

CS Energy's people

PROGRESS 2009/2010

- Negotiated a new Enterprise Bargaining Agreement for the Corporate Office in August 2009.
- Completed the *Generating Insight* employee cultural survey.
- Delivered the *Teamworks* leadership program to all sites.
- Commenced a review of the performance management framework.

LOOKING FORWARD 2010/2011

- Make *Teamworks* introduction available online for new starters and as a refresher for CS Energy leaders.
- Conduct third *Generating Insight* cultural survey.
- Implement Company-wide learning and development programs for all business units.
- Implement revised performance management framework.
- Negotiate new Enterprise Bargaining Agreements for Kogan Creek A Power Station by October 2010, and Callide Power Station by June 2011.

There is a clear link between skilled, loyal and motivated employees and well-performing, sustainable companies. CS Energy continues to put in place strategies and programs to maintain a positive employment climate, and attract, develop and retain people with the skills and capabilities to meet the required business outcomes.

As Queensland's largest electricity generator, CS Energy employs more than 640 people across five sites. The majority of staff are employed under Enterprise Bargaining Agreements.

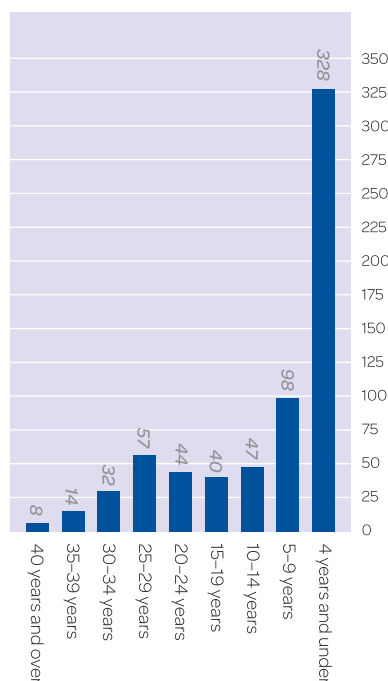
CS Energy is continuously working to enhance its human resource policies, procedures and processes to sustain a supportive and positive workplace culture.

This year, the Company implemented key initiatives identified from the 2008/2009 *Generating Insights* staff survey which focused on enhancing role clarity and goal alignment, employee development, and team work.

Links between CS Energy's business plan, individual outcomes and team priorities were strengthened during 2009/2010 through a review and update of role purpose statements. This was complemented by an examination of the Company's performance review process. These enhancements to the performance review process will be implemented in 2010/2011.

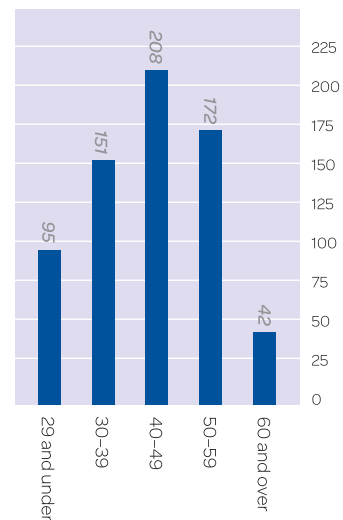
Employee length of service (years)

Figures based on actual employees, not full time equivalent figures.



Age profile of the Company's workforce

Figures based on actual employees, not full time equivalent figures.





The Learning and Development Centre at Swanbank is home to a specialist team that ensures CS Energy has the skills pool to support its operations

Workforce profile

At 30 June 2010, CS Energy employed 668 people across its five sites, which equates to 644.1 full time equivalent employees. The Company offers a variety of vocations, including engineering and sciences, technical and trades, contract administration, project management, legal, workplace health and safety, finance, information technology, procurement and human resources.

