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	ARSBA/ ARSBR	GRI guidelines
Social performance	✓	✓
• Customer satisfaction index	✓	✓
• Number of employees	✓	✓
• Skills make-up		✓
• Age of workforce		✓
• Employee turnover	✓	✓
• Number of cadets and apprentices	✓	✓
• Union representation	✓	✓
• Employees covered by Award	✓	✓
• Time lost to industrial action	✓	✓
• Lost time injury frequency rate	✓	✓
• Lost time injuries	✓	✓
• Lost time injury severity rate	✓	✓
• Fines and prosecutions		✓
• Workers compensation claims	✓	✓
• Public serious accidents	✓	✓
• Staff development index		
• Women in senior management	✓	✓
• Employees of Aboriginal and		
• Torres Strait Islander descent	✓	✓
• Equal Employment Opportunity (EEO)		✓

Abbreviations

ARSBA – Annual Reports (Statutory Bodies) Act 1984

ARSBR – Annual Reports (Statutory Bodies) Regulation 2000

GRI – Global Reporting Index

how? →

Rebecca Finlay, daughter of Manager
Corporate Finance Sharon Finlay,
depicts Integral Energy's responsibility
for the health and wellbeing of our
staff, customers and the community.

03 →

SOCIAL PERFORMANCE



...by investing in and, protecting the
health and wellbeing of our people,
our customers and the communities
who host our operations.

Did we meet our challenges?

Challenges for our social performance were set out in our second Sustainability Report 2001-2002, *Balancing considerations*. These challenges, and our performance against them, are listed below.

Key challenge	Status	Remarks
Continue to integrate safety into Integral Energy's business management process, and to continuously improve safety management, working towards the goal of zero accidents, illnesses and injuries	0 ✓ 0 ✓ ✓✓	Finalised and launched the safety management system for the organisation. Recorded 30 lost time incidents (LTIs), compared with 49 in the previous year. Reduced the injury frequency rate (LTIs per million hours worked) to 7.2, almost half that recorded in 2001-2002, and below the organisational target of 9.54.
Developing a revised occupational health and safety communication strategy to raise safety awareness in the workplace.	0 ✓	Strategy under way, and will be refined following the outcome of an internal communication survey in September-October 2003.
To be an employer of choice by finding out the concerns of our employees and working hard to address these.	0 X	Conducted a staff attitude survey in November 2002. Results were shared with staff in March 2003. Seven key improvement areas were identified, including improving internal communication and introducing a reward and recognition program. Action on these two issues is under way.
Building organisational capability through our staff, including improving the leadership abilities of our frontline managers through the Management Development Program and to work to develop individual career plans.	0 ✓	Highly successful series of Management Development Program workshops, with attendance by 200 frontline staff from across the organisation. Individual career development is part of the annual performance review process for all staff, with appropriate choices supported and encouraged by the organisation.
Developing a working environment that fosters a high performance culture, including the development of a competency based progression structure and, the implementation of 360-degree performance surveys	0 X 0 ✓ ✓	Annual performance reviews conducted for 85% of staff. Competency based skills project nearing completion, with proposals to be put to staff for approval in September 2003. 360-degree performance surveys conducted for all managers and performance-based contract employees, with development programs in place to further develop leadership skills.
Engendering and fostering a customer service culture throughout the organisation.	0 ✓	Achieved a customer service indicator of 56% against a target of 56% on a range of factors, including the number of issues with EWON, complaints closed within 30 days and customer service guarantee breaches.
Continuing to review and rationalise our enterprise agreements and workplace arrangements.	0 ✓	Negotiation of a new Integral Energy Terms and Conditions of Employment Award completed in December 2002, resulting in a 2-year award with increases totalling 10% over the life of the award. Ongoing discussions with about 200 staff in Manager/Specialist (MS) grades over renewal of their workplace arrangement (WPA), which covers both union and non-union staff in specialist roles, managing staff and/or key processes.
Engaging with stakeholders on matters of mutual interest and concern.	0 ✓	Conducted a qualitative survey of stakeholders and key issues for each, with findings to form the basis of a stakeholder management strategy. Responded to broad stakeholder concerns through our Customer Consultative Committee. Involved stakeholders with an interest in our long-term network strategy, especially local government, through the launch of Network 2013.
Key ✓ challenge exceeded ✓✓ challenge achieved X challenge not achieved 0 ✓ ongoing challenge with targets met to date or positive progress shown 0 X ongoing challenge with targets not met to date		

