

our business performance



AETV Power personnel (from left) Power Station Manager Tony Ciffo, Connections and Regulatory Manager Shaun O'Loughlin and Systems and Compliance Manager David Skegg.

Objective:
Commercial returns for our shareholders

Strategy:
Maximise value for the owner from our asset returns, the way we work, retail margins and new products and services

Profit after tax

2007/2008 result:	\$27.2M
2008/2009 parent target:	\$36.4M
2008/2009 group result:	\$9.1M

Return on equity (Aurora)

2007/2008 result:	6.7%
2008/2009 parent target:	8.4%
2008/2009 group result:	2.0%

Operating and investing cash flow

2007/2008 result:	(\$70.6M)
2008/2009 parent target:	(\$61.1M)
2008/2009 group result:	(\$344.2M)

Objective:
Realise the full potential of our business

Strategy:
Enhance our business by encouraging innovation, efficient and effective processes, and a safe working environment

Capital spent on Network Program of Work

2007/2008 result:	\$108.8M
2008/2009 target:	\$126.9M
2008/2009 result:	\$129.7M

Breaches of the Energy Risk Policy

2007/2008 result:	0
2008/2009 target:	0
2008/2009 result:	0

Our goal is to deliver value to our shareholders and position our business for the future. Although our profitability was lower, pending full commercial operation of the new power station, we remain a successful State-owned company. The expansion of our telecommunications capabilities, the roll-out of the CablePI household safety detection device throughout Tasmania and our diversification into generation and wholesaling activities were significant achievements this year.

A key to Balanced Scorecard indicators is on pages 144-145
– refer to page 9 for parent results.

Changes affect profitability

There was significant change for Aurora during the year which has impacted on our financial results. Despite these impacts, we have continued to provide strong cash returns to our shareholders. Returns to government in 2008/2009, which includes income tax, dividends, loan guarantee fees and payroll tax paid, rose by \$0.1 million to \$31.6 million (Figure 5).

While the key measure of operating profit for the group fell by \$4.6 million to \$25.4 million, profit after tax for the Aurora Group fell by \$18.1 million to \$9.1 million for 2008/2009 (Figure 6). The key areas that contributed to the reduction in profit after tax included:

- \$13 million of operating losses from Aurora Energy (Tamar Valley) Pty Ltd (AETV Power) following its acquisition in August 2008. The loss for 2008/2009 represents operating expenses incurred during the construction and partial operation phase of the power station, net of generation revenue;
- the erosion of profit by about \$8.5 million due to extreme energy market price volatility in June 2009 when Aurora was exposed to purchasing energy from the spot market at unprecedented high levels; and
- the booking of unrealised losses of \$22 million by applying the accounting treatment for electricity derivatives to hedge the price for expected future load.

Significant savings were made in other areas of the business to partially offset these losses.

Aurora's return on equity (Figure 7) fell from 6.7 per cent in 2007/2008 to 2 per cent in 2008/2009 as a result of a deterioration of profit after tax and an increasing equity base with the injection of \$100 million of shareholder funds in order to acquire the Tamar Valley Power Station.

Capital expenditure in the Aurora Energy parent entity was a record \$168 million (Figure 8). Of that amount, \$129 million was invested in the electricity distribution network to enhance and improve reliability and in systems and processes to enable