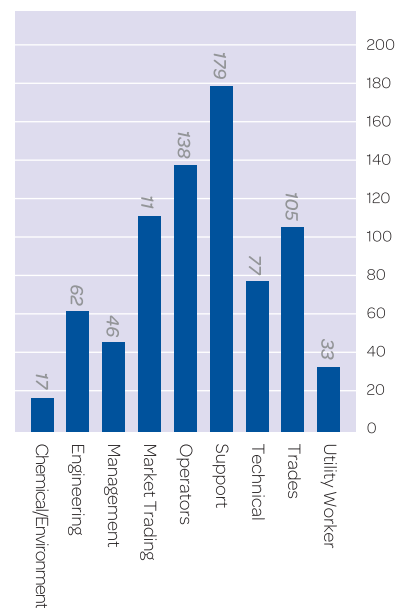
During the year, 47 permanent employees joined the CS Energy team and 55 resignations were accepted. Total staff turnover for the year was 8.8 per cent, a slight increase from 7 per cent last year.

CS Energy also measures employee availability as a key performance indicator, targeting more than 97 per cent availability. In 2009/2010, the Company recorded an employee availability rate of 97 per cent.

The Company continued its strong commitment to workforce planning. With 32 per cent of the workforce over 50 years of age, effective workforce planning is essential to managing long term business success. More details of CS Energy's workforce planning can be found on page 23 of this report.

Occupational profile of the Company's workforce

Figures based on actual employees, not full time equivalent figures.



CS Energy's people (continued)

Valuing diversity

CS Energy strives for a workplace free from unlawful discrimination and harassment. It expects that all people are treated with respect and managers value the diversity within their teams. The Company's Equal Employment Opportunity (EEO) policy is available on the website.

In 2009/2010, CS Energy continued the implementation of its five year EEO Plan. A key initiative of the plan was compulsory online refresher training in EEO fundamentals for all employees. As at 30 June 2010, 90 per cent of employees had completed this training, and the Company will work towards full completion in 2010/2011.

A diverse group of men and women of varying ages are employed at CS Energy, including a number of people from non-English speaking backgrounds, Aboriginal or Torres Strait Islanders and people with disabilities. Almost 15 per cent of the workforce is female, with the number of women in technical and trade roles remaining relatively stable from year to year.

Attraction and retention

Employee attraction and retention strategies aim to build on CS Energy's already skilled workforce, particularly in the remote and regional areas that make up more than 50 per cent of the Company's employee base. Competition for skilled employees remains strong as activity in Queensland's gas industry continues to grow, particularly around Chinchilla and Gladstone. CS Energy will continue to compete against major mining and industrial operations for skilled staff as more projects commence across the state.

The Company's attraction and retention strategy centres on a range of incentives to support staff in remote areas, including holiday travel support and study assistance for the dependants of employees.

In 2009/2010, the Company introduced a corporate target of achieving an employee retention rate greater than 89.5 per cent. The Company's turnover rate of 8.8 per cent for the financial period equates to a retention rate of 91.2 per cent. While this exceeds the targeted rate, CS Energy will continue to focus on the retention of skilled, motivated leaders by continuously improving in areas such as work life balance, providing a positive work culture and supportive leadership. In the coming year, the Company will produce a long term and short term skills demand profile,

together with an employee development attraction and retention strategy which will include talent identification and management.

Industrial relations

The majority of CS Energy's staff are employed under Enterprise Bargaining Agreements (EBAs), with the remainder employed under Alternative Individual Agreements or other contracts. Each site has a separate EBA, and this year the Company reached agreement with the relevant unions on the terms for a new agreement for the Corporate Office. New EBAs are being negotiated for Kogan Creek A Power Station (which will expire in October 2010) and Callide Power Station (which will expire in June 2011).

Recognising the importance of strong relationships and processes and their contribution to the management of risk, site consultative committees and a peak consultative committee have met regularly throughout 2009/2010. These forums – which involve union representatives and CS Energy site management; and union officials and CS Energy corporate management respectively – provide a mechanism for enhancing communication on issues and potential issues. The committees also help to ensure there is regular feedback on site and corporate performance across a range of indicators,

2009/2010 Diversity profile by profession

EEO GROUPS*	Managers & Admin	Professionals	Associated professionals	Tradespersons	Clerical	Labourers	Total
Females	29	34	17	3	15	1	99
Non-English-speaking background	2	9	4	6	1	1	23
People with a disability	0	2	3	9	2	0	16
Aboriginal and Torres Strait Islander (ATSI)	1	2	2	3	1	1	10
Total	32	47	26	21	19	3	148

*Some people chose not to respond to the EEO survey questions: non-English-speaking background.

from workplace health and safety through to generation output, plant availability and electricity market trends.