Stakeholder and community relationships

03 →

Sustainability means understanding the social impact of our business on people and their lives, and accepting responsibility and accountability for our actions.

Integral Energy sits at the centre of a diverse group of stakeholders, internal and external, each requiring specific management of issues that directly or indirectly impact on the business. They fall into the following categories:

- Our shareholder, the NSW Government
- Government, including local government.
- Regulators
- Customers
- Community groups
- Consumer advocates
- Industry/professional associations
- Media
- Green groups and influencers
- Business partners and suppliers
- Competitors
- Employees
- Unions

Integral Energy regularly surveys its stakeholders on key issues confronting them in their dealings with the organisation. The survey is part of a strategic mapping review designed to gain feedback on the perceptions of key stakeholders from government, regulatory agencies, community and environmental groups, customer representatives, industry associations, advisory firms and the industry.

Following analysis of survey results in 2002, and in a bid to shift emphasis from an issues management approach to stakeholders, the organisation is developing an integrated stakeholder management strategy. This seeks to address the diverse range and interests of stakeholders in a systematic, integrated and considered manner, which is aligned with the organisation's mission, vision, values and business objectives.

For further information, see the community section on pages 54-55.

Case study

In response to the NSW Coroner's findings in March 2003, the organisation moved swiftly to set up a Compensation Task Force to handle about 40 claims involving people who lost homes or businesses following a fire that began as a result of clashing powerlines at Appin in December 2001. The fire burned across an area affecting the Darkes Forest, Helensburgh and Stanwell Park communities.

It is an incident that Integral Energy deeply regrets.

The aim of the Compensation Task Force is to assist people who may have been directly affected by the fire by managing claims promptly and fairly so that they could get on with their lives.

This has proved to be a complex process, however, as it also involves a

number of insurance companies who have already managed part, or all, of customers' compensation claims. By year's end, 252 residents and businesses had contacted the task force seeking information about how to make a claim, compared to just 40 identified in evidence provided to the Coroner.

Integral Energy has paid and closed 75% of all claims received, and is working with lawyers and insurance companies to resolve the remainder in the most efficient and timely manner possible. The total amount of compensation paid by Integral Energy to date is \$3.2m, with a further \$15m paid by insurance companies.

The organisation also took steps to minimise the likelihood of any re-occurrence of such an incident by:

- installing over 23,000 'spreaders' on its low voltage network in rural areas
- developing and implementing a comprehensive bushfire risk management plan
- and by working with the Ministry of Energy and Utilities to better define ownership and responsibility for the maintenance of power lines located on privately owned properties.

Integral Energy's approach to resolving this issue was formulated on a strategy that reflected Integral Energy's values of respecting people, and accepting accountability and responsibility for its actions. The organisation sought to balance the financial, environmental and social impacts of an event that the organisation deeply regrets.

Performance Indicators

Customers

- Achieved a customer satisfaction index of 56%, which we plan to increase to 60% in 2003-2004.

Employment

- We employ 2,049 full time equivalent staff.
- Of our 1,314 network staff, 47% are skilled or semi skilled field workers, 19% are unskilled, 18% are management and administration, and 16% are other specialist staff.
- We have an aging workforce; the average age of our employees is 42; and 61% of our workforce is aged 40-65.
- In 2002-2003 employee turnover was 3.8%, which compares to 3% in 2001-2002.
- We employed two new cadets and 26 new apprentices. Currently, 90% of apprentices completing their training continue in permanent employment with Integral Energy.

