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To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	31 December 2008
From	Bill Hundy	Pages	63
Subject	SHAREHOLDER CORRESPONDENCE		

In accordance with Listing Rule 3.17 please find attached the 2007/08 Sustainability Report to Stakeholders which is being sent to those Origin Energy shareholders who have elected to receive it.

Regards

A handwritten signature in black ink, appearing to read "Bill Hundy".

Bill Hundy  
Company Secretary

02 8345 5467 - [bill.hundy@originenergy.com.au](mailto:bill.hundy@originenergy.com.au)



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SUSTAINABILITY REPORT 2008

Together we can  
make a difference.™

## OUR PURPOSE

We will be the leading, most trusted and admired energy provider in Australia and New Zealand. We will find opportunities across the energy supply chain.

We will create more value through realising the benefits of integration. **We will be at the forefront of sustainable practices, contributing to a positive future for our customers, our communities, our investors and ourselves.** Together we can make a difference.™

## ABOUT ORIGIN

Origin is Australia's leading integrated energy company. Listed in the ASX Top 20, we are one of the largest producers of gas in eastern Australia and the country's largest owner and developer of gas-fired electricity generation. As a leading wholesaler and retailer of energy and Australia's largest green energy retailer, Origin serves more than three million electricity, natural gas and LPG customers across Australia and the Pacific. We are also the major shareholder in Contact Energy of New Zealand. Origin is headquartered in Sydney, New South Wales and has almost 4,000 employees.

### ORIGIN'S STRATEGY

Origin is an integrated energy company that competes in the competitive segments of the energy supply chain, primarily in Australia and New Zealand.

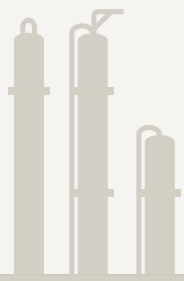
Integration across the exploration and production, generation and retail segments of the supply chain allows us to manage risk through natural hedges, exposes us to a wide range of opportunities that leverage our skills and knowledge, and enhances the range of growth opportunities available to the company.

One significant source of risk and opportunity for Origin, and one that has been the topic of intense public discussion in 2007/08, is the need to address the global challenge of climate change. At Origin we have sought for some time to build a business that would be well positioned in a more carbon constrained regulatory, social and investment environment.

We have a strong position in Australia and New Zealand in natural gas, which has the lowest carbon intensity of any of the fossil fuels used for electricity generation; a carbon penalty would favour gas over fuels such as coal that have a higher carbon intensity. Origin also invests in renewables including solar and geothermal, and has developed a series of retail propositions to help customers make their own contribution to greenhouse gas reductions.

A sustainable business needs to think about more than carbon emissions – as our set of Commitments, Principles and Values demonstrates. At the core of a sustainable energy business is the ability to create value from the resources that come under our control and to distribute that value to stakeholders while recognising our impact on the broader community in which we operate.

Origin Energy



### Fuel Integrated

### Generator

### Retailer

- Largest holder of proved and probable gas reserves in eastern Australia\*
- Portfolio of mature assets such as the Gooper and Perth Basins, alongside major new gas projects including those at BassGas, Otway and Kupe
- Extensive portfolio of CSG and conventional gas and oil exploration and production interests near key markets in Australia
- Strategic holding in Australia's most advanced geothermal resource

- Largest owner and developer of gas-fired electricity generation in Australia, currently investing over \$2 billion to quadruple capacity from ~700 MW to ~2,800 MW by 2010
- Currently developing new power plants at Darling Downs in Queensland, Uranquinty in New South Wales and Mortlake in Victoria, while expanding existing facilities
- Well placed to capture value from the introduction of the Federal Government's Carbon Pollution Reduction Scheme (CPRS) across our portfolio of gas and renewable generation
- 30 MW wind farm under construction at Cullerin Range in New South Wales, with the option over an additional 560 MW of wind farm development sites

- Leading wholesaler and retailer of energy, supplying electricity, natural gas and LPG to a diverse portfolio of customers across Australia
- Retail business provides a channel to market for the fuel and generation businesses
- Portfolio of gas supply contracts that provide flexibility to source fuel from our reserves or from third parties to channel energy into markets that optimise value for the company
- Australia's largest green energy retailer

\* All facts and figures in this report are as at 30 June 2008. Since then, ConocoPhillips has acquired a 50 per cent interest in Origin's Coal Seam Gas assets in Australia Pacific LNG, a CSG to LNG joint venture that includes all of Origin's Coal Seam Gas assets. See the box on page 6 for more information.

**ASX TOP 20**  
BY MARKET CAPITALISATION

ALMOST  
**4,000**  
EMPLOYEES

**5,770 PJe**  
OF OIL AND GAS RESERVES

**\$8.3 BILLION**  
REVENUE IN 2007/08

**105,000+**  
SHAREHOLDERS

**704 MW**  
OPERATING GENERATION CAPACITY

**30 PER CENT**  
ANNUALISED DIVIDEND  
GROWTH SINCE 2001

**3 MILLION+**  
CUSTOMER BASE

MARKET LEADER WITH  
**423,000+**  
GREEN ENERGY CUSTOMERS



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## OUR STAKEHOLDERS





## OUR COMMUNITIES

Origin's school resources teach my students important life lessons about saving energy and keeping safe around gas and electricity at home. The activities are engaging and really help students to adopt energy wise behaviours.

*Kay Everson, Teacher, Chelsea Heights Primary, and Origin Safety Week participant.*

## OUR INVESTORS

Since I bought my shares in Origin, their value has increased by more than 90 per cent. I really like knowing that I've invested in a company where people think about the impact of their operations on the community and environment around them.

*Annraoi Morris, Architect and Origin investor.*

## OUR CUSTOMERS

I've had solar panels on my roof for over two years generating solar power for my house and the grid. I'm really proud of the fact that I'm helping the environment by using a renewable source of electricity every day.

*Nic Quittner, Origin customer.*

## OUR EMPLOYEES

It's really important to me to work for a company with strong values like Origin. I've been working at Origin for 13 years now. They've given me so many career development opportunities over this time and I've developed a whole range of new skills.

