



## Annual Report 2000



*People Powering People*



13 October 2000

The Honourable Tony McGrady MLA  
Minister for Mines and Energy and  
Minister Assisting the Deputy Premier  
on Regional Development  
61 Mary Street  
Brisbane Queensland 4000

The Honourable David Hamill MLA  
Treasurer  
100 George Street  
Brisbane Queensland 4000

61 Mary Street  
Brisbane QLD 4000  
PO Box 107 Albert Street  
Brisbane QLD 4002  
Telephone 07 3228 8222  
Facsimile 07 3228 8118  
Website www.ergon.com.au

Dear Shareholding Ministers

I am pleased to present to you the Ergon Energy Corporation Limited Annual Report 1999-2000, reporting on the activities of Ergon Energy Corporation Limited and its controlled entities, including the retailer, Ergon Energy Pty Ltd.

Most significantly, it documents the achievement of the merger of six regional Queensland electricity distribution corporations and Ergon Energy Pty Ltd under a single Ergon Energy brand. This report highlights how, in a year of significant consolidation, our business has focused on its finances, customers, people and community, and reported significant achievements in each of these areas.

I am proud of these achievements and recognise the outstanding efforts of Ergon Energy's people during a period of considerable change.

The strong foundations are now in place to further enhance our service and grow our business both in Queensland and in other areas of the national energy market.

Yours sincerely

Hon Keith De Lacy  
Chair  
Ergon Energy Corporation Limited

Ergon Energy Corporation Limited ABN 50 087 646 062 Ergon Energy Pty Ltd ABN 66 078 875 902

# Welcome to Ergon Energy

In early 2000, a number of natural disasters occurred across Queensland, from cyclones in Cairns to flooding in Longreach. One example of such storm damage was Cyclone Tessi which hit Townsville on Tuesday 4 April 2000.

This annual report tells the story of Gavin Schulze, a linesperson with Ergon Energy in Townsville.

Gavin was a key member of the Ergon Energy team who restored vital power supply throughout Queensland after Cyclone Tessi's damage.

The scale of Cyclone Tessi's impact led to hundreds of Ergon Energy team members working together to reconnect electricity supply in various parts of the State.

As one of our team members to deliver exceptional customer service, Gavin Schulze performed a special 'high wire' act to restore power on Magnetic Island.

Gavin worked from high above through wind and rain to help restore the cyclone-damaged powerline network.

Perched atop a 20 metre tower, he guided Magnetic Island's new powerline into pulley wheels while a helicopter hovered nearby to restring the wires.

Gavin completed this vital task just 30 minutes before the water supply for Magnetic Island was anticipated to run out.

It took 30 Ergon Energy team members from Far North Queensland three days to restore most of Magnetic Island's power network.

Their experience and those of our teams on the mainland who provided back-up assistance, highlight how Ergon Energy people have come together to deliver quality customer service in a year of major consolidation.

While we're proud to recount this extraordinary example of our dedication to exceptional customer service, the last word on how well we're doing really belongs to our customers.

That's why they're also part of this special story about People Powering People...

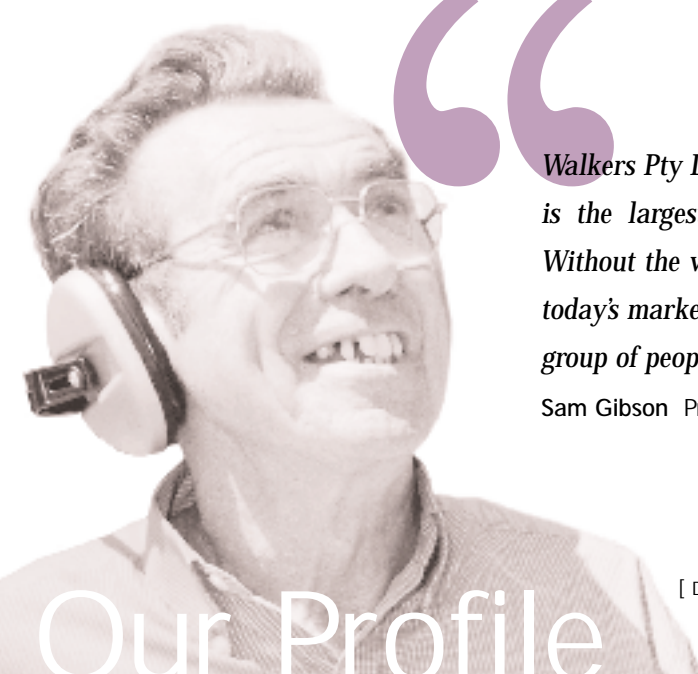


**"I woke up and took one look at the weather and knew it was going to be a real busy day for our team. On the way to work I had to drive through flood waters and there was wind and rain everywhere. You could tell it wasn't going to be an average day."**

Gavin Schulze  
Linesperson Ergon Energy, Townsville

### Contents

Ergon Energy profile	2
Year in review	6
Key results	8
Management team	9
Our customers	10
Our people	12
Our community	14
Our business	16
Boards of Directors	18
Corporate governance	20
Financial statements	21
Contact details	Back Cover

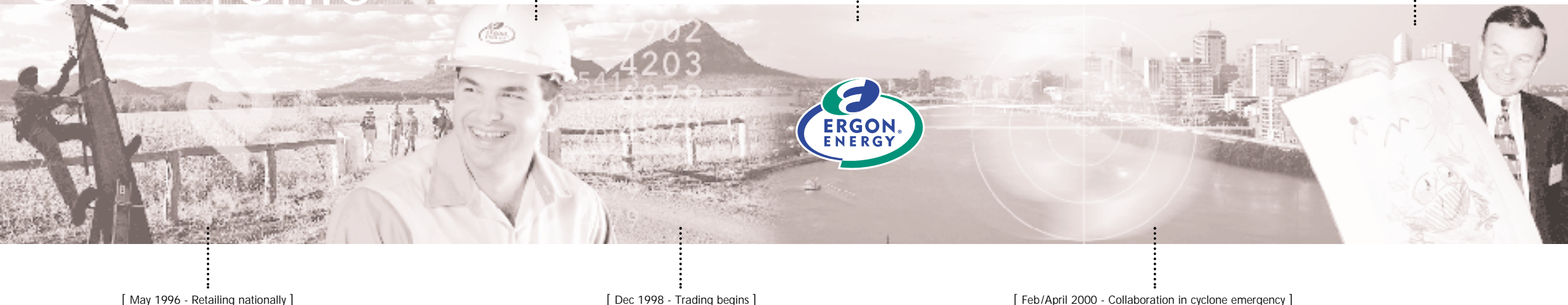


*Walkers Pty Ltd has been operating in this area for 133 years and today is the largest foundry operating in the private sector in Australia. Without the vital energy supplied by Ergon Energy we wouldn't exist in today's market. We've found the team at Ergon Energy to be an excellent group of people. It's instant service. They talk to us all the time."*

Sam Gibson Production Manager Walkers Pty Ltd Maryborough



# Our Profile



[ Dec 1996 - Reform State electricity industry ]

[ June 1999 - Amalgamation ]

[ June 2000 - regional Queenslanders demonstrate their commitment to the environment ]

[ May 1996 - Retailing nationally ]

[ Dec 1998 - Trading begins ]

[ Feb/April 2000 - Collaboration in cyclone emergency ]

**More than half a million customers across the nation trust Ergon Energy to supply their energy needs.**

## Where we've come from

Ergon Energy was one of the first to retail electricity nationally when Australia's energy market began deregulating in the mid 1990s.