Labour/management relations

- 62% of employees are represented by a union, primarily the Electrical Trades Union and the Municipal Employees Union.
- 89.4% of employees are covered by the Integral Energy Terms and Conditions of Employment Award.
- We recorded 0.14% of lost hours per available million hours in industrial action, well below our target of no more than 1%.

Health and safety

- The lost time injury frequency rate was 7.2 accidents in each one million hours worked. This is well below our target of 9.5 and a significant improvement on the 12.8 injuries/million hours sustained in 2000-2001.
- The total number of lost time injuries in 2002-2003 was 30, compared with 49 in the previous year.
- The lost time injury severity rate was 76.2 shifts lost in each one million hours worked. This was a positive result, and well below our target of 80.
- A total of 114 new workers' compensation claims were received. The average cost of all open claims (383) paid during the year was \$2,650.
- In 2002-2003, there were two serious electrical accidents involving members of the public (four in 2001-2002), both fatal. The cause of both was lack of awareness.

Staff training and development

- We achieved a staff development index of 53.3%, 14% short of target. (The staff development index is derived from the following measures: the percentage of career plans in place for contract staff; the percentage of vacant positions filled internally; the percentage of performance appraisals completed for staff in accordance with Company Policy 7.1: Performance Review and Career Planning; and the percentage of staff completing development centre training). In 2002/2003 we will focus on 100% completion of performance appraisals for all staff.

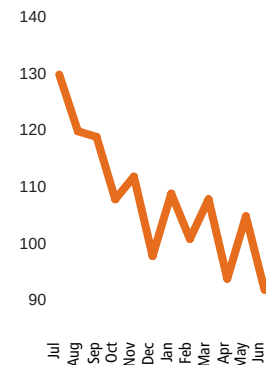
Diversity and opportunity

- 18% of the executive are women.

Indigenous relations

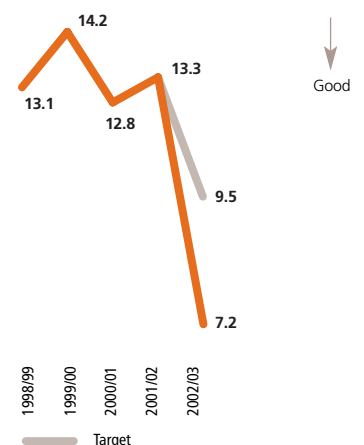
- 0.9% of our employees are of Aboriginal and Torres Strait Islander descent. We plan to increase this to 2% within the next five years through the implementation of our Aboriginal Employment Strategy.

Customer call rates



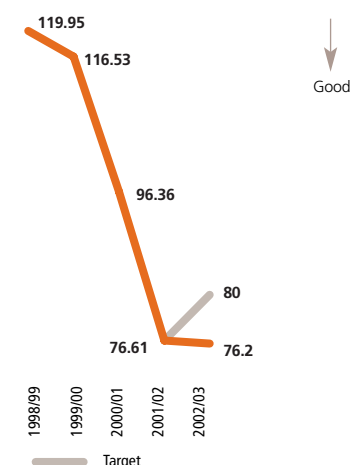
Lost time injury frequency rate (LTIFR)