Figure 5 Returns to Government

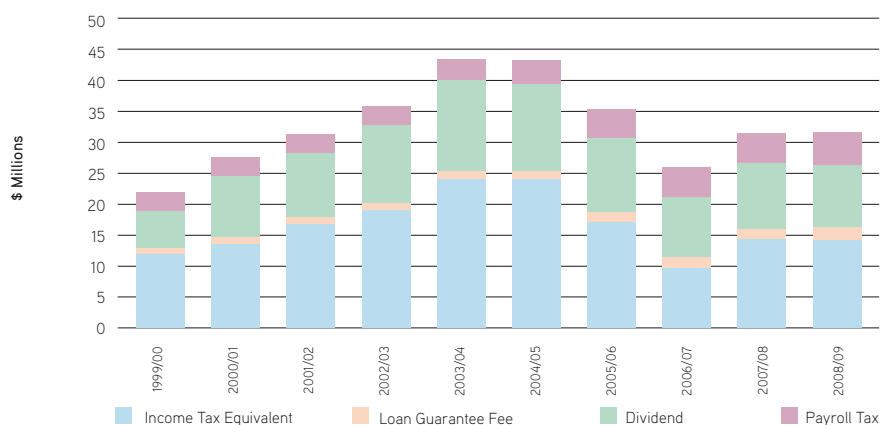


Figure 6 Profit after Tax

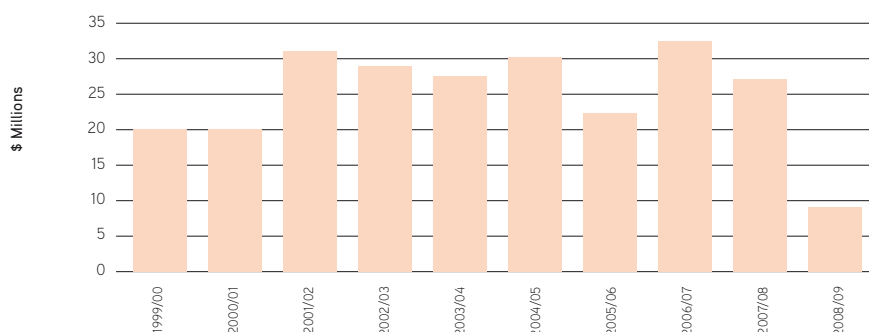


Figure 7 Return on Equity

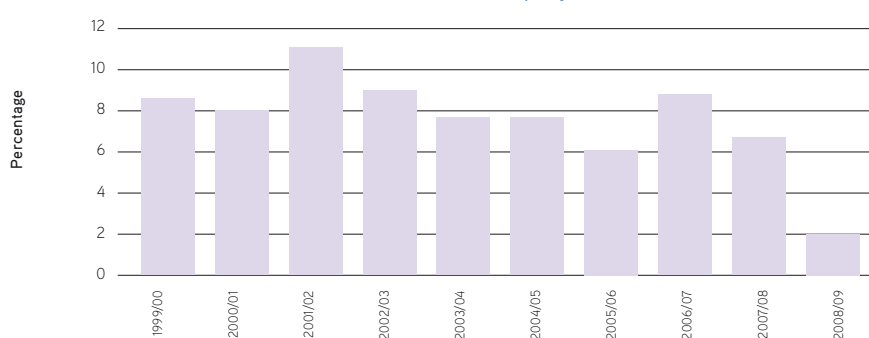
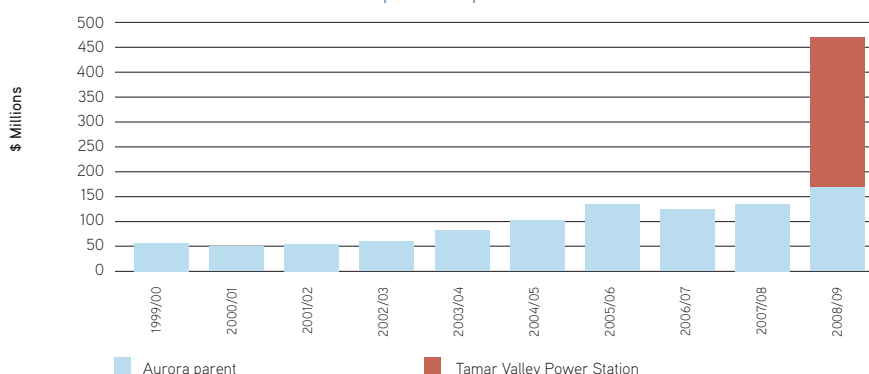


Figure 8 Capital Expenditure



Aurora to operate effectively in the National Electricity Market (NEM). Aurora also purchased AETV Power for \$100 million in August 2008. Following this acquisition, an additional \$189 million was spent on the construction project by 30 June 2009, bringing total expenditure to \$289 million.

For further explanation of our financial results, refer to the Chief Financial Officer's report on pages 92-93 and the full financial statements.