In December 1998, the Queensland Government announced the results of a review of the structure of the State's electricity supply industry. As part of this agenda, Ergon Energy Corporation Limited was formed and acquired ownership of Ergon Energy Pty Ltd.

Ergon Energy Corporation Limited was incorporated on 24 May 1999. On 30 June 1999, six regional electricity distribution corporations ceased to exist and their undertakings were amalgamated into Ergon Energy Corporation Limited.

Ergon Energy Corporation Limited became **one of Australia's largest energy companies** with the merger of six Queensland electricity distribution corporations and the acquisition of Ergon Energy Pty Ltd, and their subsequent re-branding to Ergon Energy.

The six regional Queensland electricity distribution corporations were:

- Far North Queensland Electricity Corporation Limited (FNQEB)
- North Queensland Electricity Corporation Limited (NORQEB)
- Mackay Electricity Corporation Limited (MEB)
- Capricornia Electricity Corporation Limited (CAPELEC)
- Wide Bay-Burnett Electricity Corporation Limited (WBBEC)
- South West Queensland Electricity Corporation Limited (South West Power)

While we now operate our business as a single enterprise, Ergon Energy Corporation Limited is responsible for the distribution of electricity while Ergon Energy Pty Ltd oversees our relationship with our retail customers.

**May 1996** Ergon Energy begins retailing nationally

**December 1996** Queensland Government announces plan to reform State electricity supply industry

**December 1998** trading begins in the National Electricity Market

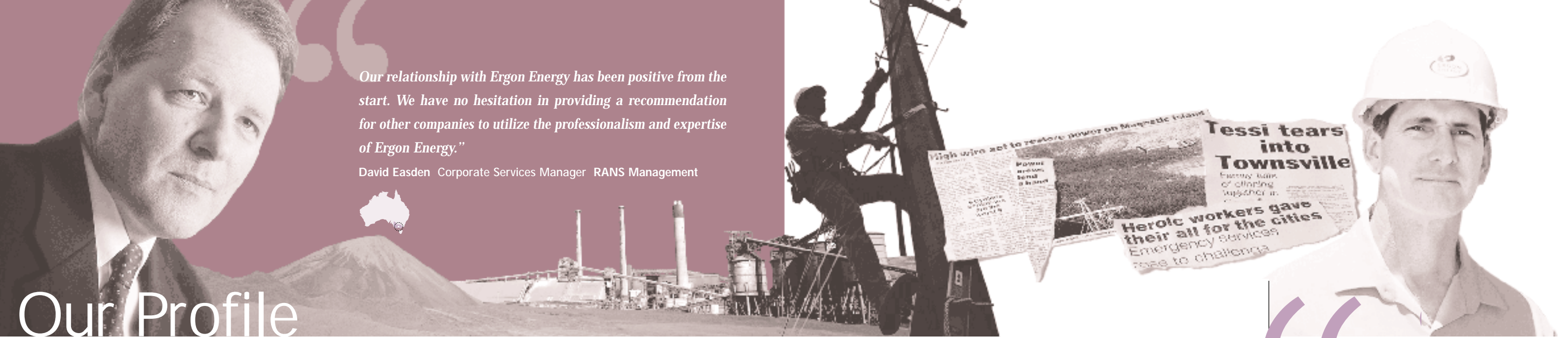
**June 1999** six regional electricity distribution corporations were amalgamated into Ergon Energy Corporation Limited

**February/April 2000** Cyclone Steve's and Cyclone Tessi's impact across Queensland brings Ergon Energy people together to use combined resources to restore supply as quickly as possible

**June 2000** Ergon Clean Energy subscriptions reaches 5,700 as regional Queenslanders demonstrate their commitment to the environment

*I was called in urgently to help out with the 'Storm Room' at Garbutt Control Centre. Hundreds of calls were coming in from people telling us about lines down and asking how long before power would be back on. Even when the cyclone crossed the coast, I knew our crews would already be planning to restore power for the benefit of us all."*

Teresa Knight  
Customer Service Representative  
Ergon Energy Call Centre, Townsville



*Our relationship with Ergon Energy has been positive from the start. We have no hesitation in providing a recommendation for other companies to utilize the professionalism and expertise of Ergon Energy."*

David Easden Corporate Services Manager RANS Management



# Our Profile

## Where we've come from continued

The Ergon Energy group has the following controlled entities:

- Ergon Energy Pty Ltd
- Ergon Energy (Victoria) Pty Ltd
- Northern Electricity Retail Corporation Pty Ltd
- EA North Queensland Pty Ltd
- Ergon Energy Gas Pty Ltd
- Vantage Plus Utilities Trust

We are Queensland Government owned, **now serving more than half a million customers across the Eastern States of Australia.**

## People Powering People

Our positioning line - People Powering People - is more than just a slogan. It's the way we do business.

More than just providing electricity, our energy specialists provide our customers with **complete energy solutions** that meet their needs in a changing energy market.

We service an area larger than **1 million square kilometres in Queensland**, where we own almost **\$2.8 billion in assets across approximately 135,000 kilometres of electricity network.**

We believe the geographical area serviced by our reticulated electricity supply network is the largest covered by any single distributor in the industrialised world.

We have also made significant gains in securing customers in contestable energy markets across the Eastern States of Australia.

## The case for change

Our Boards and management met in September 1999 for workshops where we identified the following challenges for our group: cost, service, risk and growth.

These challenges were identified in all aspects of our operations, from our networks, delivery of reliable service through to retail services in the highly competitive National Energy Market.

We have made considerable progress in the past year to restructure our business from geographical to functional lines and to introduce standardised systems for a single enterprise.

Our commitment now continues to further improving our effort in a fast-changing National Energy Market.

## Our vision

A national utility with a strong regional Queensland presence that adopts a total utility provider strategy to become recognised as a leading Australian retailer and utility.

## Our mission

To deliver customer and shareholder value through the provision of sustainable quality energy solutions and associated services.

This means that we will be committed to:

- delivering quality products and services to our customers
- world class infrastructure management
- supporting our people

- developing profitable new business opportunities
- supporting our regional communities
- supporting the growth of our retail subsidiary

## Our values

- One company, one culture, one vision
- Our customers drive our business
- Our people make us strong
- Excellence, innovation and commitment ensure our success
- We are ethical and responsible corporate citizens

## Our strategic response

- Secure the core businesses
- Implement new structure and governance models
- Address growth imperatives
- Carefully manage change

**We are Australian owned and operated, now serving more than half a million customers across the Eastern States of Australia.**



**I went out to Magnetic Island and found that the destruction of our network was so bad our regular three-person crew on the island just couldn't cope by themselves. One of the island's main powerlines was down in a very inaccessible place - between boulders as big as cars on a rocky hillside. We could tell we needed a chopper, specialist skills and the back-up of our other crews."**

Wally Skinner  
Central Works Coordinator  
Ergon Energy, Townsville



# Year in Review

**Our group took a momentous step this year when six regional Queensland electricity distribution corporations and Ergon Energy Pty Ltd merged under a single Ergon Energy brand.**

As a consolidated group, Ergon Energy targeted the delivery of significant benefits to customers and shareholders from this merger process. However, it should be recognised that our business faced significant issues arising from the merger. The challenge facing us was immense and 1999-2000 must therefore be viewed as a foundation year.