*Pauline Kanhalikham, Personal Assistant at Origin.*

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## A MESSAGE FROM THE MD

To our stakeholders,

Since listing on the ASX in 2000, Origin has strived to define what it means to be a sustainable company. At the core of sustainability for us are the trust and goodwill of our stakeholders – the most important being our communities, investors, customers and employees. We rely on our key stakeholders for access to land and resources, to fund the growth of our business, to buy our products and services and to provide a skilled workforce.

In last year's report, we laid out sustainability objectives and accompanying five year strategies for each key stakeholder group. We also described for each strategy a series of actions to be completed over the following 12 months. In this year's report we assess our progress on each of those actions, and commit to new actions for 2008/09.

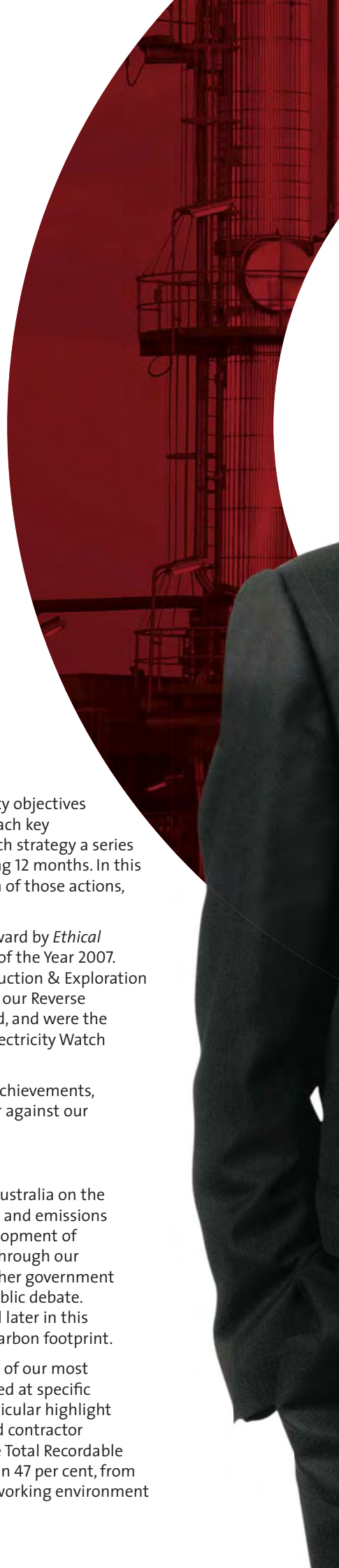
A highlight of the year for Origin was the award by *Ethical Investor Magazine* of Sustainable Company of the Year 2007. We also won the Australian Petroleum Production & Exploration Association (APPEA) Environment Award for our Reverse Osmosis Plant at Spring Gully in Queensland, and were the recipient for the fourth time of the Green Electricity Watch accolade for the best green energy product.

While 2007/08 was a year with significant achievements, there is much more to do if we are to deliver against our five year strategies and beyond.

### **2007/08 sustainability highlights**

The past year has seen a renewed focus in Australia on the complex issues surrounding climate change and emissions reduction. We engaged strongly in the development of government policy in this area in 2007/08, through our contributions to the Garnaut Review and other government processes, and participated in media and public debate. We also took a series of measures, discussed later in this report, to understand and reduce our own carbon footprint.

While climate change affects all of us, many of our most important activities in 2007/08 were targeted at specific issues and at key Origin stakeholders. A particular highlight was the progress we made on employee and contractor safety over the past 12 months, reducing the Total Recordable Incident Frequency Rate (TRIFR) by more than 47 per cent, from 16.3 to 8.5 per million hours worked. A safe working environment



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# \$1,460M

VALUE FOR OUR STAKEHOLDERS

is fundamental to a sustainable business and is a key element in our five year strategy for employees.

We continued to provide award winning products to our customers. Our accredited green customer base grew by 57 per cent to 423,000, and through our Carbon Reduction Scheme™ we provided 140,000 tonnes of carbon offsets to customers such as Intrepid Travel, Network Ten and the Australian Football League. We continued to help customers play their own part in emissions reduction, with sales of both solar photovoltaic and solar hot water units increasing by over 250 per cent on the prior year. Origin remained Australia's largest green energy supplier and the largest provider of solar rooftop installations.

One of our most significant environmental and social initiatives for the year was the \$20 million Spring Gully Reverse Osmosis Water Treatment Plant commissioned in December 2007 and launched in May 2008. Highlighted on page 12 of this report, the Plant is the first of its kind in Australia and every day produces nine million litres of additional surface water capable of use in surrounding communities and in the natural environment.

Our community engagement programs continued in 2007/08, including an expansion of the innovative driver training and community skills scholarships launched in 2006/07 and described in last year's report. Our employees also took more than 2,500 hours of paid volunteer leave, making our volunteering program one of the most successful among large Australian organisations, and we continued to match dollar for dollar the \$87,000 donated to Australian charities by employees through our Matched Giving Program.

Investors enjoyed total shareholder returns of 66 per cent in the reporting period. Organic growth and project development were funded internally, as they have been in previous periods.

**Focus on the future**

Origin's ongoing effort to build a successful and sustainable business will be guided over the next 12 months by the five year strategies laid out in last year's sustainability report.

We will work hard over the coming year to build on the substantial improvement we made in 2007/08 on safety performance, and we will continue to strive to create a rewarding workplace where employees can thrive through personal development and equality of opportunity. The results of our 2008 culture and engagement survey have provided us with an insight into how our employees feel about working at Origin, and will inform leadership and development programs to be introduced over the next 12 months.

Origin will maintain our commitment to providing Australians with green energy solutions. Our green products will evolve as we commit to helping customers improve their energy efficiency. We will continue to promote green energy solutions, providing opportunities for all Australians to reduce their environmental footprint. Our community and hardship programs, such as Power On, will grow with the extension of supporting activities to a broader geographic area.

We will continue to consult and work with the communities in which we operate. We commit to expanding over the next 12 months the resources we put into community engagement and community investment, especially in those parts of Queensland where our upstream exploration and production activities make Origin a core and rapidly growing part of regional communities.