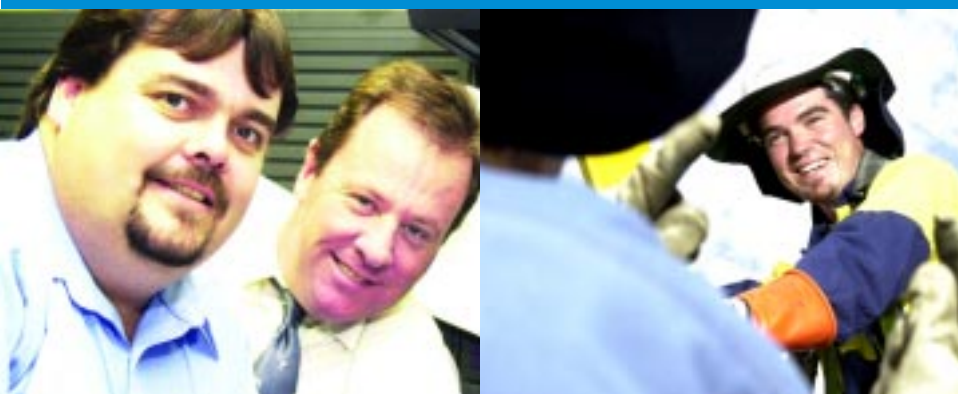
Per million hours worked



Lost time injury severity rate (LTISR)

Shifts lost per accident





Revenue Collection Officer Scott Reynolds and Team Leader, Retail Credit Collections Steve Bourke.

Nathaniel Moos, Electro Group apprentice, Werrington.

Our People

Respect for people, safety excellence, and accountability and responsibility are enshrined as three of Integral Energy's core values.

Respect for people means offering 'a fair go for all' through

- respecting the principles of equal opportunity;
- offering opportunities for promotion on merit;
- cultivating trust through honest and open communication;
- promoting skills development; and,
- encouraging effective empowerment, teamwork and participative decision making.

Complementing the value of respect for people is Accountability and Responsibility, which requires our people to maintain the integrity of their performance within their area of responsibility by promoting trust, openness, teamwork, professionalism and pride in all that we do.

These two core values drive our commitment to the highest standards of safety excellence. This commitment is supported by making safety our top priority, accompanied by a belief that all accidents are preventable and that working safely is a condition of employment.

These values underpin our aim to build a flexible, competitive and motivated workforce, within workplaces free from accidents and discrimination.

Occupational health and safety

With safety excellence firmly established as a core organisational value, performance was recognised in the staff attitude survey (see page 52). Demonstrating commitment to safety was rated the highest among the seven values, and second highest of the 20 issues surveyed.

In further recognition of safety as the organisation's first priority, and to draw sharper focus on safety issues, the occupational health and safety group was restructured, binding together the electrical safety group and OH and S group within HR.

Safety performance

While the ultimate target for workplace incidents is zero, the organisation was encouraged by significant improvements in safety performance during the year. On the raw figures, 30 lost time incidents (LTIs) were recorded in 2002-2003, compared with 49 in the previous year. The key impact of this improvement was in the injury frequency rate (LTIs per million hours worked), which at 7.2 was almost half that recorded in 2001-2002 (13.27).

The result was also below the organisational target of 9.5.

Safety management systems

Integral Energy's safety management system is based on a matrix of key occupational health and safety elements, and is progressively updated. Current priority elements are hazard and risk management; contractor management; audits and inspections; plant and equipment; and, hiring and placement of staff.

Over 250 branch, section and project managers were trained in the use of a new incident management system, which has the following aims:

- Change the practice of not reporting incidents properly or reporting them late.
- Move from reacting to issues to anticipating and eliminating them.
- Identify effective corrective actions to prevent incidents.
- Ensure corrective actions are implemented.
- Involve more people in the process.

Risk management

OH and S risk management is a core safety element, incorporating a system to provide the methodology to identify hazards, assess the associated risk and implement controls. The risk management system will ensure that

Employee Numbers

	1998/99	1999-2000	2000-2001	2001-2002	2002-2003
Total staff (1)	1,845	1,668	1,765	1,934	2,049
% (reduction)/increase	(9.6)	(9.6)	5.8	9.6	5.9
% cumulative reduction (2)	41.0	46.7	43.6	38.2	34.5

Note:

(1) Staff numbers are based on full time equivalents. Significant reductions in staff numbers occurred as a result of voluntary exit programs in June-July 1998.