Sales, consumption slow

Aurora's electricity sales volume this year was below that in 2007/2008 as a result of customer losses to competitors, the economic downturn and the gradually increasing penetration of natural gas.

Between 2003/2004 and 2008/2009, Tasmanian electricity consumption grew at about 1.5 per cent a year.

Average consumption per household in 2008/2009 was 9,500 kWh. Commercial and industrial customers (excluding major industrials) averaged 50,000 kWh a year. Although it was slightly cooler this year than the 10 year average, residential consumption in 2008/2009 increased by less than the more recent average growth of 2 per cent a year.

Electricity prices to rise in 2009/2010

Electricity prices rose on average by 4 per cent for residential customers, as planned, on 1 July 2008. In order to assist customers to manage this increase, we ran a 'save energy, save money' advertising campaign across all media and placed key information on our website.

We were required to submit a proposal to the Tasmanian Economic Regulator that outlined reasons for a further price rise to apply from 1 July 2009. This rise had originally been proposed at 4 per cent.

In approving the 2009 retail tariffs, Tasmania's independent Economic Regulator noted the major reasons that the rises

were above expectations: inflation had been significantly above that forecast at the time of the 2007 Pricing Determination; charges for transmission had increased 14 per cent rather than the expected 6 per cent; and Aurora was permitted to account for other costs such as the cost of renewable energy certificates and NEM charges.

The Regulator announced the new tariffs on 5 June 2009. The new prices, incorporating a 7.2 per cent rise for residential customers and 15.1 per cent for business customers, translate into a daily increased cost of 20c for small customers, 29c for medium customers and 41c for large customers. These increases will be difficult for customers but were lower than increases experienced in other States.

In December 2007, we announced the investment of about \$900 million in capital development and maintenance activity on Tasmania's electricity distribution system network (including the poles and wires) by the end of 2012. More detail on how this investment supports our core obligation of supplying electricity to the Tasmanian community is in the Network chapter.

Internal costs reviewed

A review of internal costs achieved cost savings of more than \$5 million above our budget. This has been achieved largely through careful management of consultants and contractors and limiting expenditure in other areas.

These savings are being achieved at the same time that our company is diversifying into new areas of business largely within existing resources.

Australia is facing increased energy costs across the board. In addition, the potential introduction of measures such as the Carbon Pollution Reduction Scheme and the expanded Mandatory Renewable Energy Target mean that Tasmania will not be immune to further increases.

Strategic planning aims to secure our future in a changing landscape

The national energy industry landscape is rapidly changing, presenting our business with both new risks and opportunities.

Key activities pursued over the past 12 months include:

- the development of a wholesale energy strategy and moves to become a vertically integrated energy business consistent with trends in the national market, with downstream access to key inputs such as gas supplies to feed generation capacity;
- efforts to leverage and expand Aurora's existing network infrastructure and skills to expand into telecommunications activities, culminating in the Australian Government's decision that Tasmania will be the launch State for its National Broadband Network; and
- the development and commercialisation of neutral monitor technology as a complementary line of business.

The most significant change to our business in the period since NEM entry has flowed from the Tasmanian Government's decision in August 2008 to purchase the partly built Tamar Valley Power Station from Babcock and Brown Power. As a result of this decision, the shareholders directed Aurora to purchase Alinta Energy (Tamar Valley) Pty Ltd, renamed and trading as AETV Power, and own, build and operate the power station assets.

Aurora originally negotiated with Alinta Energy to secure a long-term energy contract which would be underpinned by the construction of the power station. The actual acquisition means that Aurora has moved from having a long-term financial contract linked to the power station to having control of the physical generation from the power station.

Substantial efforts continue to be directed towards the Government's key priority of ensuring that the power station is constructed in accordance with the agreed timeframes and that the value of this asset is maximised for Aurora as a whole. Further details are provided on pages 23-24.