Since listing in February 2000, Origin shareholders have enjoyed Total Shareholder Returns averaging around 35 per cent per annum. Continuing to deliver attractive returns while investing for the future is at the core of Origin's sustainability.



GRANT KING  
Managing Director

**AUSTRALIA PACIFIC LNG**

Since the completion of the reporting year at 30 June 2008, there has been a significant change in the scope of Origin's business.

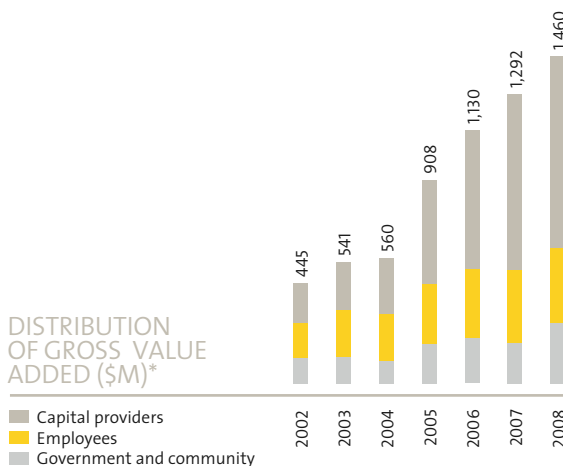
On 8 September 2008, Origin announced that ConocoPhillips would invest in a 50-50 joint venture with Origin. Subsequently named Australia Pacific LNG (APLNG), the joint venture will be Australia's largest Coal Seam Gas (CSG) to Liquefied Natural Gas (LNG) project, and will accelerate the commercial development of Origin's uncommitted CSG reserves and resources. Origin will be the upstream CSG operator and ConocoPhillips the downstream LNG operator, with the joint venture company marketing the LNG overseas. Payments resulting from this deal have already significantly strengthened Origin's financial position.

The reporting period for this report is the 2007/08 financial year, so information within it represents Origin's operations and assets prior to the ConocoPhillips transaction. Statements concerning forward plans of Origin, however, and Origin's goals, objectives and intentions, are made in the knowledge that Origin has entered into the APLNG joint venture.

**STAKEHOLDER VALUE CREATED SINCE 2002**

Over the past year Origin has created \$1,460 million of value for our key stakeholders. This represents an increase of 13 per cent on the previous financial year – the sixth year-on-year increase in the gross value added by our operations. The value we create comes from revenues received from customers who purchase Origin products and services. We distribute this value to our capital providers, employees and communities. As Origin grows, so does the value we distribute among our stakeholders.

For more on the value we have created and distributed to our stakeholders, see our investor section on page 24.



\* Excludes retained profit amount shown as the gross value added table on page 28.

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# ORIGIN'S COMMITMENTS, PRINCIPLES AND VALUES

## Our Commitments

At Origin, our Commitments to our key stakeholders are to:

- Deliver market leading performance for shareholders by identifying, developing and operating value creating businesses across the energy supply chain
- Deliver value to customers by developing and procuring competitive sources of energy and related products and services that better meet customers' energy needs
- Create and maintain a rewarding workplace for employees by encouraging personal development, recognising good performance, valuing teamwork and fostering equality of opportunity
- Respect the rights and interests of the communities in which we operate by working safely and being mindful of, and attentive to, the environmental and social impacts of the resources, products and services we use or provide to others

## Our Principles

- We conduct ourselves and our business with due care and in accordance with relevant laws and regulations. We have an overriding duty to ensure the health and safety of our employees, and to minimise the health, safety and environmental impacts on our customers and the communities in which we operate
- We will add value to the resources that come under our control
- The value we create will be distributed to stakeholders recognising the need to ensure the sustainability of our business and its impact on the environment and the communities in which we operate
- When faced with choices, we make decisions knowing they will be subject to scrutiny. We should be able to demonstrate the soundness of our decisions to all stakeholders
- We encourage diversity and expression of ideas and opinions and require alignment with the company's commitments, principles and values and the policies established to implement them

## Our Values

Origin's Values describe behaviours that the company expects employees to demonstrate in their actions and the decisions they make in pursuing the outcomes we are committed to achieving. Our Values are:

- **Caring** We care about our impact on customers, colleagues, the community, environment and shareholders
- **Listening** We listen to the needs of others, knowing that an unfulfilled need creates the best opportunities
- **Learning** We constantly learn and implement new and better ways, sharing information and ideas effectively
- **Delivering** We deliver on the commitments made in all areas of performance

# OUR SUSTAINABILITY OBJECTIVES

Origin interacts with a variety of stakeholders – the most important being our communities, customers, employees and investors. The sustainability of our activities depends on the trust and goodwill of our stakeholders. We rely on them for access to land and resources, to buy our products and services, to provide a skilled workforce and to fund the growth of our business.

## STRATEGIES

- Maintain an investment grade credit rating.
- Provide shareholder returns in the top third of comparable companies.

## STRATEGIES

- Our employees are engaged, believe that Origin is a great place to work and recommend Origin as a great place to work.
- Eliminate barriers to employment, development and workplace opportunities so that our workforce attracts and represents diversity from the communities in which we operate.
- Encourage and recognise employee-led sustainability initiatives.

