



**MANAGING DIRECTOR'S ADDRESS
ANNUAL GENERAL MEETING
16 OCTOBER 2003**

Ladies and Gentlemen,

Shareholders have by now had the opportunity to review results for the 2002/03 financial year. Our Chairman has already commented on these results which we believe demonstrate good progress in the continued development and growth of the company.

Our Chairman has also noted that based on current levels of performance our short term outlook is for growth in profits for the current financial year to be well within our targeted growth of 10-15%.

In this brief address I will report on a number of projects and opportunities that we believe will result in Origin maintaining its targeted growth of 10-15% in the medium to longer term.

We are currently working on a number of projects that are already in progress, commenced or very likely to proceed. These projects will therefore require funding and will then contribute to profits in the next few years.

These projects include the:

- BassGas Project
- Offshore Otway Gas Project
- SEA Gas Pipeline Project
- Coal Seam Gas Projects
- Perth Basin Oil Project
- Power Generation Projects

BassGas Project

The BassGas project is a gas and liquids project in the Bass Strait 150kms offshore Victoria. The project will produce at least 20PJ of gas a year, along with one million barrels of condensate and 80,000 tonnes of LPG. The project cost is \$450 million and is now 60% complete. It is on schedule for completion in the September quarter 2004.

Origin's interest in this project is 37.5% and we are the project operator. This is the first major offshore project managed by Origin Energy and represents a significant additional capability for the company.

Origin will be buying all of the gas produced by this project for use in our retail businesses primarily in Victoria.

Offshore Otway Gas Project

Following the major discoveries of gas at Thylacine and Geographe in the offshore Otway Basin 70kms offshore Victoria in 2001, the joint venture has moved quickly to commercialise these resources. Development concepts have been agreed and the Environmental approvals process has advanced to review by an independent panel following the public exhibition phase of the EES/EIS approval process.

This project will have an initial cost of \$750 million with a further \$250 million to be spent in early years of production. Origin has a 30% interest in this project which is scheduled for completion in early 2006.

Origin will take its share of gas produced for use in its retail business in Victoria and South Australia.

SEA Gas Pipeline Project

The 680km SEA Gas pipeline project was originally conceived by its initial proponents Origin Energy and International Power to move gas from increasing resources being discovered in the offshore Otway region to South Australian markets. This will significantly improve the availability and reliability of gas supplies in Adelaide.

During the year TXU's requirements were also incorporated in the project which was expanded accordingly.

The project will cost \$500 million and is scheduled for completion in early 2004. Construction of the pipeline is now largely complete with commissioning operations planned to start in late October and commercial supply of gas to commence in early 2004.

Origin has a one third interest in this project and will be a foundation shipper of gas supplied from Victoria to our South Australian markets.

Coal Seam Gas Project

Over the past 18 months Origin through Oil Company of Australia (99.69% owned by Origin) has spent approximately \$133 million acquiring and developing further interests in Coal Seam Gas in South East Queensland. Origin is currently acquiring the minority interests in OCA - a transaction that should be finalised by the end of the month.

Origin has two significant producing projects at Moura and Peat however much of the near term focus will be on the development of the Fairview/Durham field. This field is currently estimated to contain 1,588PJe of proved and probable gas reserves with significant reserves upside still to be assessed.

Major development milestones during the year include native title agreements, permit approvals, completion of FEED and major contracts being written with AGL to secure markets for this resource.

Origin's current interest in Fairview and Durham is 23.9% and 94.3% respectively. It is expected that Origin will invest approximately \$200 million in the next few years,

further developing these resources in order to supply the AGL contracts commencing in 2005.

Origin can also further expand this project to supply its own retail requirements in Queensland and South Australia.

Perth Basin Oil

While the company's exploration focus in the Perth Basin is primarily on gas, recent oil discoveries have significantly redefined the prospectivity of the Perth Basin.

Successive oil discoveries at Hovea, Eremia and Jingemia have added significant new, low cost oil reserves. Origin, together with its joint venture partners has moved quickly to establish production facilities with oil from these fields being sold to the BP refinery in Perth. \$43 million has been spent by the joint ventures on oil developments to date and it is anticipated a further \$25 million will be spent to achieve production rates of up to 10,000 bopd expected by early 2004.

