million).

Maturing loans may be re-financed if the borrowing limit is not exceeded, at the discretion of Delta Electricity. As such, Borrowings that are expected to mature within the next 12 months that management expect to rollover for at least another 12 months from reporting date, have been classified as non-current. At reporting date, there were \$25,066,000 of borrowings due to mature within one year requiring classification as non-current (2011: \$138,358,000).

Further details on finance lease liabilities are presented in Note 25(a).

Notes to and forming part of the Financial Statements

As at 30 June 2012

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000

19. Provisions

(a) Current

Dividend	–	–	–
Employee Benefits	52,751	48,485	48,485
Insurance	1,901	1,721	1,721
	54,652	50,206	50,206

(b) Non-Current

Employee Benefits	1,039	907	907
Superannuation – Defined Benefit Schemes	246,548	103,554	103,554
Insurance	11,037	9,136	9,136
	258,624	113,597	113,597

Delta Electricity's insurance provision covers assessed employee and contractor related accident and injury liabilities at reporting date. In accordance with conditions associated with Delta Electricity's Self Insurer's licence for Workers' Compensation, a current provision of \$861,000 (2011: \$565,000) and a non-current provision of \$5,977,000 (2011: \$4,735,000) for workers' compensation has been included in the insurance provision.

An actuarial review of employee benefits and insurance provisions was carried out by David A Zaman Pty Ltd as at 30 June 2012.

Further details on employee benefits and superannuation are contained in Note 23.

(c) Movements in Provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	2012
	\$'000

Current

	Dividend	Insurance	Total
Carrying amount at start of year	–	1,721	1,721
Additional provision	28,375	2,638	31,013
Payments	(28,375)	(2,458)	(30,833)
Carrying amount at end of year	–	1,901	1,901

Non-Current

	Insurance	Total
Carrying amount at start of year	9,136	9,136
Discount adjustment	486	486
Adjustment to assessed liability	1,415	1,415
Carrying amount at end of year	11,037	11,037

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000

20. Other Financial Liabilities

(a) Current

Electricity Contracts – cash flow hedges	5,818	442	442
Electricity Contracts – held for trading	57,200	39,708	39,708
Interest Rate Futures – held for trading	–	–	–
Forward Foreign Exchange Contracts – held for trading	26	809	809
Other (i)	8,570	15,130	15,130
	71,614	56,089	56,089

(b) Non-Current

Electricity Contracts – cash flow hedges	1,087	–	–
Electricity Contracts – held for trading	52,251	196,480	196,480
Forward Foreign Exchange Contracts – held for trading	–	25	25
Other (i)	19,610	25,700	25,700
	72,948	222,205	222,205

Refer to Note 27 for further information on Other Financial Liabilities.

(i) Other represents the estimated net present value of financial liabilities related to future contractual payments required to be made to the Sunshine Electricity Joint Venture and the NSW Sugar Milling Cooperative Ltd.

The liability to the Sunshine Electricity Joint Venture of \$28,180,000 (2011: \$32,390,000) represents payments to provide a minimum level of revenue to the Joint Venture under the Power Purchase Agreement.

The liability to the NSW Sugar Milling Cooperative Ltd related to a contractual arrangement for Delta Electricity to pay 50% of any subordinated bagasse fuel payments owing to NSW Sugar Milling Cooperative Ltd. As the Sunshine Electricity Joint Venture Receiver is making full payment for bagasse supplied by NSW Sugar Milling Cooperative Ltd, the liability has now been valued at nil (2011: \$7,990,000).

21. Other Liabilities

(a) Current

Deferred Revenue – Grants	482	836	836
Amounts Received in Advance	5,446	4,785	4,785
Miscellaneous	748	293	293
	6,676	5,914	5,914

(b) Non-Current

Miscellaneous	604	896	896
	604	896	896

The deferred revenue arises from funds received that will be used to offset expenses associated with the investigation of carbon capture and storage initiatives.

Notes to and forming part of the Financial Statements

As at 30 June 2012

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000

22. Equity

(a) Contributed Equity

Balance at beginning of year	625,376	175,376	175,376
Shareholder Equity Contribution	22,772	450,000	450,000
Return of Capital to Shareholder	(61,843)	–	–
Contributed Equity at end of year	586,305	625,376	625,376

During the year NSW Treasury provided an equity contribution of \$22,772,000 as a reimbursement of tax payments in relation to the operations of Delta Electricity's Western power stations prior to their removal from the National Tax Equivalent Regime (NTER).

Delta Electricity and NSW Treasury have formally agreed that the principal proceeds arising under the Western Gentrader transactions will be repatriated to the Crown by way of capital return.

In 2011, following execution of the Western Gentrader finance leases the Crown assumed \$450 million of NSW Treasury Corporation loans and thereby increased its equity investment in Delta Electricity.

(b) Reserves

Asset Revaluation Reserve	37,175	70,712	70,712
Hedging Reserve	(1,846)	11,857	11,857
Reserves at end of year	35,329	82,569	82,569

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements in the fair value of property, plant and equipment to the extent that they offset one another.

Balance at beginning of year	70,712	669,002	669,002
Revaluation	(17,265)	(799,464)	(799,464)
Impairment	(17,695)	(55,236)	(55,236)
Tax Effect	10,444	256,410	256,410
Transfer to Retained Profits on Disposal	(9,021)	–	–
Asset Revaluation Reserve at end of year	37,175	70,712	70,712

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000
<i>Hedging Reserve</i>			
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.			
Balance at beginning of year	11,857	62,268	62,268
Gains/(Losses) Recognised on Cash Flow Hedges:			
Electricity Contracts	58,617	77,921	77,921
Interest Rate Swaps	–	–	–
Tax Effect	(17,585)	(23,376)	(23,376)
Transferred to Profit or Loss			
Electricity Contracts	(78,192)	(81,515)	(81,515)
Interest Rate Swaps	–	–	–
Tax Effect	23,457	24,454	24,454
Cessation of Hedge Accounting – Recycled to Profit or Loss			
Electricity Contracts	–	(68,421)	(68,421)
Interest Rate Swaps	–	–	–
Tax Effect	–	20,526	20,526
Hedging Reserve at end of year	(1,846)	11,857	11,857

Gains/(losses) transferred from equity into profit or loss during the period are included in the Statement of Comprehensive Income.

(c) Retained Profits

Balance at beginning of year	(196,781)	2,548	–
Superannuation actuarial gains/(losses)	(150,507)	(1,712)	(1,712)
Tax effect	28,585	513	513
Profit/(Loss) for the year	(4,831)	(198,130)	(195,583)
Dividends provided for or paid	(51,973)	–	–
Transfer from Asset Revaluation Reserve	9,021	–	–
Other	–	1	1
Retained Profits at end of year	(366,486)	(196,781)	(196,781)

Notes to and forming part of the Financial Statements

As at 30 June 2012

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000

23. Employee Benefits and Superannuation

(a) Employee Benefits

The aggregate employee benefit liability excluding superannuation is composed of:

Short-term Employee Benefits	18,313	16,765	16,765
Long-term Employee Benefits	40,437	37,037	37,037
	58,750	53,802	53,802

Short-term employee benefits represents the amount expected to be settled within 12 months and includes performance and business success payments that are part of formal agreements with employees. Long-term employee benefits represents leave entitlements expected to be settled later than 12 months.

(b) Superannuation – Defined Benefit Schemes

(i) General Information and Description of Plans

Defined benefit superannuation schemes are applicable to the parent entity only. As such, the information presented for the parent entity also applies to the consolidated entity. Defined benefit superannuation schemes are administered by Pillar Administration on behalf of the SAS Trustee Corporation (STC). The following information related to defined benefit superannuation schemes has been prepared by an external actuary, Mercer.

The Pooled Fund (the Fund) holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS);
- State Superannuation Scheme (SSS); and
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. All of the schemes are closed to new members.

All Fund assets are invested by STC at arm's length through independent fund managers.

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

	SASS	SANCS	SSS	Delta Electricity	
	2012	2011		2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000

(ii) Reconciliation of the Present Value of the Defined Benefit Obligation

Present value of partly funded defined benefit obligations at beginning of year	122,234	22,348	262,224	406,806	398,471
Current service cost	2,929	971	1,673	5,573	6,305
Interest cost	6,278	1,126	13,654	21,058	20,230
Contributions by fund participants	1,830	–	2,014	3,844	3,903
Actuarial (gains)/losses	17,182	3,050	107,554	127,786	(453)
Benefits paid	(6,433)	(2,539)	(10,573)	(19,545)	(21,650)
Present value of partly funded defined benefit obligations at end of year	144,020	24,956	376,546	545,522	406,806

				Delta Electricity	
	SASS	SANCS	SSS	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
(iii) Reconciliation of the Fair Value of Fund Assets					
Fair value of fund assets at beginning of year	104,716	16,701	181,835	303,252	291,078
Expected return on fund assets	8,894	1,376	15,484	25,754	24,754
Actuarial gains/(losses)	(7,791)	(1,395)	(13,535)	(22,721)	(2,165)
Employer contributions	4,080	658	3,652	8,390	7,332
Contributions by fund participants	1,830	–	2,014	3,844	3,903
Benefits paid	(6,433)	(2,539)	(10,573)	(19,545)	(21,650)
Fair value of fund assets at end of year	105,296	14,801	178,877	298,974	303,252
(iv) Reconciliation of the Assets and Liabilities Recognised in the Statement of Financial Position					
Present value of partly funded defined benefit obligations at end of year	144,020	24,956	376,546	545,522	406,806
Fair value of fund assets at end of year	(105,296)	(14,801)	(178,877)	(298,974)	(303,252)
Net Liability/(Asset) recognised in Statement of Financial Position at end of year	38,724	10,155	197,669	246,548	103,554
(v) Expense/(Income) Recognised in Profit and Loss					
Current service cost	2,929	971	1,673	5,573	6,305
Interest cost	6,278	1,126	13,654	21,058	20,230
Expected return on fund assets (net of expenses)	(8,894)	(1,376)	(15,484)	(25,754)	(24,754)
Expense/(income) recognised	313	721	(157)	877	1,781
(vi) Amounts Recognised in Other Comprehensive Income					
Actuarial (gains)/losses	24,973	4,445	121,089	150,507	1,712
The cumulative amount of actuarial losses recognised in the Statement of Changes in Equity since 1 July 2004 is \$256.3 million.					
(vii) Fund Assets					
The percentage invested in each asset class at reporting date:					
			2012	2011	
			%	%	
Australian equities			28.0	33.4	
Overseas equities			23.7	29.5	
Australian fixed interest securities			4.9	5.7	
Overseas fixed interest securities			2.4	3.1	
Property			8.6	9.9	
Cash			19.5	5.1	
Other			12.9	13.3	

Notes to and forming part of the Financial Statements

As at 30 June 2012

				Delta Electricity	
	SASS	SANCS	SSS	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000

23. Employee Benefits and Superannuation (cont.)

(b) Superannuation – Defined Benefit Schemes (cont.)