The Swanbank Futures Group was established to play an active role in employee-related matters associated with the progressive closure of Swanbank B Power Station and, in particular, future employment opportunities for Swanbank B Power Station employees.

The Swanbank Futures Group helped determine the structure of the workforce required to operate Swanbank E Power Station and will continue to work with staff during the transition process.

CS Energy participated in an electricity industry working party to provide input to the Australian Industrial Relations Commission (AIRC) on the Award Modernisation process. Following an AIRC full bench hearing in June 2009, a modern award for the electricity distribution and supply industry was developed and approved. The new *Electrical Power Industry Award 2010* became effective on 1 January 2010.

Employee engagement

CS Energy's employee engagement process is called *Generating Insight*, a four-stage process of continual improvement which begins with an employee survey. The process then guides teams to develop improvement plans, implement the plans within a supportive framework, and review the success of the actions undertaken.

In July 2009, the second *Generating Insight* survey was conducted, with a response rate of 79.5 per cent, an improvement of 5.6 per cent on the previous survey. The results showed the cultural climate at CS Energy has

improved significantly over the past twelve months, and is now just marginally below the national average. The results also showed variances in leadership capability across the Company. Coaching leaders and team members has been identified as one approach to foster change in this area.

The survey identified gains can be made to CS Energy's team effectiveness by:

- Building greater clarity around people's roles;
- Strengthening accountability for performance; and
- Managing work demands more effectively.

Developing a teamwork culture

The *Teamworks* program continues to enhance team development and build the capability of CS Energy's leaders. *Teamworks* provides practical tools and resources to foster supportive leadership, role clarity and effective teamwork in the organisation.

Two day workshops for leaders and one day workshops for new starters were held across all sites in 2009/2010. An online introduction to *Teamworks*, developed during the year, will be made available in 2010/2011 as a refresher tool for leaders and as an introductory tool for new starters prior to their participation in a *Teamworks* workshop.

Improving induction processes

The Employee Onboarding Project was initiated in March 2009 to review CS Energy's induction processes. The project aims to connect prospective employees with the Company early in the recruitment process, and facilitate an

effective transition into their role, their team and the organisation. In 2010/2011, the Employee Onboarding Project will result in the implementation of CS Energy's *StartUp* program, which will provide people joining the Company with immediate access to the relevant tools on their first day.

Planning for the future

CS Energy recognises the importance of planning for the future, and providing staff with the skills necessary to progress through their career. The workforce planning process provides support to managers, encouraging them to consider a range of broader business impacts, including workforce statistics and succession planning requirements, when making staffing decisions.

During 2009/2010, CS Energy built on its two key human resources systems – the Manager-one-Removed (MoR) and the Critical Position/Functional Succession Planning systems. The MoR system is now entrenched within CS Energy and provides staff an opportunity to discuss their career paths and aspirations with their supervisor's manager on an annual basis. Critical Position/Functional Succession Planning provides a framework for leaders to identify positions, and associated skills, which are critical to CS Energy. This process is currently being reviewed to identify improvements to the existing process.

In 2010/2011, CS Energy will work even more closely with industry training advisory bodies such as Energy Skills Queensland to ensure the Company is well prepared for its future skills requirements and explore options to support employees in achieving nationally accredited qualifications.

Learning and development

Industry demand for talented, skilled employees remains high. CS Energy aims to meet the challenge presented by the skills shortage by creating opportunities for its people to develop their capabilities through an integrated learning and development strategy.

CS Energy's Learning and Development team is implementing various strategic initiatives to combat imminent skills shortage issues in the generation industry. During 2009/2010, the Company implemented a consistent approach to learning and development administration processes, and coordinated the management of all learning and development initiatives, including various company-specific online courses.

Professional development

During 2009/2010, CS Energy's Supervisor Development Program accepted its fourth intake of candidates for the program. The program provides graduates with a Certificate IV in Business (Frontline Management) based on CS Energy-specific content and is delivered by an external registered training organisation. CS Energy senior managers conduct presentations at the workshops about their core business area, to build the Supervisors' understanding of all areas of the Company's business.