## STRATEGY

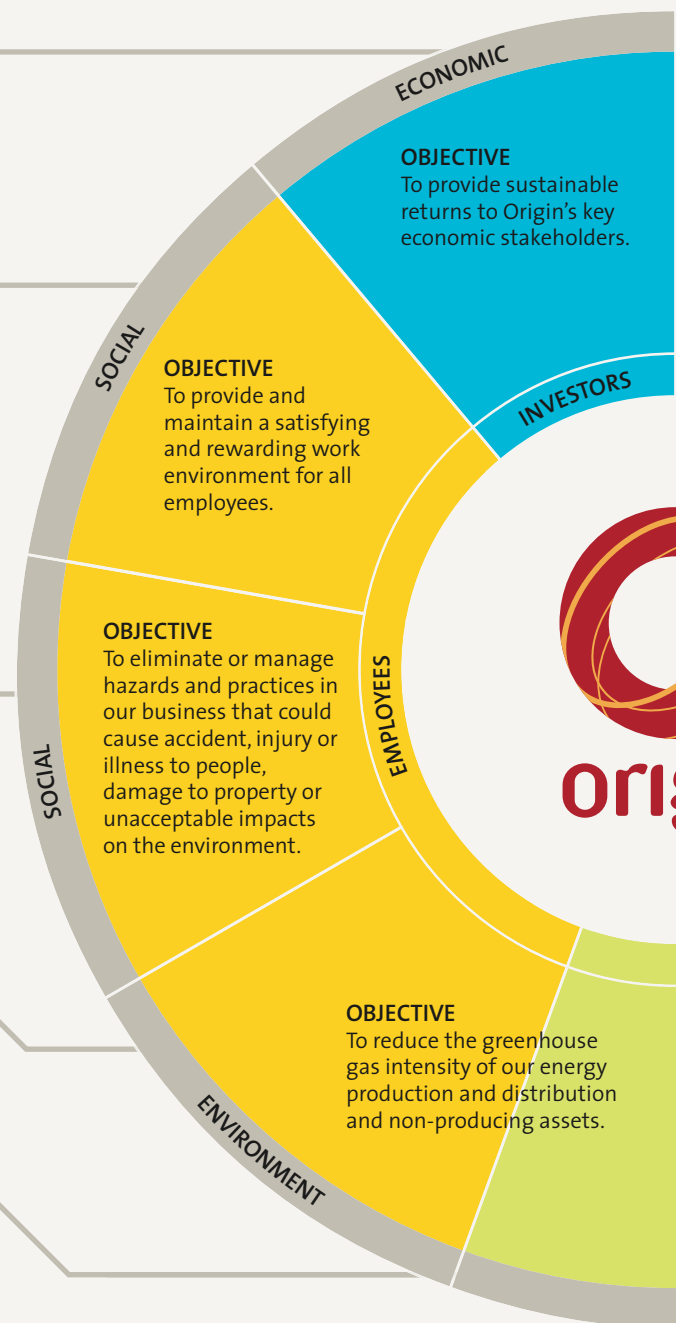
- Achieve a Total Recordable Incident Frequency Rate (TRIFR) of 4.

## STRATEGY

- Embed environmental leadership in all training and decision making processes.

## STRATEGIES

- Contribute to a policy and industry response to climate change that delivers an effective pricing regime for carbon.
- Reduce the greenhouse gas emissions intensity of our electricity supply chain to 10 per cent less than the National Electricity Market by 2020.
- Reduce the greenhouse gas emissions intensity of our gas production by 15 per cent by 2012.
- Reduce or offset all greenhouse gas emissions from our non-energy producing sites using a mix of carbon offsets and GreenPower.

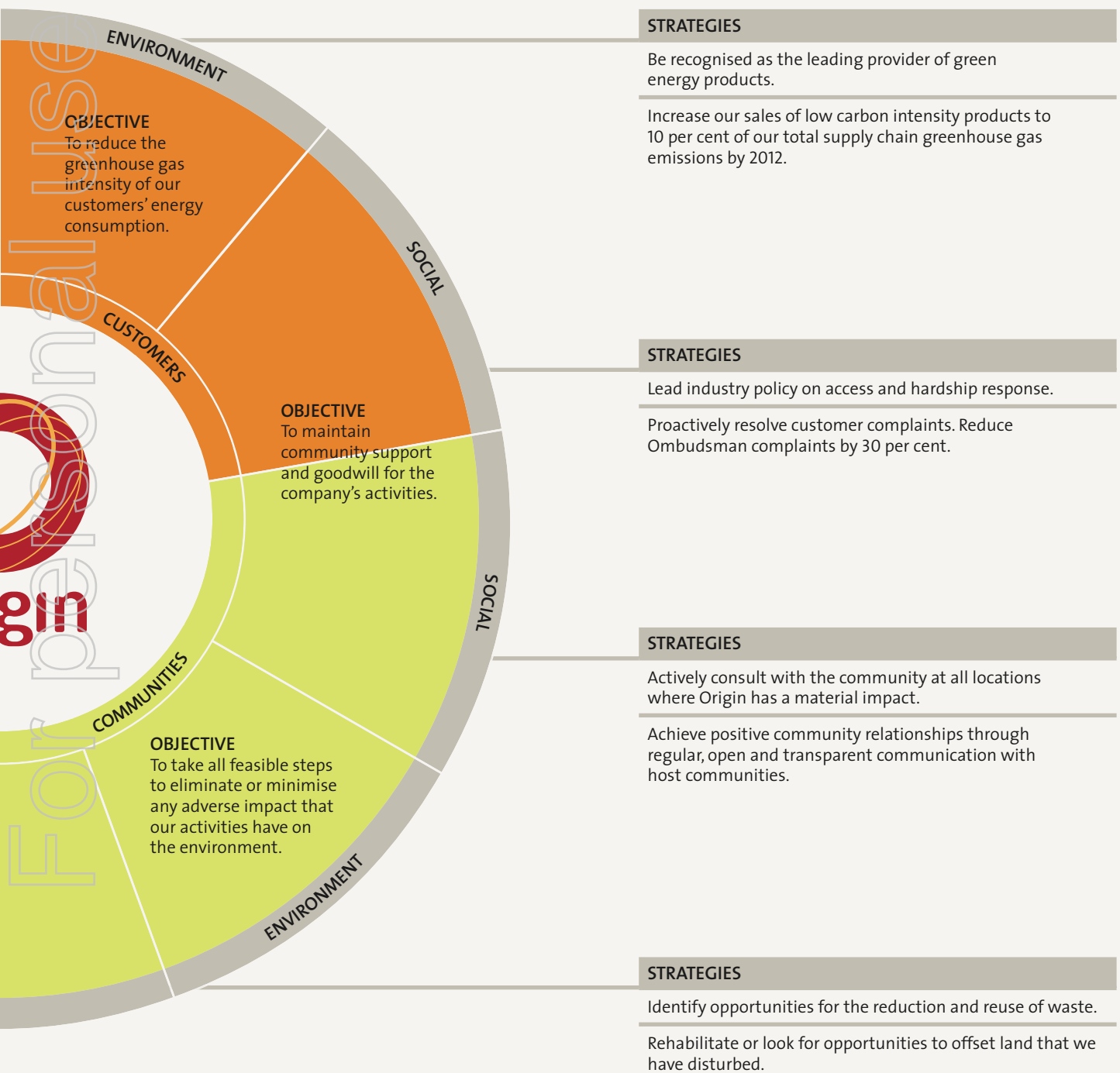


\* Unless otherwise stated.

