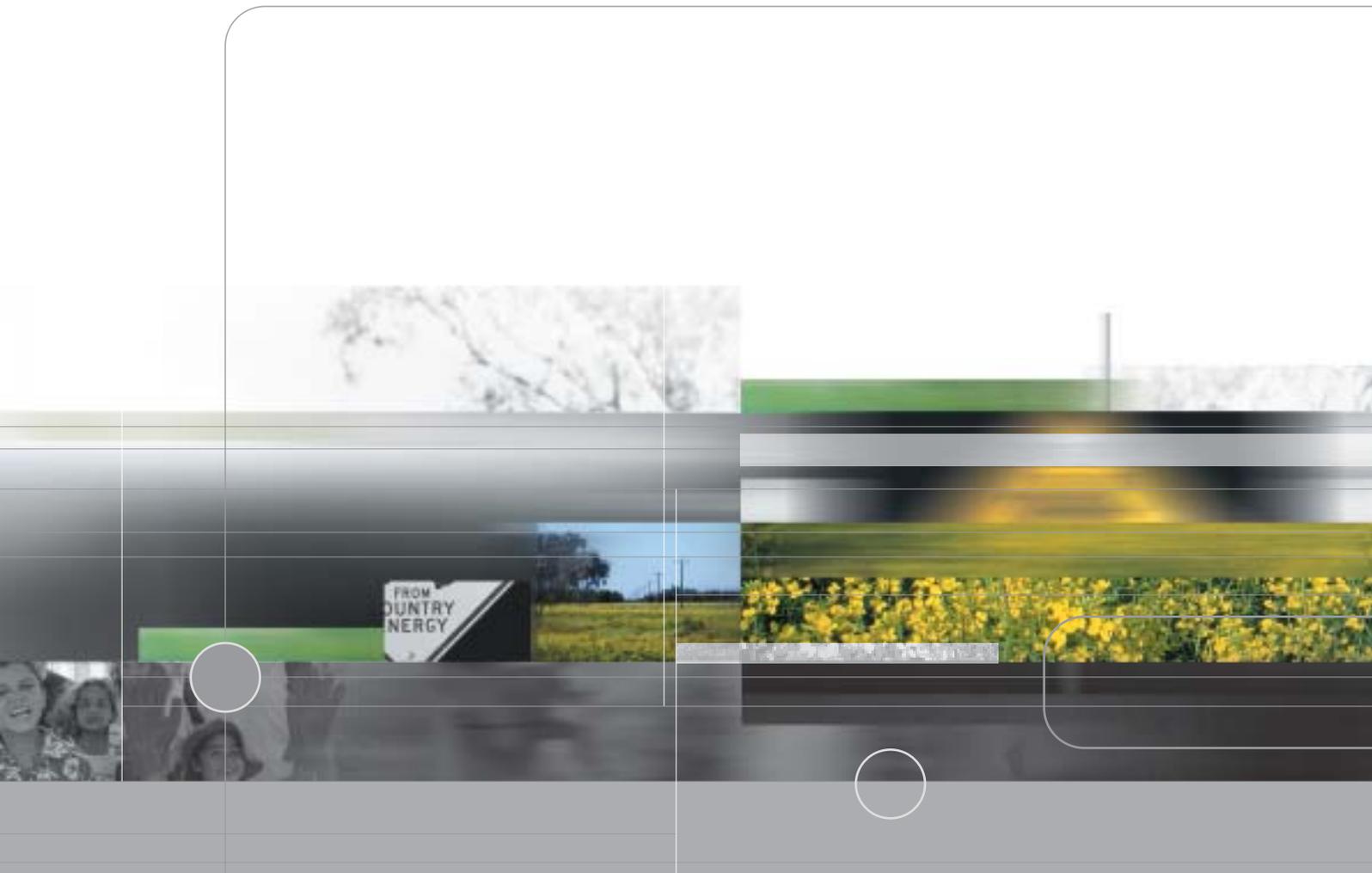




Country Energy Annual Report 2001–2002



- **Our ambition:** to be the country's leading energy and services provider
- **Our values:** safety, commercial success, customer focus, environment, fun, innovation, integrity, regional commitment, teamwork
- **Our focus areas:** our customers, our people, business value and other stakeholders



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Our organisation

Country Energy

Country Energy is a regionally-based electricity distribution and retail corporation owned by the New South Wales State Government. It was formed on 1 July 2001 from the merger of three regional energy businesses: Advance Energy, Great Southern Energy and NorthPower.

We employ over 2,700 people and serve more than 750,000 customers in rural and regional communities across about 72 per cent of New South Wales.

We operate one of Australia's largest electricity networks consisting of more than 180,000 kilometres of powerlines and over 1.33 million power poles.

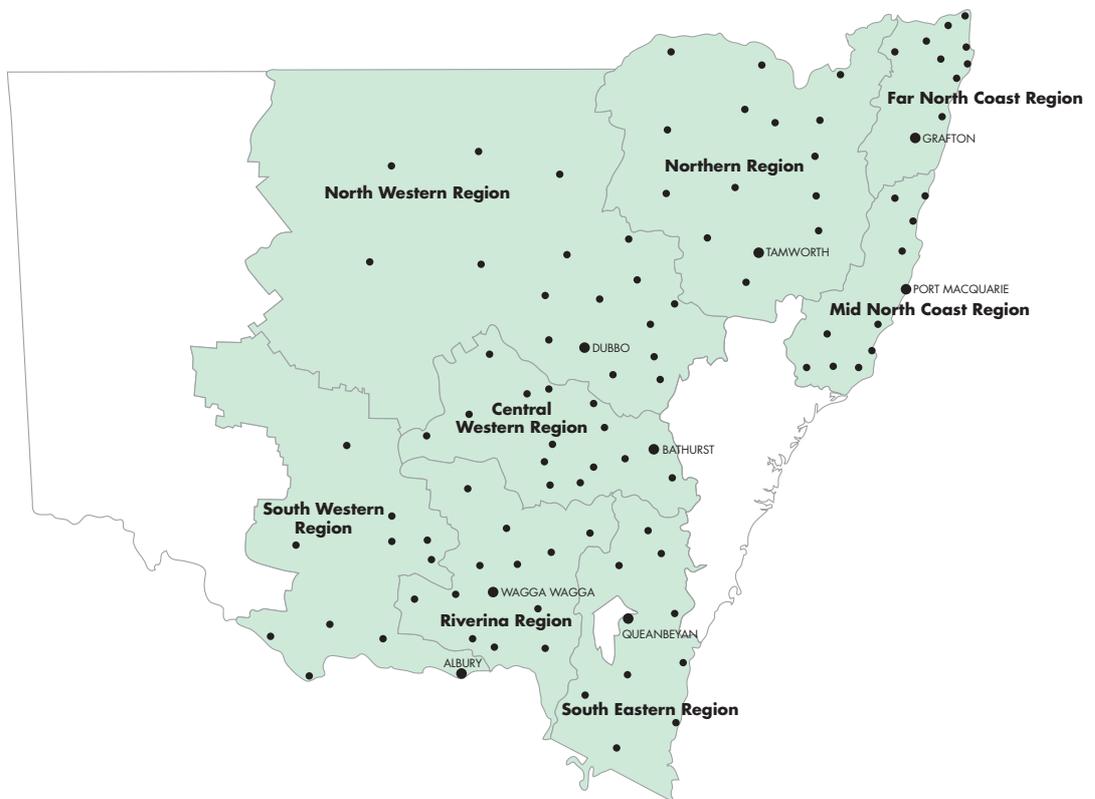
Our expanding natural gas network covers many regional towns in southern NSW. We have over 1,000 kilometres of gas mains and transmission lines that service more than 20,000 customers.

Country Energy owns and manages assets that have a replacement value of more than \$4 billion and generate annual revenue in excess of \$1.4 billion. This makes us one of the largest regionally-based companies in the country.

Our range of products and services includes electricity, natural and bottled gas, internet services, appliance retailing, green energy solutions and an energy management consultancy. We compete in the contestable national electricity market, serving customers in NSW, ACT, South Australia, Victoria and Queensland.

We aim to provide a national benchmark for regional industry growth. That growth is driven by a strong commercial focus with decisions based on the needs of customers, employees, stakeholders and shareholders. Our business direction is set by the interests of these groups.

This 2001-2002 annual report provides an insight into our first year of operations, which was challenging, rewarding — and exciting.



Country Energy's eight regions

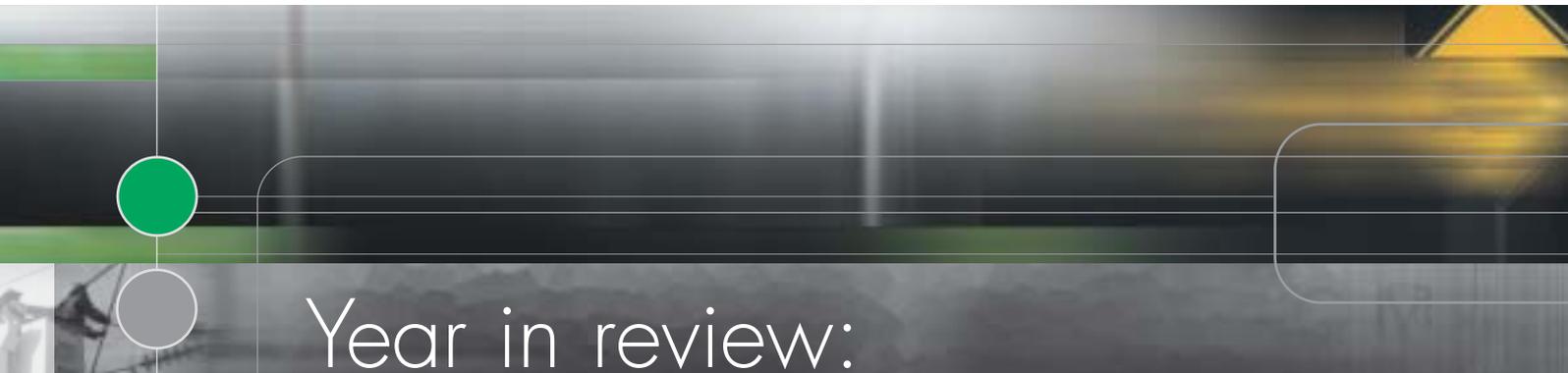
Country Energy established a decentralised management structure across eight regions to manage our vast distribution area. We have corporate offices in Bathurst, Port Macquarie and Queanbeyan, eight regional offices and more than 100 service centres throughout country NSW.



Our achievements

When we look back over the 2001-2002 financial year, we see many achievements that we are particularly proud of. These are both measures of our performance and very clear indicators of who we are and what we do. The following are examples of achievements highlighted in this annual report:

- *Establishing a unique regional management structure, with eight regional offices and regional general managers living in the communities in which they operate. This structure provides customers with local expertise, leading technology and better local solutions.*
- *Opening service centres across the state, including field service centres at Gundagai, Barraba and Casino, regional offices in Albury and Wagga Wagga, and customer service centres in Orange, Lismore and Albury. Additional customer service centres are planned in other communities in 2002-2003.*
- *Appointing 89 new apprentices, and 16 new powerline workers and electrical technicians to join service delivery teams in 50 regional communities across NSW. These new jobs add to our workforce of more than 2,700.*
- *Expanding our range of energy products and services, including launching CEinternet and LPG gas in the northern parts of the state and delivering natural gas to Gundagai and Tumut.*
- *Launching our new website countryenergy.com.au and increasing the number of ways in which customers can interact with us.*
- *Embracing full retail competition, introduced to households on 1 January this year, and giving customers the choice to have their energy services provided by Australia's largest regionally based energy business. For small business and household customers we have posted a 5:1 win to loss ratio since full retail competition began.*
- *Gaining the acceptance of our stakeholders and receiving tremendous support from regional and rural communities in NSW.*
- *Developing an extensive sponsorship program which has restored or enhanced many service functions in regional and rural NSW - from helicopter rescues to surf life saving and education.*
- *Successfully creating a single customer information system across the organisation.*
- *Generating returns to shareholders that were in line with our promises and their expectations.*



Year in review:

Chairman and Managing Director

We hit the ground running on 1 July 2001. In our first year of operation we rose to the challenge of successfully merging three organisations, growing our business and attacking the deregulated electricity market.

We were ready when the retail sale of electricity and gas supply became competitive on 1 January 2002, giving all customers the choice of where they purchase their energy. From day one we were able to offer customers on-line quotations and since then we have achieved a win to loss ratio of nearly five to one for residential and small business customers.

Country Energy achieved a strong consolidated result in its first year of operation generating a profit (before tax and abnormals) of \$52 million in line with the shareholder agreed target. The \$50 million contribution to government provided during the financial year also met the agreed targets. Two factors underpinned this result - our focus on providing value to our customers through superior customer service, and careful management of our cost base. The solid financial base established this year provides Country Energy with the underlying strength to deliver more value to our customers and our shareholders in the coming financial year.

As a state-owned corporation, we recognise that financial performance is just one of our responsibilities.

We have a clear and unambiguous commitment to regional development, environmental responsibility, our people and our stakeholders. We understand the importance of our role in working with local communities to provide growth opportunities and encourage the development of renewable energy facilities. These initiatives will deliver long term commercial benefits to our stakeholders.

To ensure that decision making is focused on regional needs and priorities, we appointed eight regional general managers to work from decentralised locations across the Country Energy distribution area. Local management now makes decisions based on their local knowledge and the interests of the communities they serve.

A key issue for rural and regional communities is the perception of the withdrawal or reduction in infrastructure and services. Country Energy has reversed this trend by opening new field service centres in Barraba, Casino and Gundagai. We have also opened new customer service centres in Lismore and Albury and new regional offices in Albury and Wagga Wagga, and plan to open additional service centres in the coming year.

We have created jobs — 89 new apprentices and 16 new powerline workers and electrical technicians. In 50 rural and regional communities across the state, these new jobs delivered a double benefit of boosting the local economy and improving our service delivery and supply reliability.

During the year we launched our environment policy, which embodies our commitment to nurturing and protecting the environment for the benefit of our local communities, now and into the future.

We are sourcing more of our energy from renewable sources, including wind farms at Blayney and Crookwell. In June 2002 we signed an agreement to purchase the entire energy output from a new food waste to energy plant in western Sydney.

Throughout this hectic year we have maintained our strong customer focus. Our Customer Service Principles developed this year have become the guiding lights for our people. They show the way to delivering superior, seamless customer service and maximum customer satisfaction.

We introduced a new customer information and billing system which will allow us to cater for our customers' individual needs. We launched our leading edge website, which provides a new way for our customers to do business with Country Energy.

Just as importantly, our customers throughout the region can expect better services built on our ongoing technical development.

Since the formation of Country Energy, we have monitored customer perceptions and satisfaction through regular research. Customer satisfaction ratings have risen from 73 per cent in July 2001 to 82 per cent in February 2002, placing Country Energy in the top 25 per cent of 300 service provider organisations surveyed worldwide.



For Country Energy safety is not just a word, or even just a policy. The safety — of our people, of our customers — is of paramount importance in everything we do. However, while our employee safety record has improved greatly over the past six years, the improvement rate has slowed over the past two years. Our priority now is to accelerate our rate of improvement in this area.

This year, as usual, our service teams responded without hesitation to the challenges of severe storms and bushfires and went to extraordinary lengths to restore power and minimise inconvenience to our customers.

The safety and reliability of power systems continue to be our greatest priorities. This year we have achieved excellent overall reliability and exceeded our strategic performance targets. However, due to characteristics inherent in the design and age of the distribution network, we regard the reliability of some sections as unacceptable. Country Energy is addressing these sections through a prioritised and accelerated remediation program.

Our natural gas business continued to grow strongly. During the year, we expanded our natural gas network to business and domestic customers in Gundagai and Tumut. We commenced signing customers in Adelong in June, in anticipation of full reticulation to the town later in 2002.

Thank you

On behalf of the Country Energy Board, we thank our people for their tremendous support and willingness to embrace change and achieve success in our first year of operation. We look forward to your continuing support as Country Energy strives to improve on its impressive record.

We thank our shareholders and fellow directors for their vision and guidance and members of the executive team for their personal and professional support. We have made significant progress in a watershed year.

Finally, to our customers and communities — thank you for your loyalty and support.

Barbara Ward
Chairman of the Board

Craig Murray
Managing Director

Our business

The challenge: To grow sales, create jobs and boost prospects in rural and regional NSW.

RETAIL: READY, SET GO

We have achieved a great deal of business success in our first 12 months of operation. We successfully merged three organisations into Country Energy and then focused on preparing our systems for day one of full retail competition on 1 January 2002.

For about five years, large business and industry customers in New South Wales and Victoria have been able to select their retailer of choice. Now all customers, including householders, have the choice of where they purchase their energy. We invested a massive amount of time and effort in preparing for 1 January with the result that we were the only retailer able to offer on-line quotations when the new market opened.

Full retail competition brought an entirely new set of rules and expectations, but we rose to the challenge, achieving a win to loss ratio of nearly five to one for residential and small business customers.