(2) These figures represent the change in employee numbers since the creation of Integral Energy in 1995 through the merger of Prospect and Illawarra Electricity. At the time of the merger the total employee number was 3,127.

Equal Employment Opportunity

Ratio of female to male employees according to NSW Public Sector rate ranges, as required by the Office of the Director of Equal Opportunity in Public Employment (ODEOPE).

Salary range	All employees				Female employees				Male employees			
	Number of staff 02/03	01/02	% of total staff 02/03	01/02	Number of staff 02/03	01/02	% of total staff 02/03	01/02	Number of staff 02/03	01/02	% of total staff 02/03	01/02
< \$27,606	44	35	2.1%	1.8%	0	2	0.0%	0.1%	44	33	2.1%	1.7%
\$27,606 – \$36,258	44	42	2.1%	2.2%	1	6	0.0%	0.3%	43	36	2.1%	1.9%
\$36,259 – \$40,535	183	290	8.9%	15.0%	42	79	2.0%	4.1%	141	211	6.9%	10.9%
\$40,536 – \$51,293	838	750	40.9%	38.8%	250	187	12.2%	9.7%	588	563	28.7%	29.1%
\$51,294 – \$66,332	530	407	25.9%	21.0%	101	76	4.9%	3.9%	429	331	20.9%	17.1%
\$66,333 – \$82,914	149	139	7.3%	7.2%	39	37	1.9%	1.9%	110	102	5.4%	5.3%
> \$82,914 (non-SES)	261	271	12.7%	14.0%	46	47	2.2%	2.4%	215	224	10.5%	11.6%
TOTAL	2,049	1,934	100%	100%	479	434	23.4%	22.4%	1570	1500	76.6%	77.6%

All figures quoted are full time equivalents (FTE)

employees are provided with a safe place of work, and have the equipment, training and information necessary for them to carry out their duties.

Self insurance audit

WorkCover NSW conducted a self-insurance audit in July 2003, with positive results for the organisation, which achieved – and in one case exceeded – the benchmarks set for companies who choose to self-insure. The next self-insurance audit will be in July 2004. Success in meeting the benchmarks set at this audit will mean the organisation will return to a three-yearly audit cycle.

Workers' Compensation

There were 114 new workers' compensation claims reported in the year to 30 June 2003, an increase of three on the previous year. Payments made on all opened claims (383) during the year amounted to \$1.014m, which included court settlements, a reduction of \$410,000 on total payments in 2001-2002. The average cost of each claim was \$2,650 compared with \$1,313 in 2001-2002.

Consultation with staff

In December 2002, all permanent employees were encouraged to respond to a staff attitude survey, the first since 1999, aimed at gathering views on the importance of a range of organisational issues, and staff perceptions of performance in those areas.

Apart from being the first of its kind in four years, the staff attitude survey was also the first following three years of unprecedented change at Integral Energy. Despite substantial changes in the organisation since January 2000, direct comparisons were possible on 12 questions that remained the same.

Over 76% of employees responded. For 11 of the 12 questions, performance results in 2002 were better than those in 1999 – some by as much as 58%.

The areas of strength identified in the 2002 survey were:

- 1 I clearly understand what is expected of me in my job (84.1%).
- 2 Making safety our first priority is demonstrated in our work group (82.6%).
- 3 In our work group, integrity is practiced (82.5%).
- 4 The people in my work group work as a team (82.4%).
- 5 I am adequately trained for my current job (79.3%).
- 6 I have a high level of loyalty towards Integral Energy (77.3%).

Our key focus areas for improvement were identified, including:

- 1 the need to improve communication
- 2 the need to increase visibility of managers
- 3 the need to address issues related to trust, and
- 4 the need to review reward and recognition.

Plans are under way to address issues related to communication through benchmarking and focus groups, and good progress has been made on a review of the organisation's approach to reward and recognition.

