



**MANAGING DIRECTOR'S ADDRESS
ANNUAL GENERAL MEETING
20 OCTOBER 2005**

Ladies and Gentlemen,

The release of our full year results, the Annual Report, Sustainability Report and our Chairman's Address today all make available a significant amount of information on the Company's performance. You will know from this information that your Company has continued to grow, and in so doing, produced good returns for shareholders.

I would like to focus this brief presentation today on some of the challenges and opportunities we see in continuing to grow the Company.

Arguably the most important of these is to ensure that we have available to us the people, skills and resources necessary to run the existing business well and deliver on the major development projects that are a key driver of the Company's growth.

In this regard we have implemented a major internal re-organisation of the Company earlier this year designed to focus on running the existing businesses well in both Australia and through Contact Energy in New Zealand. We have also focussed our Exploration and Corporate Development teams on continuing to deliver opportunities for continued growth and the Major Development Projects team is focussed on delivering the major capital projects. We have also made a number of key new appointments to add capability and strength to our senior management team.

This has happened in a year in which the resources boom in Australia and overseas has seen a very significant tightening in availability of skilled resources.

A real example of the challenges we face has been the difficulty in completing and commissioning the BassGas project.

These include disputes with the Contractor over performance, the availability of skilled labour particularly in electrical and instrument trades, our own project management capacity when Origin as operator was required to take over the project and most recently damage to the support vessel, the Safe Concordia to name just a few.

We now expect this project to commence commissioning in late December and become operational during the first quarter 2006.

In contrast to the difficulties faced on the BassGas project, the Coal Seam Gas project at Spring Gully in Queensland has gone very well. It was completed on schedule in June this year and under budget and is now performing well ahead of expectation.

The development of the Offshore Otway Project, operated by Woodside, is also tracking well. We are expecting commissioning of this project to commence in the middle of 2006 and begin making a major contribution early in the next financial year.

All of these previously mentioned projects were committed prior to the tightening in availability of material (such as steel) and resources that have now become so evident in the upstream petroleum industry. This has increased the cost and complexity of new projects and resulted in a delay in the Final Investment Decision on our Kupe Project in New Zealand to early 2006.

The past year has also seen the consolidation of Contact Energy into Origin Energy's results for the first time. Whilst the initial contribution from Contact is only for a nine month period, the performance of Contact's business has met our expectations.

Contact recently reported its results for the nine months to June 2005 (as Contact has now adopted the same year end as Origin) and reported an increase in profits of 37% to NZ\$138.2 million compared to the previous corresponding period.

In presenting to Contact's shareholders at their AGM last week, we continued to emphasise the challenge facing New Zealand in general and Contact in particular following the tightening of supply of natural gas and the need to identify the next major fuel source for New Zealand.

The consequent increase in gas costs is causing a tightening of margins for Contact. This has apparently caused a more cautious outlook for earnings amongst some investors but is consistent with the view Origin formed at the time of acquisition. Therefore, this recent commentary on Contact's outlook does not impact on our outlook for Origin. From Origin's perspective we see the challenge of addressing this fuel constraint as an opportunity for our exploration and project development teams over the next five years.

It has also been a challenging year in our Retail business with higher levels of retail competition than we expected a few years ago. Encouragingly we have been able to maintain our retail margins despite higher levels of customer churn, establish a competitive position in the NSW retail market and note the move to open up competition in retail mass markets for electricity and gas in Queensland, which will create further opportunities for Origin.

Whilst people, skills and resources are a key driver of growth, these must be focussed through a clear strategy for our business. We have been focussed on the continued development of an integrated energy business in Australia and New Zealand and this strategy continues to be appropriate.

By implementing this strategy we believe that the next phase of growth after successful completion of our upstream projects will be the acquisition or development of major generation opportunities in Australia and New Zealand.

We continue to progress development approvals for power projects in Victoria and Queensland and through Contact Energy we are examining ways to develop the already consented Otahuhu site near Auckland in New Zealand.

We are also mindful that in the energy industry carbon contribution to climate change is a critical long term issue that is yet to be effectively addressed. It is imperative that effective mechanisms are established for costing and reducing carbon emissions.

Origin continues to address this issue by seeking to develop a fuel portfolio of renewables and gas with lower carbon intensity than conventional fossil fuels. We are also making good progress in developing our SLIVER cell photovoltaic technology and supporting through Geodynamics, Hot Fractured Rock technology.

In summary, this has been a year of significant challenge and a year of good progress. We have, through significant internal change, added new capability to our Company and we can see many opportunities for us to continue to pursue in the years ahead.

The Board has given generously of their time and expertise to support the continued development of the Company. Management and all employees have contributed greatly to our continued success.

I thank them all for their efforts.