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We have developed sustainability objectives and accompanying five year strategies (2007–2012),\* for each of the key stakeholder groups who will judge our progress on our sustainability journey.

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## OPERATING IN A LOWER EMISSIONS ECONOMY



### Australia has come a long way

In March 2007, just prior to the release of our last sustainability report, the Federal Government ratified the Kyoto Protocol formalising Australia's commitment to meeting its target for the 2008–12 period. This marked a significant milestone in Australia's journey towards a lower carbon intensity economy.

Since then, the Federal Government has continued to pursue the three pillars of its climate change policy: reducing Australia's greenhouse emissions; adapting to climate change; and shaping international solutions.

Origin contributed substantially through the year to the climate change policy debate, making submissions to Professor Garnaut's Climate Change Review, to the Government's Green Paper on the Carbon Pollution Reduction Scheme (CPRS) and to other national and state-based climate change policy reviews. We also contributed to submissions made by our industry associations, and spoke in the media and in relevant public forums.

We welcomed the release of the Federal Government's Green Paper in July and strongly endorse the Government's view that it is in the national interest to help forge an effective global response to climate change and to begin in earnest the transformation towards a lower emissions future.

### Australia still has a long way to go

The Government's White Paper will be released by the end of the calendar year<sup>1</sup> and will incorporate the final structure of the CPRS and an exposure draft of the legislation. It is expected to be legislated by mid 2009 for commencement in 2010. The Government's Renewable Energy Target (RET), to deliver 20 per cent of electricity from renewable sources by 2020, is expected to be introduced on a similar timeline.

To be successful, we believe the CPRS should set a carbon reduction target and a trajectory sufficient to bring about a shift in the stationary energy sector away from coal to lower emission energy sources. The stationary energy sector is responsible for around half of Australia's emissions, with roughly 80 per cent of the country's electricity generated from coal-fired plants and only 10–15 per cent from gas, which has significantly lower emissions.<sup>2</sup> The remainder comes mainly from renewables.

In order for carbon price signals to work efficiently in energy markets, carbon prices must be passed through to end users, meaning that end-user prices will be higher than they otherwise would be. Strong measures will be required to address the impact of price rises on vulnerable households. We support the Government's stated intention to provide support through a combination of energy efficiency measures and transitional financial assistance, and believe that such measures should be introduced before the commencement of the CPRS to ensure a smooth transition.

<sup>1</sup> [www.climatechange.gov.au/greenpaper/summary/summary-report.html](http://www.climatechange.gov.au/greenpaper/summary/summary-report.html).

<sup>2</sup> ABARE, *Australian Energy Statistical Tables FY 2007*.



### We've been working towards this for some time now

As an energy company, the CPRS and RET present both challenges and opportunities for Origin. That is why, in addition to contributing to policy development, we continue to prepare our business for an increasingly carbon constrained economy.

Natural gas, which has significantly lower emissions than coal when burnt to produce electricity, is one of the major options available to consumers and organisations seeking to reduce their greenhouse gas emissions. Origin is well placed to benefit from any increase in demand for gas. As at 30 June 2008, we were the largest holder of proved and probable gas reserves in eastern Australia.<sup>3</sup> Additionally, we are the largest owner and developer of gas-fired electricity generation in Australia and will build around 2000 MW of new gas-fired generation capacity by 2010. We are also investing heavily in the development of our reserves of CSG.

In 2007/08 Origin continued its history of investment in renewables. We commenced construction of the 30 MW wind farm at Cullerin Range, New South Wales, and we acquired from Epuron an option to develop up to a further 560 MW of wind farm projects. We continued to underpin other wind projects through offtake agreements. We increased our leading position in hot rock geothermal, taking a 30 per cent joint venture interest in the main project being developed by Geodynamics Limited in the Cooper Basin; Origin already owns a cornerstone equity investment in Geodynamics Limited itself. In solar, we are in the early stages of commercial production of our leading edge SLIVER® solar power panels, which in November 2007 achieved the major milestone of IEC certification, the global standard for photovoltaic solar panels.

Origin's retail business is also well positioned to thrive in an increasingly carbon constrained world, by helping our customers to reduce their own emissions. In 2007/08 we increased the number of signed green energy customers by 57 per cent; we continue

We all have a role to play in helping the world respond to the challenge of climate change. It is our key stakeholders – communities, investors, customers and employees – who will judge our performance as Origin's sustainability journey continues.

to be Australia's largest retailer of green energy. We also recognise the important role we have to play as an energy provider in helping our customers to realise energy efficiency opportunities in their homes and businesses. As Australia's largest green energy retailer, we are well positioned to provide our customers with advice and assistance in reducing their carbon footprint.

### Many more opportunities for Origin

Origin strongly supports the implementation of the Carbon Pollution Reduction Scheme and will continue to contribute where possible to its design and development. We are preparing our own internal operations for the introduction of the scheme, fine tuning our emissions monitoring systems and calculating our liabilities.

We will continue to invest in 2008/09 in new gas-fired electricity plants and in the extension of existing plants. This will enable us to capture value from our increasing upstream gas interests and contribute to a lower emissions fuel mix in the National Electricity Market.

Our Power On Program will be extended to more cities in Australia, providing assistance to Origin customers facing financial hardship. We lead the industry in providing assistance to such customers, and will continue to help them identify opportunities for energy efficiencies through energy assessments. Energy assessments have the potential to reduce energy bills and the carbon footprint of households.

Among other actions, we will also be providing customers with the opportunity to offset the greenhouse gas emissions of selected gas appliances purchased from Origin Shops for one year at no additional cost to the customers, helping to offset the environmental impact of their purchases.

<sup>3</sup> All facts and figures in this report are as at 30 June 2008. Since then, ConocoPhillips has acquired a 50 per cent interest in Origin's Coal Seam Gas assets in Australia Pacific LNG, a CSG to LNG joint venture that includes all of Origin's Coal Seam Gas assets. See the box on page 6 for more information.