To realise the benefits of the merger we moved quickly to adopt a cohesive strategic direction and robust corporate structure. Our Boards identified the challenges ahead and subsequently began to address these issues by developing our Strategic Plan and Business Plan. Having secured this framework, we focused on adopting integrated systems and processes which have since strengthened our position in areas as diverse as customer responsiveness, infrastructure management and financial reporting.

### **No compromise to reliability and quality of electricity supply**

As a single enterprise, one of our greatest challenges has been balancing the two functions of our business: service and infrastructure provision for regional Queensland together with the operational and service requirements of a highly competitive energy marketplace.

Despite these challenges, we are pleased to report there was no compromise to reliability and quality of electricity supply. We ensured our customers enjoyed a consistent and predictable level of service regardless of where they lived and worked. However, we believe we must continue to improve our service to meet changing customer expectations, including in the National Energy Market.

### **New opportunities to further improve service levels**

We approached the merger as a prime opportunity to further improve service levels. This was achieved by trialling Guaranteed Service Levels to our customers in one region and reconfiguring our Call Centre operations.

Coming together as one organisation allowed us to assess our maintenance priorities and standardise our asset management practices across our entire business. We developed a new refurbishment and replacement strategy at the same time as completing or moving ahead on many new network projects to help service our local communities.

Moving to secure our future across the competitive energy market involved enhancements to both the retail and wholesale market areas of our business. Here our focus was on finding new ways to extend our product offer and bring our customers intelligent energy solutions designed to ensure they receive maximum value from Ergon Energy.

We worked hard to ensure that we will be able to continue to offer our customers more choice by broadening our product range and revenue streams outside electricity retailing. During the year we entered into agreements to become one of Australia's largest purchasers of green energy from sugar mills, wind farms and a waste power facility. Demand for this product was reflected by the fact that a high number of regional Queenslanders subscribed to Ergon Clean Energy.

We placed a priority on developing our gas supply business and took a major step in this direction by concluding a preliminary agreement with the PNG-Queensland gas project. This will allow us to fully participate in increasingly competitive and diverse energy markets.

### **Continued focus on strong community and shareholder relations**

The consolidation of our business did not change our focus on the importance of strong shareholder relations. At a community level, we were instrumental in supporting the people we serve with a range of exciting sponsorships aligned to our commitment to community, environment, safety and education. Successful shareholder relations included continuing to monitor and analyse, and respond to developments in the regulatory framework of the electricity industry as well as introducing processes and systems needed to introduce full retail contestability.

We have grasped the challenge and come a long way in the 12 months since the merger. In all that we have achieved, the goodwill and cooperative spirit of our people have been integral to our success. We wish to thank our people for their contribution and each of our customers for their valued business.

We have set ourselves on the path to further success and growth.

Hon Keith De Lacy  
Chair  
Ergon Energy Corporation Limited

Kim Griffith  
Chief Executive Officer  
Ergon Energy

“When something like this happens to our customers there are thousands of people we need to keep informed including our government and community stakeholders. I helped support our teams by reassuring those we do business with and those we report to that things were in hand on the ground. A job made easier by having people in the field like Gavin doing everything they can for our customers.”

Justin Fitzgerald  
Stakeholder Relations Manager  
Ergon Energy, Brisbane

*We believe the Ergon Energy team at Cunnamulla deserve congratulations. Recently I called to notify Ergon Energy that we were without power. We were the only customers on our line without power, it was late afternoon and the roads were wet. I certainly didn't expect to have the problem fixed that day. However, within a very short time, Ergon Energy's people had headed out to rectify the fault. We often hear nothing but complaints about services to rural and remote areas, so it gives me great pleasure to tell people the Ergon Energy team in Cunnamulla is number one."*

Paula Fraser Thargomindah Far Western Queensland



# Key Results

## Our customers

- Merged six regional Queensland electricity distribution corporations and Ergon Energy Pty Ltd under a single Ergon Energy brand
- Developed Guaranteed Service Levels
- Introduced customer service enhancements to Call Centre operations
- Regional Queenslanders demonstrated their commitment to the environment by subscribing to Ergon Clean Energy
- Concluded a preliminary agreement with the PNG - Queensland gas project
- Improved maintenance regime addressing customers' needs across regional Queensland
- Areas that required improvement, such as North West and Cooktown, were identified and proactively addressed

## Our people

- Made a strong commitment to training and supporting our employees as we restructured our business
- Undertook a major change program across the organisation, including supporting regional employment
- Restructured our business along functional rather than geographic lines
- During a period of significant organisational change, we worked closely and cooperatively with union representatives to resolve any staff issues and to create a positive working environment
- Appointed senior executive management team
- Introduced single information technology platform
- Introduced single e-mail platform, Intranet site and teleconferencing

## Our community

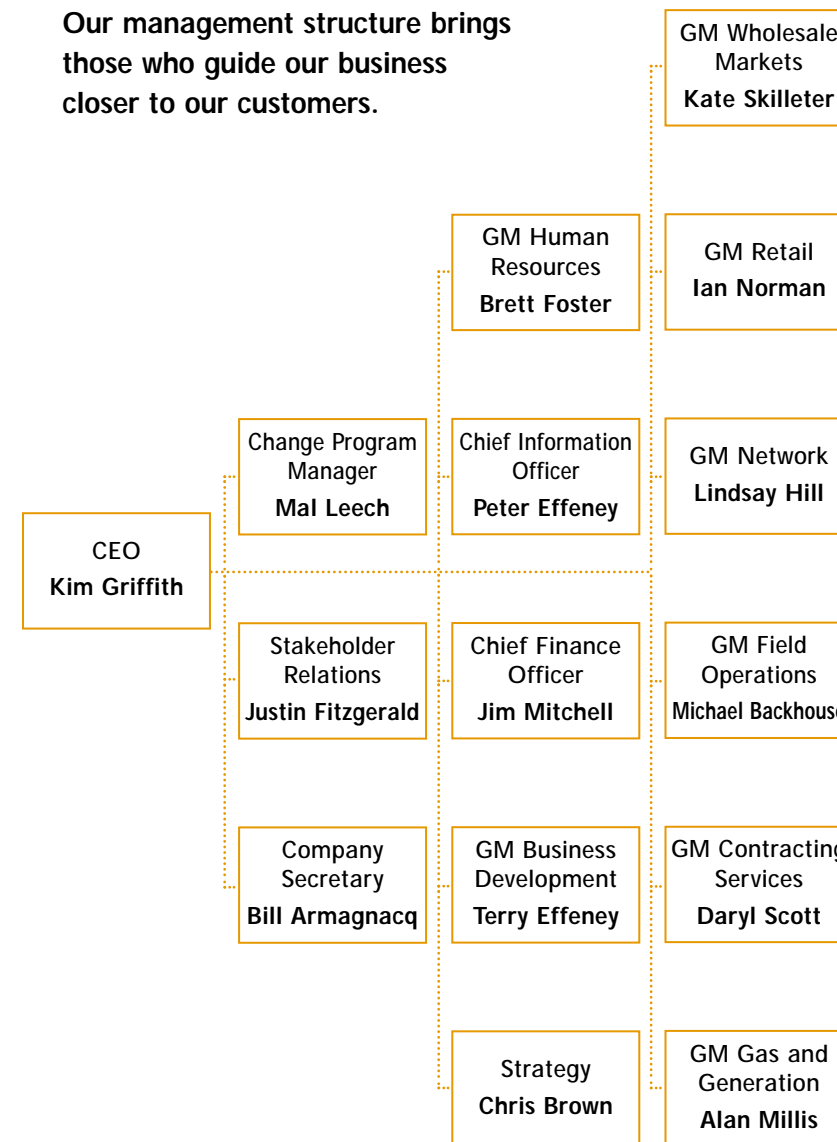
- Made a strong commitment to growing economic activity and employment in regional Queensland
- Continued our regional focus on delivering field operations
- Became one of the nation's largest purchasers of green energy
- Consolidated our position as Australia's largest purchaser of green energy produced by sugar mills
- Entered into an agreement to purchase new green energy from the Windy Hill Wind Farm on the Atherton Tablelands
- Entered into an agreement to purchase new green energy from a Solid Waste to Energy Recycling Facility
- Signed new sponsorships of the Royal Flying Doctor Service, Brisbane Broncos and North Queensland Cowboys
- Continued to sponsor Surf Life Saving Queensland and many other local community initiatives