At the same time, we are working to ensure that Aurora's traditional core business continues to grow and prosper. In this regard, we are:

- continuing to deliver the extensive network program of work provided for in the 2007 Pricing Determination;
- continuing to ensure Aurora has a culture of strong financial management and that the company lives within the regulated allowance for distribution activities;
- continuing to build employee engagement and develop a high performance culture;
- ensuring that Aurora has the skills and expertise to retain customers, as the company is increasingly exposed to retail competition;
- reviewing the effectiveness of a range of strategies to reduce Retail Division's cost to serve to benchmark levels;
- ensuring the business is operated in a clean, green and sustainable way and is well placed to respond to the Australian and State Governments' climate change initiatives; and
- continuing to implement Aurora's intelligent network and metering strategies that will provide the foundation for the progression of the smartgrid vision.

We will continue to refine this strategy to ensure it will continue to be appropriate in the evolving environment.

Growing business complexity affects shared services

Our corporate divisions traditionally provide shared services to other parts of our business. The 2008/2009 year saw an unprecedented demand for services in, for example, the legal, energy risk and treasury areas as our business diversified,



Information Technology group members (from left) Applications Manager Paul Beams, Data Architect Roderick Brown, System Administrator Kathy Clark, Systems Administrator Bronwyn Martin and Process Systems Manager Geoff Aylmer plan ahead for changing business needs.

market competition intensified and the global financial crisis made its presence felt. The acquisition of the power station and associated contracts, and the formation of governance frameworks and service level agreements for new subsidiaries, required a high level of expertise and understanding of Aurora's legislative and statutory obligations.

Budget forecasting, accountancy, information technology and supply chain services were other significant areas of the business that faced additional demands as a result of the new environment. While some services were sourced externally, the extent of the work that was completed by in-house resources is a credit to the commitment and skill levels of our employees.

Strong emphasis on risk management

We engaged Marsh Risk Consulting to review our identified business-wide risks and risk management practices in January 2009. Our current practices were benchmarked against over 700 organisations from around the world. The results demonstrated that we have 80 per cent of the necessary practices in place to mitigate impacts on our operations. Describing our risk management framework as robust and well-supported by a number of policies and procedures, the consultants found that strong controls existed around the top 20 risks faced by our business and there was a strong understanding of risk management around assets and electricity supply. A number of areas were identified for improvement.

Wholesale Energy Division established

Aurora's wholesale energy activities were consolidated into a new Wholesale Energy Division within the business on 1 July 2009, with the appointment of **Ratna (Nanth) Nanthakumar** to the position of General Manager. This Division is responsible for managing all energy market risks and returns for the business using a portfolio type approach. During the year a number of specialist gas and electricity trading resources were recruited to the business to strengthen our capabilities in this area.

The creation of the new Wholesale Energy Division allows our Retail Division to focus on winning, retaining and servicing customers and AETV Power to focus on the completion and efficient operation of the power station.

Clear arrangements that are similar to those followed by other vertically integrated energy businesses have been established to enable the division to buy energy from the power station, other generators and the broader energy market and effectively provide energy to the Retail Division for sale to our customers.

At the same time that the new Wholesale Energy Division was created, we took a key step to integrate and optimise our energy market activities through the appointment of **Michael Brewster** as Chief Operations Officer - Energy from July 2009.

Michael is responsible for overseeing our generation, wholesale and (from 1 January 2010) retail operations to ensure that we are

getting the best value out of our combined activities and assets, and that we realise the benefits of our vertical integration.

Closer relationship established between Network and Network Services Divisions

The Distribution Strategic Improvement Program (DSIP) project is a joint initiative between the Network and Network Services Divisions and will be a key factor in addressing resourcing issues. A closer alignment between the two divisions is expected to enhance the safety culture and standard field, fault and operations activities and to improve efficiencies in the planning and delivery of work. It will also help us to develop the compliance, reporting and servicing requirements necessary for full retail contestability, should it proceed.

The engagement of Jemena Pty Ltd as our design and build partner is helping us

to increase the amount of work we can complete and we believe we are in a sound position to slightly increase our work program again in 2009/2010. Further information on the program of work is on pages 40-41.

Strategic approach taken to supply chain management

Our Supply Chain Services Group provides a service to any person in the business who occupies our buildings, drives our vehicles, purchases goods and services or accesses equipment from our warehouses and depots. It is another area of the business that has felt the effects of the large program of work and will also be affected in the years ahead by new business lines and an expanding workforce.