As a result of the high demand for the Supervisor Development Program, an Emerging Supervisor Program was developed in October 2008 to support employees who step up to Supervisor roles from time to time. Approximately 35 employees have been nominated to participate in the next round of the program, which will commence in late 2010. Graduates of the Emerging Supervisor Program attain two units of competency from the Certificate IV in Business (Frontline Management).

The Power Generation Skills Development Program, launched in early 2007, provides an industry-specific postgraduate university program for engineers and para-professionals to help address the skills shortage in the industry. The program is also supported by Tarong Energy, Stanwell Corporation, and three Queensland universities – University of Queensland, Queensland University of Technology and Central Queensland University. Now in its fourth year, 18 CS Energy employees have participated in the program.

Developing the next generation

This year, eight graduates participated in CS Energy's Graduate Professional Development program. This program is designed to give graduates a forum for networking and peer support as they transition into the business environment. Workshops are held annually for graduates to share their experiences, and a graduate website encourages the participants, who are spread across the Company's sites, to connect.

CS Energy engages most of its apprentices and trainees through group training organisations. At 30 June 2010, the Company had up to 42 group training apprentices and trainees, and a further 10 employees were completing in-house apprenticeships or traineeships as part of their individual development plans.

CS Energy is also an industry sponsor of the Australian Power Institute (API) which provides bursaries to students undertaking degree-level studies in areas of engineering relevant to the power industry. During the year, an API bursary recipient from Central Queensland University completed vacation placement at CS Energy.

Health and safety

PROGRESS 2009/2010

- Established the Health and Safety New Direction Taskforce.
- Undertook crisis management training at Callide, Kogan Creek and Mica Creek power stations and the Corporate Office.
- Joined Workplace Health and Safety Queensland's Zero Harm Leadership Forum to further promote a strong and healthy workplace.

LOOKING FORWARD 2010/2011

- Implement longer term safety goals through the Health and Safety New Direction Taskforce.
- Carry out crisis management training at Swanbank Power Station.

Safety is a key priority for CS Energy. The Company is committed to continually improving the safety of its people, targeting zero lost time injuries, and focusing on behavioural change to support a culture in which CS Energy employees regard safety to be everyone's responsibility.

Safety at CS Energy is managed under the Company's Occupational Health and Safety Management System (OHSMS). The OHSMS details corporate policies, procedures, audits and health and safety manuals and is driving the Company's adoption of a uniform approach to safety at all sites. The OHSMS can be found on the CS Energy website, along with company and industry-specific safety policies and procedures.

A key element of the OHSMS is the Permit to Work (PTW) system, which is used to coordinate and control the isolation of live electrical plant at all CS Energy power stations. In 2009, CS Energy reviewed the PTW system, and this year implemented improvements to the system, including the provision of training on specific PTW tasks, improved plant familiarisation for new staff and contractors, and updates to drawings and plant numbering. CS Energy's PTW procedures can also be found on the website.

Safety performance

In the 2009/2010 financial year, the Company recorded 15 lost time injuries. Disappointingly, this result is an increase from nine in the previous year, and six in the year before. This result translates into a lost time injury frequency rate of seven in 2009/2010, compared to five in the previous year, and 3.3 in the year prior. These figures include both staff and contractors across CS Energy's five sites.

In response to this increasing trend in lost time injuries, and injury frequency rates, CS Energy prioritised a wide-ranging and in-depth review of procedures and team structures. Initiatives were developed to facilitate a more robust, continuous improvement process across the organisation in this critical performance area. The initiatives aim to exceed legislative requirements, and reflect industry best practice with proven systems, processes and procedures developed for, and by, the energy, mining and resources industries. Importantly, the entire process – from review to implementation – involves ongoing consultation with CS Energy people and unions.

CS Energy remains committed to a goal of zero lost time injuries and providing a safe workplace for its staff and contractors. The Company has signed up to Workplace Health and Safety Queensland's Zero Harm Leadership Forum. The forum comprises around 90 peak industry bodies and unions and aims to create strong and healthy workplaces by bringing together industry leaders. The forum aspires to promote leadership, assist improvement, promote knowledge-sharing, and provide materials and tools to promote zero harm.