(viii) Actual Return on Fund Assets

Actual return on fund assets	107	(19)	199	287	24,275
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(ix) Historical Information

Current Information

Present value of defined benefit obligation	144,020	24,956	376,546	545,522	406,806
Fair value of fund assets	(105,296)	(14,801)	(178,877)	(298,974)	(303,252)
(Surplus)/deficit in fund	38,724	10,155	197,669	246,548	103,554
Experience adjustments – fund liabilities	17,182	3,050	107,554	127,786	(453)
Experience adjustments – fund assets	7,791	1,395	13,535	22,721	2,165

Prior Year Information

	Delta Electricity		
	2010	2009	2008
	\$'000	\$'000	\$'000
Present value of defined benefit obligation	398,471	352,047	291,241
Fair value of fund assets	(291,078)	(266,452)	(292,318)
(Surplus)/deficit in funds	107,393	85,595	(1,077)
Experience adjustments – fund liabilities	31,086	47,355	(5,847)
Experience adjustments – fund assets	(3,644)	45,996	43,026

				Delta Electricity	
	SASS	SANCS	SSS	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
(x) Expected Contributions					
Expected employer contributions to be paid in the next reporting period	3,477	1,030	3,223	7,730	7,869

(xi) Valuation Method and Principal Actuarial Assumptions at Reporting Date

Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. The method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Economic Assumptions

The principal economic assumptions are outlined in the below table:

	2012 %pa	2011 %pa
Salary increase rate (excluding promotional increases)*	2.5	3.5
Rate of CPI Increase	2.5	2.5
Expected rate of return on assets	8.6	8.6
Discount rate	3.1	5.3

*The salary increase rate assumes productivity gains.

Demographic Assumptions

The demographic assumptions at 30 June 2012 are those that were used in the 2009 triennial actuarial valuation. The triennial report is available from the New South Wales Treasury website.

	SASS \$'000	SANCS \$'000	SSS \$'000	Delta Electricity	
				2012 \$'000	2011 \$'000

(xii) Funding Arrangements for Employer ContributionsSurplus/Deficit

The following is a summary of the June 2012 financial position of the fund calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans*.

Accrued benefits	115,519	20,884	194,324	330,727	313,637
Net market value of fund assets	(105,296)	(14,801)	(178,877)	(298,974)	(303,252)
Net (surplus)/deficit	10,223	6,083	15,447	31,753	10,385

Contribution Recommendations

Recommended contribution rates for the entity are:

	SASS multiple of member contributions	SANCS % member salary	SSS multiple of member contributions
2012	1.9	2.5	1.6
2011	1.9	2.5	1.6

Funding Method

Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Economic Assumptions

The economic assumptions adopted for the 2009 triennial actuarial review of the fund were:

Weighted Average Assumptions	2012 % pa	2011 % pa
Expected rate of return on fund assets backing current pension liabilities	8.3	8.3
Expected rate of return on fund assets backing other liabilities	7.3	7.3
Expected salary increase rate	4.0	4.0
Expected rate of CPI increase	2.5	2.5

(xiii) Nature of Asset/Liability

If a surplus exists in the employer's interest in the fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

Notes to and forming part of the Financial Statements

As at 30 June 2012

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000

24. Capital Expenditure Commitments

Capital expenditure contracted for at reporting date but not recognised as liabilities in the Statement of Financial Position is as follows:

Payable no later than 1 year	2,985	20,507	20,507
Payable later than 1, not later than 5 years	1,210	860	860
Payable later than 5 years	-	-	-
	4,195	21,367	21,367

Delta Electricity expects to receive input tax credits from the Australian Taxation Office totalling \$363,200 (2011: \$1,906,000) for Goods and Services Tax paid for these commitments.

At reporting date there were no expenditure commitments contracted for but not recognised in the Statement of Financial Position in relation to intangible assets.

25. Leases

(a) Finance Lease – Lessee

Delta Electricity has entered into a finance lease related to a major item of power station plant and equipment. The lease term is 20 years with provision for three five year extensions to the lease term. Information related to finance lease payments is presented in the following table:

	Minimum Future Lease Payments			Present Value of Minimum Future Lease Payments		
	Delta Electricity		Consolidated	Delta Electricity		Consolidated
	2012	2011	2011	2012	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
No later than 1 year	11,213	11,213	11,213	2,632	2,407	2,407
Later than 1 year and not later than 5 years	44,852	44,852	44,852	13,234	12,101	12,101
Later than 5 years	130,719	141,924	141,924	80,855	84,620	84,620
Minimum future lease payments*	186,784	197,989	197,989	96,721	99,128	99,128
Less future finance charges	(90,063)	(98,861)	(98,861)	-	-	-
Present value of minimum lease payments	96,721	99,128	99,128	96,721	99,128	99,128
Included in the financial statements as: (refer Note 18)						
Current borrowings				2,632	2,407	2,407
Non-current borrowings				94,089	96,721	96,721
				96,721	99,128	99,128

* Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

(b) Finance Lease – Lessor

On 1 March 2011 Generation Trading Agreements were executed with TRUenergy Pty Ltd for Delta Electricity's Western power stations (Mt Piper and Wallerawang) for the remaining life of each power station. These power stations are now operated under a Gentrader model which is designed to allow the ownership of the power stations to be retained by Delta Electricity and the contractual rights to trade the electricity produced to be held by TRUenergy Pty Ltd. TRUenergy Pty Ltd has the right to trade the electricity produced by Mt Piper and Wallerawang into the wholesale electricity market. A number of electricity derivative contracts were also included in the transaction. TRUenergy Pty Ltd is exposed to market risk, fuel and water supplies and the risk of any carbon tax. In addition to annual lease payments, Delta Electricity receives monthly fixed and variable income to fund other operational expenditure of the power stations. The transaction has been recognised as a finance lease.

Information related to finance lease receivables is presented in the following table:

	Minimum Future Lease Receivables			Present Value of Minimum Future Lease Receivables		
	Delta Electricity		Consolidated	Delta Electricity		Consolidated
	2012 \$'000	2011 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2011 \$'000
No later than 1 year	73,822	85,440	85,440	60,234	69,709	69,709
Later than 1 year and not later than 5 years	207,650	240,332	240,332	150,387	174,019	174,019
Later than 5 years	253,711	294,852	294,852	188,129	217,937	217,937
Minimum future lease payments receivables*	535,183	620,624	620,624	398,750	461,665	461,665
Unguaranteed residual	–	–	–	–	–	–
Gross finance lease receivables	535,183	620,624	620,624	–	–	–
Less unearned finance income	(136,433)	(158,959)	(158,959)	–	–	–
Present value of minimum lease receivables	398,750	461,665	461,665	398,750	461,665	461,665
Included in the financial statements as: (refer Note 8)						
Current trade and other receivables				60,234	69,709	69,709
Non-current trade and other receivables				338,516	391,956	391,956
				398,750	461,665	461,665

*Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000

(c) Operating Leases

Delta Electricity leases office accommodation under an operating lease expiring in January 2014. Future operating lease rentals contracted for at reporting date but not recognised as liabilities in the Statement of Financial Position:

Payable no later than 1 year	1,294	1,238	1,238
Payable later than 1, not later than 5 years	782	2,076	2,076
Payable later than 5 years	–	–	–
	2,076	3,314	3,314

Delta Electricity expects to receive input tax credits from the Australian Taxation Office totalling \$188,770 (2011: \$301,000) for Goods and Services Tax paid for these commitments.

Notes to and forming part of the Financial Statements

As at 30 June 2012

26. Contingent Liabilities and Contingent Assets

Generation Trading Agreement Finance Leases

An Australian Taxation Office private ruling is currently being sought to clarify lessee tax issues under the Western Generation Trading Agreements. If a positive outcome is achieved, the value of the finance leases is expected to increase by approximately \$60 million.

Availability Liquidated Damages

Under the Generation Trading Agreements, Delta Electricity may be exposed to availability liquidated damages if Mt Piper and Wallerawang Power Stations do not meet future contracted availability targets over the contract period. Delta Electricity will be reimbursed by the New South Wales Crown for availability liquidated damages incurred less a deductible.

A current claim for availability liquidated damages to the value of \$3.4 million remains unresolved and is pending resolution following a force majeure claim.

Reimbursement Under the State Owned Corporations Act 1989

Delta Electricity has made a claim on the New South Wales Government under section 20N of the *State Owned Corporations Act 1989*. The costs relate to directions made to Delta Electricity as part of the NSW Energy Reform process. NSW Treasury is working with Delta to validate the costs and the NSW Government has advised that further consideration of the matter will be referred to the advisers assisting in the sale of the NSW electricity generation assets. As such, it is not practicable to estimate how much of the claim will be successful.

Outage Contractor Dispute

Delta Electricity has received a claim for work completed during a major outage at Vales Point Power Station. Following receipt of legal advice, Delta Electricity intends to contest the value of the claim.

27. Financial Instruments

(a) Capital Risk Management

Delta Electricity manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through optimisation of debt and equity balance. Delta Electricity's capital structure is normally reviewed each year as part of the development and finalisation of the Statement of Corporate Intent which is a high level agreement between the Board and shareholders. In addition, Delta Electricity complies with the requirements of the Capital Structure Policy for Government Businesses administered by New South Wales Treasury and borrowing limits approved under the *Public Authorities (Financial Arrangements) Act 1987*. The Capital Structure Policy for Government Businesses is one of the key policy mechanisms which help to ensure that Government businesses operate on a commercial basis and make appropriate investment decisions. A capital structure review has been deferred due to the pending uncertainty surrounding the sale of NSW generation assets.

The capital structure consists of cash and cash equivalents, borrowings and total equity consisting of contributed equity, reserves and retained profits as disclosed in Note 7, Note 18, and Note 22 respectively.

Operating cash flows are used to maintain the organisation's operating capacity as well as make routine outflows related to taxation, dividends and repayment of borrowings. Borrowings are sourced from New South Wales Treasury Corporation unless specific approval is granted under the *Public Authorities (Financial Arrangements) Act 1987* to source private borrowings.