Business growth

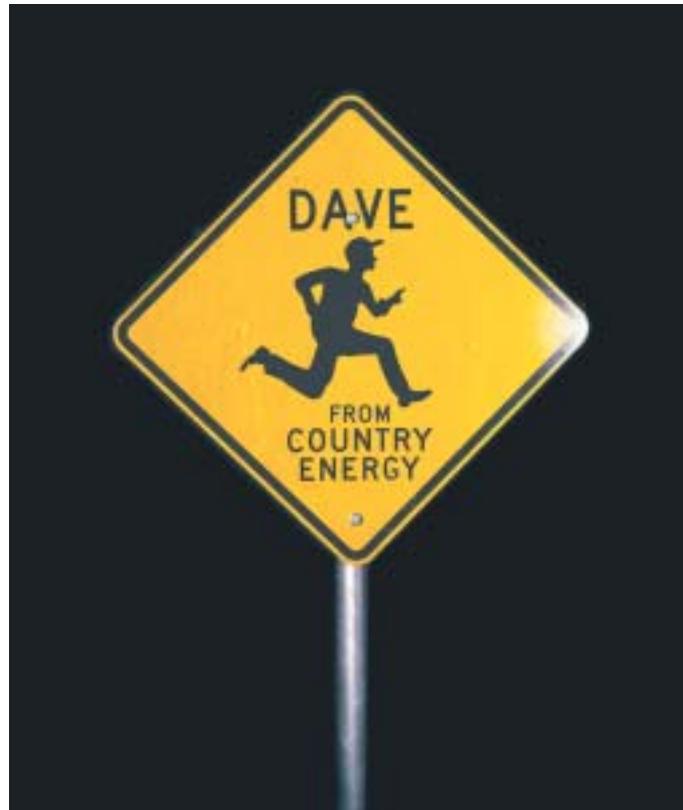
Our national sales group continues to grow contestable customer business. This growth can be attributed to the combination of competitive pricing, excellent customer service, innovative pricing options and tailored service packages.

This year we retained a number of major customers including Broadcast Australia, Dairy Farmers and Carter Holt Harvey, all against extremely strong competition. The Sydney Harbour Tunnel Company is another major customer who has entered a long term business relationship with us.

'Dave' steps out

Country Energy's 'Dave' stepped out in front of thousands of television viewers this year. 'Dave', a hard working, resourceful, approachable 'local', was a central character in a television campaign aimed at positioning Country Energy as the country's leading energy and services provider.

Launched in November 2001, the campaign reflected the core values of the organisation. Positive customer feedback indicates that the campaign has assisted in the acceptance and identity of Country Energy in regional and rural NSW.



Price structures

In July 2001, Country Energy introduced a series of retail and network price changes in line with the Consumer Price Index. These changes were made in accordance with determinations set by the Independent Pricing and Regulatory Tribunal (IPART), which is responsible for regulating electricity prices in NSW.

Country Energy has over 300 'inherited' tariffs to manage. We recognise that this variety of tariffs presents equity problems for customers and we have commenced a tariff rationalisation process. It will take some years to achieve due to the regulatory constraints currently in place.

Answers on energy

Our Energy Answers service focuses on providing energy efficient and renewable energy strategies for commercial businesses to improve their bottom line and their environmental credentials. Energy Answers offers a wide range of services, including load studies, power factor correction, energy audits, thermographic imaging, and performance contracting to assist customers in reducing their energy costs.

Dual fuel retailer

We currently supply natural gas to residential and business customers in the southern and western regions of NSW. We plan to expand our natural gas services to many more areas.

In June 2002, Country Energy launched a new service to customers in northern New South Wales, offering them the convenience of one account for their electricity and liquid petroleum gas (LPG).

With LPG available to customers in our northern regions, and plans being explored for future expansion, Country Energy is increasingly able to provide total energy solutions for our customers.

Energy gets greener

Country Energy's commitment to protecting the environment for future generations drives our search for more energy from renewable sources. (Renewable energy is created from sources that do not contribute to greenhouse gas emissions or pollute the environment.)

To minimise the amount of energy wasted through powerline losses and to help promote local businesses, Country Energy bought as much renewable energy as possible from local sources over the year.

For example, we purchased hydro-electricity from Wellington, Yass, Inverell, Grafton, Armidale and Dungog. We purchased biomass energy from Ballina and energy produced by wind farms in Blayney and Crookwell; solar farms in Queanbeyan and Dubbo, and rooftop solar systems in Bathurst, Orange, Parkes and Cobar.

Next year we will be buying renewable energy produced in Sydney. We have agreed to purchase the entire energy output from a new food-waste-to-energy plant in western Sydney. The electricity will be generated by methane gas produced from food waste — enough to power 3,000 homes each year.

Business alliances

This year we formed a number of key partnerships with external organisations in the fields of computer software development, gas exploration and energy efficiency. They included the following.

- In December 2001, the Minister for Energy announced our alliance with Peace Software Australia to develop customer management software to be marketed to utilities throughout the world.
- January 2002 saw the signing of an agreement with Exergy Inc., a Californian-based power generation technology developer, which will help deliver energy efficient projects across Australia.
- In April 2002, Eastern Star Gas joined forces with Country Energy to explore opportunities to develop and market natural gas fields near Narrabri in northern NSW. Through our involvement in this project, we are seeking not only environmentally friendly energy opportunities, but also to establish infrastructure that will support future industry growth and enhance the creation of local jobs.

GROWING OUR NETWORKS

In the year under review we invested more than \$192 million in capital works to upgrade our extensive distribution network to meet the changing needs of our customers, and further support regional growth and development. In addition, we spent over \$196 million on routine maintenance and operation of the distribution system. Some of the major projects are listed below.

Gas networks expand

Our gas business is managed by a small, efficient team, backed up by on-the-ground support from our service delivery gas technicians and external contractors.

During the year we expanded our natural gas networks to business and domestic customers in Gundagai and Tumut. Customers in Adelong have begun signing contracts in anticipation of full reticulation to the town in the second half of 2002.

Networks asset information system

A new network asset information system will be ready for rollout next year. The new system combines a geographic information system and an asset management system to deliver seamless data transfer and display.

During the merger process, we recognised that a common network asset information system was not only a prerequisite for standardising work processes within Country Energy, but would also provide accurate and timely data for field operations, works management,

planning and regulatory reporting. The new system will interface to other business systems, including customer information and financial.

Aerial inspections

Country Energy uses aircraft to conduct inspection patrols when dense vegetation and rugged terrain prevent ground access.

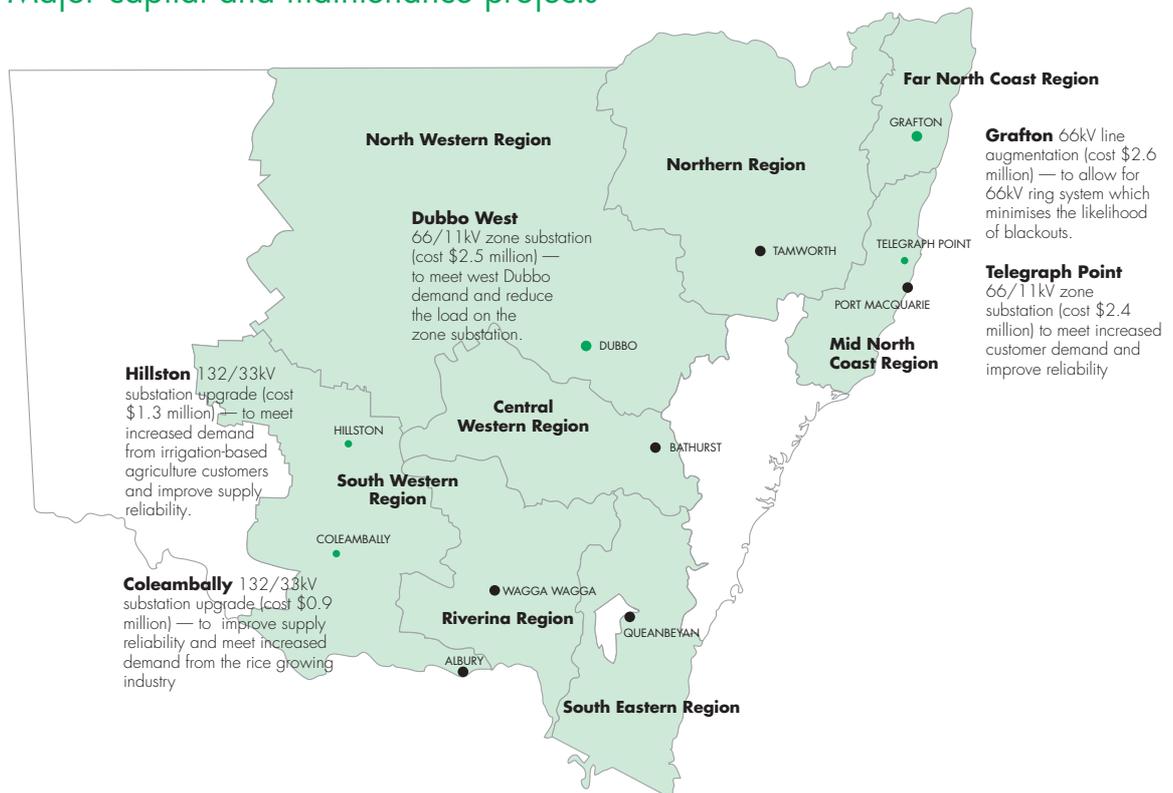
In February we used a specially designed fixed wing aircraft — the Australian built Seeker — to trial infra-red surveys of our lines to identify 'hot connections'. The unique design of the Seeker, which uses a helicopter cabin beneath fixed wings, provides the pilot and observer with an excellent field of vision. The aerial patrol identifies power line faults as well as global positioning system coordinates. This provides our field teams with very accurate maps to locate the faults for repair.

Fleet management

Our policy is to acquire vehicles powered by gas or diesel fuel wherever possible to minimise impact on the environment through CO₂ emission reduction and fuel efficiency. This year we acquired an additional 70 passenger and commercial vehicles that are powered by liquid petroleum gas.

During the year we assessed a fleet management system to be introduced on 1 July 2002. The new system will provide access to specialised services, including 24-hour, seven-day roadside assistance, maintenance and repair tracking systems.

Major capital and maintenance projects



BUSINESS ON THE MOVE

Our approach to business development

Country Energy has placed rural and regional development at the forefront of its business development goals. We are committed to working with regional stakeholders to achieve sustainable economic growth. Our strategy is based on the premise that if we can help our regional stakeholders achieve their business development goals, the development of our own business will be a natural outcome.

We focus on four key areas – all with the potential to create regional growth and enhance service delivery. They are:

- **Identifying the issues and developing the projects -** We work with regional communities, including local councils and business groups, to identify and develop feasible projects. In the process we have identified the key issues which are directly linked to promoting economic development. These include the availability of utility services such as energy, telecommunications and water, and are consistent with our own strategies for growth.
- **Enhancing telecommunications -** By using our existing expertise and infrastructure, we aim to deliver enhanced telecommunication services, such as telephony and high speed internet, to regional NSW. A key project this year was the development of a single Country Energy internet product, CEinternet.

- **Infrastructure -** These projects crossed a wide range of areas, including remote area power supply systems; embedded gas or renewable energy generation; cogeneration; and waste water treatment services, which also lend themselves to renewable energy generation and water recycling.
- **Renewable energy -** By investing in local regional renewable energy projects that meet both the environmental expectations of the community and stakeholders and regulatory requirements, Country Energy is assisting local communities in achieving economically sustainable regional growth.

One of our key initiatives this year was a project with Bathurst City Council to help turn household waste into green energy by recovering methane gas from landfill sites. This project, being undertaken by University of New South Wales student, Jason Scarborough, has the potential to significantly benefit both the environment and the community. If commercially viable, the technology has applications for many regional communities by encouraging better management of landfill sites, creating local job opportunities, improving local infrastructure and increasing safety.

Our customers

The challenge: To listen and learn from our customers and exceed their service expectations.

In a competitive market, our future is determined by customer choice. That is why we're always working on ways to improve the way we interact with our customers across our business — from reliability and quality of supply, to our field teams carrying out repairs, to our customer service centres dealing with customer inquiries and resolving complaints. We measure our performance by conducting regular independent customer satisfaction surveys.

Seamless transition

Exactly four months after the Premier of NSW, The Hon. Bob Carr, announced the merger of Advance Energy, Great Southern Energy and NorthPower, Country Energy opened its doors. From day one we provided a seamless transition to Country Energy for more than 750,000 customers. It was essential that our customers were not adversely affected by the merger, so business continuity and service delivery were, and continue to be, our first priorities.

Supply reliability

We did even better than we had predicted in maintaining continuous supply to our customers.

This year we aimed to keep unplanned interruptions (or customer minutes without supply) to less than 150 minutes. We achieved a result of 136 minutes, despite major wind and lightning storms experienced in our Central Western, North Western and Northern regions. In one storm alone, 19,500 lightning strikes were recorded, which impacted significantly on our network.

FAST response

Our ability to respond to power outages across an area covering more than 72 per cent of NSW is enhanced by our innovative Field Automated Service-order Tracking (FAST) system.

FAST is an advanced electronic system able to communicate with a remote mobile task force. It allows Country Energy to instantly assign work to emergency

crews and keep our customers fully informed on how work is progressing, right up to advising them when a team is due to arrive. In March, our use of the FAST system won an Ericsson Innovation Award for a technological project to improve services to rural and regional NSW.

Improving customer service

An accurate and reliable Customer Information System (CIS) is central to our ability to provide superior customer service and respond to our customers' individual needs. A major priority this year has been to develop a new CIS that we will use to merge customer information from the three former organisations into a single, effective system.

Our customer service advisers will be able to handle a customer enquiry from any one of our four Call Centres or 26 Customer Service Centres across our service area.

What our customers think

With increasing competition in the energy market, and rising service level expectations, it is important that we monitor the issues that matter most to our customers and measure how well we are meeting their needs.

Our regular research tells us that this year customer satisfaction levels have improved from 73 per cent in July 2001, to 77 per cent in September, to 82 per cent in February 2002. These results place Country Energy in the top 25 per cent of 300 service provider organisations surveyed worldwide. This increase reflects our customers' improved understanding of our performance over time and our conscientious efforts to deliver high levels of customer service.

Calls on the Energy and Water Ombudsman of NSW

The number of Country Energy customers seeking assistance from the Energy and Water Ombudsman of New South Wales, for the satisfactory resolution of issues fell steadily over the year. The number dropped from 245 in the first quarter to 190 in the final quarter of the year.



Web site launch

This year Country Energy launched a leading edge website, providing a new way for customers to do business with us. The website provides access to services and information for our remote and interstate customers who cannot easily access our customer service centres.

The new internet service enables customers to pay their energy bills, connect to electricity and gas, request an energy quote, report a damaged street light, update their details and contact Country Energy online. Customers can also subscribe to receive the latest news from Country Energy.

The website means that customers can now complete most transactions and obtain comprehensive information from the comfort of their own home or office when it suits them. The site uses easy-to-understand navigation to help customers find information or complete a transaction quickly.

Customer Service Principles

Representatives from the customer service teams within Country Energy developed a set of Customer Service Principles to drive the way we interact with customers.

The framework provided by these principles has been enthusiastically adopted by our people, ensuring superior customer service, seamless delivery and maximum satisfaction.



Our people

The challenge: To help our people be the best at what they do. Maintain open and honest two-way communication.

COMMUNICATING WITH OUR PEOPLE

In a challenging year of merging three businesses, massive organisational change and preparing for full retail competition, it was important to keep channels of employee communication open and transparent. A suite of corporate communication tools was introduced to ensure effective and consistent two-way communication for all employees. They included:

- **Inview** - a weekly internal newsletter to keep employees up to date on Country Energy happenings.
- **Team Brief** - a personal, team-based communication process involving all Country Energy employees. Immediately after executive meetings, important information relating to our business is documented and cascaded to all employees. This process provides employees with the opportunity to offer feedback and ask questions, which are answered quickly.
- **Cross Country** - a newsletter published every two months to provide employees and stakeholders with a wide range of information, including company news, safety, our people, industry news, field projects, regional events and announcements.
- **Countrynet** - an intranet site providing an important base for information and applications used daily by employees.
- **Face to face** - we recognise that this is the most effective form of two-way communication. With this in mind we structured literally hundreds of opportunities for the executive team, the Board of Directors, and employees to talk, not just to each other, but to the community and our customers. Employees met the Board of Directors and executive team at regional meetings which were held in a different location every month. In other informal meetings our people talked face to face to regional media and to the rural community. We place great emphasis on our people being open to new ideas and to feedback from the community.

ON THE JOB

Indigenous employment program

As part of our apprentice recruitment drive, we engaged an employment consultant to directly encourage applicants from Indigenous communities. The consultant visited Indigenous communities in locations where apprenticeships were on offer to encourage local people to apply for the positions. Two of our new apprentices were recruited from this process. One of our organisational development strategies for 2002-2003 will be to develop and implement an Indigenous Employment Program.

Employee development programs

Following the merger, employee training focused on preparing our customer service officers for the introduction of full retail competition. Since then our main priority has been to train employees in the operation of our new Customer Information System (CIS).

As part of our ongoing drive to develop leadership skills across the business, we encourage our employees to participate in the Frontline Management Program. This year 32 employees graduated from the program, which was conducted through the Association of Professional Engineers, Scientists and Managers, Australia.



Bombala employees Joe Ingram, David Ingram, John Bedingfield and Athol Dent.



Workplace relations

Negotiations are well advanced toward a new consolidated award for our employees. Extensive discussions with relevant unions have taken place and a Country Energy Enterprise Award which will cover the majority of our 2,700 employees is now clearly in sight.