During 2008/2009 we spent \$185 million on goods and services. Approximately 30 per cent was spent with Tasmanian companies.

During 2008/2009, we met supply requirements for 9441 job lots and 1650 tonnes of raw materials. Over 12,500 packages were delivered to and distributed from the Cambridge centre alone. In order to assist with the management of this unprecedented workload, the group updated its procurement policy and implemented new contract management tools to boost consistency and efficiency. This required a comprehensive change management process.

The Supply Chain Services Group attributes its success to support from senior management and the enthusiasm and 'can do' attitude of the team. Another important element was a review of training and accreditation for people operating forklifts.

For further information on how the Supply Chain Group has built sustainability practices into its work with suppliers, refer to page 66.

Supplier Profile

Communication the key

A revitalised partnership between Aurora and one of its major suppliers, earthmoving firm Clark Purton Civil Maintenance Services Pty Ltd, has demonstrated the value of straightforward communication between both parties.

Clark Purton has its head office in Glenorchy and a smaller office in Launceston, and employs 36 people. It works exclusively for the energy businesses in Tasmania in both civil and electrical fields, excavating holes for power poles and quoting for civil work including cable installation.

The responsibilities and workload of director Teresa Clark increased dramatically in December 2008 when a co-director developed health issues. Not long after, she was informed that the company was in danger of losing Aurora's business, following ongoing issues with a contract.

"This was a very steep learning curve for me," she said. "Looking back, I can see where our shortcomings were. Aurora gave us the opportunity to improve and we have worked together to achieve a good outcome for both our businesses.

"The days of putting in the best price to secure a contract are long gone. Now, details such as accreditation, experience and sustainability are just as important.

"I feel we're slowly moving towards a partnership where Aurora takes more responsibility for its part in problems that arise, and both parties are better at communicating with each other.

"We have a very good relationship with the project managers in Network Services, and meet with them monthly. This helps us know



A partnership approach: (from left) director of Clark Purton Civil Maintenance Services Pty Ltd Teresa Clark, Job Manager Brett Hilder and Contracts Officer Tony Mahoney, both of Aurora.

where we stand. We're also very comfortable talking through and resolving conflicts with Tony Mahoney and Bevan Knowles in the Supply Chain Services Group."

Teresa is positive about her company's future and its ability to provide ongoing service to Aurora.

"Teamwork is very strong in our business and everyone at Clark Purton contributes to our success," she said.

"We've invested in more equipment, including a \$100,000 truck, machines and trailers, which assists Aurora with its scheduling. We've also worked together to devise a steel sleeve to make sure the correct size hole is made and trip hazards are reduced. I'm confident we're now heading in the right direction."



Construction under way at the Tamar Valley Power Station.

Aurora Energy (Tamar Valley) Pty Ltd becomes a wholly-owned subsidiary

On 29 October 2008, the Australian Competition and Consumer Commission (ACCC) determined that the acquisition of the power station by Aurora was 'unlikely to substantially lessen competition under section 50 of the Trade Practices Act'. The ACCC made further comment that 'without the acquisition, the construction or commissioning of the power station would be delayed, or at worst, terminated'.

Following this decision, AETV Power agreed to purchase a number of contracts from AEATM, a subsidiary of Babcock and Brown Power, including the gas supply contract for the power station. The main reason for this decision was to enable AETV Power to have more direct control of the gas supplied to the power station, which is the major input cost for its ongoing operation. The purchase also provides access to wholesale gas generation through dispatch rights over the Bairnsdale Power Station, which provides Aurora with the ability to trade energy in Victoria. These agreements were finalised on 31 March 2009.



A view of the cooling tower (left), heat recovery steam generator (centre) and the Mitsubishi gas turbine (right) at the Tamar Valley Power Station.

These developments are consistent with Aurora's wholesale energy strategy, which has been developed to enhance Aurora's ability to compete with other retailers in the competitive National Electricity Market, to provide opportunities to manage energy market risks and achieve additional commercial returns for Aurora's shareholders.