(b) Categories of Financial Instruments

The carrying amounts of Delta Electricity's financial instruments are outlined in the following table:

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000
Financial Assets			
Cash and Cash Equivalents	233,603	237,771	237,771
Loans and Other Receivables	123,413	140,054	140,054
Finance Lease Receivables	398,750	461,665	461,665
Derivative Instruments – Designated in Hedge Accounting Relationships	3,898	17,673	17,673
Derivative Instruments – Held for Trading	103,898	247,321	247,321
	863,562	1,104,484	1,104,484
Financial Liabilities			
Payables and Other Borrowings	919,816	973,870	973,870
Finance Lease Payable	96,721	99,128	99,128
Derivative Instruments – Designated in Hedge Accounting Relationships	6,905	442	442
Derivative Instruments – Held for Trading	109,477	237,021	237,021
	1,132,919	1,310,461	1,310,461

Delta Electricity has a number of electricity contract financial assets and liabilities awaiting novation. Delta Electricity continues to hold legal title to these contracts, remains as principal to the contracts and is exposed to settlement, liquidity and credit risk. An agreement is in place to facilitate pass through of the economic benefits of these contracts. The value of financial assets subject to this agreement is \$31,731,000 (2011: \$62,654,000). An associated financial liability of \$31,731,000 (2011: \$62,654,000) has been recognised.

(c) Financial Risk Management Objectives

Delta Electricity's activities expose the organisation to a variety of financial risks including market risk (currency, interest and price risk), credit risk and liquidity risk. The organisation aims to minimise the effects of these risks by using a range of derivative financial instruments. The use of financial instruments is governed by Board approved policies which are reviewed annually or as required. Compliance with policies is reviewed on a continuous basis and is subject to routine audit.

Delta Electricity does not enter into or trade financial instruments for speculative purposes.

Notes to and forming part of the Financial Statements

As at 30 June 2012

27. Financial Instruments (cont.)

(d) Foreign Currency Risk Management

In the normal course of business, Delta Electricity is required to purchase goods or services from overseas which require settlement in the supplier's local currency. Under Board approved policies, Delta Electricity hedges specific foreign exchange commitments greater than AUD250,000 by use of forward foreign exchange contracts to protect the organisation from the effect of future exchange rate fluctuations. The contracts are timed to mature when overseas payments are made.

At reporting date, Delta Electricity had nil (2011: 9) forward foreign exchange contracts. The values of these contracts are outlined in the table below:

Currency	Delta Electricity				Consolidated	
	2012		2011		2011	
	Number of Contracts	Currency Value	Number of Contracts	Currency Value	Number of Contracts	Currency Value
USD	-	-	6	572,436	6	572,436
EUR	-	-	2	1,165,704	2	1,165,704
JPY	-	-	1	608,284,438	1	608,284,438

These instruments are recognised in the Statement of Financial Position at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For forward foreign exchange contracts which qualify as cash flow hedges and meet the conditions of hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity (other comprehensive income) and the ineffective portion is recognised in profit or loss.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the year. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the carrying amount of the good purchased when the future purchase actually occurs.

For forward foreign exchange contracts that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

A 10% strengthening/(weakening) of the Australian dollar against the relevant foreign currencies would have a nil effect on post tax profit (2011: decrease/(increase) by \$582,000/(\$712,000)). The sensitivity reflects management's view of the reasonably possible movement in the Australian dollar against the relevant foreign currencies at balance date which is based on advice from Delta Electricity's service provider. The sensitivity assumes all other variables remain constant.

(e) Interest Rate Risk Management

Delta Electricity has a finance lease and a portfolio of debt consisting of short, medium and long-term borrowings. These financial liabilities are used to service the asset structure and ongoing activities of the organisation. Delta Electricity has identified interest rate risks associated with these financial liabilities.

New South Wales Treasury Corporation (TCorp) manages interest rate risk exposures applicable to specific borrowings of Delta Electricity in accordance with Board approved policies and a debt portfolio mandate agreed between the two parties. TCorp receives a fee for this service which may include a performance component where TCorp is able to add value by achieving a reduction in Delta Electricity's debt costs against an agreed benchmark. TCorp uses derivatives, primarily interest rate futures, to establish short term (tactical) and longer term (strategic) positions within agreed tolerance limits to manage portfolio duration and maturity profiles. At reporting date the carrying value of borrowings and derivatives (net of funds held at call) managed by TCorp stood at \$756,609,000 (2011: \$747,765,000).

The nominal principal amounts and periods of expiry for interest rate swaps and futures held at reporting date were:

	Delta Electricity		Consolidated
	2012 \$'000	2011 \$'000	2011 \$'000
Interest Rate Swaps			
Less than 1 year	-	-	-
One to 5 years	-	-	-
Greater than 5 years	-	-	-
	-	-	-
Interest Rate Futures			
Less than 1 year*	-	-	-
One to 5 years*	-	-	-
Greater than 5 years*	(58,200)	(22,100)	(22,100)
	(58,200)	(22,100)	(22,100)

* Positive amount indicates bought futures; Negative amount indicates sold futures.

The total notional amount of interest rate swaps is \$Nil.

Interest rate risk management instruments are recognised in the Statement of Financial Position at fair value. The fair value of futures represents the margin call at reporting date. The fair value of interest rate swaps represents the amount the entity would expect to receive or pay on the termination of contracts at reporting date.

For instruments which qualify as cash flow hedges and meet the conditions of hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity (other comprehensive income) and the ineffective portion is recognised in profit or loss.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the year. For instruments that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

For Delta Electricity, the weighted average interest exposure on financial assets is 4.7% (2011: 5.1%), while weighted average interest exposure incorporating a government guarantee fee on financial liabilities is 8.1% (2011: 8.9%). The consolidated entity's exposure to interest rates in 2011 was the same as Delta Electricity's exposure.

A 1.0% increase/(decrease) in interest rates would decrease/(increase) post tax profit by \$2,487,000 (2011: \$418,000). The sensitivity reflects management's view of the reasonably possible movement in interest rates as at balance date which is based on advice from Delta Electricity's debt management service provider. The sensitivity percentage is derived from historically based volatility information calculated over a ten year period. The sensitivity assumes that all other variables remain constant.

(f) Electricity Price Risk Management

Delta Electricity sells electricity generated by its Central Coast power stations to the National Electricity Market. The wholesale price for generated electricity is based on numerous supply and demand factors and can be extremely volatile. In the normal course of business, Delta Electricity enters into various types of derivative contracts with electricity market counterparties to manage the risks associated with fluctuations in wholesale electricity prices. These contracts are undertaken in accordance with Board approved policies. The policies permit the active hedging of price and volume related to forecast electricity generation within prescribed limits.

The fair values of electricity derivative contracts are outlined in the following table:

	Delta Electricity		Consolidated
	2012 \$'000	2011 \$'000	2011 \$'000
Less than 1 year*	(32,359)	20,927	20,927
One to 5 years*	23,775	6,935	6,935
Greater than 5 years*	-	467	467
	(8,584)	28,329	28,329

* Positive amount indicates net asset; Negative amount indicates net liability.

Electricity derivative contracts are recognised in the Statement of Financial Position at fair value. The fair value of short to medium-term electricity contracts is calculated by reference to observable market data where available supported by valuation techniques where appropriate. Fair value for long dated electricity contracts is calculated using valuation techniques based on a forecast electricity pool price model.

Electricity contracts are classified as cash flow hedges where they hedge exposure to variability in cash flows related to forecast generation.

Notes to and forming part of the Financial Statements

As at 30 June 2012

27. Financial Instruments (cont.)

(f) Electricity Price Risk Management (cont.)

In relation to cash flow hedges which meet the conditions for hedge accounting, the portion of the change in fair value on an electricity contract (hedging instrument) that is determined to be an effective hedge is recognised directly in equity (other comprehensive income) and the ineffective portion is recognised in profit or loss.

If a hedged item is no longer expected to occur, the cumulative gain or loss recognised in equity is transferred to profit or loss for the year. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to profit or loss in the same year in which the forecast electricity generation occurs.

For electricity contracts that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

Management has assessed the possible changes in both forward and spot electricity prices over a financial year based on historical data and future expectations. If forward electricity prices had changed by plus or minus 10% for the year and with all other variables held constant, post tax profit would have increased/(decreased) by (\$2,893,000) (2011: (\$2,132,000)) and equity (tax effected) by (\$18,164,000) (2011: (\$698,000)).

(g) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the organisation.

The credit risk on financial assets, apart from derivative instruments, which have been recognised in the Statement of Financial Position is generally the carrying amount, net of any allowance for doubtful debts. The recognised financial assets of the Corporation include amounts receivable from government owned agencies 80.7% (2011: 81.9 %) and other debtors 19.3% (2011: 18.1%).

The majority of credit risk for the organisation is related to receivables related to the Western Gentrader finance leases, receivables from the sale of electricity supplied to the National Electricity Market (NEM) and derivative electricity contracts. The credit risk associated with the Western Gentrader finance leases is mitigated through a deposit with the Crown and Gentrader parent company guarantees. The credit risk associated with supply of physical electricity to the NEM is considered minimal due to prudential requirements needed by participants prior to registration in the market. The credit risk associated with derivative electricity contracts is mitigated through the application of limits determined by a Board approved policy. These limits are based on the credit rating of the counterparty. In the absence of an acceptable public credit rating an internal credit rating is assigned on the advice of an external credit assessment specialist. Credit risk exposure and counterparty credit ratings are continuously monitored with regular reporting to the Board. The aggregate exposure on open electricity contracts at reporting date was \$118,100,000 (2011: \$100,000,000).

Credit risk also arises from potential counterparty default on forward foreign exchange contracts and commodity swap contracts. The value of this exposure at reporting date was \$nil (2011: \$nil).

(h) Liquidity Risk Management

Delta Electricity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The organisation maintains adequate reserves, flexible banking facilities and has reserve borrowing facilities in place to manage additional funding required from time to time. The extent of these facilities is disclosed in Note 28(e).

The following tables set out the remaining undiscounted contractual maturity for financial liabilities.