## Our business

- Standardised our financial systems and processes
- Secured acceptance of our GST Public Compliance Commitment by the Australian Competition and Consumer Commission
- Renegotiated a major transmission maintenance contract with Powerlink Queensland
- Achieved independent external certification to ISO 9001 for Contracting Services
- Secured new telecommunications contracts with Telstra

# Management

**Our management structure brings those who guide our business closer to our customers.**



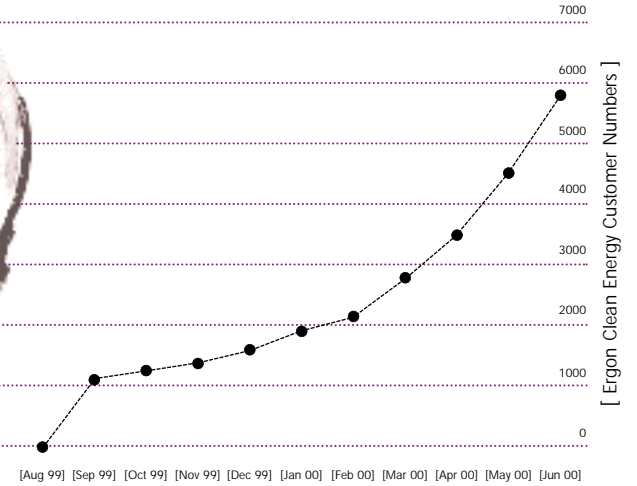
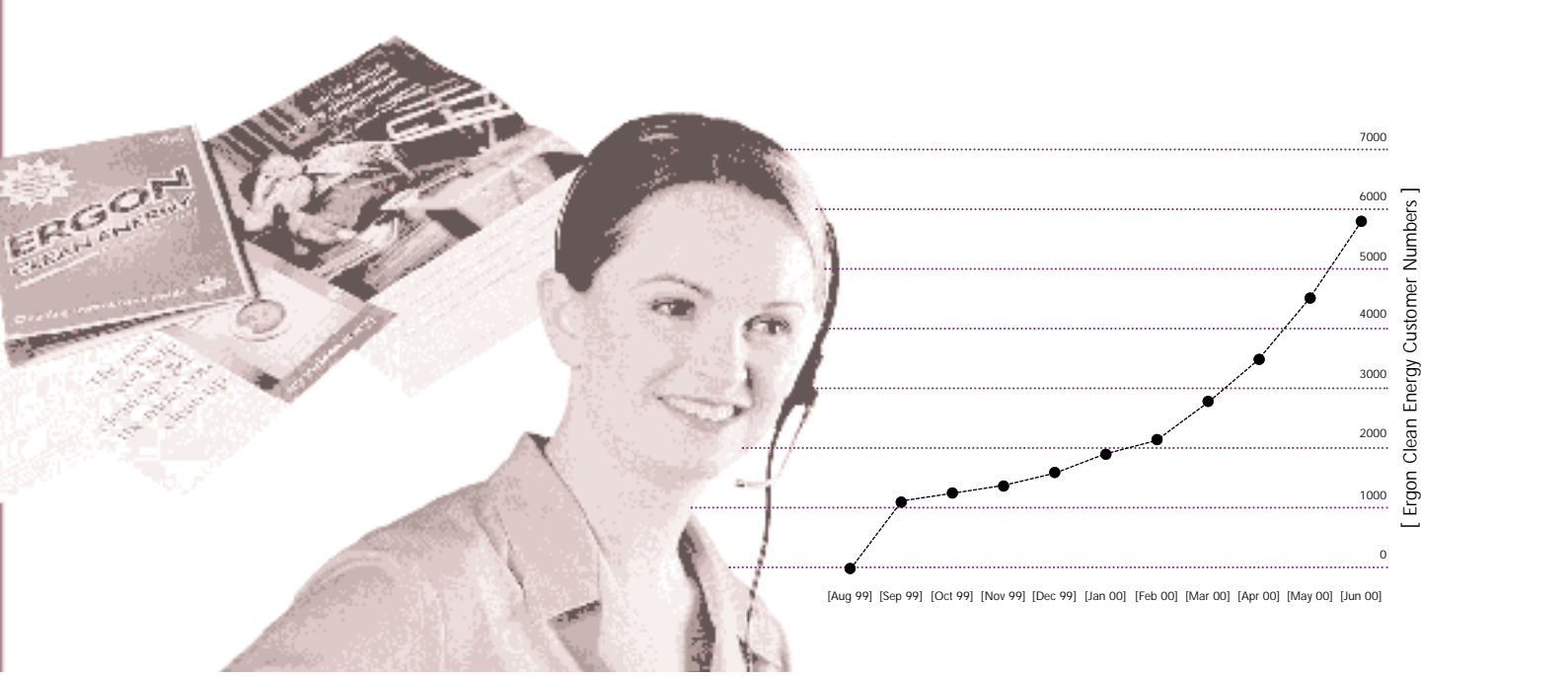
*Our team from Cairns said we'd go when they asked for volunteers to help reinstate power on Magnetic Island. The island's main line was down in a really inaccessible place. We had to walk kilometres up a rocky hill with no path, carrying our gear and ladder all the way. When we got there, we were the ground crew that helped Gavin Schulze with the chopper job. Our boys get a lot of job satisfaction in these cases, and it also keeps our customers satisfied."*

Allan Ruth  
Linesperson Ergon Energy, Cairns



*Ergon Energy are easy and capable to deal with. They save us time and work and have been proactive with service and responsiveness. They keep us up-to-date about where the energy industry is headed and the opportunities for us."*

Keith Walker Principal Contract Officer Victoria Police



# Our Customers

## We now serve more than half a million customers across the Eastern States of Australia.

The merger of six regional Queensland electricity distribution companies and Ergon Energy Pty Ltd under a **single Ergon Energy brand** has produced benefits for both our customers and our team. This change gave us a consistent brand image - one that enhanced customer awareness about Ergon Energy and our offer as well as providing a united company culture for our team. Market research conducted in May 2000 told us the changes were well received when 87% of our customers mentioned Ergon Energy first when asked to name an energy company, as compared to 61% of customers in May 1999.