The Company commenced the second phase of its *Stay on top of your game* campaign this year, which aims to change behaviour by bringing safety back to basics: working as a team, taking responsibility, and not letting your mates down.

Reporting procedures were updated this year to allow for analysis and identification of trends in near miss situations. This assists in determining the root cause of potential incidents and strengthening controls and systems.

Health and safety (continued)

Health and Safety Taskforce

During 2009/2010, CS Energy's Health and Safety New Direction Taskforce (the Taskforce) was established to implement change across the Company, achieve an increased focus on behavioural factors, improve safety culture and maintain a safe working environment.

The Taskforce comprises 16 members with representation from all sites to achieve a balance of technical expertise and experience.

As at 30 June 2010, the Taskforce had addressed immediate goals which included:

- A revised Health and Safety Policy and Health and Safety Manual;
- Benchmarking the Company against industry leading practice of a safety management system as detailed in AS4801 – Occupational Health and Safety Management Systems;
- Developing a five year Health and Safety Strategic Plan incorporating a scorecard outlining key performance measures based on lead and lag indicators;

- Establishing minimum standards for critical tasks and a one page summary of health and safety non-negotiables; and
- Creating a 'Fair and Just Culture' Procedure and Decision Chart defining a clear and consistent process for managing safe and unsafe behaviours.

In 2010/2011, CS Energy will implement longer term initiatives, which focus on driving a safety culture and achieving leading practice performance, including:

- Scoping a safety culture and behaviours program;
- Developing personal safety leadership plans for the Executive Management Team, Site Managers and superintendents;
- Conducting a safe behaviour survey across all sites; and
- Coaching and mentoring for management and employees.

The annual Generations Ahead Award for the most outstanding safety initiative was awarded to Callide Power Station for a safety initiative which involved changing processes for working in the confined space of a heater. Further information on the winning entry can be found on page 29.

Fit for Duty

CS Energy's *Fit for Duty* policy ensures everyone in the workplace can perform their duties without posing unacceptable risks to the health and safety of themselves or others. A copy of the Company's *Fit for Duty* policy is on the website.

A major initiative under the *Fit for Duty* policy is the Alcohol and Other Drugs Management program, which includes alcohol and drug testing at all CS Energy sites. The testing systems were fully operational by September 2009, and since testing commenced 1,572 tests have been performed. Of these tests, two recorded a positive result. In each case, actions were taken in line with the Company's procedures. During the testing process, CS Energy ensures the privacy and confidentiality of employees and contractors, and provides support and assistance for employees as required.

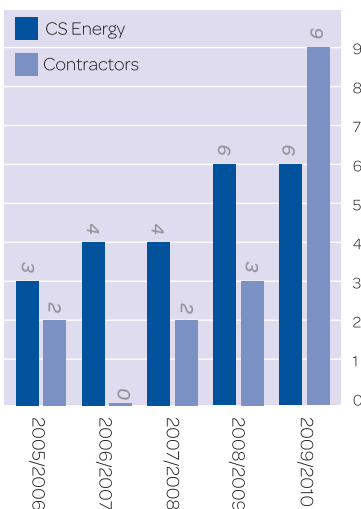
During 2009/2010, a consultative workshop was also held with representatives from each site to assess and review the Alcohol and Other Drugs Management program. As a result, CS Energy made minor changes to the procedure to ensure there is a sustained understanding of the consequences associated with being impaired by drugs, alcohol or fatigue at work.

Chairman's Safe Move Awards

The CS Energy Chairman's Safe Move Awards aim to recognise employee contributions to the development of innovative and effective solutions for health and safety issues. During the year, 11 high standard entries were received for the Company's quarterly Safe Move Awards and the annual Generations Ahead Award. The winning entries for the quarterly Safe Move Awards included a design for safely disconnecting and handling hydrogen cylinders with a forklift, and using mesh barricades to stop objects falling from elevated work areas.

The continued interest in these awards clearly demonstrates CS Energy's employees' commitment to improved health and safety on-site, and represents tangible and measurable outcomes for the business in terms of improved results, risk control, innovation, compliance transferability and employee acceptance.