	Delta Electricity			
	Maturity Dates			Total
	< 1 year \$'000	1 – 5 years \$'000	> 5 years \$'000	\$'000
2012				
Financial Liabilities				
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments	83,408	633,515	427,301	1,144,224
Non-interest bearing instruments	141,557	25,020	–	166,577
Derivative instruments	72,310	32,396	28,619	133,325
	297,275	690,931	455,920	1,444,126
2011				
Financial Liabilities				
Variable interest rate instruments	30,445	–	–	30,445
Fixed interest rate instruments	163,692	499,003	459,664	1,122,359
Non-interest bearing instruments	188,829	36,179	6,300	231,308
Derivative instruments	42,524	197,498	35,209	275,231
	425,490	732,680	501,173	1,659,343

	Consolidated			
	Maturity Dates			Total
	< 1 year \$'000	1 – 5 years \$'000	> 5 years \$'000	\$'000
2011				
Financial Liabilities				
Variable interest rate instruments	30,445	–	–	30,445
Fixed interest rate instruments	163,692	499,003	459,664	1,122,359
Non-interest bearing instruments	188,829	36,179	6,300	231,308
Derivative instruments	42,524	197,498	35,209	275,231
	425,490	732,680	501,173	1,659,343

Notes to and forming part of the Financial Statements

As at 30 June 2012

27. Financial Instruments (cont.)

(i) Fair Value Measurements of Financial Instruments Recognised in the Statement of Financial Position

Management considers that the carrying amounts of financial assets and liabilities in the financial statements approximate fair value except as disclosed in the following table:

	Delta Electricity			
	Carrying Amount		Fair Value	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<i>Financial Liabilities</i>				
Borrowings – NSW Treasury Corporation Loans	758,650	750,432	845,236	766,079

	Consolidated			
	Carrying Amount		Fair Value	
	2011 \$'000		2011 \$'000	
<i>Financial Liabilities</i>				
Borrowings – NSW Treasury Corporation Loans	750,432		766,079	

Delta Electricity uses various methods in estimating the fair value of financial instruments recognised in the Statement of Financial Position. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the value is estimated using inputs for the asset or liability that are not based on observable market data.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Delta Electricity				
				2012
				\$'000
	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash Management Funds	–	221,399	–	221,399
Derivative Instruments				
Electricity Contracts – long-term	–	–	80,589	80,589
Electricity Contracts – short/medium-term	–	27,182	–	27,182
Other	26	–	–	26
Total	26	248,581	80,589	329,196
Financial Liabilities				
Derivative Instruments				
Electricity Contracts – long-term	–	–	35,217	35,217
Electricity Contracts – short/medium-term	–	81,139	–	81,139
Forward Foreign Exchange Contracts	26	–	–	26
Total	26	81,139	35,217	116,382

There were no transfers between Levels during the year.

Delta Electricity				
				2011
				\$'000
	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash Management Funds	–	196,457	–	196,457
Derivative Instruments				
Electricity Contracts – long-term	–	–	189,052	189,052
Electricity Contracts – short/medium-term	–	75,907	–	75,907
Other	35	–	–	35
Total	35	272,364	189,052	461,451
Financial Liabilities				
Derivative Instruments				
Electricity Contracts – long-term	–	–	175,303	175,303
Electricity Contracts – short/medium-term	62	61,264	–	61,326
Forward Foreign Exchange Contracts	–	834	–	834
Total	62	62,098	175,303	237,463

There were no transfers between Levels during the year.

Notes to and forming part of the Financial Statements

As at 30 June 2012

27. Financial Instruments (cont.)

(i) Fair Value Measurements of Financial Instruments Recognised in the Statement of Financial Position (cont.)

	Consolidated			2011
				\$'000
	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash Management Funds	–	196,457	–	196,457
Derivative Instruments				
Electricity Contracts – long-term	–	–	189,052	189,052
Electricity Contracts – short/medium-term	–	75,907	–	75,907
Other	35	–	–	35
Total	35	272,364	189,052	461,451
Financial Liabilities				
Derivative Instruments				
Electricity Contracts – long-term	–	–	175,303	175,303
Electricity Contracts – short/medium-term	62	61,264	–	61,326
Forward Foreign Exchange Contracts	–	834	–	834
Total	62	62,098	175,303	237,463

There were no transfers between Levels during the year.

The following table shows movements in Level 3 financial instruments during the year.

	Delta Electricity		Consolidated
	2012 \$'000	2011 \$'000	2011 \$'000
Balance at beginning of year	13,749	–	–
Gains/(losses) recognised in profit or loss	31,623	(132,726)	(132,726)
Sales	–	–	–
Purchases	–	146,475	146,475
Transfers from other categories	–	–	–
Balance at end of year	45,372	13,749	13,749

Level 3 financial instruments were held by the parent entity only.

The following table shows the sensitivity of fair values of the long term derivative contracts to reasonable possible alternative assumptions as at 30 June 2012.

	Reflected in Profit or (Loss)	
	Change -10% \$'000	Change +10% \$'000
2012		
Electricity Contracts – long-term (NSW pool price)	(49,419)	49,419
2011		
Electricity Contracts – long-term (NSW pool price)	2,388	(2,388)
Electricity Contracts – long-term (other contract assumptions)	(2,381)	2,399

(j) Total Debt Maturity Table

Total debt outstanding and maturity at reporting date is as follows:

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000
Up to 1 year	37,491	141,295	141,295
Over 1 and up to 2 years	100,449	25,051	25,051
Over 2 years and up to 5 years	367,657	313,312	313,312
Over 5 years	253,053	270,774	270,774
	758,650	750,432	750,432

Maturing loans may be re-financed if the borrowing limit is not exceeded. As such, Borrowings initially deemed as non-current, which now have less than 1 year to maturity have been classified as non-current. Refer Note 18.

28. Notes to the Statement of Cash Flows**(a) Cash and Cash Equivalents**

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash at bank and in hand, short-term deposits and short-term investments, net of outstanding bank overdrafts and borrowings which are used in the cash management function on a day to day basis.

(b) Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Delta Electricity		Consolidated
	2012	2011	2011
	\$'000	\$'000	\$'000
Cash and Cash Equivalent Assets	233,603	237,771	237,771
Balance as per Statement of Cash Flows	233,603	237,771	237,771

Current borrowings reflect a NSW Treasury Corporation call facility used in the management of cash on a day-to-day basis.

(c) Dividends and Taxes

No dividends were received during the period. Dividends paid by Delta Electricity during the period amounted to \$28.4 million (2011: \$36.6 million). A further dividend payable of \$23.6 million (2011: nil) was offset against amounts receivable from the NSW Government in relation to Gentrader capacity charges.

Tax equivalent payments for the year were \$29.5 million (2011: \$57.3 million).

(d) Acquisitions and Disposal of Entities

There were no acquisitions or disposals of entities during the year.

Notes to and forming part of the Financial Statements

As at 30 June 2012

28. Notes to the Statement of Cash Flows (cont.)

(e) Financing Arrangements

	Delta Electricity		Consolidated
	2012 \$'000	2011 \$'000	2011 \$'000
Facilities Available			
Bank Overdraft	2,000	2,000	2,000
NSW Treasury Corporation Loans	1,830,000	1,830,000	1,830,000
Project Borrowing Facility	-	-	-
Total Available	1,832,000	1,832,000	1,832,000
Facilities Utilised			
Bank Overdraft	-	-	-
NSW Treasury Corporation Loans	758,650	750,432	750,432
Project Borrowing Facility	-	-	-
Total Utilised	758,650	750,432	750,432

(f) Reconciliation of Profit/(Loss) for the Year to Net Cash Provided/(Used) by Operating Activities

	Delta Electricity		Consolidated
	2012 \$'000	2011 \$'000	2011 \$'000
Profit/(Loss) for the Year	(4,831)	(198,130)	(195,583)
Add/(Less): Non-Cash Items			
Depreciation and Amortisation	47,841	103,350	103,350
Inventory Adjustments	6,444	455	455
Impairment and Write-Off of Tangible Assets	43,651	381,065	381,065
Impairment of Receivables/Bad Debts	881	11,902	11,902
Net Change in Hedge Reserve	(79,484)	(69,072)	(69,072)
Loss/(Gain) on Loss of Control of Subsidiaries	-	-	(7,841)
Add/(Less): Items classified as Investing/Financing Activities			
(Gain)/Loss on Sale of Property, Plant and Equipment	(1,089)	(20,527)	(20,527)
Accounting (Gain)/Loss on Debt Re-financing	8,904	6,577	6,577
Net Cash Provided by Operating Activities Before Changes in Assets and Liabilities	22,317	215,620	210,326
Net Changes in Assets and Liabilities During the Period			
(Increase)/Decrease in Trade Debtors	(7,249)	84,896	85,180
(Increase)/Decrease in Other Receivables	(20,867)	(53,138)	(53,141)
(Increase)/Decrease in Inventories	(26,211)	73,803	73,498
(Increase)/Decrease in Other Assets	220,797	(129,281)	(129,281)
Increase/(Decrease) in Payables	(21,180)	(25,748)	(19,403)
Increase/(Decrease) in Income Tax Related Assets/Liabilities	14,737	(139,422)	(136,969)
Increase/(Decrease) in Other Liabilities	(141,287)	163,299	161,972
Net Cash Provided/(Used) by Operating Activities	41,057	190,029	192,182

29. Related Party Disclosures

(a) Directors and Director-Related Entities

Some Directors of Delta Electricity hold directorships of other companies, some of which may have had transactions with Delta Electricity during the financial year. Any transactions with these entities would have been made in the normal course of business and on normal commercial terms and conditions. With respect to related entity transactions, no Director has declared that he/she has control or significant influence on the financial and/or operating policies of those companies in their dealings with Delta Electricity.

As part of Delta Electricity's Board governance, Directors are required to nominate business relationships and dealings in which the Director may have a personal interest that does or could conflict with his/her Director's duties. Additionally, Directors are required to disclose other directorships and committee memberships.

These disclosures are retained in a register maintained by the Corporate Secretary which is submitted quarterly to the Board for verification. At each meeting of the Board, a standing agenda item of Directors' interests allows the opportunity for Directors to disclose any additional conflicts relative to the matters being considered in the meeting.

Should a Director have previously declared a conflict of interest, then papers related to that matter are excluded from that Director's papers. When the matter is considered by the Board, the Director leaves the meeting and does not participate in the discussion and resolution of the matter.

As part of its sponsorship program, Delta Electricity provided \$100,000 in sponsorship to the Art Gallery of New South Wales during 2011/12. The Chairman of Delta Electricity when the sponsorship program was executed in July 2006 was a member of the President's Council at the Art Gallery of New South Wales.

The Directors of Delta Electricity at 30 June 2012 were Dr H Garnett, Mr G Everett, Mr S Turner and Mr J North. Mr J North was appointed a Director of Delta Electricity on 1 May 2012.

Mr W Phillips resigned as a Director of Delta Electricity on 30 April 2012.