This year was free of any industrial disputation.

Employee Assistance Program

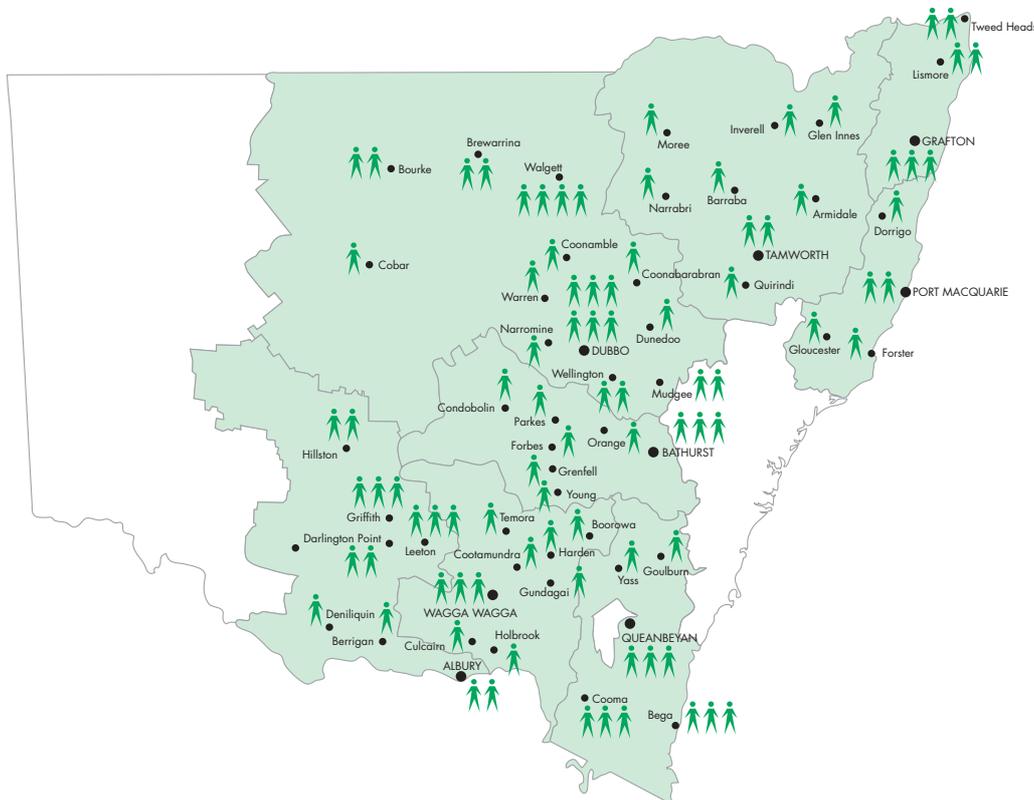
Country Energy provides Employee Assistance Program (EAP) services to employees and their families, including financial and personal counselling and health support, on a strictly confidential basis.

Apprentice program

During this year we welcomed 89 new apprentices to our service delivery teams across NSW. A major benefit of this program is that it enables participants to stay in their local town while receiving nationally accredited training that is recognised across the energy industry.

Before joining their respective work teams, the new apprentices took part in one of three induction camps held in Grafton, Goulburn and Parkes. The focus of the induction training was on equipping the apprentices with essential safety, practical and technical skills before they joined their field teams.

New apprentice recruits across regional NSW



Safety

The challenge: To keep our people, our customers and communities safe.

SAFETY OF OUR PEOPLE

Country Energy's Health and Safety Policy was launched this year. It underpins our approach to health and safety in the workplace and the community.

The health, safety and wellbeing of our employees, contractors, accredited service providers and visitors are of paramount importance to us. So too is the health and safety of the public and our customers who rely on the services and energy we provide and the networks we use to transport it.

The new policy was developed from the identified needs of our stakeholders and our responsibility as a business. Our longer term objective is an accident-free organisation resulting from a sustained continuous improvement approach to health and safety.

Our performance this year

The aggregated safety performance of the three merged entities over the past six years has been impressive, with the number of employees suffering a lost time injury down from 150 in 1996-1997 to 42 this year. However, the strong rate of improvement has slowed in the last two years.

Our Lost Time Injury Frequency Rate (LTIFR) of 8.8 increased from 7.6 last year. Our Average Time Lost per injury (ATL) was 11.2 days, down from 12.9 days last year.

Our injury prevention performance this year is slightly down on results from last year. This was due in part to the inevitable organisational changes and the large number of merger issues that demanded our attention during the year. A range of safety initiatives are planned for 2002-2003.

Risk assessment

Country Energy operates an electronic hazards database, which stores information on known hazards, their risks and effective controls. The database is a useful tool in investigating incidents and in the ongoing review of hazards, risk and controls.

New Occupational Health and Safety Act

Country Energy takes all necessary steps to comply with the requirements of the new Occupational Health and Safety Act, including the development of a new employee consultative system to drive improvements in our safety and environmental performance.

The Occupational Health and Safety Act 2002 and Regulation 2001 took effect on 1 September 2001. The requirements of the regulation include:

- identification of hazards by employers and the elimination or control of risks at employers' place of work;
- establishment of occupational health and safety committees and the election of employee representatives in connection with an employer's duty under the Act to consult with employees in respect of decisions affecting their health, safety and welfare at work; and
- identification, elimination or control of hazards at premises used as a place of work.

Safety and environment improvement teams

Country Energy developed a new structure for employer/employee involvement in occupational health and safety (OH&S), public electrical safety and environmental issues.

After consulting the former OH&S Committees, Country Energy is introducing a new concept of regional and corporate teams dedicated to safety and environmental improvement.

COMMUNITY SAFETY

Throughout the year we continued our public campaign to promote electrical safety through our own programs and by supporting industry programs.

We used extensive radio, newspaper and television activities to alert the community to potential hazards and advise how best to avoid electrical accidents. School children, rural workers, motorists, boaties, home improvements and do-it-yourself electrical maintenance were some of the subjects of our safety campaign.

Harvest time is a particularly dangerous time for rural workers and our media and educational activities are timed to coincide with these seasons.

Country Energy has adopted the industry safety slogan – *'Watch out, watch out, there are powerlines about'* – to generate employee and public awareness of powerline hazards, overhead, underground or underwater. A Public Electrical Safety Awareness Plan developed this year commits Country Energy to public and industry safety. The plan outlines key strategies for the general public as well as the agricultural and construction sectors.

**Watch out, watch out,
there are power lines about.**



Take the time to check that the area you are working in is clear overhead. It's the difference between a life and death situation. For General Enquiries, call **13 23 56**. For Supply Interruptions, call **13 20 80**.



CE/A1

It's your country.

Our community

The challenge: To support local communities in regional and rural NSW by fostering business growth and creating opportunities to thrive.

REGIONALLY BASED MANAGEMENT TEAMS

From its first day of operation, Country Energy has demonstrated its commitment to rural and regional communities throughout NSW. In a deliberate strategy to ensure that decision making is focused on regional needs and priorities, Managing Director Craig Murray appointed eight regional general managers to work from decentralised locations across our distribution area. Our main priority has been to ensure that local managers make decisions based on knowledge of the region in which they work.

We facilitated regional growth and development through specific strategies. They included the following:

Through employment

As part of our ongoing plan to create local employment opportunities, this year we welcomed 89 new apprentices. With almost 100 apprentices already working for Country Energy, we are helping to create a stable workforce interested in working in regional NSW in the long term.

In June 2002 we commenced recruiting 16 new powerline workers and electrical technicians with the aim of improving supply reliability and service delivery to our customers.

Through opening new service centres and field service centres

In our first year of operation we have opened:

- three new field service centres at Gundagai, Barraba and Casino;
- two new customer service centres at Lismore and Albury, with more to open next financial year; and
- two new regional offices in Albury and Wagga Wagga.

In an era when major business has deserted the bush, Country Energy is reversing this trend by strengthening our presence in rural and regional towns.

We look for opportunities to maximise the benefits offered to people in local communities, such as the joint ventures undertaken with the Energy Industries and Local Government Superannuation Schemes. At our new offices in Lismore and Albury, we have provided one-stop energy, superannuation and financial planning centres for residents in the surrounding areas.

Through working with local councils and business groups

The closure of the Ashford Power Station near Inverell created opportunities for local business, including the possibility of a new industry and new jobs.

Country Energy handed over the power station's industrial-use water licence to Inverell Shire Council, thus enabling the Council to draw up to 600 megalitres of water from the Severn River each year, which in turn will clear the way for Ashford Business Council's exciting new aquaculture project. To lend further support to the project, we will allow the business council to use storage sheds and training rooms at the power station site in the day-to-day operation of the business venture.

Sponsorships: investing in our communities

Supporting our local communities is a key objective in our Strategic Plan. Throughout the year we have provided \$970,270 in financial and in-kind sponsorship support to our communities in areas such as the environment, education, social, sporting, arts and cultural activities.

For many years, Country Energy employees have raised additional funds for charities and local community organisations such as Camp Quality, Ronald McDonald House and the Leukaemia Foundation by donating wages and raising sponsorships. Many of these amounts are then matched dollar-for-dollar by Country Energy.

Two examples of this kind of sponsorship support which also provided the opportunity for our people to have some fun...

- "Laughter is the best medicine" is Camp Quality's new motto, and Grafton and Maclean teams made this a reality when they continued a 13-year tradition by donating their time and wages to Camp Quality. With family and friends lending a hand and Country Energy matching dollar for dollar, the fund-raiser, totally organised by the Grafton field crew, raised \$21,000 to help put a smile on the face of the Camp Quality kids.
- Every year teams from Country Energy enter the ACT Relay for Life. Apart from raising much needed funds for the ACT Cancer Society, this event promotes wonderful team spirit and fun. Our teams have representatives from Griffith, Wagga Wagga, Albury, Bega and Queanbeyan.



Sue Lewis, our Community Relations Advisor from the Mid North Coast Region, made her debut as Ce Ce the clown at the Gloucester Snowfest this year. Why? "The children's reactions", said Sue. "Watching them smile can just make your day." The Gloucester Snowfest is one of many community events that Country Energy supports and Sue certainly led the way with a laugh.

Some of our other sponsorships include:

Keep Australia Beautiful

The 2002 Country Energy Tidy Town program benefits local communities through a range of projects - from heritage, waste and wildlife to beautification projects that improve local communities and provide significant economic, social and environmental benefits.

Country Rugby League

Our sponsorship for the 2002 season is helping to develop rugby league, which has become a strong social foundation for many regional and rural communities. The sponsorship covers the Divisional Championships, the CRL Player of the Year Award and the Country vs City Origin Clash.

Volunteer Rescue Association

Our financial support is providing important equipment for the 75 Volunteer Rescue Association squads across regional NSW.

NSW Country Surf Lifesaving

We sponsor 48 NSW Country Surf Lifesaving Clubs from Tweed Heads to Batemans Bay. This helps the clubs to run their important 'beach to bush' and 'water safe' programs as well as events such as Ironman and Ironwoman.

Life Education

Our commitment to Life Education began in 1995. Since then our contributions have helped to fund six mobile Life Education Classrooms in southern NSW. The classrooms are used to promote the importance of a healthy lifestyle to primary school children.

CareFlight

We supported CareFlight's initiative to establish an emergency response helicopter service in southern and central NSW. Many of our customers also elected to make donations with each energy bill.

Community consultation

Country Energy has established a communication process to share information with our stakeholders and receive their feedback about our activities. Keeping the community informed is a core part of our day to day business. We work closely with regional media to keep our customers informed of our news and events in their communities.

Customer Council

A key component of our communication strategy is our Customer Council. The Council comprises community members who represent:

- consumer groups;
- low income households;
- persons living in rural and remote areas;
- Aboriginal and Torres Strait Islander people;
- people from non-English speaking backgrounds;
- people with disabilities;
- domestic customers; and
- industrial and commercial customers.

Council members contribute to the policy, planning and service decision-making processes relevant to small retail customers, and propose solutions to senior management and the board in relation to customer concerns.

During the year Council members met the NSW Energy and Water Ombudsman to discuss the changing needs of customers across the NSW energy industry.

Rural Advisory Group

Our Rural Advisory Group is unique to Country Energy. While there is no formal legislative requirement to have this forum, the group was established to hear the views of our rural customers and provide feedback on issues affecting country people. Each member has strong understanding and wide experience of customers' issues.

The group is instrumental in helping to develop new energy policies and ensuring that Country Energy meets the unique needs of its rural and remote customers.

Regional Advisory Boards

Country Energy has also established Regional Advisory Boards to represent customers' interests in our eight regions. Board members come from a variety of backgrounds, including local government, chambers of commerce, rural and remote areas and domestic customers.

The Boards will provide Country Energy with feedback on our current and future activities and will receive regular briefings on our range of products, promotional activities and planned network improvements.



Environment

The challenge: To nurture and protect the environment.

Managing our environment

The environment is a high priority within our organisation — Country Energy is committed to nurturing and protecting our environment for the benefit of our local communities, both now and into the future.

We are making excellent progress towards integrating environmental protection into everyday work activities and business processes.

Our Environment Policy, launched in February, is a comprehensive guide for our employees and contractors to meet our environmental responsibilities and targets.

Renewable energy strategy

In December 2001 we adopted a comprehensive renewable energy strategy aimed at protecting the environment as well as meeting our statutory obligations under the Commonwealth Renewable Energy (Electricity) Act 2000 Mandated Renewable Energy Targets (MRET).

This year we signed agreements to purchase power from a new hydro-electric facility near Berrigan and a new food-waste-to-energy plant in western Sydney. Our involvement in both projects will not only assist us in meeting our renewable energy obligations but also significantly reduce greenhouse gas emissions.

We have also joined forces with a gas exploration company to investigate the potential of developing a power generation project near Narrabri, fuelled by natural gas.

These projects will compliment our other sources of green energy, such as the wind farms at Blayney and Crookwell and the Queanbeyan solar farm.

Projects such as these are good news for the environment as they allow us to replace energy generated from non-renewable sources such as coal.

Greenhouse gas reduction

Country Energy has several strategies aimed at reducing greenhouse gas emissions, including helping customers to use electricity more efficiently. The programs help customers to save money on their electricity bills while simultaneously helping the environment. By reducing demand in peak times, Country Energy can also defer any increase in the capacity of our network.

Our customers are also helping the environment by signing up to our Green Energy program. Green Energy is created from sources such as wind, solar and hydro energy, which do not contribute to greenhouse gas emissions or pollute the environment.

Under a new environmental strategy announced in May by the NSW Premier, The Hon. Bob Carr, and the Minister for Energy, The Hon. Kim Yeadon, NSW electricity retailers will be required to reduce greenhouse gas emissions from 1 January 2003.

Country Energy has already contributed a total reduction of 342,000 tonnes of CO₂ equivalent in 2001-2002.

Site decontamination

Work has commenced on compiling a contaminated sites register, aimed at identifying all parcels of land containing inground fuel tanks or affected by chemical usage and waste disposal practices.

We are also working closely with the Environmental Protection Authority (EPA) in the management of decommissioned power station sites at Ashford near Inverell and Koolkhan near Grafton.

Vegetation management

Country Energy recognises the value of trees and other vegetation and their importance to our environment. However, vegetation near powerlines must be managed to safeguard our community as well as the quality and reliability of the power supply.

We employ a team of locally based vegetation officers, including specialist horticulturalists, dedicated to a safe and reliable power supply through effective vegetation management techniques.

Public awareness and education of the dangers associated with planting inappropriate species near powerlines is a major focus of the vegetation management team. Team members regularly participate in community events and meetings to give advice and discuss directional pruning, essential tree trimming and removal and replacement programs.

We also work closely with local councils, government agencies and specific groups to reach mutually acceptable outcomes. For macadamia plantation owners, for example, we ensure sensible planting and adequate tree trimming, for the safety of both plantation workers and electricity line workers.

Wildlife conservation

Our employees have undertaken initiatives aimed at reducing the number of bird strikes on our networks.

The installation of bird diverters has been particularly successful in mitigating bird fatalities and helping to maintain the integrity of our power supply network. Based on the concept of a scarecrow, the bird diverters are bright orange discs that hang below the powerlines and sway in the wind.

Specially designed nesting platforms have been installed at various locations to encourage ospreys to raise their young in safety, away from the hazards of nesting on powerlines.

Country Energy customer Jamie Mendham with daughter Monique at Blayney Wind Farm.



Corporate governance

THE BOARD OF DIRECTORS

State Owned Corporations are constituted in a similar manner as Corporations Law companies with the exception that the shares are wholly-owned by the NSW State Government. As such, the Board of Directors carries full responsibility for setting the strategic direction of the corporation and for directing its activities towards the achievement of the corporation's objectives.

Country Energy's Board comprises highly qualified business people with the broad range of skills required for the task of directing the corporation. They are appointed by the Voting Shareholders in accordance with the State Owned Corporations Act. The Board is responsible and accountable to the Voting Shareholders (the Treasurer of NSW and the Special Minister of State of NSW) who each hold one share on behalf of the State Government.

The key link between the Board and the Voting Shareholders is the Statement of Corporate Intent (SCI). This describes a wide range of financial and operational targets set annually by the Board in consultation with the Voting Shareholders and their representatives in NSW Treasury. The Board continuously monitors the performance of the Corporation against the agreed SCI goals.

The Board has a strong focus on risk management. In this first year of operations, following the merger of the three predecessor organisations, the Board has set major policies relating to risk areas including the delegation of authority, energy trading, treasury operations, retail trading, purchasing and procurement, and network maintenance.