The challenge of consolidating our business was completed with **no compromise to the reliability and quality of our electricity supply**. We exceeded government regulatory requirements and our own service targets.

Due to our consolidated efforts to address the Year 2000 (Y2K) issue, **supply was not interrupted on 1 January 2000 due to Y2K-related issues**. As part of our Y2K planning, we also updated our contingency plans for unexpected events that may damage equipment and cause power outages.

We began introducing **Guaranteed Service Levels** to give our customers the right to expect certain service standards from everyone on our team. Launched first in central Queensland, Guaranteed Service Levels were introduced in other regions in August 2000. As part of this commitment, we introduced a plan to pay our customers if we don't meet set service standards for upgrades and maintenance, hot water connections, power connection, streetlight repairs and tree trimming.

Our customers are able to contact Ergon Energy more easily than ever before with **customer service enhancements to our Call Centre operations**:

- Linking our Call Centres so we could better manage periods of peak customer demand for our service
- Introducing new overflow arrangements for busy periods
- Introducing 13 10 46 as our single customer service number and 13 22 96 as our single fault reporting contact number
- Extending Call Centre hours so customers can now contact us between 7.00am and 6.30pm from Monday to Friday
- Standardising systems for resolving customer concerns

Our Call Centres consistently met or exceeded customer service standards with 80% of calls answered in less than 20 seconds.

We introduced **a vibrant new way of communicating with our customers** by launching Ergon Energy's Current newsletter. Distributed quarterly to customers with their electricity bill, Current contains useful articles to help customers gain more value from their electricity as well as providing updates on Ergon Energy's community activities.

An **extensive audit of our electricity network** in Queensland was completed to consolidate the way we maintain our assets. Designed to further enhance the quality of electricity supply to our customers, the audit found new ways we can further improve tasks like pole inspection and vegetation management. An improved preventive maintenance regime was developed across the State.

We developed a **new refurbishment and replacement strategy** to address priorities for managing ageing infrastructure. Two significant achievements were the completion of a major new substation at Clifton on the Darling Downs and improved electricity supply systems to many small townships across Queensland. Our refurbishment and replacement strategy will allow us to continue managing customer demand for electricity and further improve reliability. We completed or moved ahead on many **new network projects to support local communities** in which we operate, including these projects of major significance:

- Continuing the North West Network Reliability Project to provide a major upgrade to the electricity network
- Connecting Hayman Island to mainland electricity supply for the first time by laying a continuous length of undersea cable for 30 kilometres between Shute Harbour and Hayman Island
- Changing Thursday Island Power Station's plant to reduce costs and improve reliability
- Expanding the electricity network in the St George district to allow agricultural customers to extend their irrigation systems
- Participating in the development of the Queensland Government's Working Property Rebate Scheme under the Australian Greenhouse Office's Renewable Remote Power Generation Program

Our wholesale markets team worked to find **new ways to bring our customers intelligent energy solutions** and thereby ensure they receive maximum value from their relationship with Ergon Energy. By adopting a whole-of-business approach and fully using all our commercial and technical skills, we were able to benefit new customers in the National Energy Market through our suite of Total Energy Solutions. We helped provide greater value to our customers by enhancing our energy auditing and load management product offer.

Regional Queenslanders demonstrated their commitment to the environment by subscribing to **Ergon Clean Energy**. Some 5,700 customers subscribed to our green energy product.

We placed a priority on **developing our gas supply business** as a way to give our customers a broader product offer. At the same time, we are creating a new revenue source with a strong profit outlook outside our electricity retailing business by:

- establishing Ergon Energy Gas Pty Ltd as a national subsidiary company for future activity in the national gas market
- concluding a preliminary agreement with the PNG-Queensland gas project which will allow us to supply gas to electricity generators as well as commercial and industrial customers
- extending our domestic LPG offer to more customers on Cape York Peninsula when the Ergon Energy-owned entity, Vantage Plus, acquired Kuranda Gas
- obtaining a retail gas licence and satisfying all other regulatory requirements to sell gas in the Victorian energy market

*We live in a heavily forested area and the rainforest means a great deal to us. Recently, we returned home to see that Ergon Energy had done an exceptionally good job on tree clearing in our neighbourhood, leaving power lines free, tapering one large tree and no debris anywhere to be found. Having seen energy companies operating in the southern States, we believe Ergon Energy have the best service seen to date."*

Denis and Anne Mainwood Kuranda Far north Queensland



# Our People



**Down here in Rocky we took the overflow of calls to help our Townsville Call Centre. I talked to 522 customers in just four days. Although it was tiring work, we knew the team in Townsville were just as busy getting the power on as quickly as possible. My hat goes off to our crews in the field and the job they do."**

Barbara Hoare  
Customer Service Representative  
Ergon Energy Call Centre,  
Rockhampton

The professionalism of our people in bringing our customers the highest standards of service has made possible our transformation into one of the nation's largest energy utilities during a year of considerable change in our business.

During the year, Ergon Energy was **restructured along functional rather than geographic lines**. We moved from many businesses focused on serving specific regions to a single enterprise with a shared goal. We were guided in this task by a new executive management team recruited for its mix of business acumen within and outside the energy sector.

We committed to **communicating the changes** under way in our business through various channels including an electronically distributed news update, roadshows and our new eConnect magazine.

We worked through and resolved major organisational challenges with the result that we now boast **an increasingly cohesive, resourceful team** of people, a team that is open to new professional and personal opportunities as part of meeting Ergon Energy's service obligations.

We took an important step by establishing a process for monitoring staff opinions through the change process. The outlook of our people was reflected in the findings of an **Employee Opinion Survey** conducted across our consolidated business. Our people responded favourably when asked about Ergon Energy's performance against the following key performance indicators: health, safety and the environment; family/lifestyle issues; external customer focus; immediate supervisor effectiveness; and immediate supervisor empowerment.

We made it easier to bring our team together across vast distances by beginning work on a new **single information technology platform**. Our streamlined computer systems will make it possible to introduce standard systems for key business activities such as payroll, financial reporting, inventory and works management.

Recognising the challenge of successfully communicating with our people and our customers, we introduced a **single e-mail platform, new Intranet site and video conferencing** facilities.

Training and employee development continued to be a key focus within our business. During the year, emphasis was placed on **upskilling our people to help Ergon Energy move more quickly** to capture opportunities in the changing energy market and helping staff deal with the changes and opportunities in the new Ergon Energy.

The safety of our people remains central to everything we do. In managing a standard approach to workplace health and safety across our business, our work focused on managing risk in our workplace by **identifying and reducing hazards** through a structured assessment process. We began the process of introducing the National Safety Council of Australia 5 Star Management System to provide consistent management of workplace health and safety.