The Director of Delta Electricity Australia Pty Ltd at 30 June 2012 was Mr G Everett. Mr W Phillips was a Director of Delta Electricity Australia Pty Ltd until his resignation on 30 April 2012.

	Delta Electricity		Consolidated
	2012 \$'000	2011 \$'000	2011 \$'000
(b) Key Management Personnel Remuneration			
Short-term Employee Benefits	4,158	3,563	3,563
Post-employment Benefits	326	226	226
Other Long-term Benefits	360	310	310
Total	4,844	4,099	4,099

Key management personnel include Directors and members of the Executive. Remuneration excludes insurance premiums paid by the parent entity in respect of directors' and officers' liability insurance as policies do not specify premiums paid in respect of individual directors and officers.

No additional remuneration was paid to key management personnel or other officers in relation to Delta Electricity Australia Pty Ltd.

(c) Controlled Entities

Delta Electricity disposed of its interests in controlled entities in the prior year (refer to Note 12). There have been no transactions with controlled entities during the current year.

Notes to and forming part of the Financial Statements

As at 30 June 2012

29. Related Party Disclosures (cont.)

(d) Related Party Transactions

The following table provides details of transactions that were entered into with related parties:

Related Party		Advance to related parties \$000	Purchases/ (Sales) to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000	Equity Acquisition in/ (from) related parties \$000
Consolidated						
Joint Ventures	2012	-	-	-	-	-
	2011	6,193	3,848	264	-	4,843
Delta Electricity						
Delta Electricity Australia Pty Ltd	2012	-	-	-	-	-
	2011	1,350	3,848	264	-	-
Mid West Primary Pty Ltd	2012	-	-	-	-	-
	2011	4,843	-	-	-	4,843

30. Events Occurring After Reporting Date

Central Coast Voluntary Redundancy Program

During July 2012, following approval to close Munmorah Power Station, Delta Electricity made an offer of voluntary redundancy to employees based at the Central Coast power stations. A total of 75 employees accepted the offer, with the majority of employees finalising their employment during August and September 2012. The cost of the voluntary redundancy payments (excluding leave entitlements) will total \$9.4 million.

Sale of NSW Electricity Generation Assets

The Electricity Generator Assets (Authorised Transactions) Bill 2012 was introduced to Parliament on 6 March 2012 and passed by the Legislative Council on 30 May 2012. This provides for the privatisation of NSW generating assets including those subject to Gentrader arrangements. The NSW Government announced the appointment of Goldman Sachs as specialist financial advisor on the sale of the State's electricity generators on 6 July 2012.

Australian Emissions Trading Systems

On 28 August 2012 the Minister for Climate Change and Energy Efficiency announced that Australia and Europe will be linking their emissions trading systems from 2015 and that the floor price on the value of carbon permits from 2015 will not be implemented.

The removal of the floor price and the linking of the emissions trading scheme with Europe may have an impact on Delta Electricity's valuation of assets, profitability and estimated useful lives of infrastructure assets but the impact is unable to be reliably estimated at this time.


(End of Audited Financial Statements)

Statement by Members of the Board

Statement by Members of the Board

Pursuant to Section 41C of the Public Finance and Audit Act, 1983, and in accordance with a resolution of Delta Electricity, we declare on behalf of Delta Electricity that in our opinion:

1. The accompanying Financial Report exhibits a true and fair view of the financial position of Delta Electricity as at 30 June 2012 and its performance for the year ended on that date;
2. The accompanying Financial Report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, the New South Wales Public Finance and Audit Act and Regulation, and requirements of the State Owned Corporations Act, 1989 (as amended);
3. At the date of this statement, there are reasonable grounds to believe that Delta Electricity will be able to pay its debts as and when they become due and payable; and
4. We are not aware of any circumstances at the date of this declaration that would render any particulars included in the financial report to be misleading or inaccurate.



Dr Helen Garnett PSM FTSE FAICD
CHAIR
20 September 2012



Greg Everett
CHIEF EXECUTIVE
20 September 2012

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

Delta Electricity

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Delta Electricity (the Corporation), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010
- comply with International Financial Reporting Standards as disclosed in Note 2(a)

My opinion should be read in conjunction with the rest of this report.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the *State Owned Corporations Act 1989*, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Corporation
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Achterstraat
Auditor-General

20 September 2012
SYDNEY

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Global Reporting Initiative (GRI) Appendices

GRI INDEX 2011/12

Profile Indicators			
Code	GRI Indicators	Responses for 2011/12	Page
Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organisation.	Year in Review	4–7
1.2	Description of key impacts, risks, and opportunities.	Year in Review Business Performance	4–7 12
Organisation Profile			
2.1	Name of the organisation.	Delta Electricity	
2.2	Primary brands, products, and/or services.	Profile	2–3
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Refer to Annual Report (available on http://www.de.com.au)	
2.4	Location of organisation's headquarters.	Delta's corporate headquarters are located on Level 20, 175 Liverpool Street, Sydney.	
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Profile Delta operates only in Australia.	2–3
2.6	Nature of ownership and legal form.	Delta Electricity operates under the <i>Energy Services Corporations Act 1995</i> and the <i>State Owned Corporations Act 1989</i> . Delta's two shareholding Ministers are the Treasurer and the Minister for Finance and Services. 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 a program of competition reform.	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Profile	2–3

2.8	Scale of the reporting organisation.	Profile Social Performance – Our People Financial Reports	2 22 34										
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Year in Review Business Performance	4–7 12										
2.10	Awards received in the reporting period.	NSW Sustainability Advantage Silver Level awarded											
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	Profile Business Performance Delta is a NSW State Owned Corporation and sells electricity in the National Electricity Market.	2 12										
EU2	Net energy output broken down by primary energy source and by regulatory regime.	<table><tr><th>Primary Energy Source</th><th>Energy(GI)</th></tr><tr><td>Coal</td><td>207,759,935</td></tr><tr><td>Fuel Oil</td><td>374,385</td></tr><tr><td>Gas</td><td>401,559</td></tr><tr><td>Biomass</td><td>6,776</td></tr></table>	Primary Energy Source	Energy(GI)	Coal	207,759,935	Fuel Oil	374,385	Gas	401,559	Biomass	6,776	
Primary Energy Source	Energy(GI)												
Coal	207,759,935												
Fuel Oil	374,385												
Gas	401,559												
Biomass	6,776												
EU3	Number of residential, industrial, institutional and commercial customer accounts.	Delta is a wholesaler in the National Electricity Market. In addition, we have 2 large industrial customers that we supply electricity under wholesale supply agreements.											
EU4	Length of above and underground transmission and distribution lines by regulatory regime	Delta is a generator of electricity not a distributor.											
EU5	Allocation of CO ₂ emissions allowances or equivalent, broken down by carbon trading framework.	Under the Commonwealth Government's Clean Energy Future Package, Delta will not receive any CO ₂ emission permits.											
Report Parameters													
3.1	Reporting period (eg. fiscal/calendar year) for information provided.	The 2011/12 Sustainability Report is part of the 2011/12 Annual Report, which reports performance from 1 July 2011 to 30 June 2012.											
3.2	Date of most recent previous report (if any).	The previous report included information from 1 July 2010 to 30 June 2011.											
3.3	Reporting cycle (annual, biennial, etc.)	Annual											
3.4	Contact point for questions regarding the report or its contents.	The Delta Sustainability Report is compiled by the Sustainability Manager who can be reached on (02) 9285 2700.											
3.5	Process for defining report content.	Delta used a 3rd party to assist us to undertake a 5 part Materiality Analysis. A workshop, stakeholder interviews, media reviews, complaints data and policy reviews were undertaken. For additional information refer to the following sections in our 2011/12 Annual and Sustainability Report: - Sustainability; and - Environmental Performance.	10 16										
3.6	Boundary of the report (eg. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	The 2011/12 Annual and Sustainability Report relates to Delta Electricity. Delta is an electricity generator and is not reporting on the upstream and downstream impacts of our supply chain. We are not reporting on the impacts of the supply of fuels or on the delivery issues of supply to electricity retailers, including transmission and distribution losses.											
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	The boundary and scope of this report include the full range of material economic, environmental and social impacts of Delta Electricity but not our subsidiaries as stated above in GRI-3.6.											
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	Delta's sustainability information is part of the 2011/12 Annual Report. All Financial Performance for the year is reported on a consolidated basis in the 2011/12 Annual Report.											
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Greenhouse gas emissions are reported in accordance with the National Greenhouse Emissions Reporting requirements. Environmental data is maintained in an ISO 14001 certified management system and in accordance with Environment Protection Licence requirements. Financial reporting is in accordance with established accounting procedures. All other data is in conformance with the relevant standards.											

Profile	Year in Review	Key Performance Indicators	Sustainability	Business Performance	Environmental Performance	Social Performance
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Code	GRI Indicators	Responses for 2011/12	Page
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (eg. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	No re-statements are included in this report.	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	There are changes in the reporting boundaries of this report as the Sustainability and Annual Reports have been combined.	
3.12	Table identifying the location of the Standard Disclosures in the report.	An index of standard disclosures is provided here.	
3.13	Policy and current practice with regard to seeking external assurance for the report.	The contents of this report have not been independently verified. However, Netbalance assessed the 2011/12 sustainability data, which will be part of the 2011/12 Annual Report as an Application Level B, against the reporting requirements of the Global Reporting Initiative G3 Guide.	
Governance, Commitments and Engagements			
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	<p>The <i>State Owned Corporations Act 1989</i> and the Constitution govern appointment of Directors to the Board. The Delta Electricity 2011/12 Annual Report provides detailed information on the governance structure of Delta. The Board meets monthly, or as required. Meetings follow set agendas providing all necessary information for informed discussion of important issues. Meetings are held at the corporate office or at a selected power station to allow the Board to visit the operational sites of the business.</p> <p>There are several Board Committees in place to deal with particular aspects of Delta's business. The Delta Electricity 2011/12 Annual Report provides detailed information on the governance structure of Delta and should be referred to for information about changes to the Board of Directors that occurred in the reporting period.</p>	28
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Delta Electricity operates under a two-tier system where the executive management team is responsible for day-to-day operations. The Board has responsibility for reviewing and approving strategic direction, major business initiatives, appointments to the executive management team and executive remuneration.	
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	The Chief Executive is the only executive member on Delta Electricity's Board. All other Board members are appointed by and are accountable to the Shareholding Ministers.	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	<p>Board Meetings</p> <p>The Board of Delta Electricity holds monthly meetings using agreed meeting guidelines where the agenda and associated reports are provided in advance to ensure the Directors can participate in an informed way. Meetings are held in the corporate office or at one of Delta Electricity's power station sites. Power station meetings provide opportunities for the Board to better understand business operations and meet a broader cross-section of staff.</p> <p>Managing employee-identified risks</p> <p>Delta's Risk Management Plan provides employees with a framework for identification, assessment and reporting of risk. Risk management software supports a reporting hierarchy, which allows employees to identify, register and escalate risks for review, comment and action. The framework allows risk information to be elevated from plant owners to executive staff or the Board, if necessary. Key operational and strategic risks are reviewed and reported monthly to the business unit level and quarterly to the Board.</p> <p>Strategic development</p> <p>Employees are involved in developing strategies as part of several consultative processes. The annual strategic plan is formulated after consultation with senior staff. Before the plan is finalised, a strategic planning day with Directors and the executive management team is held. The annual planning process including an asset management review looks to a 10-year horizon.</p> <p>Compliance planning</p> <p>Delta has a Corporate Governance and Legal Compliance Plan, based on a compliance management software system that allows business units to centrally register their legal, regulatory and compliance obligations. The system provides escalation rules to ensure that noncompliances and overdue compliance tasks are elevated to senior management for action.</p> <p>Chief Executive presentations</p> <p>The Chief Executive meets with all staff at least twice per year in open discussions about the future of the business. Staff are actively encouraged to ask questions at these meetings.</p>	