A comprehensive Code of Conduct has been formulated and adopted subject to formal employee consultation now taking place. The Code of Conduct reflects the guidelines published by the NSW Premier's Department as well as various ICAC and other publications. The Code, which applies to every person in the organisation from Directors through to all employees, contractors and agents, represents the Board's strong commitment to the highest ethical standards.

The Board has engaged advisors to provide Management Assurance Services (MAS), including internal audit services and other tasks aimed at providing independent assurance that the organisation is being properly managed and that the Board's directions are being effectively and efficiently implemented. The MAS team has unfettered access to all areas of the corporation and provides reports directly to the Board's Audit and Risk Committee. The Audit Plan,

which sets out the MAS team's work plan over three years, was developed from the results of separate Board and management risk workshops held during the year.

The Board meets monthly to monitor the organisation's performance against its corporate business plan, financial performance targets, risk management plan and SCI targets, and to take the strategic decisions necessary to ensure that short term and long term goals are realised.

BOARD MEMBERS

The Directors holding office at the completion of the reporting year are:

Barbara Ward BEc, MPol. Econ

Appointed Chairman, 6 June 2001

Member of the Audit and Risk Committee

Director, Commonwealth Bank of Australia

Director, Rail Infrastructure Corporation

Director, Australia Day Council of NSW

Board Member, Allens Arthur Robinson

Trustee, Sydney Opera House Trust

Chairman, EMMLINK Pty Limited

Chairman, Country Energy Gas Pty Limited

Chairman, EastCoast Gas Pty Limited

Chairman, NorthPower Energy Services Pty Limited

Craig Murray

Appointed Managing Director, 8 June 2001

Member (ex officio) of the Audit and Risk Committee

Member (ex officio) of the Safety and Environment Committee

Director, Superannuation Services Company Ltd

Trustee, Energy Industries Superannuation Fund

Director, EMMLINK Pty Limited

Director, Country Energy Gas Pty Limited

Director, EastCoast Gas Pty Limited

Director, NorthPower Energy Services Pty Limited

The Hon Michael Lee, BSc, BE (Hons), FIEAust

Appointed Director, 1 March 2002

Member of the Safety and Environment Committee

Member of House of Representatives, 1984–2001

Minister for Resources, 1993

Minister for Tourism, 1993–1996

Minister for Communications and the Arts, 1994–1996

Chairman, Central Coast Campuses Board

Ambassador for Asthma NSW

Patron, Central Coast & Hunter Valley Vietnam Forces Association

Patron, Central Coast Multiple Sclerosis & Handicapped Group



Hon Michael Lee, Tim Sullivan, Rowena Sylvester, Craig Murray, Barbara Ward, Greg McLean and John Wearne AM.

Greg McLean

Appointed Director, 30 April 2002
 Member of the Safety and Environment Committee
 Assistant National Secretary, Australian Services Union
 Director, Create (Arts and Culture Industry Training & Advisory Board)
 Director, NSW Utilities Industry Training and Advisory Board
 Director, NSW Public Sector Industry Training and Advisory Board
 Director, ElectroComms and Energy Utilities Qualifications Standards Body
 Adviser, Public Services International

Tim Sullivan

Appointed Director, 6 June 2001
 Chairman of the Safety and Environment Committee
 Director of Nursing & Community Mental Health Services, Mid Western Area Health Service
 Member, Mental Health Executive, Bloomfield Hospital
 Chairman, Advance Energy, 2001
 Mayor of Orange, 1983–1991
 Convenor, Central West Regional Organisation of Councils
 Member, Steering Committee for Redevelopment of Bathurst and Orange Base Hospitals
 Treasurer, Amalgamated Vendors Association, Western Area

Rowena Sylvester, B. Bus

Appointed Director, 1 March 2002
 Chairman of the Audit and Risk Committee
 Fellow, Australian Society of Corporate Treasurers
 Member, Faculty of Business Studies Advisory Committee, University of Technology
 Executive Committee, Yass District Education Foundation
 Director, Syndication, ANZ Investment Bank, 1997–1998
 Treasurer, Optus Vision Pty Limited, 1995–1997
 Treasurer, Ampolex Limited, 1992–1995

John Wearne AM

Appointed Director, 6 June 2001 and appointment reconfirmed, 1 March 2002
 Member of the Audit and Risk Committee
 Councillor, Bingara Shire Council
 Chairman, North West Regional Arts Board
 Director, Railway Street Theatre Company, Penrith
 Commissioner, National Road Transport Commission
 Trustee, Local Government Superannuation Scheme
 Member, Australia Day Council of NSW
 Member, RTA Advisory Committee
 Member, NSW Arts Infrastructure Advisory Committee
 Past President and Patron, Shires Association of NSW

CHANGES TO THE BOARD

The following Directors also served on the Board during the year:

Mick Boyce, BCom, FCA, FAICD, HDA

Appointed Director, 6 June 2001 to 28 February 2002

David Hughes, BSc. (Hons), MSc., GAICD

Appointed Director, 6 June 2001 to 28 February 2002

Bill Wooldridge

Appointed Director, 1 August 2001 to 29 April 2002

BOARD COMMITTEES

Two committees have been established to deal in detail with specific functions.

Audit and Risk Committee

The Committee comprises at least three non-executive members of the Board. The Chairman of the Board shall not be the Chairman of the Committee. Other non-executive Directors, the Managing Director, the Group General Manager Finance, and the External Auditor, have a standing invitation to attend meetings as required, in the capacity of observer. The Committee may request other officers to attend as required.

The Committee advises the Board in relation to:

- risk management policy and strategy;
- wholesale energy trading policy and strategy;
- debt management policy and strategy; and
- licence and legal compliance policy and strategy.

It also exercises the Board's authority in relation to:

- internal audit procedures;
- the audit plan;
- inquiries into any matter where issues of integrity appear to arise;
- procurement of information relating to the operations or financial situation of the company; and
- wholesale energy trading and retail supply contract decisions within the limits specified by the Board from time to time.

Safety and Environment Committee

The Committee comprises at least three members of the Board. All Directors have a standing invitation to attend meetings as required, in the capacity of observer.

The Committee may request other Officers to attend as and when required.

The Committee advises the Board on policy, strategy, initiatives and achievements, in relation to;

- the safety of employees, public, contractors, and accredited service providers in any area of relevance to Country Energy's activities, where reasonably under the control of Country Energy;
- the impact of Country Energy's activities on the environment, and the achievement of ecologically sustainable development; and

- any other matter considered by the Committee to be of relevance to the Committee's objectives.

It also exercises the Board's authority in relation to:

- monitoring and directing the health, safety and environmental performance of the organisation; and
- compiling, reviewing and submitting reports relating to health, safety and environment matters to external bodies as required.

ATTENDANCE AT BOARD MEETINGS

NAME	ELIGIBLE	ATTENDED
Barbara Ward *	11	11
Craig Murray *	11	11
Tim Sullivan *	11	11
John Wearne AM *	11	11
Hon Michael Lee *	4	4
Rowena Sylvester *	4	4
Greg McLean *	2	2
Bill Wooldridge	8	7
Mick Boyce	7	7
David Hughes	7	7

* Current Country Energy Board members

Our executive team

CORPORATE OPERATIONS EXECUTIVE

ROD WILKES
B Bus

- Public Affairs and Stakeholder Liaison
- Government Relations
- Executive Assistance & Coordination



GROUP GENERAL MANAGER FINANCE

JUSTIN DE LORENZO
B Com, ACA, ASIA

- Energy Trading
- Financial
- Management Accounting



GROUP GENERAL MANAGER SERVICE DELIVERY

KEN STONESTREET
BE (Hons), CP Eng.

- Regional Service Delivery
- Network Control
- Field Safety Management
- Regional Management



GROUP GENERAL MANAGER NETWORKS

TERRY MILLER
BE, MBA, CP Eng, MIE Aust., MAICD

- Gas and Electricity Network Management
- Technical Services
- Logistics
- Fleet
- Generation Networks



GROUP GENERAL MANAGER CORPORATE SERVICES AND COMPANY SECRETARY

RON CRAGGS
BE (Hons), Grad. Dip.Mgt.

- Safety Quality and Environment
- Risk and Legal
- Customer Relations
- Property Management



GROUP GENERAL MANAGER INFORMATION SERVICES AND MERGER INTEGRATION

DEREK LARK
BE, MBA, FAICD, CP Eng.

- Information Technology
- Metering Services
- Technical Communication
- Merger Integration



MANAGING DIRECTOR
CRAIG MURRAY

- Leadership
- Strategy
- Business Performance
- Corporate Values
- Shareholder Relations
- Stakeholder Interfaces

GROUP GENERAL MANAGER RETAIL

JOHN ADAMS
Dip. (Elect Eng.), B Bus, FIE Aust.

- Retail Marketing
- Retail Sales
- Product Development
- Retail Pricing



GENERAL MANAGER CUSTOMER SERVICE

GARY HUMPHREYS

- Call Centre Management
- Appliance Trading
- Billing
- Credit Management



GENERAL MANAGER ORGANISATION DEVELOPMENT

STUART LIDDELL
Grad.Dip. Workplace Relations, MA Commerce, MAHRI

- Workplace Relations
- Human Resources
- Employee Services



GROUP GENERAL MANAGER CORPORATE STRATEGY AND DEVELOPMENT

PAUL TOPFER
B. Bus, AIMM

- Corporate Marketing
- Strategy and Planning
- Business Development



GENERAL MANAGER REGULATORY AFFAIRS

TERRI BENSON
B. Bus, CPA

- Regulatory Strategy
- Network Regulation
- Retail Regulation
- Gas Regulation



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Financial performance

Country Energy achieved a strong financial performance in its first year of operation. We met head-on the financial challenges of merging our business, engaging in full retail contestability and delivering value to our customers and shareholders.

The operating result was underpinned by a commitment to customer service and value, operating cost control and effective debt management.

Standard and Poor's set Country Energy's long term credit rating at AA, placing us in the upper echelon of energy companies in the Asia Pacific region. This rating confirms our financial strength.

Whilst Country Energy does not have a prior year for comparison, against a simple aggregation of last year's results, operating revenue grew by 2.8 per cent and Earnings Before Interest and Tax (EBIT) improved a healthy 12 per cent. In budget terms, we met our expectations for 2001-2002 in operating profit, key financial ratios, interest expense and dividends.

Capital expenditure during 2001-2002 exceeded \$250 million with \$192 million expended on Network System Assets demonstrating our commitment to network service quality.

During 2001-2002, we concentrated on building an organisation able to generate customer and shareholder value simultaneously. To continue to do this, we must deliver customer service and value at an acceptable cost. The implementation of a single customer information system (Peace Energy) coupled with financial processes that target value drivers, gave us this capability.

Relationships with New South Wales Treasury and other statutory bodies give us an added strength. Working with these organisations, we are able to target specific activities that contribute towards maximising the value of the electricity industry to New South Wales and our customers.

We began, in 2001-2002, to build the Country's leading energy company. With the strong financial platform established, we can now take the next steps towards realising this goal. We will do this by delivering superior customer value at a competitive price and concentrating on what drives financial value for our organisation.



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

COUNTRY ENERGY

To Members of the New South Wales Parliament

Scope

I have audited the accounts of Country Energy for the year ended 30 June 2002. The financial report includes the consolidated financial statements of the consolidated entity comprising the Corporation and the entities it controlled at the year's end or from time to time during the financial year. The members of the Board of the Corporation are responsible for the financial report consisting of the statements of financial position, statements of financial performance and statements of cash flows, together with the notes thereto, and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament based on my audit as required by section 24A of the *State Owned Corporations Act 1989* and sections 34 and 41C(1) of the *Public Finance and Audit Act 1983* (the PF&A Act).

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Act, Accounting Standards and other mandatory professional reporting requirements, in Australia, so as to present a view which is consistent with my understanding of the Corporation's and the consolidated entity's financial position, the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

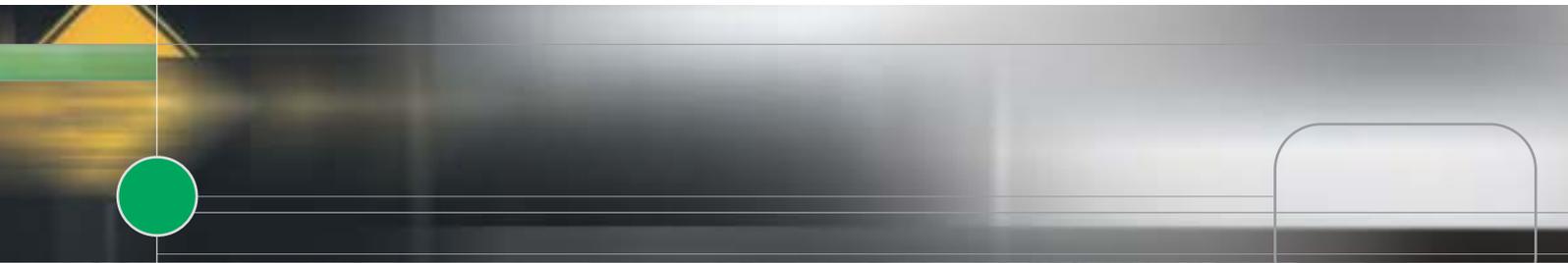
Audit Opinion

In my opinion, the financial report of Country Energy complies with section 41B of the PF&A Act, other statutory reporting requirements and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Corporation and the consolidated entity as at 30 June 2002 and the results of their operations and their cash flows for the year then ended.



R Hegarty FCA
Director of Audit

SYDNEY
18 October 2002



Statement by members of the Board

Pursuant to Section 41 of the Public Finance and Audit Act 1983 we state that:

- 1 The accompanying financial statements are a general purpose financial report which has been prepared in accordance with the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2000, the State Owned Corporation Act 1989, applicable Accounting Standards and other mandatory professional reporting requirements.
- 2 The accompanying financial statements exhibit a true and fair view of the financial position of Country Energy as at 30 June 2002 and of the profit and cash flows of the corporation for the year ended 30 June 2002.
- 3 At the date of this statement, there are reasonable grounds to believe that Country Energy will be able to pay its debts as and when they become due and payable.
- 4 We are not aware of any circumstances which would render any particulars included in these statements to be misleading or inaccurate.

Signed in accordance with a resolution of Directors.



Barbara Ward
CHAIRMAN



Craig Murray
MANAGING DIRECTOR

31 October 2002

country energy

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2002

	NOTE	Consolidated		Corporation	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenue from Ordinary Activities	2	1,425,533	670,439	1,431,830	665,922
Expenses from Ordinary Activities excluding Borrowing Costs and Employer Superannuation Contributions	2	(1,269,091)	(645,221)	(1,269,073)	(619,365)
Borrowing Costs		(92,924)	(35,676)	(92,924)	(35,264)
Employer Superannuation Contributions (refer note 29)		(39,105)	(8,907)	(39,105)	(8,907)
Profit from Ordinary Activities before related Income Tax Expense		24,413	(19,365)	30,728	2,386
Income Tax Benefit/(Expense) relating to Ordinary Activities	3	(6,689)	5,564	(9,324)	(1,815)
Profit from Ordinary Activities after related Income Tax Expense		17,724	(13,801)	21,404	571
Net Profit Result Attributable to Members of the Parent Entity		17,724	(13,801)	21,404	571
Total revenues, expenses and valuation adjustments recognised directly in equity	19	-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners	19	17,724	(13,801)	21,404	571

The prior year Statement of Financial Performance disclosed a \$22.383 million write down of property, plant and equipment in a wholly owned subsidiary. For the purposes of these statements the comparative amount has been disclosed in note 2.

The prior year comparatives disclosed, are those of NorthPower, incorporated as Country Energy. The comparatives do not include the operations of Advance Energy or Great Southern Energy. As a result, the comparatives will not be consistent with the results and financial position disclosed in these statements for the period ended 30 June 2002, for Country Energy.

The accompanying notes form part of this Statement of Financial Performance.

country energy
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2002

	NOTE	Consolidated		Corporation	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Current Assets					
Cash Assets	7	39,426	22,271	35,538	18,235
Receivables	8	170,104	79,468	179,874	85,212
Estimated Revenue from Unread Meters	1(e)	89,293	34,798	89,293	34,798
Inventories	9	19,518	11,625	19,518	11,625
Tax Assets	4	7,297	11,558	6,798	11,558
Other Assets	11	1,709	1,909	1,709	1,909
Total Current Assets		327,347	161,629	332,730	163,337
Non-Current Assets					
Receivables	8	31,896	23,524	31,896	23,524
Investments	10	36	-	37,871	10,000
Property, Plant and Equipment	12	1,994,394	1,009,042	1,874,342	965,515
Intangible Assets	13	30,616	-	10,755	-
Tax Assets	4	65,486	17,651	56,414	10,384
Other Assets	11	528	-	124,548	58,115
Total Non-Current Assets		2,122,956	1,050,217	2,135,826	1,067,538
TOTAL ASSETS		2,450,303	1,211,846	2,468,556	1,230,875
Current Liabilities					
Payables	15	169,598	75,754	170,661	76,912
Deposits	14	13,297	6,654	13,297	6,654
Interest Bearing Liabilities	16	521,828	122,550	521,828	123,744
Tax Liabilities	5	-	15,989	-	16,117
Provisions	17	55,397	47,529	55,397	47,529
Other	18	3,294	-	1,463	-
Total Current Liabilities		763,414	268,476	762,646	270,956
Non-Current Liabilities					
Deposits	14	-	2,333	-	2,333
Interest Bearing Liabilities	16	818,024	423,951	818,024	423,951
Tax Liabilities	5	110,516	16,866	110,114	16,795
Provisions	17	85,040	34,614	85,040	34,614
Other	18	5,254	-	5,254	-
Total Non-Current Liabilities		1,018,834	477,764	1,018,432	477,693
TOTAL LIABILITIES		1,782,248	746,240	1,781,078	748,649
NET ASSETS		668,055	465,606	687,478	482,226
Equity					
Contributed Equity	1(a), 19	95,563	29,385	95,563	29,385
Reserves	19	347,205	347,845	347,205	347,845
Retained Profits/(Losses)	19	225,287	88,376	244,710	104,996
Total Parent Entity Interest		668,055	465,606	687,478	482,226
TOTAL EQUITY		668,055	465,606	687,478	482,226

The prior year comparatives disclosed, are those of NorthPower, incorporated as Country Energy. The comparatives do not include the operations of Advance Energy or Great Southern Energy. As a result, the comparatives will not be consistent with the results and financial position disclosed in these statements for the period ended 30 June 2002, for Country Energy.