*Ergon Energy was very helpful when we were deciding how to enter into the contestable electricity market. I'd most definitely steer other businesses in Ergon Energy's direction for a competitive quote. Their service levels are far better than I've come across elsewhere in the energy industry."*

Geoff Brown Managing Director Aussie Ice



**My boss told me there was a major powerline down on Magnetic Island and I had to fly over and do a repair job. We had to work quickly both for our customers' sake and because the chopper had to get the job done before nightfall. By working together, the team got the power back on quickly. We've got good people - they get the job done every time."**

Gavin Schulze  
Linesperson Ergon Energy,  
Townsville

# Our Community

**Like our customers, our focus is on the things that make life better in the places we live and work: community, environment, safety and education.**

Talking with the communities in which we operate is one of the important ways we work to remain responsive to our customers. One of the key ways we do this is through the Queensland Department of Mines and Energy's six Regional Electricity Councils. Made up of local community representatives from all backgrounds, the **Regional Electricity Councils listen to the needs of local people**. Their ongoing assistance in representing the regions in which we operate continued to help Ergon Energy shape its products and services to local needs.

Taking care of our environment is a key part of our responsibility to the community. We focus on finding and developing environmental activities that concentrate on reducing greenhouse emissions, promoting clean energy alternatives, oil containment and ways to manage land use. To make sure our environmental controls continue to match world-best practice we began working right across our business to meet **international ISO 14000 environmental accreditation**. We plan to align everything we do with this internationally recognised environmental accreditation.

As part of our "green" vision for the future we plan to be the most environmentally responsible energy supplier in Australia. Our record as one of the pioneers in the trade of green energy in Australia gives us a head start in this growing energy market. During the year we enhanced our leading position by becoming **one of the largest purchasers of green energy in the nation** by:

- buying more than 90% of the excess energy sugar mills produce in the sugar production process

- announcing an agreement with Stanwell Corporation Limited to buy new green energy from Windy Hill Wind Farm at Ravenshoe on the Atherton Tablelands
- entering into an agreement to buy green energy from a Solid Waste to Energy Recycling Facility in Wollongong
- entering into a joint agreement with Townsville City Council and Stanwell Corporation Limited for the development of biogas-fuelled generation
- buying back excess energy produced by small businesses and households with their own renewable energy systems
- buying renewable solar, wind and geothermal generation at isolated centres at Coconut Island, Thursday Island and Birdsville respectively

**Keeping our powerlines and infrastructure safe** for the community continued to be an important part of our business. We developed controls for tree trimming, tree planting and careful management of noxious weeds. We also introduced **new powerline designs with less visual impact on nearby homes and businesses**. These new designs have a narrow profile and are better suited to urban and residential areas. We also began investigating opportunities for undergrounding parts of our electricity distribution network.

We continued to build partnerships with national, State and local organisations that share our goal of **enhancing the communities in which we operate** through a commitment to community, environment, safety and education. The following initiatives are just some of the ways we remain responsive to the customers we serve and provide value to our community:

- Announcing a major sponsorship to help the **Royal Flying Doctor Service** provide medical care throughout outback and regional Queensland

- Becoming principal sponsor of the **Brisbane Broncos**
- Announcing a major sponsorship of the **North Queensland Cowboys**
- Continuing our partnership with **Surf Life Saving Queensland**
- Bringing ballet to regional Queensland by supporting the **Queensland Ballet's** Northern Lights tour
- Continuing as major sponsor of the **Energy Efficiency Victoria Energy Smart Awards**
- Continuing as major sponsor of the **Queensland Keep Australia Beautiful Tidy Towns** program
- Continuing sponsorship of the **Children's Tree Planting Project**
- Continuing to support **North Keppel Island Environmental Education Centre**
- Promoting electrical safety in the community by sponsoring the **Ergon Energy Safety Shuttle**

We continued to monitor, analyse and respond to developments in the regulatory framework of the electricity industry as well as contributing to its ongoing development. We **proactively participated in developing National Energy Market** regulations as well as the regulatory regime for the electricity industry in Queensland. Our involvement in national industry forums included active participation in the National Retailer Forum, where we contributed to National Energy Market policy and procedures. Ergon Energy also provided a retail representative to the National Electricity Market Settlements and Transfer Committee to help develop processes and systems needed to introduce full retail contestability.

*I went on Ergon Energy's energy efficient camp this year and really liked it. I learnt many things about how to be energy efficient at school and also at home. I discovered there are many sources for us to use to generate power. I think it's a fabulous idea to sponsor the camp so others like me will have fun and learn about how to be energy efficient."*

Alysha Fossett, 10 Alton Down Central Queensland



# Our Business

One of the first challenges addressed as part of the consolidation of our business involved **standardising our financial systems and processes** to introduce a common platform to manage financial activities such as our chart of accounts, payroll and inventory. Standardised systems allow us to move forward in a consistent way and also measure our performance through more effective benchmarking and financial reporting.

Our GST Project Team introduced new systems in time for Ergon Energy to **successfully complete the GST transition on 30 June 2000**. Checklists were developed to resolve contractual issues and issues identified in the review. We also developed new and modified existing processes and systems to handle transactions with GST and to collect the information needed to prepare Business Activity Statements. Our GST Public Compliance Commitment was accepted by the Australian Competition and Consumer Commission.

Ergon Energy implemented its **trading for profit** activity to trade financial contracts in the National Electricity Market. Operating under comprehensive risk management guidelines, this activity has created the platform for generating an important new income source as well as significantly raising Ergon Energy's wholesale market profile due to the increased volume of trades.