Workplace relations

Despite steady growth in staff numbers since 1999-2000, unions imposed overtime bans lasting for 12 days in April 2003 in a dispute over the use of external contractors to carry out customer connection work for Integral Energy.

Membership of the organisation's Contractor Committee – a joint forum for management and employees to review the use of contractors at Integral Energy – was revised as a result.

Throughout the year, ongoing discussions were held with about 200 staff employed in Manager/Specialist (MS) grades about the renewal of their workplace arrangement (WPA), first signed in 1996 and renewed in 1999. The WPA covers both union and non-union staff in specialist roles, managing staff and/or key processes.

Negotiation of a new Integral Energy Terms and Conditions of Employment Award was completed in December 2002. This resulted in a two-year award with increases totalling 10% over the life of the award. Other outcomes included aligning the union picnic day provision with other NSW



distributors, improved long service leave entitlements for staff employed after 27 July 1996, and increased on-call, meal, subsistence and casual car allowances.

Development of the Integral Energy Competency Progression Structure for selected award-based positions continued during the year. The competency progression system provides a pathway for competency development and pay progression through position grades, based on the principle of acquisition and utilisation of competence. At the time of writing this report, preparations were being made to seek staff support for the revised structure for competency progression with implementation to follow their endorsement.

Negotiations also commenced on the Supervisors Workplace Arrangement and the Executive Assistants Workplace Arrangement.

Electrical network training

In order to ensure adequate numbers of skilled electrical staff for the future, the organisation operates a technical training group located at the Penrith campus of the University of Western Sydney, Werrington. The facility was developed through a partnering arrangement between Integral Energy, the University of Western Sydney and the Western Sydney Institute of TAFE.

The training centre helps to meet the technical training needs of our organisation and those of other businesses that need to develop or maintain their employees' electrical competencies. Over 5,000 trainees attend courses at the centre each year.

Recruitment of apprentices increased in 2002-2003, with a total of 71 apprentices undertaking their training. We plan to recruit a further 40 in 2004 and to host train 24 electrical industry apprentices in their second, third or fourth years.

Currently, over 90% of apprentices completing their training continue in permanent employment with Integral Energy.

Integral Energy is a Registered Training Organisation (RTO) and enjoys high regard in the industry. Over several years, the organisation's training programs have produced award-winning apprentices at regional, State and national level.

Learning and development

Beyond apprentice, electrical skills and safety training, the organisation developed and implemented a Management Development Program. Designed to build practical leadership skills for our front-line leaders, 10 courses were held during the year with total attendance of 159 from across the organisation.

Subjects included understanding self and others, leadership, communication, working with teams and change management. Overall, the content achieved a satisfaction rating of 83% from exit surveys of all staff attending the course.

Other courses included:

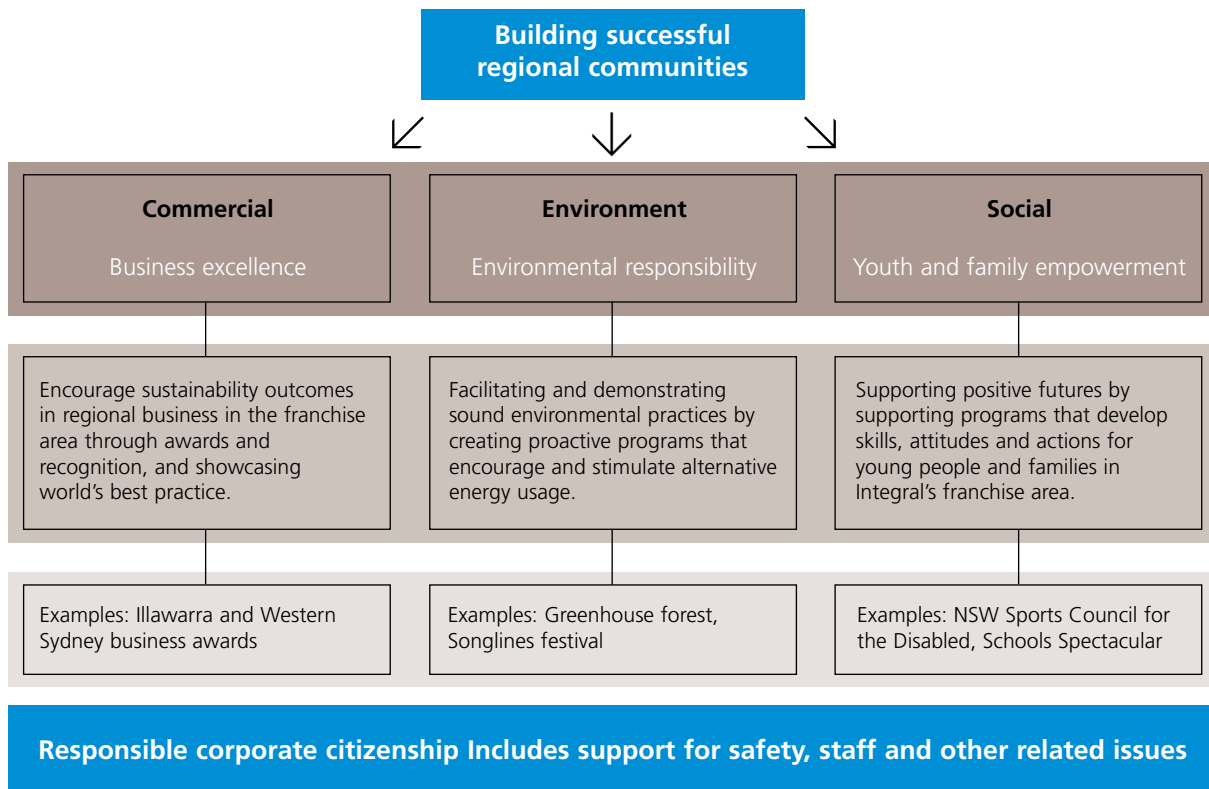
- Recruitment, interviewing and selection training was launched to improve the selection techniques of our managers, using behavioural based interviewing techniques.
- Performance management/appraisal training was improved to provide managers with the skills to conduct effective performance reviews.

In response to increased recruitment and staff turnover, HR reintroduced formal induction programs attended by 130 new arrivals.

After a successful trial in 2002, 360-degree performance surveys were introduced for all contract staff. This process provides feedback to the employee from managers, peers and direct reports on contract staff performance against Integral Energy's leadership capabilities, with development plans then determined between managers and their staff.

Community involvement

Integral Energy's community partnership and sponsorship framework is illustrated in the following diagram:



Staff support

Now in its 11th year of operations, Integral Energy's childcare centre continues to help staff balance work needs and family responsibilities. The centre is licensed for a maximum of 39 children and caters for children aged from six weeks to five years of age. The Department of Community Services rates the centre highly in its accreditation report and the centre is recognised by the National Childcare Accreditation Council.

HR continued to provide advice and support for staff on equal employment and workplace harassment issues and externally based counselling services.

The year ahead

Safety will remain a priority for the organisation in its efforts to build on improvements over recent years. Now that LTI numbers are on the decline – principally through reinforcement of

advice to prevent slips, trips and falls and injuries caused by poor manual handling techniques – the emphasis will be on preventing more serious injuries. These were responsible for pushing both the duration rate (average shifts lost) and severity rate (days lost) above results for the previous year.

A Leadership Development Centre will be established to improve the leadership skills of our senior management group. Initially, it will involve an Executive session, followed by implementation to our branch managers.

Brand Positioning

In support of Integral Energy's corporate positioning, the organisation has developed a community investment philosophy based on an "integrity of endeavour". This requires us to be responsible in an holistic sense in order to achieve a balance between commercial and community interests.