The accompanying notes form part of this Statement of Financial Position.

country energy

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2002

	NOTE	Consolidated		Corporation	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
		Inflows / (Outflows)		Inflows / (Outflows)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		1,498,244	707,738	1,496,266	702,615
Payments to suppliers & employees		(1,283,886)	(569,928)	(1,281,792)	(569,891)
Interest received		5,299	1,776	5,071	1,920
Interest and other costs of finance paid		(88,689)	(20,625)	(88,689)	(20,625)
Income tax refund/(paid)		(3,201)	(20,394)	(3,201)	(20,394)
NET OPERATING CASH FLOWS	21	127,767	98,567	127,655	93,625
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(236,859)	(104,349)	(235,599)	(100,166)
Proceeds from sale of property, plant & equipment		7,736	4,226	7,736	4,226
NET INVESTING CASH FLOWS		(229,123)	(100,123)	(227,863)	(95,940)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		179,302	320,008	179,302	320,008
Repayment of borrowings		(48,740)	(349)	(48,740)	(349)
Net community service obligations received/(paid)		5,699	(609)	5,699	(609)
Return of contributed equity to shareholder	19	-	(320,008)	-	(320,008)
Cash acquired from restructure 1 July 2001		12,860	-	12,860	-
Dividends paid	6	(35,061)	(31,731)	(35,061)	(31,731)
NET FINANCING CASH FLOWS		114,060	(32,689)	114,060	(32,689)
NET INCREASE / (DECREASE) IN CASH HELD		12,704	(34,245)	13,852	(35,004)
Cash at the beginning of the financial year		20,899	55,144	15,863	50,867
Cash at the end of the financial year	1(f), 21	33,603	20,899	29,715	15,863

The prior year comparatives disclosed, are those of NorthPower, incorporated as Country Energy. The comparatives do not include the operations of Advance Energy or Great Southern Energy. As a result, the comparatives will not be consistent with the results and financial position disclosed in these statements for the period ended 30 June 2002, for Country Energy.

The accompanying notes form part of this Statement of Cash Flows.

COUNTRY ENERGY AND CONTROLLED ENTITIES

Note 1. SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of the financial statements are:

(a) Reporting Entity

On 1 June 2001 NorthPower changed its name to Country Energy. On 1 July 2001, the net assets and equity of Advance Energy and Great Southern Energy were merged with the net assets and equity of Country Energy. As a result of the merger, the aggregate of the net assets and equity of the three corporations formed the net assets and equity of Country Energy.

Country Energy was incorporated under the State Owned Corporations Act 1989. Country Energy's capital comprises two (2) fully paid \$1.00 ordinary shares issued to the Treasurer and another Minister, currently the Special Minister of State. The \$2.00 share capital has been included in the amount of contributed equity disclosed in the Statement of Financial Position (refer note 19).

These financial statements are the first statements for Country Energy that disclose twelve months operating activities of the three merged entities.

(b) Financial Reporting Framework

The accompanying statements are a general purpose financial report which has been prepared in accordance with the requirements of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000 and the State Owned Corporations Act 1989. The financial statements have been prepared on an accrual accounting, going concern basis in accordance with these Acts and Regulation, and are in conformity with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

The financial statements have been prepared in accordance with the historical cost convention and do not take account of changes in the general purchasing power of the dollar except where stated.

Comparatives

The prior year comparatives disclosed, are those of NorthPower, incorporated as Country Energy. The comparatives do not include the operations of Advance Energy or Great Southern Energy. As a result, the comparatives will not be consistent with the results and financial position disclosed in these statements for the period ended 30 June 2002, for Country Energy.

Comparatives have been reclassified where necessary to enhance comparability in respect of changes in the current year. Where prior year information was not disclosed, or where it is not practical to calculate the information, comparatives have been omitted. Where this has occurred, references have been made accordingly throughout the financial statements.

Figures have been reclassified this year to incorporate changes required by new or revised accounting standards.

(c) Principles of Consolidation

The consolidated financial statements of the economic entity include the financial statements of the Corporation, being the parent entity, and its controlled entities. Details of holdings in controlled entities appear in note 27.

The balances and effects of transactions with the controlled entities included in the financial statements have been eliminated.

The controlled entities are EMLINK Pty Limited, NorthPower Energy Services Pty Limited, Country Energy Gas Pty Limited and EastCoast Gas Pty Ltd.

NorthPower Energy Services Pty Limited and EastCoast Gas Pty Ltd did not operate during the year.

(d) Change in Accounting Policies

The accounting policies are consistent with those applied in the previous year.

The following new or revised Australian Accounting Standards have been applied from 1 July 2001:

- AASB 1041: Revaluation of Non-Current Assets
- AASB 1055: Segment Reporting

(e) Recognition of Revenue

Revenue relating to Country Energy's core operations is classified as revenue from operating activities for the purposes of note 2. All other revenue is classified as revenue outside operating activities for the purposes of note 2.

(i) Sales revenue

Sales revenue comprises of revenue earned (net of returns, discounts and allowances) from the provision of products or services and is recognised when the goods are provided or when the fee in respect of services provided is receivable.

(ii) Revenue from unread meters

Revenue from unread meters is calculated at balance date for those customers who at balance date, did not have their meters read or invoiced. The calculation is based on their estimated consumption.

(iii) Interest income

Interest income is recognised on an accrual basis using the interest applicable to the financial asset.

(iv) Asset sales

The gross proceeds of sale of assets is recognised as revenue and is brought to account when control of the asset passes to the buyer.

(v) Capital contributions

Capital contributions are monies paid by customers, or prospective customers, seeking an augmentation of the electricity and gas distribution systems in circumstances where, in the ordinary course of events, such augmentation would not be undertaken by Country Energy.

Assets that are contributed to Country Energy by customers, are treated as capital contributions and are valued at fair value (refer note 1(g)).

Capital contributions are recognised as revenue when the work has been completed.

Capital contributions relating to works incomplete at balance date are recognised as a liability.

(f) Valuation of Current Assets

(i) Cash assets

For the purposes of the Statement of Financial Position, cash assets include cash on hand and investments at call (refer note 7).

For the purposes of the Statement of Cash Flows, cash includes cash assets net of bank overdraft (refer note 21).

(ii) Receivables

Trade debtors are carried at amounts due. Collectability of debt is assessed at balance date. A general provision is determined after having considered the ageing of the debt and the credit risk of the debtors (refer note 8).

(iii) Investments

Investments are recorded at cost. Any change in market value is recognised as revenue.

(iv) Inventories

Inventories have been valued at the lower of cost and net realisable value. Cost is determined using the average purchase price of each item and comprises the cost of purchase including the cost of bringing the inventories to their appropriate location.

(g) Valuation of Property, Plant and Equipment

In the previous year Country Energy (NorthPower), Advance Energy and Great Southern Energy elected to apply the transitional provisions available to public sector entities under AAS 38: 'Revaluation of Non Current Assets'. The Corporation will continue to value its non current assets in the manner disclosed in this note. A revaluation on the basis of fair value will take place no later than 30 June 2005.

(i) System assets

The network system assets of the three corporations were valued in 1999 by Gutteridge Haskins and Davey Pty Ltd, Worley International Ltd and Arthur Andersen using an "Optimised Depreciated Replacement Cost" (ODRC) methodology.

The carrying values of the three distributors as at 30 June 2001 consisted of the values adopted as a result of the 1999 ODRC valuations in the case of NorthPower, and the values adopted by the directors in the case of Advance Energy and

Great Southern Energy, plus additions at cost, less disposals and depreciation expense. These values were aggregated on the 1 July 2001 to form the carrying values for Country Energy.

The carrying values for Country Energy at balance date consists of the opening fair values plus additions at cost, less disposals and depreciation expense.

(ii) Land and buildings

The land and building asset values of Country Energy (NorthPower) were assessed in conjunction with KPMG Corporate Finance (Aust) Pty Ltd in June 2001. The results supported the carrying values of the assets.

The land and building assets of Advance Energy were valued for the purposes of corporatisation in 1996. These values were reviewed in February 1999 to ensure they approximated market value at that time. The valuations since that date were assessed to ensure that the carrying values did not materially differ from the fair value.

The land and building assets of Great Southern Energy were independently valued by McCann and Associates on 30 June 2001. The carrying values were adjusted to reflect the results of the valuations.

The 30 June 2001 land and building assets carrying values of the three corporations were aggregated on the 1 July 2001 to form the carrying values for Country Energy.

(iii) The assets of EMLINK Pty Limited

The 30 June 2001 carrying values of the subsidiary's system assets were independently valued by KPMG Corporate Finance (Aust) Pty Ltd. The valuations were adopted by the Directors at 30 June 2001 and became part of the Country Energy Consolidated Group at fair value on the 1 July 2001.

(iv) The assets of Country Energy Gas Pty Limited

The subsidiary's gas system assets were acquired by purchasing a number of gas networks during the period from April 1997. The cost of acquisition was based on market values of the assets at the time of purchase. Premiums paid over the market value were recognised as intangible assets (refer note 13).

The carrying values of the assets as at 30 June 2001 consisted of the cost of acquisition, plus additions at cost, less disposals and depreciation expense. These values became part of the Country Energy Consolidated Group at fair value on the 1 July 2001.

(v) Asset acquisition

The value of assets acquired during the year includes the cost of acquisition, the cost of materials, labour and an appropriate proportion of overheads.

Assets that are contributed to by customers are treated as acquired at fair value (refer note 1(e)).

(vi) Recoverable amount test

The carrying amounts of non current assets are reviewed annually to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of the non current asset exceeds the recoverable amount, the asset is written down to the lower value.

The 1 July 2001 opening values were not in excess of the recoverable amounts determined by the three previous corporations.

(vii) Depreciation

The carrying value of property, plant and equipment is net of depreciation where applicable.

Depreciation is calculated for all items of property plant and equipment, except freehold land, based on the estimated useful remaining life of the asset. The straight line or reducing balance methods are used.

Depreciation expense is recognised in the Statement of Financial Performance. Accumulated depreciation is written back against the asset when the asset is revalued.

The estimated remaining lives to the entity for each class of asset are as follows:

Buildings	40 years
Leasehold improvements	Term of lease
System assets	5 - 60 years
Other assets	1 - 10 years

(h) Valuation of Other Non-Current Assets

(i) Investments

Shares held for investment purposes are recorded at cost. Shares held by the corporation in its subsidiaries are eliminated in the consolidated financial statements.

Cash investments are recorded at fair value. Changes to the market value of cash investments are recorded in the Statement of Financial Performance or the asset revaluation reserve in accordance with Australian Accounting Standard AASB 1041 'Revaluation of Non-Current Assets'.

(ii) Intangible assets

The largest item comprising intangible assets, being the Natural Gas Business Licences, was derived when the former Great Southern Energy acquired the Natural Gas Business from the Council of the City of Wagga Wagga. The acquisition involved paying a premium over the value of the asset. The premium is in recognition of the future benefits that will accrue, in addition to the value of the identifiable assets.

The difference between the cost of the Natural Gas Business and the value of the total assets is the value of the intangible asset, being Distribution and Retail licences (refer note 13).

These licences entitle Country Energy to distribute and retail Natural Gas within the Wagga Wagga region, as well as to other contestable markets. The licences have been brought to account having regard to the expected net cash flows derived from holding the licences, and are based on an independent valuation, at the time of acquisition, as part of the allocation of the purchase price of the assets acquired. No amortisation is provided, since the licences have an indefinite economic life. Nothing has occurred to suggest the terms and conditions of the issuance of the licences have not been complied with to support the ongoing carrying value of the asset. The value of these licences are reviewed annually.

(iii) Leased assets

Country Energy has not entered into any finance leases. Operating leases are not capitalised and rental payments are charged against operating profit in the period in which they are incurred (refer note 23).

(i) Liabilities

(i) Payables

Payables are recognised when the corporation is obliged to make a future payment for the purchase of goods or services. Payables are recorded at fair value.

(ii) Interest bearing liabilities

Interest bearing liabilities are disclosed at their capital value.

(iii) Discount and premiums on loans

Discounts and premiums on loans are netted against the appropriate interest bearing liabilities.

(iv) Loan to EMMLINK Pty Limited

The Board of Country Energy has resolved to guarantee repayment of the \$65.1 million loan made to its subsidiary EMMLINK Pty Limited (refer note 11).

(v) Employee entitlements

The provision for employee entitlements to wages, annual leave, sick leave and long service leave represents the amount which Country Energy has a present obligation to pay resulting from employees' services provided up to balance date.

The amounts provided have been apportioned between current and non current provisions, the current provision being that portion which is expected to be paid within the ensuing twelve months (refer note 17).

In calculating wages and annual leave, nominal amounts have been used based on current wages and salaries, including related on costs.

The amounts recognised for sick leave and long service leave are calculated by the NSW Government Actuary in accordance with Australian Accounting Standard AAS 30 'Accounting for Employee Entitlements'. The non current portion of the liabilities have been discounted using rates attaching to Commonwealth government securities at balance date.

(j) Income Tax

The Country Energy Group operates within the NSW Government administered Tax Equivalent Regime (TER) and National Tax Equivalent Regime (NTER). The NTER applies to the controlled entities of EMLINK Pty Limited and Country Energy Gas Pty Limited (refer notes 3, 4 and 5).

Tax effect accounting principles are applied to the financial statements. Timing differences which arise from items of income and expense, being brought to account in different periods for income tax and accounting purposes are carried forward in the Statement of Financial Position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain.

All other future benefits are brought to account only when realisation of the asset is beyond reasonable doubt.

Under TER rules capital contributions are exempt from income tax and the related assets do not attract tax depreciation.

Capital contributions have been treated as permanent differences for the purposes of TER. Capital contributions are assessable for income tax and the related assets do attract tax depreciation under NTER rules.

(k) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(l) Electricity Purchases

Country Energy purchases electricity in the National Electricity Market for resale to its customers. Changes in the spot market may generate adverse financial effects. In order to minimise the risk, electricity trading positions are hedged. The gains and losses arising from these hedging transactions are brought to account on settlement and are included as part of electricity purchases (refer note 22(d)).

(m) Construction Contracts

Profit is recognised on fixed price construction contracts in proportion to the progress on each contract when all of the following conditions are satisfied:

- total contract revenues to be received and the costs to complete the contract can be reliably estimated;
- the stage of contract completion can be reliably determined; and
- the costs attributable to the contract date can be clearly identified and can be compared with prior estimates.

Profit is recognised on cost plus construction contracts in proportion to the progress on each contract when all of the following conditions are satisfied:

- the costs attributable to the contract to date can be clearly identified;
- costs to complete other than those that will be specifically reimbursable under the contract can be reliably estimated; and, where relevant,
- the stage of contract completion can be reliably determined.

Any material losses on construction contracts are brought to account as soon as they are foreseeable.

(n) Joint Venture

Interest in joint ventures have been reported in the financial statements by including the economic entity's share of assets employed, and share of liabilities incurred, in their respective classification categories (refer note 30).

(o) Foreign Currency

Foreign currency transactions are converted to Australian currency at the rates of exchange applicable at the dates of the transactions.

The treatment of foreign currencies that are hedged together with outstanding foreign currency balances, are set out in note 22(d)(i).

(p) Rounding of Amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars unless specifically stated otherwise.

(q) Exemptions

Exemptions have been granted by the Treasurer under Section 41BA of the Public Finance and Audit Act and Section 15 of the Regulation, so that the financial reporting requirements which apply are broadly consistent with the Corporations Law reporting requirements, given that the entity is competing in the national electricity market.

The following specific disclosures are not required to be made as a result of the exemptions:

Financial Reporting Exemptions

Public Finance and Audit Act – *Format of financial statements*

- Section 41B(c) PF&AA – Financial Statements

Schedule 1, Part 1: PF&A Reg – *Notes – Income and expenditure*

- Item 2 – Amounts set aside for renewal or replacement of fixed assets.
- Item 4 – Amounts set aside to any provision for known commitments.
- Item 6 – Amount appropriated for repayment of loans / advances / debentures / deposits
- Item 13 – Material items of income and expenditure on a program or activity basis.