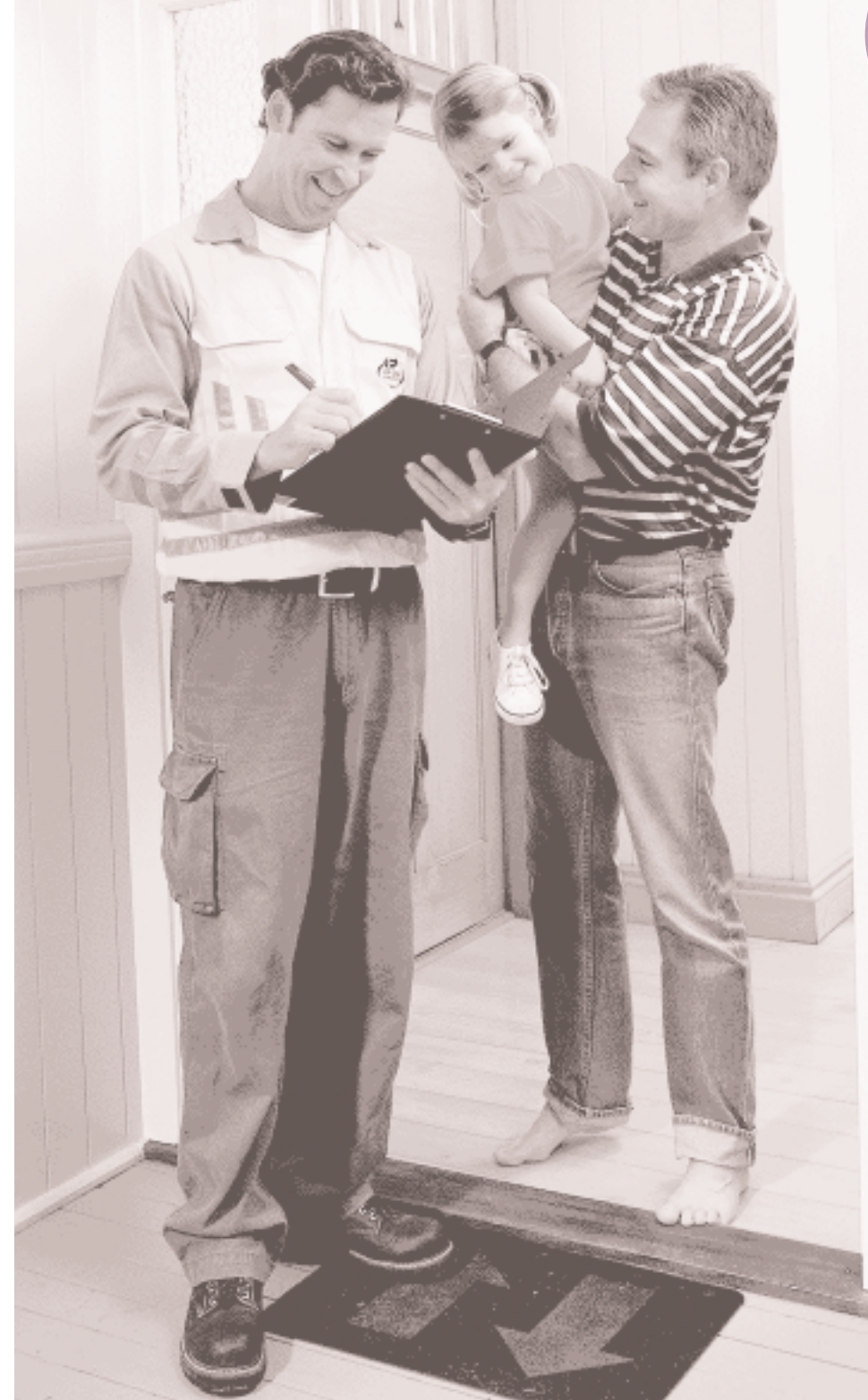
A significant contract was renegotiated to deliver **transmission maintenance services to Powerlink Queensland**. This important contract involves providing maintenance, refurbishment and capital works for Powerlink Queensland's transmission system in areas outside south east Queensland.

We increased our competitive position for Contracting Services by securing new contract-based income through **independent external certification to ISO 9001** through the National Association of Testing Authorities (NATA) and NATA Certification Services International (NCSI). This accreditation will further increase our focus on planning for and meeting the needs of our major contract customers.

We took an important step in expanding our income base when we secured a **new contract with Telstra to provide telecommunications wiring services** for all new housing estates outside the south-east corner of Queensland.

We were also **engaged by Telstra to install steel strengthening supports for thousands of wooden telecommunications poles**. This contract recognises our pole management skills and ability to reinforce more than 2,000 wooden poles between Sydney and Cape York. We increased our competitive advantage in bidding for this contract by securing the Queensland licence to supply high-quality Powerbeam steel supports for use in reinforcing Telstra's wooden telecommunications poles.

**A strong financial base is our key to becoming a multifaceted energy distributor and retailer offering our customers a range of energy-related and value-added products and services.**



*“At the end of the day, all that we've reported in these pages is testimony to the professionalism of our people. Right across the Eastern States, their commitment has transformed Ergon Energy into one of the nation's largest energy utilities. As the world in which we operate continues to change, we are more strongly positioned than ever before to work towards future success.”*

Kim Griffith  
Chief Executive Officer  
Ergon Energy



# Board of Directors

[ Left to right: Dave Woodall, Andrew Robertson, Fay Donovan, Charles Ware, Keith De Lacy, Barry Taylor, Paul Bell ]



[ Left to right: Ian Brien, Andrew McNamara, Keith De Lacy, John Bird, Charles Ware, Pat Faircloth, Dave Woodall ]

## Ergon Energy Corporation Limited

**Hon Keith De Lacy** Hon.DLitt BA QDA FAIM FAICD

### Chair

Former Queensland Treasurer and Member of Parliament. Chairman - Trinity Funds Management. Director - Queensland Investment Corporation, Securities Exchange Guarantee Corporation, Reef Casino, Cairns International University. Chairman - Foundation for Gambling Studies, Salvation Army Red Shield Appeal Cairns.

**Barry Taylor**

### Deputy Chair

Lawyer, Suthers Taylor Lawyers. Director, Cowboys Rugby League Football Limited. Director, Townsville Enterprise Limited. Chairman, North Queensland Racing Association Appeals Committee. Director of numerous other business entities.

**Paul Bell**

### Chair, Group Human Resources Committee

Councillor, Emerald Shire Council. Deputy Chair of the Board, Queensland Rail. Senior Vice President, Local Government Association Queensland. Chairman, Central Queensland Institute of TAFE.

**Andrew Robertson** BComm ACA FAICD

### Chair, Group Financial Risk Management Committee

Director Private Stockbroking, Credit Suisse First Boston Australia Equities Private Limited. Member, Australian Stock Exchange Ltd. Member, Brisbane CityWorks Advisory Board of Management.

**Fay Donovan** JP (Qualified), Marriage Celebrant

Deputy Mayor, Mount Isa City Council. Executive Member, North Queensland Local Government Association. Member, Mount Isa Tourism Association. Director, Mount Isa Water Board.

**Charles Ware** BA, LLB(Hons) AIMM

Solicitor, Rockhampton. Director, Queensland Biennial Festival of Music. Chair, Rockhampton Art Gallery Trust. Former Chair, Capricornia Electricity Corporation Limited and Deputy Chair, Central Electricity Retail Corporation Pty Ltd.

**Dave Woodall** MBA, FAICD, AFAIM

Chief Executive, Grainco Australia Ltd. Chairman, Australian Bulk Alliance Ltd. Director, Australian Independent Grain Terminals Ltd. Director, Chalmers Commodities Ltd. Former Chairman, Queensland Country Credit Union. Former Chairman, Queensland - China Council.

## Ergon Energy Pty Ltd

**Charles Ware** BA, LLB(Hons) AIMM

### Chair

Solicitor, Rockhampton. Director, Queensland Biennial Festival of Music. Chair, Rockhampton Art Gallery Trust. Former Chair, Capricornia Electricity Corporation Limited and Deputy Chair, Central Electricity Retail Corporation Pty Ltd.

**John Bird** FCPA, MAICD, FTIA

### Deputy Chair

### Chair, Group Audit and Legal Compliance Committee

Former Managing Partner of Brown and Bird Certified Practising Accountants Mackay. Currently Chairman of Central Queensland Helicopter Rescue Service Ltd. Director of TAB Queensland Ltd. State Treasurer of the Australian Labor Party (Old) and Chairman of the Queensland Labor Group of Companies. A Registered Company Auditor. Member of the CEPU Electrical Division.