In working to build a sustainable business, our brand positioning is based on the attributes of honesty, responsibility and integrity. By building brand loyalty over time, our positioning is framed around the higher order brand attributes of sustainability, that is, the promise of building a better collective destiny for us all.

A broad-based sponsorship and donations portfolio provides one tangible example of the organisation's commitment to its "integrity of endeavour". The framework to this platform for community partnership and sponsorship is centred around a theme of building successful regional communities with the three core themes of:

- Commercial – business excellence.
- Environment – a responsible approach to all issues.
- Social – youth and family empowerment.



Disposal Officer Bryan Ribbon and
Disposal Manager Ric Bell, Commercial.

Receptionist Kim Naughton and
Property and Facilities Assistant Kelly Zammit.

Within this framework, Integral Energy has the flexibility to ensure:

- Tangible examples of, and positive impact on, our brand values, including being able to make a quantifiable difference to the communities in which we operate by supporting programs that

develops skills, attitudes and actions of young people and their families.

- Equitable community support in a highly targeted fashion across the franchise area.
- Engaging in hands-on staff activities, to stimulate motivation and pride within the organisation, thereby

building wide grassroots support among staff for the partnership and the values that the organisation represents.

- Leveraging commercial value primarily through communications focused on valued customers.

Public safety awareness and education

Integral Energy is committed to safety and believes that all accidents are avoidable. In line with this commitment, Integral Energy has an ongoing program to educate and warn the public about the hazards associated with the distribution of electricity.

Under the Electricity Supply Act 1995, Integral Energy has a responsibility to inform the public about the hazards associated with electricity. The Electricity Supply (Safety and Network Management) Regulation 2002, expanded this obligation to include the provision of information on bush fire hazards associated with overhead power lines and vegetation. Integral Energy's Public Safety Awareness Plan seeks to provide information to the public in excess of these regulatory obligations.

The 2002/03 plan drew on research conducted as part of the 2001-2002 plan, analysis of industry activity and details of incidents over the preceding year. All activities and materials produced also supported the corporate positioning of acting with "integrity of endeavour", to help build the association of the organisation with the attributes of honesty and responsibility, and demonstrate our expertise in the safe use of electricity.

Issues

A review of network incidents highlighted a number of areas where increased communication might assist in reducing potential risks to the general public. The issues identified by this review were:

- Equipment/machinery coming into contact with overhead or underground power lines.
- Trees contacting power lines.
- Fallen lines, including safety following storms, high winds and bushfires.
- Faulty wires and cables, including d-i-y repairs.
- Vandalism and unauthorised entry into network assets.

In addition to these issues, research also identified two groups at "high risk" of being involved in a safety incident involving electricity – home handymen and school children. Both groups undertake a number of activities that could expose them to electrical hazards, and although they perceive themselves to be quite knowledgeable on matters relating to electricity, their knowledge is relatively poor.

Integral Energy communicated safety messages in a variety of ways including radio, community newspapers and messages inserted with customer bills. During 2002-2003, key safety messages covered:

- Vegetation management
- Fallen power lines
- Avoid contact with power lines
- Home electrical installations/repairs

Customer Consultative Committee

In order to understand and respond to community expectations, we work closely with a Customer Consultative Committee, whose members represent customers and key community groups within our franchise.

These include small business and welfare groups; customers from non-English speaking backgrounds; low-income families; environmental groups; the Australian Consumers' Association; and, the Country Women's Association.

The committee meets quarterly and makes valuable contributions to organisational deliberations on matters including the Marketing Code of Conduct, street lighting, stakeholder management, network modernisation, pricing and increased competition in the electricity industry.

During the year, the committee attended the opening of the Greenhouse Forest at Cecil Park and made site visits to Prestons Substation, the Call Centre and the Control Room to learn more about the organisation's daily operations. The committee also worked with us to ensure that all documentation sent to customers was written in Plain English.