Origin has a 50% interest in these projects.

Power Generation Projects

Origin is currently involved in a number of power generation opportunities in gas fired and renewable power generation.

The company's 100MW peaking power plant at the Quarantine site in Adelaide is already permitted to be expanded to combined cycle base load generation.

The company has an option to acquire a half interest in the 52MW Challicum Hills Wind Farm in Victoria and is currently developing wind farms at Kemmiss Hill and Troubridge Point in South Australia.

Decisions on these projects will most likely be finalised in the coming year. These projects would result in further capital expenditure of approximately \$100 million if they both proceed.

All of these projects demonstrate the value in Origin's strategy. Each project is valuable on a stand alone basis, yet every project also contributes to some other part of Origin's business by either reducing risk or creating further opportunities for growth.

These projects have all required a large amount of internal evaluation and review followed by community consultation, native title negotiations and extensive environmental review including the necessary environmental impact statements. It is a challenging task to ensure these projects remain on time and on budget. The Board and management are focussed on delivering these projects effectively. They provide a sound basis for the continued growth of the company in the medium term.

In addition to the projects I have just reviewed we are also pursuing a number of opportunities that may add further to the development of your company in the longer term. These include opportunities in:

- Exploration
- Power Generation (including renewable energy)
- Acquisitions

Exploration

Compared to the company's position just a few years ago, we have been fortunate in developing a significant set of new exploration opportunities. They have arisen in a number of ways.

Firstly, the development of production facilities in undeveloped but now proven petroleum provinces in the Bass and Otway Basins will open up exploration opportunities not previously considered commercial. The company has good acreage positions in these basins.

Secondly, we have been successful in winning new acreage in the Otway Basin with the award of two new highly prospective exploration permits VIC/P37(v) and T/34P. These permits both straddle the prospective fairway that includes the Thylacine and Geographe discoveries.

Thirdly, long held positions in known but mature producing provinces in the Perth and Surat Basins are providing exciting new exploration plays. The oil discoveries in the Perth Basin are the first discoveries since 1960 and recent gas discoveries in a potential stratigraphic play in the Surat Basin are the biggest discoveries in that basin in ten years.

We are excited by the potential of the exploration opportunities that we have ahead of us, which are enhanced by significant upside potential in our Coal Seam Gas reserves.

Power Generation

Over the past two years the Company has, through acquisition, grown its position to be one of the largest electricity retailers in Australia. At times of extreme demand our customers could require up to 3000MW of electricity and use over 15TWh of electricity per annum.

We currently supply only approximately 10% of our extreme demand and 5% of annual electricity demand from our own gas fired generation facilities. We therefore have a significant opportunity to invest further in peak and base load power generation. We clearly have a preference to develop further gas fired power generation as it also adds value to our increasing gas reserves, however we are evaluating a number of opportunities to ensure we make the best possible investment decision.

As power generation is a major source of greenhouse gases we believe it is important to look for ways to reduce the carbon intensity of power generation. In addition to the wind projects mentioned previously we are investing in renewable generation through the development of solar photovoltaic cells and our recent investment in the Geodynamics hot dry rock project in the Cooper Basin. Progress on our solar "SLIVER® Cell" project in particular remains encouraging.

While these two projects are still in the development and demonstration phase we are hopeful they will make significant contributions in the longer term.

Acquisitions

While our strategies are not focused primarily on acquisitions, a number of opportunities have and will most likely eventuate in coming years. A number of power generation and gas transmission assets are for sale. We will continue to evaluate acquisition opportunities as they arise.

We will also seek opportunities to expand our asset management activities most likely in conjunction with further rationalisation of ownership of utility assets.

A key to taking these opportunities should they arise is to maintain the company's strong financial position and balance sheet flexibility. Our financial policies are designed to ensure this remains the case.

In concluding I trust that through the review of performance of the last financial year and a quick review of projects and opportunities that we have before us, shareholders are confident that we can continue to deliver an increase in value for shareholders.