4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	Executive remuneration.	31
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Delta has a Corporate Governance and Legal Compliance Plan to ensure full compliance with obligations imposed on the organisation and our officers by all relevant legislation, including corporate governance. Delta maintains a register of Directors' interests and this is updated as required with Board members declaring any change in their interests as and when they occur.	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	Appointment of Directors to the Board is governed by the <i>State Owned Corporations Act 1989</i> and the Constitution. Delta's 2011/12 Annual Report contains the details.	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Delta uses a set of well-defined and established principles to guide strategic decision-making. These include principles that maximise the State's investment, are socially responsible and enable ecologically sustainable development. As a State-owned corporation, Delta is obliged to comply with all statutory requirements set out in relevant legislation, regulations and licences issued by government authorities related to electricity generation. Delta has an established Code of Conduct with all staff trained on induction and refresher courses when the code is updated. The Code of Conduct is publicly available on www.de.com.au/Home/Policy-Documents/Policy-documents/default.aspx For additional information refer to the following sections in our 2011/12 Annual and Sustainability Report: - Profile – Mission; - Social Performance – Equal Employment Opportunity; and - Sustainability.	2 10 25
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Delta implements our sustainability framework through our strategic and business planning process, which is the organisation's peak planning process. Progress with implementation of strategic objectives (including identification and management of economic, environmental and social risks, opportunities and performance) is reviewed regularly at executive level and bi-annually at Board level. In addition, there are several Board committees in place for managing performance: Board Audit Committee The Board Audit Committee provides a forum for communications between the Board, senior management and both the internal and external auditors. It is responsible for the integrity of the internal audit function and ensures that management practices and systems support the effective operation of Delta's risk management strategies, business continuity and fraud control plan. It reviews the adequacy of Delta's short and long-term finance and risk management strategies. Board Remuneration and Nomination Committee The primary objectives of the Board Remuneration and Nomination Committee are to: - provide advice to the Board on remuneration and associated issues; - enhance the independence and objectivity of Board decisions on sensitive commercial and personal issues related to the executive managers of the corporation; - enable corporate and business strategies and plans, and remuneration strategy and policy to be effectively linked; and - ensure the Board comprises individuals best able to discharge the responsibilities of Directors having regard to the strategic direction of the corporation and the current skills and experience of the Board. Board Environment and Occupational Health and Safety Committee The primary objectives of the Board Environment and Occupational Health and Safety Committee are to assist the Board in discharging our responsibility for compliance with environmental and occupational health and safety policies and legislation.	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Delta's Statement of Corporate Intent is a performance agreement between the Board and the Shareholders. A Board Charter and Committees' Terms of Reference sets out the distinctions between management and Board responsibilities. Independent Board evaluation was undertaken in 2010 by NSW Government and the Board Charter identifies that independent reviews take place triennially. The Delta Board Remuneration and Nomination Committee advises on future nominations that are forwarded to NSW Government.	

Profile	Year in Review	Key Performance Indicators	Sustainability	Business Performance	Environmental Performance	Social Performance
Code	GRI Indicators	Responses for 2011/12	Page			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	<p>Precautionary principle</p> <p>Delta's Sustainability Policy includes a strategic requirement that we act with caution when scientific knowledge is inconclusive and there are risks of serious irreversible consequences. This is implemented at operational level through the use of environmental management plans, which use risk assessments to assess the impacts of all new operational procedures.</p> <p>Risk management</p> <p>Delta's Risk Management Plan conforms to Australian Standard AS/NZS 4360:2004 Risk Management. The plan provides Delta's management and employees with policy direction and a framework for identification, assessment and reporting of risk.</p> <p>The risk management software system provides a hierarchical framework to identify, register and, if necessary, escalate risks to higher management levels for review, comment and action. Key operational and strategic risks are reviewed and reported monthly at business unit level and reported quarterly to the Delta Board.</p>				
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	<p>Governance</p> <p>Delta supports the Sustainable Practice Framework developed by the Energy Supply Association of Australia (esaa), which encourages best practice sustainability programs, improves voluntary sustainability reporting and shares good environmental, community, governance and workplace practice within the energy supply industry.</p> <p>We are certified under ISO 14001 international standard which outlines best practice processes to manage environmental impact.</p> <p>Our Risk Management Plan was updated in June 2009 and conforms to the Australian Standard AS/NZS ISO 31000:2009 Risk Management & Guidelines.</p> <p>We fully comply with the NSW Government's Waste Reduction and Purchasing Policy (WRAPP). We aim to reduce landfill by about 10% each year in accordance with WRAPP.</p>	28			
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: - Has positions in governance bodies; - Participates in projects or committees; - Provides substantive funding beyond routine membership dues; or - Views membership as strategic.	<p>Australian Power Institute Committee for Economic Development of Australia (CEDA) Coal Industry Advisory Board CRC for Integrated Engineering Asset Management Energy Supply Association of Australia (esaa) Electric Power Research Institute International Council on Large Electric Systems (CIGRE) International Energy Agency National Generators Forum (NGF) Welding Technology Institute of Australia National Safety Council of Australia Australian Financial Markets Association (AFMA) EMF Advisory Committee Ash Development Association Australia Strategic Industry Research Foundation Roundtables Association of Payroll Specialists Chartered Institute of Purchasing & Supply.</p>				
4.14	List of stakeholder groups engaged by the organisation.	Social Performance – Our Stakeholders.	26			
4.15	Basis for identification and selection of stakeholders with whom to engage.	Social Performance – Our Stakeholders. Stakeholders are persons or groups who have a stake or an interest in, or are affected either directly or indirectly by, a project or an organisation's operations and actions. Delta has a current Stakeholder and Engagement Plan 2011-2013 in place.	26			
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Social Performance – Our Stakeholders. Sustainability Scorecard.	26 11			
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Issues raised by stakeholders are identified through community and other forums. Issues include water, environment and land management issues. Meeting notes from community forums and presentations to community on issues of interest and concern are on www.de.com.au/community . Delta records all complaints and maintains an Environmental Management System – ISO 14001 accredited. Delta's EMS is independently audited annually. Delta's complaints management system reports all complaints and issues to the board on a quarterly basis so that issues are proactively managed. Environmental Performance.	16			

Disclosures on Management Approach			
DMA EC			
EC	Economic	<p>Delta is one of the largest capacity generators in the National Electricity Market (NEM) with over 4,000 megawatts of installed capacity producing around 10.5% of the electricity required in the NEM. We operate under the <i>Energy Services Corporation Act 1995</i>. Delta's principle function is the generation and supply of electricity. Delta undertakes regular outages to upgrade plant to ensure long-term availability and reliability. Delta prepares a Statement of Corporate Intent annually as part of our obligations under the <i>State Owned Corporations Act</i>. This is reported to shareholders and the NSW Government.</p> <p>For additional information refer to the following sections in our 2011/12 Annual and Sustainability Report:</p> <ul style="list-style-type: none"> - Financial Reports; - Year in Review; - Managing organisational risks; - Profile; - Business Performance – Gentrader Agreements; and - Environmental Performance – Research and Development. 	<p>34</p> <p>4</p> <p>29</p> <p>2</p> <p>12</p> <p>18</p>
EN	Environmental	<p>Delta's Sustainability Policy can be found at http://www.de.com.au/Home/Policy-Documents/Policy-documents/default.aspx</p> <p>Delta's Environment Policy and Environmental Management System documents can be found at http://www.de.com.au/Home/Policy-Documents/Policy-documents/default.aspx</p> <p>Delta Tenders and Quotations web page provides full disclosure on purchasing processes and outcomes, http://www.de.com.au/Tenders-and-Quotations/default.aspx</p> <p>Delta's Code of Conduct and Fraud and Corruption Prevention standard can be found at http://www.de.com.au/Home/Policy-Documents/Policy-documents/default.aspx</p> <p>A range of policies are found at http://www.de.com.au/Home/Policy-Documents/Policy-documents/default.aspx as well as other disclosures</p> <p>For additional information refer to the following sections in our 2011/12 Annual and Sustainability Report:</p> <ul style="list-style-type: none"> - Governance; - WRAPP; and - Board Environment, Occupational Health and Safety Committee. 	<p>28</p> <p>21</p> <p>28</p>
LA	Labour Practices and Decent Work	<p>Delta has developed a range of OHS Policies and Standard Procedures to manage the health, safety and welfare of all personnel working on Delta sites. All documentation is subject to stakeholder consultation, reviewed by the Executive Safety Committee and approved by the Chief Executive. Delta reviews all our Policies and Standard Procedures within a 2-year period, with many being reviewed on a more frequent basis. Delta maintains a comprehensive suite of safety policies including:</p> <ul style="list-style-type: none"> - DEP SA 001 Safety; - DEP SA 002 Smoking; - DEP SA 003 Fire Protection and Control; - DEP SA 004 Access to Apparatus Rules Policy; - DEP SA 005 Eye Protection; - DEP SA 006 Policy Statement on Alcohol and Drugs; - DEP SA 007 Corporate Policy on Fatigue; and - DEP SA 008 Distracting Devices. <p>Delta complies with the <i>Occupational Health and Safety Act 2000</i>, the <i>Occupational Health and Safety Regulation 2001</i>, the <i>Workers Compensation Act 1987</i> and the <i>Workplace Injury Management and Workers Compensation Act 1998</i>. These specify that an employer must develop an injury management plan and assist in the rehabilitation of the affected worker.</p> <p>Delta has adopted an open communication process with both employees and unions on various matters impacting upon the workforce. A monthly Tier 1 meeting is held, which involves Delta, Unions NSW and representatives from each of the unions. Matters discussed include industrial, safety and other organisational matters that have a potential of impacting upon the conditions and employment of Delta staff. In addition a Tier 2 meeting is held on each site which has a more regional focus to the Tier 1. This will involve local management and delegates from the workforce.</p> <p>Ongoing development and maintenance of skills remains a priority for Delta. Training needs are identified as part of the performance management process and, along with mandatory training aligned with various roles, form the basis for development over a 12-month period. As at 30 June 2012, an average of 5 trainings days per person was undertaken.</p> <p>Through such initiatives as our Graduate development program, Delta is supporting the development of professional skills that will be required to address future succession issues across the organisation.</p> <p>The following Delta standards have been developed to support this area:</p> <ul style="list-style-type: none"> - DES PE 001-03 Performance & Development Guidelines; - DES PE 001-31 Training, Development & Study Assistance; and - DES PE 001-39 Work Experience & Graduate Development <p>Delta recruitment processes are available at http://www.de.com.au/Careers/default.aspx and the policy is also available at http://www.de.com.au/Home/Policy-Documents/Policy-documents/default.aspx</p> <p>For additional information refer to the following section in our 2011/12 Annual and Sustainability Report:</p> <ul style="list-style-type: none"> - Social Performance – Respecting cultural diversity. 	<p>25</p>