Project on track to meet major operational milestones

There have been many significant achievements with the project to date. A smooth takeover from the previous

owners, the purchase of the gas contracts and the establishment of appropriate subsidiary governance have occurred alongside the ongoing construction work within a very short timeframe. A rigorous approach to safety management has meant that in over 700,000 hours of construction labour, no lost time incidents have occurred.

The commissioning process is a complicated and resource-intensive activity, involving starting and testing five separate pieces of generation equipment ranging from 40MW to more than 200MW in a range of operational scenarios.

The first two sets of generating plant have been completed. The FT8 open cycle gas turbines were progressively commissioned from January 2009 and the Rolls Royce 60MW open cycle unit was commissioned in late April 2009. The 203MW Combined Cycle Gas Turbine is on track for completion as scheduled in September 2009. The project is 90 per cent complete and remains ahead of budget.

Around 250 people have been employed on site during the construction phase, with this number peaking at around 340 in early 2009. The permanent on site workforce will number close to 30 after construction is completed. More than 700,000 hours of work were undertaken on the plant to the end of June 2009. A significant proportion of these hours were completed by Tasmanians, via State-based enterprises or as subcontractors in interstate firms.

There has been considerable work completed behind the scenes in the areas of training, risk and market analysis, and preparation for trading and in the execution of service and connection agreements for gas, water and electricity.



General Manager Wholesale Energy Ratna (Nanth) Nanthakumar (left) and Commercial Manager AETV Power Thomas Gribble.

A 'can do' culture where people are prepared to take responsibility for delivering outcomes has helped to secure the project's success to date. Other contributing factors have included support from a multitude of external stakeholders, in particular Transend and the National Energy Market Management Company (NEMMCO). Key technical and commercial issues were identified early and actively managed, and

the company received strong support from its own Board of directors, and people at all levels in Aurora including the Aurora Board.

Future challenges for the AETV Power team include completing the 203MW combined cycle plant on time, ensuring the power station meets its reliability targets and ensuring that the positive company culture continues beyond the construction phase.



At the signing of a milestone contract in November 2008 were (from left) Tasmanian Treasurer Michael Aird MLC, Premier David Bartlett, Aurora CEO Peter Davis and Basslink CEO Malcolm Eccles.

Significant advances in our telecommunications business

Telecommunications has become a successful and rewarding addition to Aurora's suite of capabilities in a relatively short time, promising significant benefit for the State of Tasmania.

Incremental and often unheralded early work led Aurora to its prominent role at the forefront of the national communications revolution. Significant progress was made in this area of our business this year, and the rapidly changing external environment has required careful engagement with stakeholders and a flexible technical and commercial strategy.

Our selection as the Tasmanian Government's strategic telecommunications partner in November 2008 was a major step forward. This enabled the commercialisation of the TasGovNet optical fibre network that has been laid in the gas trenches to link Burnie, Devonport, Launceston and Hobart.

The partnership with the Tasmanian Government built on a raft of significant telecommunications achievements and laid the foundation for the selection of Tasmania as first target for delivery of the Australian Government's National Broadband Network.

Another major milestone occurred in November 2008, when Aurora CEO Dr Peter Davis and the CEO of Basslink, Malcolm Eccles, signed an agreement to deliver wholesale broadband capacity between Melbourne and Tasmania's main population centres via a fibre-optic link laid alongside the Basslink undersea cable. The Basslink service was commissioned in June 2009.

Our contribution to the Tasmanian Government's fibre-to-the-premises network (TasCOLT) earned us national recognition in March 2009 when our Telecommunications Group was awarded the 'Best Regional Communications Award' by the Australian Telecommunications Users Group. Our competition in the finalists' section included Telstra and Optus. The award recognised in particular the work Aurora had done with the Calvary Health Care Group, operator of Hobart's Calvary Hospital. Calvary Health Care was among the first customers to utilise the network. It offers 'real time' streaming and transfer of medical images and other large files and enables medical consultants to review patient records and consult from their desktops.

Aurora completed the West Hobart Data Centre in preparation for this development and worked closely with the first government and wholesale customers to use the network.

These investments have laid the groundwork for the expansion of competitive retailing services by retailers utilising this infrastructure. The first service over the Basslink cable was sold to M2 Telecomm in February 2009, with Netspace welcomed into the Tasmanian market in May.