Schedule 1, Part 3: PF&A Reg – *Notes – Additional information*

- Item 13 – Excess of non-current asset value over replacement cost

Annual Reporting Exemptions

Budgets	s.7(1)(a)(iii) ARSBA cl 6 ARSBR
Report of Operations	s.7(1)(a)(iv) ARSBA
Management & Activities	Schedule 1 ARSBR
Research & Development	Schedule 1 ARSBR
Human Resources	Schedule 1 ARSBR
Consultants	Schedule 1 ARSBR
Land Disposal	Schedule 1 ARSBR
Consumer Response	Schedule 1 ARSBR
Payment of Accounts	Schedule 1 ARSBR
Time for Payment of Accounts	Schedule 1 ARSBR
Report on Risk Management & Insurance Activities	Schedule 1 ARSBR
Disclosure of Controlled Entities	Schedule 1 ARSBR
Investment Management Performance	cl. 12 ARSBR
Liability Management Performance	cl. 12 ARSBR
Financial Statements of Controlled Entities	s.7(1)(a)(ia) ARSBA

Reference

ARSBA - Annual Reports (Statutory Bodies) Act 1984

ARSBR - Annual reports (Statutory Bodies) Regulation 2000

PF&AA - Public Finance & Audit Act 1983

PF&A Reg - Public Finance and Audit Regulation 2000

Note 2. COMPONENTS OF REVENUE AND EXPENSES

	Consolidated		Corporation	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenue from Operating Activities				
Sale and delivery of energy	1,329,707	620,154	1,328,720	612,041
Capital contributions (refer note 1(e))	40,611	13,533	40,605	13,533
Rental income (refer note 23(e))	1,247	1,027	1,247	1,027
Other revenue from ordinary activities	43,109	29,308	43,109	29,308
	1,414,674	664,022	1,413,681	655,909
Revenue from Outside the Operating Activities				
Investment revenue (refer note 1(e))	1,579	2,191	8,869	5,787
Proceeds on sale of property plant & equipment	9,280	4,226	9,280	4,226
	10,859	6,417	18,149	10,013
Total Revenues from Ordinary Activities	1,425,533	670,439	1,431,830	665,922
Expenses Relating to Ordinary Activities				
Cost of sale and delivery of energy	1,220,399	624,940	1,220,382	599,085
Cost of other revenue from ordinary activities	48,692	20,281	48,691	20,280
Total Expenses Relating to Ordinary Operations	1,269,091	645,221	1,269,073	619,365
Expense Items Included in Total Expenses relating to Ordinary Operations				
<i>Expenses from Operating Activities</i>				
Amounts charged against provisions for employee entitlements	25,747	8,888	25,747	8,888
Depreciation of property, plant and equipment	106,893	55,987	102,976	53,926
Amortisation of intangible assets	276	-	121	-
Consultants expenses (Amounts capitalised \$0.441 million)	993	1,364	990	1,349
Bad debts expense	2,768	1,165	2,768	1,165
Minimum lease payments on operating leases (refer notes 1(h) and 23)	8,696	4,106	8,696	4,106
<i>Expenses from Outside Operating Activities</i>				
Carrying value of property, plant & equipment sold	8,956	6,322	8,956	6,322
Accelerated depreciation on computer assets	-	15,082	-	15,082
Write down of property, plant and equipment in wholly owned subsidiary	-	22,383	-	-

Other Business Activities

Country Energy carries out a number of commercial business activities which are incidental to, associated with, or are related to the supply and delivery of energy. Individually these activities are not of significant size, nature or incidence. The aggregate of revenue from these activities of \$41.827 million is included in other revenue from ordinary activities. The aggregate of expenses from these activities of \$32.936 million is included in cost of other revenue from ordinary activities.

Community Service Obligations

Community Service Obligation (CSO) revenue and expenses were disclosed in the prior year financial statements. For the purposes of these statements CSO revenue and expenses of \$18.508 million (\$10.150 million in 2001) have been included in the totals of revenue from ordinary activities and expenses from ordinary activities respectively.

Note 3. INCOME TAX EXPENSE

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Operating profit before tax expense	24,413	(19,365)	30,728	2,386
Prima facie tax thereon at 30% (34% in 2001)	7,324	(6,584)	9,218	811
<i>Tax effect of permanent differences</i>				
Entertainment expense	46	19	46	19
Legal expenses	63	-	41	-
Employer superannuation overfunded contributions	666	2,747	666	2,747
Capital Contributions (net of depreciation) not assessable	(9,889)	(3,097)	(9,889)	(3,097)
Book depreciation on capital contributed assets	53	-	-	-
Sundry items	10,183	-	10,136	-
<i>Other Adjustments</i>				
Prior year (over)/under provision of income tax	(1,113)	16	(250)	-
Revaluation of Deferred Tax Balances	-	1,335	-	1,335
Other	(644)	-	(644)	-
Total income tax (benefit)/expense attributable to operating profit	6,689	(5,564)	9,324	1,815

Note 4. TAX ASSETS

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Current				
Future Income Tax Benefits	499	11,558	-	11,558
Prepaid Income tax	6,798	-	6,798	-
Total Current Tax Assets	7,297	11,558	6,798	11,558
Non-Current				
Future Income Tax Benefits	65,486	17,651	56,414	10,384
Total Non-Current Tax Assets	65,486	17,651	56,414	10,384

Note 5. TAX LIABILITIES

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Current				
Deferred Income Tax liability	-	13,806	-	13,806
Provision for Income Tax	-	2,183	-	2,311
Total Current Tax Liabilities	-	15,989	-	16,117
Non-Current				
Deferred Income Tax liability	110,516	16,866	110,114	16,795
Total Non-Current Tax Liabilities	110,516	16,866	110,114	16,795

Note 6. DIVIDENDS

Dividends were paid during the year of \$35.061 million (\$31.731 million in 2001). These were recognised as a liability at the prior year's balance date (refer note 17).

A dividend of \$12 million has been provided for at balance date (\$12 million in 2001).

Note 7. CASH ASSETS

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Current				
Cash and deposits	313	35	307	29
Investments at Call - TCorp at cost	19,313	21,236	15,431	16,206
Investments in private sector securities	-	1,000	-	1,000
Deposit to NEMMCO	19,800	-	19,800	-
Investments in subsidiary corporations	-	-	-	1,000
Total Cash Assets	39,426	22,271	35,538	18,235

Note 8. RECEIVABLES

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Current				
Trade debtors	85,428	40,518	85,362	40,495
Provision for doubtful debts	(3,220)	(1,174)	(3,220)	(1,174)
Trade debtors, net of provision	82,208	39,344	82,142	39,321
Other debtors	88,970	35,920	88,970	35,920
Provision for doubtful debts	(1,074)	(236)	(1,074)	(236)
Other debtors, net of provision	87,896	35,684	87,896	35,684
Over Funded Superannuation	-	4,440	-	4,440
Subsidiary corporation	-	-	9,836	5,767
Total Current Receivables	170,104	79,468	179,874	85,212
Non-Current				
Other debtors	890	282	890	282
Over Funded Superannuation	31,006	23,242	31,006	23,242
Total Non-Current Receivables	31,896	23,524	31,896	23,524

Note 9. INVENTORIES

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Inventories - at lower of cost and net realisable value	19,543	11,625	19,543	11,625
Provision for stock obsolescence	(25)	-	(25)	-
Total Inventories	19,518	11,625	19,518	11,625

Note 10. INVESTMENTS (NON CURRENT)

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Investments in subsidiary corporations	-	-	37,871	10,000
Other Investments	36	-	-	-
Total Non Current Investments	36	-	37,871	10,000

Note 11. OTHER ASSETS

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Current				
Prepayments	1,629	1,909	1,629	1,909
Deferred Interest	80	-	80	-
Total Current Other Assets	1,709	1,909	1,709	1,909
Non-Current				
Other assets	528	-	407	-
Loan to related corporation	-	-	124,141	58,115
Total Non-Current Assets	528	-	124,548	58,115

Note 12. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
System Assets				
Opening written down value:				
At cost	250,197		206,670	
At valuation	732,450		732,450	
Accumulated Depreciation	(74,211)		(74,211)	
Capital stores at cost	-		-	
Work in Progress	14,908		14,908	
Opening written down value:	923,344		879,817	
Net movements:				
Additions	163,828		151,818	
Depreciation expense	(73,887)		(69,971)	
Increase/(decrease) in capital stores	66		66	
Increase/(decrease) in work in progress	13,646		13,646	
Assets transferred in on restructure (refer note 1(g))				
At cost	309,648		270,430	
At valuation	580,503		548,400	
Accumulated Depreciation	(148,066)		(145,176)	
Capital Stores	1,281		1,281	
Work in Progress	17,904		17,904	
Net movements:	864,923		788,398	
Closing written down value:				
At cost	723,673		628,918	
At valuation	1,312,953		1,280,850	
Accumulated Depreciation	(296,164)		(289,358)	
Capital stores at cost	1,347		1,347	
Work in Progress	46,458		46,458	
Closing written down value:	1,788,267	923,344	1,668,215	879,817

country energy
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2002

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Land and Buildings				
Opening written down value:				
At cost	501		501	
At valuation	36,510		36,510	
Accumulated Depreciation	(1,473)		(1,473)	
Opening written down value:	35,538		35,538	
Net movements:				
Additions	2,665		2,665	
Disposals	(4,143)		(4,143)	
Depreciation expense	(1,671)		(1,671)	
Assets transferred in on restructure (refer note 1(g))				
At cost	7,198		7,198	
At valuation	27,902		27,902	
Accumulated Depreciation	(2,061)		(2,061)	
Net movements:	29,890		29,890	
Closing written down value:				
At cost	9,674		9,674	
At valuation	60,815		60,815	
Accumulated Depreciation	(5,061)		(5,061)	
Closing written down value:	65,428	35,538	65,428	35,538
Plant and Equipment				
Opening written down value:				
At cost	113,977		113,977	
Accumulated Depreciation	(63,817)		(63,817)	
Opening written down value:	50,160		50,160	
Net movements:				
Additions	71,260		71,260	
Disposals	(4,813)		(4,813)	
Depreciation expense	(31,334)		(31,334)	
Assets transferred in on restructure (refer note 1(g))				
At cost	113,882		113,882	
At valuation	-		-	
Accumulated Depreciation	(58,456)		(58,456)	
Net movements:	90,539		90,539	
Closing written down value:				
At cost	289,120		289,120	
Accumulated Depreciation	(148,421)		(148,421)	
Closing written down value:	140,699	50,160	140,699	50,160
Total property, plant and equipment net book value	1,994,394	1,009,042	1,874,342	965,515

Comparative data is only available for the carrying value of each asset class.

Note 13. INTANGIBLE ASSETS

	Consolidated 2002 \$'000	Corporation 2002 \$'000
Franchise Setup Fees	76	76
Alliance	16	16
Accumulated amortisation	(31)	(31)
Net Setup and Alliance	61	61
Business Retail licences	323	323
Accumulated amortisation	(181)	(181)
Net Business Retail licences	142	142
Goodwill	4,701	51
Accumulated amortisation	(284)	(51)
Net Goodwill	4,417	-
Natural Gas Distributor and Retail licences at Directors' Valuation	24,740	10,552
Purchase Rights and Agreements	1,256	-
Net Natural Gas Distributor and Retail licences	25,996	10,552
Total Intangible Assets	30,616	10,755

Intangible assets were not held by Country Energy at 30 June 2001.

Note 14. DEPOSITS

	Consolidated		Corporation	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Current				
Electricity Customers	12,013	5,584	12,013	5,584
Contractors and Others	1,284	1,070	1,284	1,070
Total Current Deposits	13,297	6,654	13,297	6,654
Non-Current				
Electricity Customers	-	2,333	-	2,333
Total Non-Current Deposits	-	2,333	-	2,333

Note 15. PAYABLES

	Consolidated		Corporation	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Current				
Trade creditors - unsecured	72,996	54,877	72,689	54,766
Other creditors - unsecured	20,170	2,725	20,170	2,725
Accrued interest expense	34,424	18,152	34,424	18,152
Other accrued expenses	42,008	-	42,008	-
Related corporation	-	-	1,370	1,269
Total Current Payables	169,598	75,754	170,661	76,912

Note 16. INTEREST BEARING LIABILITIES

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Current				
Bank Overdraft	5,822	1,372	5,822	1,372
Loans	516,006	121,178	516,006	122,372
Total Current Interest Bearing Liabilities	521,828	122,550	521,828	123,744
Non-current				
Loans	818,024	423,951	818,024	423,951
Total Non-Current Interest Bearing Liabilities	818,024	423,951	818,024	423,951
Due to be repaid:				
Not later than one year	521,828	122,550	521,828	123,744
Later than one year but not later than two years	84,567	105,185	84,567	105,185
Later than two years but not later than five years	481,857	234,944	481,857	234,944
Later than five years	251,600	83,822	251,600	83,822
Total Interest Bearing Liabilities	1,339,852	546,501	1,339,852	547,695

All loans are guaranteed by the NSW Government.

Note 17. PROVISIONS

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Current				
Dividends	12,000	12,000	12,000	12,000
Employee entitlements	37,389	12,732	37,389	12,732
Other provisions	2,000	2,000	2,000	2,000
Provision for establishment	4,008	20,797	4,008	20,797
Total Current Provisions	55,397	47,529	55,397	47,529
Non-Current				
Employee entitlements	85,040	34,614	85,040	34,614
Total Non-Current Provisions	85,040	34,614	85,040	34,614

Note 18. OTHER LIABILITIES

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Current				
Unearned revenue	3,294	-	269	-
Loan from related corporation	-	-	1,194	-
Total Current Other liabilities	3,294	-	1,463	-
Non-Current				
Deferred Interest	5,228	-	5,228	-
Under funded superannuation liability	26	-	26	-
Total Non-Current Other Liabilities	5,254	-	5,254	-

Note 19. COMPONENTS OF EQUITY

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Contributed Equity				
Opening Balance	29,385	349,393	29,385	349,393
Movement:				
Return of Contributed Equity to Shareholder	-	(320,008)	-	(320,008)
Contribution as a result of restructure (refer note 1(a))	66,178	-	66,178	-
Contributed Equity Closing Balance	95,563	29,385	95,563	29,385
Asset Revaluation Reserve				
Opening balance	347,845	347,845	347,845	347,845
Movement:				
Transfers to retained profits	(640)	-	(640)	-
Asset Revaluation Reserves Closing Balance	347,205	347,845	347,205	347,845
Retained Profits				
Opening Balance	88,376	114,160	104,996	116,408
Movement:				
Contribution as a result of restructure (refer note 1(a))	138,374	-	137,497	-
Profit from Ordinary Activities after Income Tax Expense	17,724	(13,801)	21,404	571
Adjustment to prior year's dividend provided	-	17	-	17
Dividends Provided and Paid	(19,827)	(12,000)	(19,827)	(12,000)
Transfers from reserves	640	-	640	-
Retained Profits Closing Balance	225,287	88,376	244,710	104,996

The Asset Revaluation Reserve comprises of increments and decrements resulting from revaluations of Property Plant and Equipment.

Note 20. FINANCE FACILITIES

	Consolidated	Corporation
	2002	2002
	\$'000	\$'000
At balance date the Corporation had access to the following finance facilities:		
Bank Overdraft	12,000	12,000
Lines of credit	49,900	49,900
Loans	1,569,600	1,569,600
Lease facilities	800	800
Total available finance facilities	1,632,300	1,632,300
At balance date the unused amounts of those facilities listed above were:		
Bank Overdraft	6,178	6,178
Lines of credit	26,881	26,881
Loans	81,634	81,634
Total unused finance facilities	114,693	114,693

Comparative data is not available for the classes of facilities listed above.

Note 21. NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 2002

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of net profit to net cash provided by operating activities				
Profit from Ordinary Activities after Income Tax Expense	17,724	(13,801)	21,404	571
Items classified as investing/finance activities:				
(Profit)/loss on sale of property, plant and equipment	(334)	17,178	(334)	17,178
Non cash items:				
Provision for establishment	-	20,797	-	20,797
Amounts set aside to other provisions	3,330	(8,021)	3,329	(8,021)
Depreciation	106,893	55,987	102,976	53,926
Amortisation	276	-	121	-
Write down of Property, Plant and Equipment	-	22,383	-	-
Prepaid superannuation	-	3,887	-	3,887
Increase/(decrease) in deferred taxes payable	4,584	(15,938)	7,220	(8,558)
Other	-	1,468	-	-
Changes in assets and liabilities during the financial year:				
(Increase)/decrease in unread meters	(11,299)	104	(11,299)	104
(Increase)/decrease in receivables	(9,019)	(7,377)	(1,242)	(5,036)
(Increase)/decrease in inventories	1,787	(2,989)	1,787	(2,989)
(Increase)/decrease in prepayments and other current assets	7,932	3,881	7,932	3,881
(Increase)/decrease in operating non current receivables	28,366	-	28,366	-
(Increase)/decrease in other operating non current assets	(13,917)	-	(14,094)	-
Increase/(decrease) in operating payables	5,448	22,191	(4,507)	19,068
Increase/(decrease) in customer deposits	(2,870)	(3,881)	(2,870)	(3,881)
Increase/(decrease) in provisions	-	2,698	-	2,698
Increase/(decrease) in other operating liabilities	(11,134)	-	(11,134)	-
Net cash provided by operating activities	127,767	98,567	127,655	93,625
(b) Components of Cash				
Cash on Hand	313	35	307	29
Cash at Bank/(Overdraft)	(5,822)	(1,372)	(5,822)	(1,372)
Investment securities	39,112	22,236	35,230	17,206
	33,603	20,899	29,715	15,863

Note 22. FINANCIAL INSTRUMENTS - CONSOLIDATED

(a) Interest Rate Risk

The Corporation enters into future contracts to manage cash flow risks associated with the interest rates on borrowings that are floating, or to alter interest rate exposures arising from mismatches in repricing dates between assets and liabilities.