## CASE STUDY

# SPRING GULLY, QUEENSLAND

Over the past five years, Origin has transformed the Spring Gully Coal Seam Gas (CSG) resource into Australia's largest producing CSG field. Located north of Roma in central Queensland, the Spring Gully project contains a world class CSG field, gas processing facilities and our award winning Reverse Osmosis Water Treatment Plant.

Commissioned in June 2005, the gas project is producing in excess of 100 TJ per day, equivalent to around 37 PJ per annum. Gas from the site will be supplied to major gas consumers, including Queensland Alumina Limited, Incitec Pivot Limited and Rio Alcan, as well as some local power generators.

The \$20 million Reverse Osmosis Water Treatment Plant has an initial capacity of nine megalitres per day, which will increase to 12 megalitres per day this year. Water from the Plant has been used to irrigate cereal crops at Spring Gully and a Pongamia plantation, which is to be used in a biodiesel trial in partnership with the University of Queensland. We are also working with the Queensland Government and other CSG producers to develop long term strategies for CSG water use.

As Origin develops the Spring Gully assets, our objective is to take all feasible steps to eliminate or minimise any adverse impact our activities have on the environment, and to explore opportunities to put the water we create to beneficial use.

However, environmental considerations are just part of a much broader impact on our key stakeholder groups.



RIGHT Purified water from Origin's CSG operations in Spring Gully supplement flows to the Eurombah Creek.



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**OUR COMMUNITIES PAGE 14**

Origin offers a number of programs aimed to support communities near Spring Gully. For example, our young driver training program, developed in consultation with the Roma community, aims to equip older secondary school students with the skills they need to stay safe on the road, and reaches students in Roma, Dalby, Chinchilla and Miles. Our Community Skills Scholarship Scheme addresses skills shortages, aiming to support the capacity of nearby communities to build and retain local skills in fields outside the oil and gas industry. This year, we provided assistance to 11 young people to undertake training in trades as diverse as auto electricians, hairdressing and locksmithing.



**OUR CUSTOMERS PAGE 30**

Electricity generation from CSG produces substantially fewer greenhouse gas emissions than electricity generated from conventional coal-fired electricity. As more people around the world search for lower emission fuels, our extensive CSG reserves mean Origin is well positioned to help meet any future increase in demand for gas in Australia and overseas.



**OUR INVESTORS PAGE 24**

Over the past 10 years, we have acquired and developed an extensive portfolio of CSG acreage, covering the geological 'sweet spots' of the Queensland CSG industry in the Bowen and Surat basins. The ongoing development of assets at Spring Gully and in other CSG fields nearby will provide a springboard for our growth into the future.<sup>4</sup>



**OUR EMPLOYEES PAGE 38**

The Spring Gully project provides our employees with opportunities to work at a world-class CSG field. These opportunities extend across the spectrum from drilling and maintaining gas wells to constructing the soon-to-be-commissioned Taloona Gas Plant and working on the expansion of the project's Reverse Osmosis Plant.

<sup>4</sup> All facts and figures in this report are as at 30 June 2008. Since then, ConocoPhillips has acquired a 50 per cent interest in Origin's Coal Seam Gas assets in Australia Pacific LNG, a CSG to LNG joint venture that includes all of Origin's Coal Seam Gas assets. See the box on page 6 for more information.

# OUR COMMUNITIES

## BUILDING PARTNERSHIPS TO MAKE A DIFFERENCE TOGETHER

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At Origin, we are committed to respecting the rights of the communities in which we operate and conducting our business in ways that consider the environmental and social impacts of the resources, products and services we use or provide to others. We are proud of our community relationships, with partnerships and employee participation programs that deliver against the priorities and needs of the communities in which we operate.

Kay Everson, Teacher,  
Chelsea Heights Primary  
School, and Origin  
Safety Week participant.

In addition to our economic contributions to the communities in which we operate, last year we contributed \$4.3 million in community investments through our free school energy and hardship programs, to local communities through our skills scholarships and driver training programs and to Australian charities with the donations and volunteer time of our employees.

Our community initiatives are developed in consultation with community stakeholders. Through community and employee consultations, we ask people about their concerns and passions to identify issues where we can

make a genuine contribution. We also try to anticipate the community's needs by taking the lead on emerging issues, with a focus on energy efficiency, financial hardship and safety issues.

Underpinning our investment is our objective for Origin to be a trusted neighbour and friend in our communities, to build customer confidence in the contribution we make to Australia's landscape and to be a great place to work where people can have a genuine sense of involvement in the community.

In the year ahead we're expanding our community investments at our project sites and engaging our customers in school energy efficiency initiatives. We will continue to contribute to climate change discussions and initiatives, which will become increasingly important as we move towards a lower emissions economy.



**RIGHT** Spring Gully's Reverse Osmosis Water Treatment Plant Supervisor Neal Smith oversees a trial plantation of Pongamia trees on site. Nurtured by water from the Plant, the trees produce oil that can be converted to biodiesel for cleaner energy production.

**FAR RIGHT** Origin volunteers Sally Owen and Ian Matanis, tree planting in regional Victoria.



We continued to pursue reductions in the greenhouse gas emissions from our operated assets in the past year. We are also focused on reducing the carbon intensity of our energy usage and that of our customers. For example, our Carbon Efficiency Program commenced last year in our Exploration and Production business, identifying and ranking energy efficiency and greenhouse reduction opportunities across key sites.

We are actively working with Government to determine Australia's response to the issue of climate change. We contribute to the climate change debate in Australia and internationally, making practical contributions to the development of the Carbon Pollution Reduction Scheme (CPRS), refinement of the Renewable Energy Target (RET) and other government initiatives to address climate change.

We continued our participation in the Carbon Disclosure Project this year, which provides climate change data and information from the world's largest corporations to the global marketplace.

## Environment Greenhouse gas emissions and intensity

We report our greenhouse gas emissions on both an operated and an equity basis. We have also had independent assurance and verification of the greenhouse gas data for our Exploration and Production and Generation businesses on an operational control basis by Ernst & Young.

### Our operated assets

Over the past year, we have focused on reducing the greenhouse gas emissions and the intensity of the emissions associated with our energy production and distribution.