Number of lost time injuries



Emergency planning

CS Energy has a suite of well planned, understood and rehearsed crisis management plans. Incidents during 2009/2010 enabled site and corporate teams to implement their training in both crisis management and business continuity. The plans were put into practice during a transformer incident at Kogan Creek A Power Station. See page 34 for more information on the Kogan Creek A Power Station transformer incident.

Crisis and emergency management team members at Callide, Kogan Creek and Mica Creek power stations and the Corporate Office also undertook desktop exercises to test the Company's crisis management procedures, and identify opportunities for improvement. All sites successfully conducted site emergency evacuations and have implemented improvements to evacuation procedures. During 2010/2011, Swanbank Power Station will complete its training requirements.

In 2009, in response to elevated pandemic levels for the H1N109 Swine Flu, the Company established and implemented proactive plans and response scenarios. The Corporate Crisis Team and site managers met weekly to monitor and communicate updates to staff. Regular communication bulletins were sent to all staff and site-specific actions and monitoring processes were put in place for the management of personnel who were confirmed as having Swine Flu or identified as being in close personal contact with confirmed Swine Flu cases. In 2010, all CS Energy employees were again encouraged to obtain flu vaccinations, and a free combined seasonal flu and H1N1 vaccination was made available for all employees.

Alcohol and drug testing			
Site	No. of tests performed	Positive results	
		Alcohol	Other drugs
Callide	590	1	0
Swanbank	200	0	0
Mica Creek	349	0	0
Kogan Creek	272	0	1
Brisbane	161	0	0
Total	1,572	1	1

Infrastructure security

On 11 July 2008, Greenpeace activists staged a protest against coal-fired power generation at Swanbank Power Station. The Crisis Management Team worked with emergency services personnel, who controlled the site during the incident. During the protest, there was no risk to staff on-site, and generation at the power station was reduced temporarily as a precaution.

Since then, CS Energy has been instrumental in the development of the Queensland Police Service's Issue Motivated Infrastructure Disruption (IMID) group for the electricity generation and transmission sectors. CS Energy provided a breakdown of the protest incident at Swanbank B Power Station, and the arrangements put into place to respond to disruptive or peaceful protest incidents. The IMID group has developed a number of projects and processes to manage a variety of scenarios and operations, including early notification, on-site incident response arrangements, and improving the management of threats.

CS Energy's incident notification systems and preparations in relation to protest and disruption events have been amended to incorporate IMID procedures.

High voltage switching workshop and arc flash training

In 2009/2010, an independent review was conducted into CS Energy's site operations, procedures and processes associated with high voltage switching. The review identified improvement opportunities and an action plan was developed. Two workshops were held with electrical representatives from each site to develop and implement changes in the processes used across all sites, including:

- Delivery of an electrical arc flash safety course delivered at all sites;
- Improvements to CS Energy's electrical safety procedures, Permit to Work Manual, and training for high voltage work; and
- Changes to increase the safety and consistency of high voltage switching and isolations processes.

Health and safety (continued)

Safety training

As part of CS Energy's focus on safety performance, a number of training courses were provided during 2009/2010, in line with the safety business plan:

- Hazard identification and risk assessment training;
- Incident cause analysis method investigation training;
- Fire safety officer courses; and
- Breathing apparatus and air monitoring for confined spaces training.

Height rescue training was also provided for work groups using safety harnesses and working at heights. Internal training was provided on the SAP Incident Management Database to provide a consistent reporting format and to track action on incident investigation.

CS Energy Board members participated in a full day risk workshop which was facilitated by external specialists and focused on safety improvement strategies. The Executive and Operations Management team members also attended a training course in Legislative Health and Safety Obligations.

Health and wellbeing

CS Energy promotes the health and wellbeing of employees. In November 2009, CS Energy launched a health initiative based on the *10,000 Steps* program. The program promotes physical activity and is linked to CS Energy's *Safe Cycling* initiative which is in its third year. CS Energy supplies pedometers so employees can measure their steps, and provides rewards to encourage participants to achieve key milestones.

By 30 June 2010, eight months into the program, more than 350 pedometers were issued, and CS Energy employees had recorded in excess of 53 million steps.