Code	GRI Indicators	Responses for 2011/12	Page																																																																					
Disclosures on Management Approach DMA EC																																																																								
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job and category and region.	<div>Employees eligible to retire by category</div> <table><tr><th rowspan="2">Category</th><th colspan="2">0 – 5 years</th><th colspan="2">0 – 10 years*</th></tr><tr><th>Number</th><th>%</th><th>Number</th><th>%</th></tr><tr><td>Administrative Officer</td><td>8</td><td>6.3</td><td>35</td><td>27.6</td></tr><tr><td>Audit Apprentice</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Engineering Officer</td><td>21</td><td>17</td><td>51</td><td>41.4</td></tr><tr><td>Operator</td><td>6</td><td>3.5</td><td>48</td><td>26.7</td></tr><tr><td>Professional Officer</td><td>3</td><td>4.4</td><td>10</td><td>14.7</td></tr><tr><td>Powerworker</td><td>9</td><td>18</td><td>28</td><td>56</td></tr><tr><td>Contract Manager</td><td>3</td><td>9.4</td><td>12</td><td>37.5</td></tr><tr><td>Tradesperson</td><td>3</td><td>3.6</td><td>12</td><td>14.6</td></tr><tr><td>Casual Administration Officer</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Temporary University Students</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Contract Staff (fixed-term)</td><td>2</td><td>100</td><td>2</td><td>100</td></tr><tr><td>Total</td><td></td><td></td><td></td><td></td></tr></table> <div>*Includes 0-5 years staff.</div>	Category	0 – 5 years		0 – 10 years*		Number	%	Number	%	Administrative Officer	8	6.3	35	27.6	Audit Apprentice	0	0	0	0	Engineering Officer	21	17	51	41.4	Operator	6	3.5	48	26.7	Professional Officer	3	4.4	10	14.7	Powerworker	9	18	28	56	Contract Manager	3	9.4	12	37.5	Tradesperson	3	3.6	12	14.6	Casual Administration Officer	0	0	0	0	Temporary University Students	0	0	0	0	Contract Staff (fixed-term)	2	100	2	100	Total					
Category	0 – 5 years			0 – 10 years*																																																																				
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Contract Staff (fixed-term)	2	100	2	100																																																																				
Total																																																																								
HR	Human Rights	<div>Delta has standards for purchasing and contracting and applies the Delta Code of Conduct, both of which are found on our website at http://www.de.com.au/Home/Policy-Documents/Policy-documents/default.aspx</div> <div>Delta has an established track record of collective bargaining that most recently has resulted in the Delta Electricity Employees' Enterprise Agreement 2011. Furthermore, Delta's most recent initiative is the establishment of collaborative structures in the form of monthly meetings with union representatives that improves communication and mitigates industrial risk. Delta is committed to respecting staff choice in relation to their union affiliations.</div> <div>Security is part of Delta Electricity's operations for the purpose of ensuring the security of the workplace and the safety of our people, visitors and contractors on site.</div> <div>We have a number of strategies to support Indigenous employment and to improve outcomes and ties with the local Indigenous community. Each year Delta dedicates two apprenticeship positions for a person from an Aboriginal or Torres Strait Islander background. This year, we were successful in recruiting two Indigenous apprentices who were offered an indentured four-year apprenticeship. We continue to work with the relevant Registered Training Organisation (RTO) to ensure ongoing support is provided to Indigenous apprentices.</div> <div>As part of our commitment to supporting the local Indigenous community, Delta has for many years supported a NAIDOC event on the Central Coast and we did so again this year. This year, Delta contributed a \$5,000 sponsorship.</div> <div>A \$2,000 sponsorship was also provided to an undergraduate with an Aboriginal or Torres Strait Islander background studying on the Ourimbah campus.</div> <div>Social Performance:</div> <div>- Boosting indigenous employment and support; and</div> <div>- Respecting cultural diversity.</div>	25																																																																					

SO	Society	<p>Delta has a community committee in each region that is consulted on future proposals for development and approvals of infrastructure. Delta abides by NSW Planning Law. Delta has a Code of Conduct, is subject to the <i>Government Information (Public Access) Act 2009</i>.</p> <p>Delta operates under the <i>Energy Service Corporations Act 1995</i> and the <i>State Owned Corporations Act 1989</i> as a government trading enterprise. Our responsibilities include "to exhibit a sense of social responsibility by having regards to the interests of the community in which it operates".</p> <p>Delta operates in the National Electricity Market, trading output from our Central Coast power stations. The output from our Western power stations is traded by TRUenergy under the Gentrader agreement.</p> <p>As Delta power stations are designated as critical infrastructure, Delta has disaster and emergency incident management plans in place. As required by the <i>Protection of the Environment Amendment Act 2012</i> Each station has an incident management plan on www.de.com.au/environment.</p> <p>Delta has a comprehensive Business Continuity Management (BCM) plan to respond and restore normal operations as quickly and efficiently as possible after an emergency. It includes testing, training and auditing to ensure continuous improvement. This approach aims to make Delta as resilient as possible after an emergency. We have developed 10 component action plans of the BCM. Each has a review process that includes a Business Impact Analysis to assess all impacts and to develop new responses to quickly restore normal business operations.</p> <p>There is also a testing and training strategy to ensure that Delta staff members have the right level of understanding, competency and confidence to enact the BCM plan during a disaster. BCM training is undertaken using 2 online, interactive training packages:</p> <ul style="list-style-type: none"> - BCM Response: training for all nominated staff and their reserves; and - BCM Awareness: mandatory training for all employees. <p>These interactive training packages automatically update training records and notify trainees and managers when training has lapsed.</p> <p>For additional information refer to the following sections in our 2011/12 Annual and Sustainability Report:</p> <ul style="list-style-type: none"> - Business Performance; and - Social Performance. 	22 12
PR	Product Responsibility	<p>Delta has a regular communications program with the communities in which we are based. Information on our activities, infrastructure, environmental and land management issues are covered in our regular newsletters. Media releases and communications are updated on the Delta website www.de.com.au/community or www.de.com.au/media</p> <p>Delta maintains a database for communicating with our adjacent neighbours and community. This is voluntary and any information provided to Delta is safeguarded. A privacy statement is issued with each form on www.de.com.au/Community/. Delta Electricity is committed to protecting your privacy. We support the 11 Data Protection Principles (DPPs) developed by the NSW Privacy Committee in 1991 and adopted as best practice by the NSW Privacy Commissioner.</p> <p>Delta operates under the <i>Energy Service Corporations Act 1995</i> and the <i>State Owned Corporations Act 1989</i> as a government trading enterprise.</p>	

Profile	Year in Review	Key Performance Indicators	Sustainability	Business Performance	Environmental Performance	Social Performance
Code	GRI Indicators		Responses for 2011/12		Page	
Performance Indicators						
Aspect: Economic Performance						
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.		The impact of climate change on Delta's business is assessed annually as part of our strategic planning process. The main climate change risks we face are: the uncertainty and potential increased costs from the introduction of emissions trading legislation and the reduction in the availability of long-term water supplies for our Western Region power stations.			
EC4	Significant financial assistance received from government.		Delta Electricity is a State-owned corporation and we earn our income through selling output to the National Electricity Market and Gentrader. Therefore, we do not receive tax relief or tax credits; subsidies; investment grants; awards; royalty holidays; or financial incentives and other financial benefits which are generally available to private industry. However, Delta is the recipient of grant funding for research projects involving carbon capture and storage.			
Aspect: Market Presence						
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.		Delta does not currently report this indicator as it is not required for GRI Level B reporting.			
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		Delta does not have a formal policy to procure goods and services from the regions in which we operate.			
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.		Delta does not currently report this indicator as it is not required for GRI Level B reporting.			
Aspect: Indirect Economic Impacts						
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.		Delta made no infrastructure investments in this period that were primarily for public benefit through commercial, in-kind, or pro bono engagement.			
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		Delta does not currently report this indicator as it is not required for GRI Level B reporting.			
Availability and Reliability						
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.		Delta does not currently report this indicator as it is not required for GRI Level B reporting.			
System Efficiency						
EU12	Transmission and distribution losses as a percentage of total energy.		AEMO, the electricity market operator, applies a marginal loss factor to output from Delta power stations to account for transmission losses in delivering electricity to the load. For Delta the following factors applied in 2011/12: - Colongra 98.63%; - Mt Piper 96.5%; - Wallerawang 96.63%; and - Vales Point 98.76%.			
Aspect: Environmental Performance						
Materials						
EN2	Percentage of materials used that are recycled input materials.		Environmental Performance – Reuse and Recycle		20	
Energy						
EN4	Indirect energy consumption by primary source.		As a generator, Delta's indirect energy consumption is not significant and therefore not considered a material issue.			
Water						
EN8COMM	Total water withdrawal by source.		Environment Performance		17	
EN9	Water sources significantly affected by withdrawal of water.		Delta does not currently report this indicator as it is not required for GRI Level B reporting.			
EN10	Percentage and total volume of water recycled and reused.		Delta does not currently report this indicator as it is not required for GRI Level B reporting.			
Biodiversity						
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		Delta does not currently report this indicator as it is not required for GRI Level B reporting.			
EN12COMM	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		Delta does not operate within protected areas or areas of high biodiversity value outside protected areas.			

EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	Delta does not currently report this indicator as it is not required for GRI Level B reporting.					
EN13	Habitats protected or restored.	Delta does not currently report this indicator as it is not required for GRI Level B reporting.					
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Delta does not currently report this indicator as it is not required for GRI Level B reporting.					
Emissions, effluents and waste							
EN17	Other relevant indirect greenhouse gas emissions by weight.	Delta meets all our greenhouse gas reporting requirements. This is not material.					
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	Delta does not currently report this indicator as it is not required for GRI Level B reporting.					
Products and services							
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	This is not relevant to Delta as a generator of electricity.					
Compliance							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Delta did not receive any significant fines or non-monetary sanctions. However, an action was commenced in the Land and Environment Court alleging Delta had polluted the Upper Coffs River. An out-of-court settlement was reached in October 2011. Refer to an agreed statement at http://www.de.com.au/Media-Centre/Media-releases/default.aspx					
Transport							
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	Business Performance – Fuel supplies Delta reports on our Scope 2 emissions in accordance with the National Greenhouse Emissions Reporting requirements which document emissions from transport operations.	14				
Overall							
EN30	Total environmental protection expenditures and investments by type.	Delta does not currently report this indicator as it is not required for GRI Level B reporting.					
Aspect: Labour practices and decent work							
Employment							
LA1COMM	Total workforce by employment type, employment contract, and region.	Employee type and locality					
		Employee type	Central Coast	Western Region	Sydney	Total	
						2011/12	2010/11
		Full-time	315	269	56	640	652
		Part-time	3	5	5	13	13
		Part-time trainee (fixed-term)	0	0	0	0	0
		Casual	1	1	0	2	8
		Contract staff (fixed-term)	0	0	2	2	6
		Temporary university students	5	0	0	5	9
		Total	324	275	63	662	688
*Includes 0-5 years staff.							

Code	GRI Indicators	Responses for 2011/12						Page
LA2COMM	Total number and rate of employee turnover by age group, gender, and region.	Employee turnover rate			Termination by type			
		2011/12	2010/11		2011/12	2010/11		
		Turnover rate	3.7%	6.0%	Resignations	25	20	
		Recruitment			Termination by gender			
		2011/12	2010/11		2011/12	2010/11		
		Recruitment	27	24	Males	35	62	
		Total	27	24	Females	8	7	
		Recruitment by gender			Total			
		2011/12	2010/11		43	69		
		Males	21	15	Termination by age			
		Females	6	9	2011/12	2010/11		
		Total	27	24	< 18 years	0	0	
		Recruitment by age			Termination by physical location			
		2011/12	2010/11		2011/12	2010/11		
		< 18 years	0	0	Munmorah	1	14	
		18 - 30 years	18	10	Vales Point	15	28	
		30 - 50 years	9	7	Mt Piper	9	5	
		50 - 65 years	0	7	Wallerawang	13	12	
		65 years plus	0	0	Sydney	5	10	
		Total	27	24	Total	43	69	
		Recruitment by physical location						
		2011/12	2010/11					
		Munmorah	0	0				
		Vales Point	8	3				
		Mt Piper	4	2				
		Wallerawang	11	13				
		Sydney	4	5				
		Colongra	0	1				
		Total	27	24				
EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities.	Employee turnover rate		Numbers*				
				2011/12	2010/11			
		Number of contract staff inducted to work on power stations		2,992	3,346			
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	100% of contractors working for Delta undertake Delta's Induction Training, which includes OHS training.						
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	There is no difference between benefits provided to Delta employees. Part-time employees are paid salaries, bonuses and superannuation contributions on a pro-rata basis.						
Labour management relations								
LA4COMM	Percentage of employees covered by collective bargaining agreements.	95% (33 not covered out of 653 as of 30/06/2012).						
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Delta does not currently report this indicator as it is not required for GRI Level B reporting.						
Occupational health and safety								
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Delta Electricity had 4 local OHS Committees in place to implement our workplace health and safety procedures and policies: - Delta Maintenance Central Coast with 9 members; - Production Central Coast with 26 members; and - Production Western with 17 members. The total representation on health and safety committees is 52 (which is equivalent to 8.0% of the workforce).						
LA7COMM	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Social Performance – Workplace Safety.						
		23						

Occupational health and safety											
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Workplace – Fit for work; Skills for the future								23 – 24	
		Program recipients	Education and Training		Counselling		Prevention and Risk Control		Treatment		
			Yes	No	Yes	No	Yes	No	Yes		No
		Workers	✓		✓		✓		✓		
		Workers' Families		✓	✓			✓			✓
		Community Members		✓		✓		✓			✓
LA9	Health and safety topics covered in formal agreements with trade unions.	Delta does not currently report this indicator as it is not required for GRI Level B reporting.									
Training and education											
LA10	Average hours of training per year per employee by employee category.	Social Performance – Training and development								22	
		Employee training hours									
		Employee category				Average days/employee/year					
						2011/12		2010/11			
		Administrative Officer				3.38		3.3			
		Audit Apprentice				1.52		1.51			
		Engineering Officer				4.79		5.31			
		Operator				9.15		7.79			
		Professional Officer				5.34		5.09			
		Powerworker				2.18		2.09			
		Contract Manager				2.90		2.08			
		Tradesperson				3.67		5.39			
		Casual Administration Officer				1.63		–			
		Temporary University Students				2.85		1.58			
		Contract Staff (fixed-term)				1.65		0.05			
Average				5.23		5.12					
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Delta does not currently report this indicator as it is not required for GRI Level B reporting.									
LA12	Percentage of employees receiving regular performance and career development reviews.	Delta does not currently report this indicator as it is not required for GRI Level B reporting.									
Diversity and equal opportunity											
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Delta does not currently report this indicator as it is not required for GRI Level B reporting.									
LA14	Ratio of basic salary of men to women by employee category.	Gender balance by employee category									
		employee category	Females		Males		Total Staff				
			2011/12	2010/11	2011/12	2010/11	2011/12	2010/11			
		Administrative Officer	64	64	63	63	127	127			
		Audit Apprentice	0	0	1	1	1	1			
		Engineering Officer	2	1	121	129	123	130			
		Operator	0	0	170	183	170	183			
		Professional Officer	7	7	61	58	68	65			
		Powerworker	1	1	49	48	50	49			
		Contract Manager	1	1	31	35	32	36			
		Tradesperson	0	0	82	78	82	78			
		Casual Admin. Officer	2	8	0	0	2	8			
		University Students (temp. work exp.)	1	0	4	8	5	8			
		Contract Staff (fixed-term)	0	0	2	3	2	3			
		Total	75	82	578	606	662	688			

Code	GRI Indicators	Responses for 2011/12	Page
Aspect: Social: Human Rights			
Investment and procurement practices			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Not relevant because of the comprehensive social and employment laws in force in the Australian operating environment.	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Not relevant because of the comprehensive social and employment laws in force in the Australian operating environment.	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not relevant because of the comprehensive social and employment laws in force in the Australian operating environment.	
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken.	Workplace Respecting Cultural Diversity There were zero incidents of discrimination in the reporting period.	23 25
Freedom of association and collective bargaining			
HR5COMM	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Not relevant because of the comprehensive social and employment laws in force in the Australian operating environment.	
Child labour			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Not relevant because of the comprehensive social and employment laws in force in the Australian operating environment.	
Forced and compulsory labor			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Not relevant because of the comprehensive social and employment laws in force in the Australian operating environment.	
Security practices			
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	Not relevant because of the comprehensive social and employment laws in force in the Australian operating environment.	
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not relevant because of the comprehensive social and employment laws in force in the Australian operating environment.	
Aspect: Social: Society			
Community			
SO1COMM	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Delta operates under the <i>Energy Service Corporations Act 1995</i> and the <i>State Owned Corporations Act 1989</i> as a government trading enterprise. All proposals are assessed under NSW Planning Laws and specify the conditions of construction and operation.	
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	Delta does not currently report this indicator as it is not required for GRI Level B reporting.	
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fraud and Corruption Standard published on internet at http://www.de.com.au/Home/Policy-Documents/Policy-documents/default.aspx . This outlines Delta's approach to Fraud and Corruption prevention. As a policy Delta does not disclose the details of specific investigations it may undertake from time to time.	
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Fraud and corruption prevention training is part of Delta's compulsory training package for all employees.	
SO4	Actions taken in response to incidents of corruption.	Fraud and Corruption Standard published on internet at http://www.de.com.au/Home/Policy-Documents/Policy-documents/default.aspx . This outlines Delta's approach to Fraud and Corruption prevention. As a policy Delta does not disclose the details of specific disclosures it may make to ICAC arising from investigations and reports.	

Public policy			
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Delta Electricity is a State-owned corporation. This is not relevant.	
Anti-competitive behaviour			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Nil.	
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Delta had no fines or sanctions for non-compliance with in the reporting period.	
Aspect: Social: Product Responsibility			
Customer health and safety			
PR1COMM	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Delta does not currently report this indicator as it is not required for GRI Level B reporting.	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Delta does not currently report this indicator as it is not required for GRI Level B reporting.	
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	There were no fatalities during the reporting period. The Safety Frequency Rate of 3.8 remains low.	
Product and service labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Delta does not currently report this indicator as it is not required for GRI Level B reporting.	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Delta does not currently report this indicator as it is not required for GRI Level B reporting.	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Business Performance Customer Satisfaction Sustainability Scorecard	12 13 11
Marketing communications			
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Nil.	
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Nil.	
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Delta had no fines or sanctions for non-compliance with in the reporting period.	
Access			
EU26	Percentage of population unserved in licensed distribution or service areas.	Not reported as not relevant to Delta as an electricity generator.	
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	Not reported as not relevant to Delta as an electricity generator.	
EU28	Power outage frequency.	Not reported as not relevant to Delta as an electricity generator.	
EU29	Average power outage duration.	Not reported as not relevant to Delta as an electricity generator.	
EU30	Average plant availability factor by energy source and by regulatory regime.	Key Performance Indicators Business Performance All Delta plants operate in NSW.	9 12

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