The Corporation's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

2002 Financial Assets	Note	Fixed interest rate maturing in:					Non-interest bearing	Total	Weighted avg. interest rate %
		Floating interest rate \$,000	1 year or less \$,000	1 - 5 years \$,000	More than 5 years \$,000	\$,000			
Cash	7	-	-	-	-	313	313	-	
Investments	7,10	19,313	-	-	-	36	19,349	4.30	
Deposits	7	-	19,800	-	-	-	19,800	4.75	
Receivables	8	-	138	849	41	290,265	291,293	10.60	
Other	11	-	-	-	-	2,237	2,237	-	
Total Financial Assets		19,313	19,938	849	41	292,851	332,992		
2002 Financial Liabilities									
Overdraft	16	5,822	-	-	-	-	5,822	8.00	
Borrowings	16	322,258	187,848	534,840	289,085	-	1,334,031	6.25	
Payables	15	-	-	-	-	169,598	169,598	-	
Other	14,18	1,000	-	-	-	20,844	21,844	3.79	
Total Financial Liabilities		329,080	187,848	534,840	289,085	190,442	1,531,295		

As a result of restructure at the beginning of the year, it is not practical to calculate comparative data (refer note 1(b)).

(b) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to meet their financial obligations.

The credit risk of financial assets, excluding investments, of the Corporation which have been recognised on the Statement of Financial Position is reflected in the carrying amount net of any provision for doubtful debts.

The Corporation minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties in Australia. The Corporation is not materially exposed to any individual customer or counterparty.

Credit risk related to derivative contracts is minimised by ensuring counterparties are recognised financial intermediaries with acceptable credit ratings by a recognised agency.

Foreign exchange contracts are subject to credit risk in relation to the relevant counterparties, which are principally large banks. The maximum credit risk exposure on foreign exchange contracts is the full amount of foreign currency the Corporation pays.

All futures contracts are transacted through a recognised futures exchange. There is no credit risk associated with these contracts.

(c) Net Fair Value of Financial Assets and Liabilities

Financial instruments are carried at net fair value unless stated otherwise (refer note 1(h)). These are disclosed in note 22 (a) above.

Other than loan debt which is actively managed under a risk management agreement with Macquarie Risk Advisory Services Limited, financial assets and liabilities are not readily traded on organised markets in standardised form.

All financial instruments are disclosed on the Statement of Financial Position.

(d) Derivative Financial Instruments

The corporation is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. The following derivative instruments are used to hedge these risks: interest rate futures contracts, forward foreign exchange contracts and futures commodity price contracts. Derivative financial instruments are not held for speculative purposes.

Derivative financial instruments designated as hedges are accounted for on the same basis as the underlying exposure. Those relating to the trading of energy, a commodity, are not required to be disclosed under Australian Accounting Standard AAS33 "Presentation and Disclosure of Financial Instruments".

(i) Foreign Exchange Contracts

The Corporation enters into forward foreign exchange contracts to hedge certain anticipated purchase commitments denominated in foreign currencies (refer note 1(o)).

The Corporation's policy is to enter into forward foreign exchange contracts to hedge 100% of foreign currency risk where contract value exceeds \$0.05 million within Board approved limits. The amount of anticipated future purchases is forecast in light of commitments from suppliers.

The details of outstanding forward exchange contracts are listed in the following table:

	2002 \$'000	2001 \$'000	2002 Weighted Exchange Rate	2001
Settlement less than 12 months				
Buy Canadian dollars	70	-	0.85	-
Buy US dollars	-	744	-	0.48

As these contracts are hedging anticipated purchases, any unrealised gains and losses on the contracts together with the costs of the contract will be recognised in the financial statements at the time the underlying transaction occurs. The net unrecognised gain on hedges of anticipated foreign currency purchases at 30 June 2002 was not sufficient to disclose at rounded values.

Where the underlying transaction occurred on or before balance date, the effect of the hedge has been recognised in the financial statements.

(ii) Interest Rate Swaps

Interest rate swap transactions entered into by the Corporation, exchange variable and fixed interest payment obligations to protect long term borrowings from the risk of increasing interest rates. Variable and fixed interest rate debt is held, and swap contracts are entered to receive interest at both variable and fixed rates, and to pay interest at both variable and fixed rates.

The settlement dates of the swap contracts correspond with interest payment dates of the borrowings. The swap contracts require settlement of the net interest receivable or payable and are brought to account as an adjustment to borrowing costs.

The details of interest rate swap contracts are listed in the following table:

	Notional Principal		Market Value	Effective Avg Interest Rate Payable	
	2002 \$'000	2001 \$'000		2002 \$'000	2002 %
Settlement due within 12 Months	15,000	85,000	38	4.66	5.86
Settlement due in One to 2 years	49,500	15,000	(861)	5.09	4.99
Settlement due in 2 to 5 years	86,000	87,000	(1,228)	4.79	5.83
Settlement due after 5 years	465,500	285,500	(14,857)	6.25	5.90
	616,000	472,500	(16,908)		

Note 23. COMMITMENTS

	Consolidated		Corporation	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
a. Capital expenditure commitments				
Estimated capital expenditure contracted for at balance date but not provided for				
- not later than one year	943	5,692	943	4,842
- later than one year and not later than five years	8,655	-	8,655	-
	9,598	5,692	9,598	4,842
Capital expenditure commitments include input tax credits	872	440	872	440
b. Operating expenditure commitments excluding leases				
Estimated operating expenditure contracted for at balance date but not provided for				
- payable not later than one year	12,949	1,319	12,949	1,319
- later than one year and not later than five years	14,067	-	14,067	-
- later than five years	77	-	77	-
	27,093	1,319	27,093	1,319
Operating expenditure commitments include input tax credits	2,463	120	2,463	120
c. Operating lease (equipment) expenditure commitments (refer notes 1(h) and 2)				
- not later than one year	4,210	1,947	4,210	1,947
- later than one year and not later than five years	4,151	1,655	4,151	1,655
	8,361	3,602	8,361	3,602
Equipment Lease expenditure commitments include input tax credits	760	327	760	327
d. Operating lease (property) expenditure commitments (refer notes 1(h) and 2)				
- not later than one year	4,327	2,170	4,327	2,170
- later than one year and not later than five years	12,806	7,712	12,806	7,712
- later than five years	2,408	8,625	2,408	8,625
	19,541	18,507	19,541	18,507
Property Lease expenditure commitments include input tax credits	1,776	1,679	1,776	1,679
e. Operating lease (property) revenue commitments (refer note 1(h) and 2)				
Comparative data is not available for leases revenue commitments.				
- not later than one year	1,065	650	1,065	650
- later than one year and not later than five years	1,265	1,145	1,265	1,145
- later than five years	168	380	168	380
	2,498	2,175	2,498	2,175

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

There are 217 non cancellable equipment leases referred to in c above.

The majority of the leases have no contingent rentals, renewal options, conditions or restrictions.

Minimum leases payments total \$8.361 million (\$3.602 million in 2001), including input tax credits of \$0.760 million (\$0.328 million in 2001).

There are 69 non cancellable property leases referred to in d above.

The majority of the leases have contingent rentals either based on cpi or some other increment, and renewal options between 1 and 5 years.

Minimum leases payments total \$4.661 million (\$0.554 million in 2001), including input tax credits of \$0.424 million (\$0.047 million in 2001).

There are no conditions or restrictions.

Additional to the group noted above, there are two leases with 5 year plus 5 year renewal options.

Minimum lease payments are \$14.880 million (\$17.953 million in 2001), including input tax credits of \$1.352 million (\$1.632 million in 2001).

Minimum lease payments upon renewal, will be based on the market value applying at the time.

The lease may be assigned in part or in whole, and sublet in part or in whole, with the consent of the lessor.

There are 132 property leases referred to in e above.

Included in this group are 7 leases with a short termination arrangement of one month or less.

The following values have been recognised in the financial statements in respect of the revenue earning leases.

	2002
	\$'000
Gross amount of asset	8,583
Accumulated depreciation	566
Depreciation recognised as an expense	221
Lease commitments receivable	71

Note 24. AUDITORS' REMUNERATION

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Remuneration received, or due and receivable, by the auditor of the economic entity for:				
- An audit or review of the financial statements	450	185	445	180
Remuneration received, or due and receivable, by auditors, other than of the auditor of the economic entity for:				
- An audit or review of the financial statements	60	23	60	23

Note 25. DIRECTORS' REMUNERATION

	Consolidated		Corporation	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
The aggregate amount of remuneration paid or due and payable, directly or indirectly to directors, but excluding salaries of full time officers.	360	228	360	176
The aggregate amount of retirement benefits paid to superannuation plans during the financial year for the benefit of directors is:	62		62	

Retirement benefits were not disclosed in the prior year financial statements.

Note 26. RELATED PARTIES

Directors

The names of persons holding the position of Director of Country Energy during the financial year are:

Barbara Ward (Chairman)
 Craig Murray (Managing Director)
 Michael Boyce (until 28 February 2002)
 David Hughes (until 28 February 2002)
 Michael Lee (from 1 March 2002)
 Greg McLean (from 30 April 2002)
 Tim Sullivan
 Rowena Sylvester (from 1 March 2002)
 John Wearne AM
 Bill Wooldridge (until 29 April 2002)

Details of directors' remuneration are set out in note 25.

Some Directors of Country Energy are also Directors of other companies, or have a substantial interest in other companies or entities, that may have had transactions with Country Energy during the year. A Register of Directors' Interests is confirmed and noted at each meeting of the Board. During the year, Country Energy entered one contract with an entity in which a Director declared a material interest. On that occasion, the interested Director left the meeting and took no part in any discussions or the decisions relating to the matter.

Wholly owned Group

The wholly owned group consists of Country Energy and its wholly owned controlled entities, EMLINK Pty Limited, NorthPower Energy Services Pty Limited, Country Energy Gas Pty Limited and EastCoast Gas Pty Ltd.

Ownership interests in these entities is set out in note 27.

Other Related Parties

Country Energy has an interest in a joint venture. Details are set out in note 30.

Note 27. CONTROLLED ENTITIES

The Group includes a consolidation of the following controlled entities, incorporated in Australia.

Name of Entity	Shares Held	Interest
EMMLINK Pty Limited	10,000,000 Ordinary shares - \$1 each	100%
NorthPower Energy Services Pty Limited	1,000,000 Ordinary shares - \$1 each	100%
Country Energy Gas Pty Limited	26,870,593 Ordinary shares - \$1 each	100%
EastCoast Gas Pty Ltd (wholly owned subsidiary of Country Energy Gas Pty Limited)	2 Ordinary shares - \$1 each	100%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

The following is a comparison of key figures after consolidation and their proportion to group totals.

	Total Revenue		Operating Profit (Loss) Before Income Tax		Total Assets	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Country Energy	1,424,313	662,054	30,959	(1,482)	2,297,207	1,155,993
EMMLINK Pty Limited	1,171	8,385	(1,880)	(17,882)	55,462	55,853
NorthPower Energy Services Pty Limited	-	-	(1)	(1)	-	-
Country Energy Gas Pty Limited	49	-	(4,665)	-	97,634	-
Group Total	1,425,533	670,439	24,413	(19,365)	2,450,303	1,211,846

As a result of the Country Energy Gas Group joining the Country Energy Group on the 1 July 2001, comparative data is not applicable.

Note 28. STATEMENT OF OPERATIONS BY SEGMENT

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and the Australian Accounting Standard AASB 1005 Segment Reporting.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to that segment, and also include any portion that can be allocated to that segment on a reasonable basis. Segment assets and liabilities include those that are used by that segment and includes allocations of assets and liabilities attributable to that segment using appropriate drivers as a reasonable estimate. Segment assets excludes income tax assets and financing assets. Segment liabilities exclude income tax liabilities, dividend provision, borrowings, bank overdraft and other financing liabilities.

Business Segments

The consolidated entity operates in the Energy Segment. This involves the distribution and retailing of electricity and gas. Revenue is earned from sales to both franchise and contestable customers as well as from electricity retailers for the use of its electricity network.

Geographical Segments

The consolidated entity operates in one geographical segment, being Australia.

	Energy 2002 \$'000	Other 2002 \$'000	Inter Segment 2002 \$'000	Consolidated 2002 \$'000
PRIMARY REPORTING - BUSINESS SEGMENTS				
Revenue				
Sales to external customers	1,330,651	43,074	-	1,373,725
Inter-segment sales	-	-	-	-
Total Sales Revenue	1,330,651	43,074	-	1,373,725
Other revenue	50,229	-	-	50,229
Total Segment Revenue	1,380,880	43,074	-	1,423,954
Reconciliation of Segment Revenue To Entity Revenue from Ordinary Activities				
Total segment revenue				1,423,954
Add: investment income				1,579
Revenue from ordinary activities				1,425,533

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

	Energy 2002 \$'000	Other 2002 \$'000	Inter Segment 2002 \$'000	Consolidated 2002 \$'000
Expenses				
Non cash expenses included in segment results	63,431	-	-	63,431
Depreciation and amortisation included in segment results	106,892	-	-	106,892
Segment Result	133,158	(17,400)	-	115,758
Reconciliation of Segment Result to Entity				
Net Profit after Tax				
Segment Result				115,758
Add: revenues excluded from segment result				1,579
Less: expenses excluded from segment result				(92,924)
Profit/(loss) from ordinary activities before income tax expense				24,413
Income tax expense				(6,689)
Profit/(loss) from ordinary activities after income tax expense				17,724
Assets and Liabilities				
Segment asset	2,250,671	87,387	-	2,338,058
Assets excluded from segment assets				112,245
Total Entity Assets				2,450,303
Segment Liabilities	291,213	40,667	-	331,880
Liabilities excluded from segment liabilities				1,450,368
Total Entity Liabilities				1,782,248

SECONDARY REPORTING - GEOGRAPHICAL SEGMENTS

Revenue by location of customer	1,423,954
Carrying amounts of segment assets by location	2,338,058
Acquisition of non current assets by location	1,147,815

Non current assets of \$910.062 million were acquired at the beginning of the year as a result of a restructure, and are included in the total of acquisition by location (refer note 1(a)).

As a result of the restructure, it is impractical to calculate comparative data.

Note 29. SUPERANNUATION PLANS

The Corporation contributes to one defined contribution and several defined benefit employee superannuation plans of the Energy Industries Superannuation Schemes Pty Ltd. The Corporation also contributes to a defined employee benefit plan of the Electricity Supply Industry Superannuation (Qld) Ltd.

In the case of the defined benefit employee superannuation plans, employer contributions are based on the advice of the plans' actuaries. Employee contributions are based on various percentages of employee gross salaries. After serving a qualifying period all employees are entitled to benefits on retirement, disability or death.

The plans provide defined benefits based on years of service and final average salary. In accordance with the various Trust Deeds the Corporation is under no legal obligation to make up any shortfall in the plans' assets to meet payments due to employees.

An assessment of the defined benefit plans as at 30 June 2002 was carried out by Superannuation Services Company Pty Limited for NSW employees, and Electricity Supply Industry Superannuation (Qld) Ltd for Qld employees. The actuaries used by the trustees were William M Mercer Pty Limited (NSW) and NSP Buck Pty Limited (Qld). The authorities concluded that the assets of the plans were sufficient to meet all benefits payable in the event of the plans' termination or the voluntary or compulsory termination of all contributors of the Corporation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

The accrued benefits and plan assets at net market value are set out below. Accrued benefits are benefits which the plans are presently obliged to pay at some future date as a result of membership of the plans.

The directors, based on the advice of the trustees of the plans, are not aware of any changes in circumstances since the date of the most recent financial statements of the plans which would have a material impact on the overall financial position of the plans.

The 2002 estimates are based on the table of assumptions below. The actuary has made these estimates based upon a number of assumptions in relation to member "exits" from the schemes.

Actuarial Assumptions	2001	2002	2003 Thereafter	
	%	%	%	%
Energy Industries Superannuation Scheme				
Rate of Investment return	(7.0)	7.5	7.5	7.5
Rate of salary escalation	5.5	4.0	4.0	4.0
Rate of CPI increase	2.5	2.5	2.5	2.5
State Superannuation Scheme & State Authorities Non-Contributory Superannuation Scheme				
Rate of Investment return	7.0	7.0	7.0	7.0
Rate of salary escalation	4.0	6.5	4.0	4.0
Rate of CPI increase	2.5	2.5	2.5	2.5

Actuarial assumptions are not available for the Electricity Supply Industry Superannuation Fund (Qld)

	2002	2001
	\$'000	\$'000
Employer contributions paid to the plans during the financial year	12,642	5,492

DEFINED BENEFIT PLANS

	Plans Assets at Market Value 2002 \$'000	Total Accrued Benefits 2002 \$'000	Excess/ (Deficit) 2002 \$'000
Energy Industries Superannuation Scheme	158,934	128,240	30,694
State Superannuation Scheme	380	300	80
State Authorities Non-Contributory Superannuation Scheme	10	36	(26)
Electricity Supply Industry Superannuation Fund (Qld)	858	626	232
	160,182	129,202	30,980

The total amount of excess between the market values and accrued benefits of the plans, has been recognised as a receivable in the Statement of Financial Position (refer notes 8 and 18).