The Telecommunications Group (from left at back) Telecommunications Engineer Michael Fleming, Project Engineer Steve Flynn, Group Manager Michael Larkin, Telecommunications Engineers Daniel Hoult and Ian Stewart, Business Development Manager Dean Dixon, Senior Telecommunications Engineer Daniel Jonas and Network Development Manager David Hope (and seated at front) Strategic Advisor Gary Eiszele, Business Coordinator Sarah Gray and Finance Manager Gary Chapman.



Eastern shore fibre-optic project completed

Our Telecommunications Group, in a cooperative project effort with Network Division and our Information Services Group, worked closely with several external stakeholders to install fibre-optic cable on Hobart's eastern shore for commissioning by Christmas 2008.

The cable enables the flow of data between Aurora's zone substations on the eastern shore, including the newly commissioned Cambridge zone substation,

Transend's Lindisfarne terminal substation and Aurora's new data centre at the Southern Operations Centre at Cambridge. It will play a critical role in Network's vision for system protection and supply reliability in the area.

Overhead cable was installed on Aurora poles from the Bowen to Tasman Bridges via the East Derwent Highway, while underground cable was also laid from Geilston Bay to Cambridge. In total, over 35 km of high-capacity fibre-optic cable was used. The project required close liaison with the Tasmanian Department of Infrastructure, Energy and Resources (DIER), the Clarence City Council and Transend. The project was commissioned as planned and to budget.

Planning commences for National Broadband Network

Aurora joined with the Tasmanian Government to tender for the Australian Government's National Broadband Network (NBN) by offering to construct fibre-to-the-premises passing 200,000 Tasmanian homes and businesses over the next five years. Currently, Tasmania has the lowest proportion of households with broadband of any State and Territory, at 38 per cent compared with the Australian average of 52 per cent.

Aurora's Devonport Resource Centre was chosen as the location for the announcement by Prime Minister Kevin Rudd and Tasmanian Premier David Bartlett on 8 April 2009 that the NBN would be launched in Tasmania. A series of highly complex commercial negotiations was set in motion.

On 11 June 2009, Aurora and the Tasmanian and Australian Governments signed a memorandum of understanding which sets out the commercial principles for the construction of the NBN in Tasmania including the establishment of a joint venture.

On 25 July 2009, the Prime Minister and the Federal Minister for Broadband travelled to our Southern Operations Centre at Cambridge to announce, in conjunction with Premier Bartlett, that 5000 homes and businesses in Smithton, Scottsdale and Midway Point would be the first to be connected. At the same time, Prime Minister Rudd officially opened the Aurora and NBN Data Centre on our site, which will house the critical operating and business support systems for operating the network in Tasmania.



Prime Minister Kevin Rudd announces that the National Broadband Network will commence in Tasmania. With him are (from left) Aurora's Network Development Manager David Hope, Sid Sidebottom MHR, Senator Kerry O'Brien (obscured), Tasmanian Premier David Bartlett, Dick Adams MHR and Senator Stephen Conroy, Minister for Broadband, Communications and the Digital Economy.

Aurora will manage the design, construction and operation of the Tasmanian National Broadband Network.

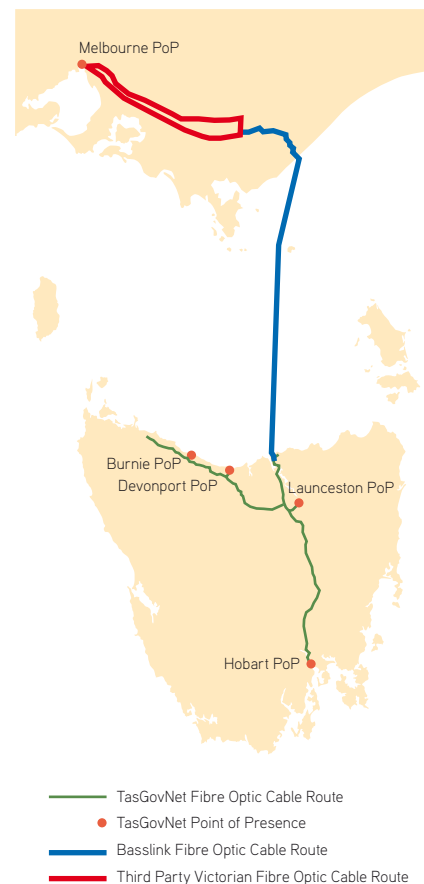
The extent of the coverage and the speed of the technology will give Tasmanian customers a huge advantage. It is expected to provide a boost to our economy and support technologies such as internet protocol TV and remote delivery of health and other services, and could spark major private sector information technology investment in the State.