In 2007/08, we reduced the emissions of our operated assets by 55 per cent, due in part to the sale of our Networks business in 2007. The total direct greenhouse gas emissions of our Generation sites over the past year fell by 12 per cent to 253 ktCO<sub>2</sub>-e. During the same period, the total direct greenhouse gas emissions of our operated Exploration and Production facilities were 822 ktCO<sub>2</sub>-e, a two per cent increase on the previous year. This rise was as a result of increased activity in our Exploration and Production business during the past year.

The CO<sub>2</sub> intensity of our operated Generation sites rose by three per cent to 199.1 ktCO<sub>2</sub>-e/PJ<sub>e</sub> of production due to the combined effects of the proportionally higher utilisation of Roma Power Station and the lower output from Ladbroke Grove Power Station during the first half of the 2008 financial year.

During the reporting period, the CO<sub>2</sub> intensity of our Exploration and Production facilities decreased by eight per cent to 10.4 ktCO<sub>2</sub>-e/PJ<sub>e</sub>. This reduction has been achieved through a number of initiatives to reduce both the level and the intensity of our greenhouse gas emissions. These include integrating carbon value into asset and project evaluation and procurement decisions, developing a framework for measuring our non-energy supply chain emissions and completing energy and greenhouse gas assessments at major upstream facilities to identify abatement and reduction opportunities, which incorporate our Carbon Efficiency Program.

### Our equity assets\*

Our equity inventory describes the emissions of assets in which we have an equity stake, regardless of whether we operate these assets. Over the past year, the greenhouse gas emissions of our Exploration and Production assets on an equity basis have decreased by one per cent to 1,128 ktCO<sub>2</sub>-e. The intensity of these emissions has been reduced three per cent to 12 ktCO<sub>2</sub>-e/PJ<sub>e</sub> of production.

### Greenhouse gas emissions across the supply chain

As an energy producer and retailer, for the most part emissions in our supply chain are generated by the energy we sell to our customers. Over the past year, we have continued to work with our customers to reduce emissions.

During the reporting period, total emissions across our supply chain increased by 23 per cent to 49.4 MtCO<sub>2</sub>-e. This is as a result of the growth in our customer numbers following the acquisition of Sun Retail in February 2007. Of these emissions, 2.1 MtCO<sub>2</sub>-e are produced by Origin, with the remaining 47.3 MtCO<sub>2</sub>-e resulting from other emissions across the supply chain. Mainly because the average carbon intensity of electricity purchased from third parties is higher than the average carbon intensity of our own activities, emissions intensity across our supply chain also increased with the purchase of Sun Retail, by 9.4 per cent to 151.6 ktCO<sub>2</sub>-e/PJ<sub>e</sub>.

\* Emissions from non-operated joint venture sites are indicative as they rely on data from joint venture partners. The acquisition of Swift Energy was completed on 12 June 2008. No data was included in 2007/08; however, full year 2008/09 data will be included in the next report.

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# OUR COMMUNITIES

## BUILDING PARTNERSHIPS TO MAKE A DIFFERENCE TOGETHER

CONTINUED

PRODUCTION AND PURCHASE	GENERATION	TRANSMISSION AND DISTRIBUTION	CONSUMPTION
Some gas processing activities, such as flaring or venting, emit greenhouse gases. These processing activities are required to remove impurities from the natural gas we sell to our customers.	Most of the electricity we generate is from lower emission gas-fired power stations. This generation is supplemented by electricity purchased through the National Electricity Market, much of which is derived from coal and accounts for the majority of customer greenhouse gas emissions.	Emissions arise when natural gas is transported through pipes.	Our customers contribute to greenhouse gas emissions when using natural gas or LPG.
Emissions from Origin-produced gas = 1.1 MtCO <sub>2</sub> -e	Emissions from Origin electricity generation = 1.3 MtCO <sub>2</sub> -e	Emissions during transportation = 1.9 MtCO <sub>2</sub> -e	Emissions from gas consumption of Origin customers = 9.1 MtCO <sub>2</sub> -e
Emissions from purchased gas = 1.4 MtCO <sub>2</sub> -e	Emissions from purchased electricity = 34.6 MtCO <sub>2</sub> -e		Emissions from electricity consumption of Origin customers = 0 MtCO <sub>2</sub> -e
As our CSG projects continue to develop and produce gas, we expect these emissions to reduce, given CSG contains fewer greenhouse gases needing to be either flared or vented than conventional natural gas fields.			We continue to encourage our customers to improve the efficiency of their energy usage, to purchase green energy from renewable sources and to offset their emissions.

### Improving our own energy efficiency and use of renewable products

Throughout the past year, we've been actively working to identify energy efficiency opportunities across all of our businesses and to put in place a number of programs aimed at improving our energy efficiency and reducing greenhouse gas emissions within our operations. For example, we continued our Green Office Program, designed to improve our corporate energy efficiency and to help put in place initiatives to better manage waste in our offices across Australia.

This year we continued to offset our greenhouse gas emissions from employee business travel (air and road business travel, including our vehicle fleet and rental cars) and electricity consumed at our non-energy producing sites through a combination of GreenPower and carbon offsets, which approximately equates to 41,000 tCO<sub>2</sub>-e.

### Environmental performance

We focused in 2007/08 on improving our environmental management practices to reduce the impacts our operations and activities have on the environment.

Health, Safety and Environment plans at the business unit and site level are required to include specific strategies for managing energy efficiency and greenhouse gas emissions, waste management, water management and land management where applicable. Our systems are designed to capture environmental incidents and non-compliances and report these to management and regulators as required.

RIGHT Purified water from Origin's Reverse Osmosis Water Treatment Plant returned to the Eurombah Creek.



### WATER FROM COAL SEAM GAS OPERATIONS

In May 2008 we launched the Spring Gully Reverse Osmosis Water Treatment Plant, which will help to reduce the environmental footprint of our CSG operations in Queensland (see page 12 for more detail).

Possible uses include industrial or agricultural projects, or supplementing town water supplies. Submissions received will be reviewed and shortlisted and we will work with shortlisted parties and government agencies to secure approvals on projects which are considered optimal in their support of water usage consistent with our sustainability principles.