The movement during the year being the reduction in the excess has been recognised as an expense in the Statement of Financial Performance.

The components of the amounts disclosed in the Statement of Financial Performance are as follows:

	2002	2001
	\$'000	\$'000
Contribution Valuation Adjustment	27,562	3,887
Superannuation cost	11,543	5,020
	39,105	8,907

Note 30. JOINT VENTURE

	Consolidated 2002 \$'000	Corporation 2002 \$'000
--	---	--

Country Energy has a 20% participating interest in a joint venture arrangement to develop a wind farm.

The corporation's share of the assets employed in the joint venture is included in the consolidated balance sheet under the following classification:

Non current assets - property, plant and equipment	1,759	1,759
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This joint venture interest was not held by Country Energy at 30 June 2001.

Note 31. CONTINGENT LIABILITIES

There are no known contingent liabilities that would impact on the state of affairs of the economic entity or have a material effect on these financial statements.

Note 32. EVENTS SUBSEQUENT TO BALANCE DATE

There are no known events that would impact on the state of affairs of the economic entity or have a material impact on these statements.

Statutory requirements

Incorporated as a State-owned Corporation on 1 June 2001 under the Energy Services Corporations Act (1995), Country Energy operates under the Electricity Supply Act 1995 and the Electricity Supply (General) Regulation 1996 and performs all functions related to the distribution and supply of cost competitive energy and energy related services. Country Energy's distribution district was expanded on 1 July 2001 in accordance with the Electricity Supply (Country Energy) Regulation 2001 to include the distribution districts of the former Advance Energy and Great Southern Energy. Country Energy holds distribution and retail licences in New South Wales and Victoria (electricity and gas), retail licences in South Australia, Queensland and the Australian Capital Territory (electricity), and a special approval for the distribution and retailing of electricity to franchise customers in parts of south west Queensland.

Consultants

In the 2002 financial year Country Energy engaged 29 consultancies with a total value of \$1,434,310. Twelve consultancies were valued at more than \$30,000.

Supplier	Description of services provided	Amount
Business Services		
PricewaterhouseCoopers	Business advice	\$497,375
Wise Ideas	Full retail competition	\$114,592
BIS Shrapnel Pty Ltd	Internet business study	\$108,520
Inspect Consulting	Sale of LPG and related products	\$89,169
Macquarie Risk Advisory Services Ltd	Risk management advice	\$56,670
Right of Way Services	Business advice	\$34,650
Finance and Tax		
Deloitte Touche Tohmatsu	Finance and tax advice	\$53,177
Legal		
Deacons Lawyers	Legal advice	\$146,569
Clayton Utz	Legal advice	\$57,138
Phillips Fox	Legal advice	\$35,891
Engineering		
Gallo Engineering Management Pty Ltd	Powerline design	\$38,832
Information Technology		
Logica Pty Ltd	Information technology advice	\$113,144

An additional 17 consultancies in technology (\$52,697), legal (\$23,019) and management services (\$12,867) were valued at less than \$30,000.

Community sponsorships

During the year we invested \$970,270 into the community through a comprehensive program, which included sponsorships in:

Community	\$471,845
Events	\$154,605
Sports	\$122,754
Education	\$83,393
Business development	\$60,930
Environment	\$48,694
Cultural/arts	\$28,049

Code of conduct

Work commenced on consolidating the three codes of conducts from the former merged entities. A Country Energy Code of Conduct has been adopted in principle by the Board and is currently undergoing an employee consultation phase. It will be finalised and published by the end of 2002.

Consumer response

Customer consultations made by the Energy and Water Industry Ombudsman NSW (EWON) totalled 914 for the year. None of the consultations progressed to complaint or dispute status. Only 18.2 per cent of the total consultations dealt with by EWON this year related to Country Energy.

These results reflect Country Energy's commitment to resolving customer concerns when they are raised with our organisation. Our customers' concerns are crucial information links in the improvement of Country Energy's products and services.

Controlled entities

EMMLINK Pty Limited (ACN 085 123 468)

A wholly-owned subsidiary of Country Energy established in 1998 to undertake the Directlink project, a 50/50 joint venture between EMMLINK Pty Limited and Hydro Quebec International Australia. Directlink is a major transmission project between Mullumbimby and Terranora in north eastern NSW, forming an entrepreneurial interstate interconnector within the national electricity market.

Country Energy Gas Pty Limited (formerly Great Southern Energy Gas Networks Pty Limited) (ACN 083 199 839)

A wholly owned subsidiary of Country Energy established in 1997 by Great Southern Energy to distribute and retail gas in Wagga Wagga and surrounding areas.

EastCoast Gas Pty Limited (ACN 071 314 184)

A wholly owned subsidiary of Country Energy Gas Networks Pty Limited acquired in 2001, with gas reticulation rights for parts of south eastern Victoria.

NorthPower Energy Services Pty Limited (ACN 075 619 895)

A wholly owned subsidiary of Country Energy established in 1996 to satisfy an early requirement of Victorian electricity retail licences. The company is now dormant.

Disability plan

Country Energy's Equal Employment Opportunity plan incorporates people with a disability.

Employment equity

Table 1 Percent of Total Employees by Level

LEVEL	TOTAL EMPLOYEES (Number)	Subgroup as Percent of Total Employees at each Level			Subgroup as Estimated Percent of Total Employees at each Level					
		Respondents	Men	Women	Aboriginal People & Torres Strait Islanders	People from Racial, Ethnic, Ethno-Religious Minority Groups	People Whose Language First Spoken as a Child was not English	People with a Disability	People with a Disability Requiring Work-related Adjustment	
< \$27,606	18	44%	67%	33%						
\$27,606 - \$40,535	924	68%	74%	26%	2%	2%	1%	4%	1%	
\$40,536 - \$51,293	959	71%	84%	16%	1.2%	1%	1%	3%	0.3%	
\$51,294 - \$66,332	401	68%	90%	10%	1.1%	2%	1%	8%	0.7%	
> \$66,332 (non SES)	197	79%	91%	9%		1%	1%	3%		
SES										
TOTAL	2,499	70%	82%	18%	1.4%	1%	1%	4%	0.6%	
Estimated Subgroup Totals		1,748	2,043	456	35	37	34	101	14	

Table 2 Percent of Total Employees by Employment Basis

EMPLOYMENT BASIS	TOTAL EMPLOYEES (Number)	Subgroup as Percent of Total Employees in each Category			Subgroup as Estimated Percent of Total Employees in each Employment Category					
		Respondents	Men	Women	Aboriginal People & Torres Strait Islanders	People from Racial, Ethnic, Ethno-Religious Minority Groups	People Whose Language First Spoken as a Child was not English	People with a Disability	People with a Disability Requiring Work-related Adjustment	
Permanent Full-time	2,042	68%	86%	14%	1.7%	2%	1%	4%	0.6%	
Permanent Part-time	95	86%	13%	87%				6%	1.2%	
Temporary Full-time	65	77%	68%	32%	2.0%			2%		
Temporary Part-time	19	84%	5%	95%						
Contract - SES										
Contract - Non SES	266	78%	82%	18%		1%	2%	4%		
Training Positions	12	17%	75%	25%						
Retained Staff										
Casual	66	91%	64%	36%		2%	3%			
TOTAL	2,565	70%	81%	19%	1.4%	2%	1%	4%	0.6%	
Estimated Subgroup Totals		1,808	2,085	480	35	39	37	101	14	

Notes:

1. Table 1 does not include casual employees.

2. Figures for EEO groups other than women have been adjusted to compensate for the effects of non-response to the EEO data collection. EEO statistics reported in years prior to 1998 may not be comparable due to a change in the method of estimating EEO group representation.

Ethnic Affairs Priority Statement

Country Energy continued the workplace diversity programs of the merged entities, appointing two apprentices under the scheme in 2001-2002.

Executive remuneration

At the end of 2001-2002, Country Energy employed 49 Executive Officers with total remuneration packages equal to or exceeding the NSW Senior Executive Service Level 1, including three female employees.

The following Country Energy Executive Officers received a total remuneration package equal to or exceeding NSW Senior Executive Service Level 5:

Craig Murray	Managing Director	\$395,000
John Adams	Group General Manager Retail	\$270,000
Ron Craggs	Group General Manager Corporate Services & Company Secretary	\$250,000
Justin De Lorenzo	Group General Manager Finance	\$250,000
Derek Lark	Group General Manager Information Services & Merger Integration	\$220,000
Terry Miller	Group General Manager Networks	\$250,000
Ken Stonestreet	Group General Manager Service Delivery	\$250,000
Paul Topfer	Group General Manager Corporate Strategy & Development	\$220,000
Terri Benson	General Manager Regulatory Affairs	\$195,000
Gary Humphreys	General Manager Customer Service	\$195,000
Stuart Liddell	General Manager Organisation Development	\$193,333
Ross Pooley	Regional General Manager - South Eastern	\$185,625

A programmed performance review was undertaken during 2001-2002 and all of the above executives met or exceeded their performance criteria. Country Energy's executive remuneration policy excludes bonus and at risk payments. No bonus payments were paid to any employee in relation to the 2001-2002 reporting year.

Freedom of Information (FOI)

During 2001-2002 there were four requests for information under the Freedom of Information Act 1989. Three of these applications were granted access in full, and one was refused on the basis that if granted, it would have had the effect of substantially and unreasonably diverting resources away from their use by Country Energy.

Guaranteed customer service standards

A total of 375 claims were paid by Country Energy to meet Guaranteed Service Standards requirements during 2001-2002.

Insurance and risk management

Country Energy has a comprehensive insurance coverage secured on a competitive basis from appropriate insurance sources. Fire, General Liability, Directors' and Officers' liability insurance is secured under the NSW Electricity Industry Group Scheme administered by the Electricity Association of New South Wales.

Country Energy's Board has a strong focus on risk management and has set major policies in place relating to risk areas such as delegation of authority, energy trading, treasury operations, retail trading, purchasing and procurement and network maintenance.

Legislative changes

During the year there were a number of legislative and regulatory changes which affected our operations:

- Electricity Supply Act 1995 No 94 - the Electricity Supply Amendment Act 2000 No 109 (part commenced 1 January 2001, remaining provisions 1 July 2001); the State Revenue Legislation Further Amendment Act 2001 No 39 (commenced 1 July 2001); and the Regulations under the Electricity Supply Act 1995 No 94.
- Energy Services Corporation Act 1995 No 95 - the Regulations under the Energy Services Corporations Act 1995 No 95 - Energy Services Corporations (Dissolution of Energy Distributors) Regulation 2001 No 344 (commenced 5 July 2001).
- Gas Supply Act 1996 No 38 - the Gas Supply Amendment (Retail Competition) Act 2001 No 18 (commenced 1 July 2001); and the Regulations under the Gas Supply Act 1996 No 38.
- Independent Pricing and Regulatory Tribunal Act 1992 No 39 - the Statute Law (Miscellaneous Provisions) Act 2001 No 56 (assented to 17 July 2001); and the Statute Law (Miscellaneous Provisions) Act (No 2) 2001 No 112 (assented to 14 December 2001).
- State Owned Corporations Act 1989 No 134 - the Corporations (Consequential Amendments) Act 2001 No 34 (commenced 15 July 2001); the Waste Recycling and Processing Corporation Act 2001 No 59 (commenced 1 September 2001); and the Financial Services Reform (Consequential Amendments) Act 2002 No 26 (commenced 21 June 2001).

Licence compliance

Licence Compliance Annual Reports for our gas and electricity retail and distributor licences and our performance in safety and greenhouse gas reduction were submitted to the Ministry of Energy and Utilities and the Independent Pricing and Regulatory Tribunal in accordance with current NSW guidelines.

Country Energy's Greenhouse Gas Emission Report was submitted as an attachment to the Retail Supplier's Annual Report.

As a contestable retailer in South Australia, licence compliance reports were also submitted to the South Australian Independent Industry Regulator in accordance with current South Australian guidelines.

Overseas visits

During 2001-2002 the following overseas visits were undertaken for promotional purposes:

Hong Kong - Craig Murray and Derek Lark, meeting with China Light and Power, October 2001.

Hong Kong - Craig Murray, Caroline Hungerford and Randal Munro, CIS, PEACE Software and FAST interfaces demonstration to China Light and Power, January 2002.

Korea - Paul Topfer, Xeline meeting regarding Powerline Carrier, October 2001.

Singapore - John Adams, Speaker at Customer Relationship Management conference, April 2002.

USA - Darryn McDonald, Marketing research, October 2001.

USA - Derek Lark, Customer Information System (CIS) and PEACE Software, July 2001.

Property disposal

Country Energy disposed of commercial and residential properties to the value of \$4,143,000. All were surplus to the efficient operations of the corporation.

Publications

The following publications are available free of charge and are also published on our website www.countryenergy.com.au

Licence compliance reports

Greenhouse Gas Emissions
Demand Management Strategies
Minimum Standards of Service
Sources of Electricity Supplied
System Expansion

Network and pricing

Network Price List August 2002
Electricity Supply Standard
Electricity Network Services Pricing and Service Information Package 2001
Wagga Wagga and Uranquinty Natural Gas Price List
Reimbursement Scheme for Rural and Large Load Customers

Capital contributions

Proposed network improvements
Electricity System Development Review 2002
Joint TransGrid and Country Energy Request for Proposals for Demand Management or Local Generation on the Mid North Coast

Standard form contracts

Standard Form Contract for Sale of Electricity and/or Network Connection
Summary of Country Energy's Standard Form Electricity Connection Contract for Small Retail Customers
Your Rights Regarding Electricity Bills and Charges
Standard Form Contract Terms and Conditions for the Supply of Natural Gas
Summary of Country Energy's Standard Form Gas Contract for Small Retail Customers
Your Rights Regarding Gas Bills and Charges

Corporate

Statement of Affairs for the Period Ending 30 June 2002
Health and Safety Policy
Environment Policy
Vegetation Management Plan
Energy Marketing Code of Conduct NSW
Code of Conduct for Marketing Retail Electricity in Victoria
Electricity Retail Code, Victoria
Country Energy's Privacy Policy
Annual Report 2001-2002
Your Country News
Sponsorship Guidelines

Waste Reduction and Purchasing Policy (WRAPP)

This year we expanded the implementation of the Waste Reduction and Purchasing Policy throughout Country Energy to reduce the generation of waste, recover resources and use recycled material. Our key achievements for 2001-2002 include:

- Selecting a preferred supplier of an Electronic Document and Records Management system which will allow documents to be transferred electronically and reduce the need for photocopied paper records.
- Trialling a recycling scheme for streetlight lamps to reuse all lamp components including the brass fittings, glass, mercury and steel.
- Finding alternative methods of disposal to eliminate timber waste. For example, a small number of poles are now used by Landcare groups as barricades and property owners as firewood and fence posts.

Annual report production

There were 1,000 copies of the Country Energy 2001-2002 Annual Report printed at a cost of \$23.00 each.

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Glossary of terms

ATL	Average Time Lost
CAIDI	Customer Average Interruption Duration Index
CIS	Customer Information System
EAP	Employee Assistance Program
EBIT	Earnings Before Interest and Tax
FAST	Field Automated Service-order Tracking
FRC	Full Retail Competition
GWh	gigawatt hour (Quantity of Energy: one GWh = 1000 megawatt hours)
ICAC	Independent Commission Against Corruption
IPART	Independent Pricing and Regulatory Tribunal
Kv kilovolts	(1kV = 1,000 volts)
LTI	Lost Time Injury (the absence of employment for one day, or shift, caused by work related illness or injury of the employee)
LTIFR	Lost Time Injury Frequency Rate (the number of LTI's multiplied by 1 million divided by the total hours worked by the workforce)
MAS	Management Assurance Services
MRET	Mandated Renewable Energy Target
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SCI	Statement of Corporate Intent
SEDA	Sustainable Energy Development Authority
WASP	Works Asset Scheduling and Procurement
WRAPP	Waste Reduction and Purchasing Policy

Company details

CORPORATE OFFICES

Bathurst

Cnr Littlebourne Street and Hampden Park Road
Kelso NSW 2795

Port Macquarie

8-10 Buller Street
Port Macquarie NSW 2444

Queanbeyan

Level 1, 30 Morisset Street
Queanbeyan NSW 2620

Newcastle

Suite 7, Cooks Hill Commercial Centre
235 Darby Street
Cooks Hill NSW 2300

Sydney

Level 25, 44 Market Street
Sydney NSW 2000

Melbourne

Level 24, 360 Collins Street
Melbourne VIC 3000

Brisbane

Brisbane Club Tower
Level 19, 241 Adelaide Street
Brisbane QLD 4000

REGIONAL OFFICES

Albury

429-439 Swift Street

Bathurst

Cnr Littlebourne Street and Hampden Park Road

Dubbo

6/36 Darling Street

Grafton

122 Queen Street

Port Macquarie

8-10 Buller Street

Queanbeyan

30 Morisset Street

Tamworth

Electra Street

Wagga Wagga

59-87 Hammond Avenue

Customer service hours

24 hours a day, 7 days a week

General enquiries

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Supply interruptions

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Facsimile

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E-Mail

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Auditor

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234 Sussex Street
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FOI Officer

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PO Box 172
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