**Andrew McNamara** BA, LLB

Former Partner, Lewis and McNamara Solicitors, Hervey Bay. Chairman, Committee for the Economic Development of Hervey Bay. Director, Wide Bay Group Training Scheme Limited.

**Ian Brien**

Owner, Ian Brien Motors and Selby H Pty Ltd. Chairman, Salvation Army Advisory Board. Vice Chairman, MIGATE. Local Area Representative, Motor Trades Association of Queensland.

**Hon Keith De Lacy** Hon.DLitt BA QDA FAIM FAICD

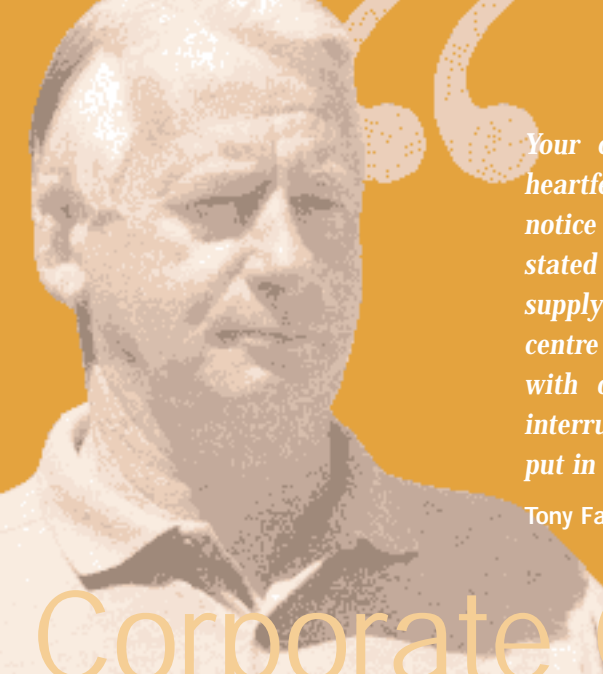
Former Queensland Treasurer and Member of Parliament. Chairman - Trinity Funds Management. Director - Queensland Investment Corporation, Securities Exchange Guarantee Corporation, Reef Casino, Cairns International University. Strategic Adviser, Thiess Contractors. Chairman - Foundation for Gambling Studies, Salvation Army Red Shield Appeal Cairns.

**Pat Faircloth** BA MEdSt GradDipTL DipTeaching AMEB M. Lit (History)

Former Regional Project Officer, Commonwealth Schools Program. Former Regional Resources Consultant and Director of Resources, Wide Bay Northern School Support Centre. State Council Delegate, Queensland Teachers' Union. Partner and Director, Endeavour Travel. State Councillor, SLAQ. President, Zonta (Bundaberg). Coordinator, AWE.

**Dave Woodall** MBA, FAICD, AFAIM

Chief Executive, Grainco Australia Ltd. Chairman, Australian Bulk Alliance Ltd. Director, Australian Independent Grain Terminals Ltd. Director, Chalmers Commodities Ltd. Former Chairman, Queensland Country Credit Union. Former Chairman, Queensland-China Council.



*Your customer service and maintenance operations deserve a warm and heartfelt thank you. Earlier this year my wife and I received an early warning notice of scheduled work in our residential area with the interruption of supply stated as five hours. As my wife needs constant oxygen supply from a powered supply machine in our home, I telephoned Ergon Energy's customer service centre to explain our predicament. The staff efficiently and effectively dealt with our problem by providing a generator for use during the power interruptions. We were delighted and can't speak highly enough of the efforts put in by Ergon Energy's team."*

Tony Farrand-Collins Yeppoon Central Queensland



# Corporate Governance

## **Our Ergon Energy Corporation Limited and Ergon Energy Pty Ltd Boards of Directors strive to achieve best practice in corporate governance and business conduct.**

Our Boards acknowledge the need for continued maintenance of high standards of corporate governance practice and ethical conduct by all directors and employees of our group. We are committed to conducting all business affairs legally, ethically and with strict observance of the highest standards of integrity and propriety. The directors and management have the responsibility to carry out their functions to maximise the financial performance of our business. This involves propriety of decision making in conflict-of-interest situations and quality decision making for the benefit of shareholders.

Our Boards of Directors are responsible for setting the strategic direction and establishing the policies of our group. They oversee our financial position and monitor the business and affairs of the group on behalf of our shareholders. They also address issues relating to internal controls and approaches to risk management.

Ergon Energy Board Directors are appointed by the Governor-in-Council under the terms of office for a Government Owned Corporation. There are 7 Directors for each company, eligible for re-appointment at the discretion of the Governor-in-Council.

Our Boards are responsible for keeping our shareholders and other stakeholders informed about all major developments affecting the Ergon Energy Group by:

- preparing yearly and quarterly financial reports and making these available to shareholders
- advising shareholders of key issues affecting our group

Our Boards have three committees to advise and guide the Boards. Ad hoc committees are also established as the need arises. The responsibilities of each committee are reviewed at least each year.

The Group's Audit and Legal Compliance Committee was established to help both Boards fulfil their oversight responsibilities and review and report on financial integrity, legal compliance, business risks, audit effectiveness and processes for monitoring compliance with laws and regulations and its code of business conduct.

The Group's Human Resources Committee was established to make recommendations to both Boards on human resource issues and policy frameworks, including conditions attaching to contract and award employees.

The Group's Financial Risk Management Committee was established to help both Boards fulfil their oversight responsibilities. It reviews and reports to the Boards on matters as they relate to the area of Financial Risk Management.

No ministerial directions were issued during the financial year to the Ergon Energy Group.

Board and Committee attendance details for Ergon Energy Corporation Limited are included in the Directors' report in this Annual Report.



## Contact Details

### **Brisbane**

Ground Floor 61 Mary St  
Brisbane QLD 4000  
Telephone 07 3228 8222  
Facsimile 07 3228 8118

### **Cairns**

109 Lake St  
Cairns QLD 4870  
Telephone 07 4050 2777  
Facsimile 07 4052 1415

### **Dalby**

30 Marble St  
Dalby QLD 4405  
Telephone 07 4669 0111  
Facsimile 07 4669 0100

### **Mackay**

Cnr Gordon and Gregory Sts  
Mackay QLD 4740  
Telephone 07 4957 1888  
Facsimile 07 4951 2036

### **Maryborough**

97-99 Adelaide Street  
Maryborough QLD 4650  
Telephone 07 4121 9511  
Facsimile 07 4123 1124

### **Melbourne**

Suite A, Building 5  
303 Burwood Hwy  
Burwood East VIC 3151  
Telephone 03 9802 1800  
Facsimile 03 9803 7877

### **Rockhampton**

Cnr Fitzroy and Alma Sts  
Rockhampton QLD 4700  
Telephone 07 4931 2312  
Facsimile 07 4927 8024

### **Sydney**

Suite 2, Level 1  
14-16 Central Rd  
Miranda NSW 2228  
Telephone 02 9531 2187  
Facsimile 02 9531 2189

### **Townsville**

34-46 Dalrymple Rd  
Garbutt QLD 4814  
Telephone 07 4727 6211  
Facsimile 07 4727 6260

Website [www.ergon.com.au](http://www.ergon.com.au)



***People Powering People***