In 2009/2010, CS Energy also supported employee participation in sporting activities. Activities included an indoor cricket team at the Swanbank Power Station, and the entry of five teams in the 2010 BRW Corporate Triathlon at the Gold Coast, which saw four of the five teams finishing in the top half of the field.

Medical specialists provided a skin cancer screening program at Callide and Swanbank power stations with 60 per cent of employees at these sites accessing the service.

CS Energy continued its Employee Assistance Program which offers employees and their families access to free, independent counselling on work or personal issues. During 2009/2010, its employees sought assistance 843 times through the program, compared with 1,230 in the previous year.

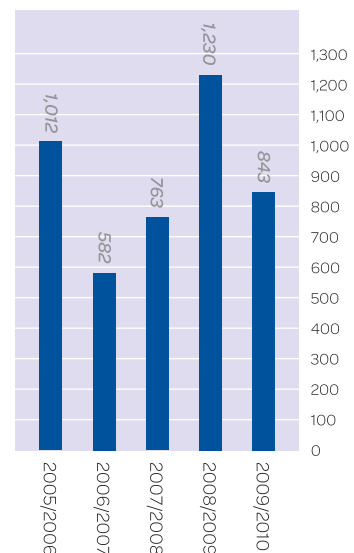
Audits and reviews

During 2009/2010 a number of audits and reviews were undertaken of safety procedures and processes.

Large Dangerous Goods and hazardous areas audits

– An independent audit of the procedures, systems and plant involved in the handling, storage and operation of dangerous goods and hazardous substances. Audit reports were provided for each of the sites and action plans put into place. Inspectors from the Hazardous Industries and Chemicals Branch of Workplace Health and Safety Queensland conducted a two day audit of Callide Power Station. Improvement opportunities were identified and actioned relating to emergency response, risk assessment and training.

Number of times staff used Employee Assistance Program





Turning down the heat

Incident investigation review – An independent review of serious near miss and lost time injury incidents across all sites was conducted and recommendations were presented to the Executive Management Team in December 2009. As a result, CS Energy issued a safety bulletin to highlight improvements to ensure a robust and consistent approach to its safety investigation processes. Incident investigation presentations are made to management by site teams during quarterly site visits.

Fuel and flammable goods deliveries reviews – A desktop audit was conducted into management system processes for on-site refuelling facilities and procedures. A number of minor recommendations were implemented by Caltex, the Company's major fuel and oil supplier, to be compliant with CS Energy's requirements.

Internal audits – Internal audits were completed by risk and assurance on the Permit to Work system at Kogan Creek A Power Station, Health and Safety and Emergency Management Review at Callide Power Station, and the JSEA procedure implementation at Swanbank Power Station. Improvement opportunities were identified and have been actioned by site teams.



Shane McGovern and Dan van Haeran, Emergency Response Team members, test the new process in the mock-up heater

Staff at the Callide Power Station won this year's annual Generations Ahead Award in the Chairman's Safety Awards for an initiative that changed the process the site undertook to carry out repairs on a heater.

Chris Williams, a member of the Unit C4 Callide Power Station HP Heater 5 Repair Team, said the idea was born out of the team's experience of having to weld in a heater, which requires a confined-space Permit to Work.

"Welding the plugs into defective tubes in the heater poses a number of safety issues including risks of heat stress, being in a small confined space, and fumes contaminating the atmosphere," Mr Williams said.

"The team pulled together to come up with the idea of using new plugging technology to repair the heater tubes. We can now repair a heater more safely and in less time."

In a first for the Callide Power Station, a mock-up of the confined space was used to plan and practice the exercise, as well as ensuring a rescue was possible undertaking the repair work on the plant.

The heater repair team took the opportunity to undertake a trial rescue in the heater to refresh their skills on evacuating a member from a confined space.

Mr Williams said the evacuation went off without a hitch and focused on the safety of the rescuers as well as the person being rescued.

The Chairman's Safety Awards recognise employee contributions such as these that develop innovative and effective health and safety solutions. During the year, 11 high standard entries were received for the award, which demonstrates the Company's employees' commitment to improved safety.