The network will also provide opportunities to improve the reliability and efficiency of Tasmania's electricity supply, through the high speed communications it will provide on the electricity network.

The ongoing commercialisation of Aurora's networks and the commencement of construction of a world-class fibre-to-the-premises broadband network is a significant challenge for our Telecommunications Group in the year ahead.

Figure 9

TasGovNet and Basslink



Distribution of CablePI device begins in Tasmania

A device invented by two Aurora employees in 2007 moved from the research and development phase into pilot testing during 2007/2008. By the end of 2008/2009, it had been commercialised and a roll-out to all Tasmanian households and small businesses had commenced.

Marketed in Tasmania as CablePI, the device has the ability to detect a potentially life-threatening electrical fault known as a broken neutral – and in so doing, offers a solution to a problem that has challenged the international electricity industry for decades.

When power flows in and out of customers' premises from the distribution network it enters via the active cable and leaves via the neutral cable. Customers also have an earth connection within their premises. If there is a break in the neutral return path, electricity can still exit the premises via the customer's earth connection. In the event that both the neutral and the earth connection are faulty, electricity may find another way to leave. This can be via water pipes, stoves and metal taps or any other conductor of electricity. This situation has the potential to cause electrical fires, serious electric shocks and even electrocution.

Developed as a tool to detect broken neutrals, the device has, after extensive trials, proven to uncover a breadth of potentially dangerous conditions that may exist between the powerpoint it is plugged into and the transformer back on the Aurora pole, or underground turret. Those problems could lie in the active wire, as well as fuses and the internal circuitry in the customer's house.

When the device detects a problem, it alerts occupants with a highly audible alarm. The number for Aurora's 24-hour



Household safety device inventors Business Development Manager Eric Myers (left) and Technical Manager Bryan Holter explain how it works at the media launch in February 2009.

emergency fault line is indicated clearly on the device.

Aurora's Board authorised the roll-out of a commercial version in August 2008 and its certification and testing was completed in January 2009. It was officially launched to the media the following month and customer trials began in Smithton and South Hobart. The trials were accompanied by detailed research to gauge customers' receptiveness to the device and to test how they used it. The results were pleasing: 92 per cent of the people who received a device opened it and 90 per cent of these people plugged it in. At the end of the trial, 93 per cent still had it plugged in and 79 per cent knew to call Aurora immediately if their alarm went off.

Mass deployment of the device to the Tasmanian community commenced on 16 June 2009 and by 30 June, 34,656 devices had been sent to customers. By the time 30,000 of the devices had been distributed, defective neutrals had been detected in six homes and 35 other homes were found to have potentially life-threatening wiring faults. The roll-out is expected to be completed by late November 2009.

Aurora owns the intellectual property for the device and has a worldwide patent on it. Our decision to roll out a device to all our Tasmanian customers was clearly in line with our company purpose and has had the support of our shareholders and the Electricity Standards and Safety section of the Tasmanian Department of Justice.

The future for CablePI

Several areas of Aurora, including the former New Ventures group, Network Division and Retail's Marketing Team worked closely together this year on the CablePI project.

EziKey Group Pty Ltd, a fully-owned Aurora subsidiary, trading as WireAlert, is seeking to commercialise the product nationally and internationally. This is expected to provide a return to Aurora. A number of other interstate electricity providers have commenced field trials with the device, and to date, these are progressing well.

We are also working with relevant regulatory bodies to have the device incorporated into building codes so that a hard-wired device is mandated in all new homes, as has occurred with smoke alarms.