The facility removes salts from waste water produced by our CSG operations, turning what was seen as waste water into a new surface water resource. Currently producing nine million litres of purified water each day, the Plant will be expanded to 12 million litres per day as water production increases.

Our Reverse Osmosis Water Treatment Plant earlier this year received the Australian Petroleum Production & Exploration Association Environment Award for its contribution to environmentally sustainable practices in the industry.

Already, fresh water from the Water Treatment Plant is supplementing flows in the local Eurombah Creek, helping to attract and support bird life and water species. Towards the end of June 2008, we called for submissions from companies interested in partnering with us to optimise the commercial and beneficial uses of the water.

This year, a number of spills were reported that were considered potentially serious. Most were contained, however three spills involving loss of containment occurred at Exploration and Production's operations at Spring Gully and Surat. Approximately 20,000 litres of produced water was discharged onto a dirt road at Spring Gully as a result of the failure of a pump discharge hose fitting. At Spring Gully, approximately 800 litres of oil was reported as being spilled to ground following the overfilling of an oil tank and subsequent failure of the waste handling 'humeceptor', with approximately 400 litres of the spilled oil recovered. At Surat, approximately 790 litres of crude oil was spilt when a tilt tray truck operator opened a discharge valve on a test tank in the vicinity of the rig. It is estimated that approximately 320 litres was recovered.

Origin did not receive any HSE related fines or prosecutions during the past year. A total of five incidents involving regulatory non-compliance were reported, all involving the BassGas project. Following this, the level of routine auditing of health, safety and environmental procedures was increased.

### Emissions – NO<sub>x</sub> and SO<sub>x</sub>

Oxides of nitrogen (NO<sub>x</sub>) are typically produced during combustion processes, while oxides of sulphur (SO<sub>x</sub>) are emitted during the combustion of process gas and fuels containing sulphurous compounds. We report both the NO<sub>x</sub> and SO<sub>x</sub> emissions of our Exploration and Production facilities and our Generation sites to the National Pollutants Inventory annually, and our facilities and sites continued to operate within licence conditions.

## OUR COMMUNITIES

### BUILDING PARTNERSHIPS TO MAKE A DIFFERENCE TOGETHER

CONTINUED

NOx emissions at our Generation sites reduced this year by 9.2 per cent to 440,446 kg/yr, while our Exploration and Production facilities increased by 90.1 per cent to 6,474,300 kg/yr. The reduction in the NOx emissions at Generation sites is associated with changes in gas supply quality and progressive conversions and overhauls of generating units at Ladbroke Grove, which have resulted in improved combustion efficiency. The increase at Exploration and Production facilities is in line with increased production and an updated calculation methodology.

At our Generation sites this year, our SOx emissions were 5,972 kg/yr. Exploration and Production facilities SOx emissions were 980 kg/yr. These emissions are in line with increased production levels in both sections of our operations.

#### Water usage

We have implemented a number of programs and initiatives during the past year aimed at reducing water consumption and managing waste water discharges. These initiatives range from large scale operations, including the completion of the Reverse Osmosis Water Treatment Plant at Spring Gully for the treatment of the site's produced formation water, to broad initiatives that involve monitoring water usage and identifying reduction opportunities across Generation's sites, through to local initiatives such as the collection of storm water at Ladbroke Grove Power Station for watering lawns and gardens.

Across Origin's business units (excluding offices), total water consumption from July 2007 to June 2008 was approximately 265 megalitres. In the same period, our Exploration and Production business generated almost 2,540 megalitres of produced formation water, which is an increase of around 14 per cent from last year. We disposed of 2,306 megalitres of waste water by various methods including surface water disposal, groundwater disposal, the use of evaporation ponds or sending water to an external treatment plant.

While some water was lost or consumed in production processes and on the sites, we estimate that across our businesses we discharged more than 2,580 megalitres of waste water and produced formation water during the past year. This ranged from treated water which was discharged into creeks and other surface water depositories, to waste water which was treated at an external plant, through to highly saline water which was discharged into either evaporation ponds or saline aquifers.

#### Waste management

Over the past year, our sites have continued to improve their waste management plans, their waste inventories and their ability to track wastes.

Drilling muds and cuttings are the largest waste source of our operations, with 18,279 tonnes of waste generated by our Exploration and Production business over the past year. These drilling muds are disposed of on site or close to site into controlled emplacements. Our total weight of general waste was 8,134 tonnes, of which 1,282 tonnes or 16 per cent was recycled. One hundred per cent of the 213 kilolitres of waste oil generated by our operations was recycled, and 67 per cent or 272 tonnes of hazardous waste generated was reprocessed.

#### Biodiversity and land management

Throughout the past year, our Exploration and Production business has developed a framework for biodiversity offsets and identified enough potentially viable land area to generate them. During the coming year, we are progressing to a trial stage at our Spring Gully operations in Queensland to validate the viability of the site and assess the likely success of such a program.

In total we owned, leased or managed 362,367 hectares of land in the past year. The rate at which land is being disturbed is currently 3.5 times the rate at which land is being rehabilitated, consistent with current new developments and expansion activities. Site plans are developed to ensure disturbed land is rehabilitated in a reasonable timeframe.

RIGHT Community skills scholarship apprentice Naomi Bowman gives John Stuart, Manager, Darling Downs Power Station, a trim.



#### COMMUNITY SKILLS SCHOLARSHIP HELPS NAOMI STAY IN DALBY

Hairdressing is not a trade you might ordinarily associate with Origin, but through our community skills scholarships we are doing things a bit differently.

Hairdresser Naomi Bowman is one of 11 apprentices in south-west Queensland to whom we awarded a community skills scholarship, worth up to \$13,500, as well as a mentor to help her to develop skills in her chosen trade in the local community.

Naomi, 17, a first year apprentice with Hair @ Dalby, was chosen for her commitment to stay and thrive in the local community.

'I've moved out of home to be closer to work, so now I have to worry about things like paying my rent. The skills scholarship I received from Origin means I can afford to keep my equipment up to date and make sure I've got enough of everything to get the most out of my training. I'd like to own a salon one day, hopefully somewhere around Dalby,' said Naomi.

The community skills scholarships are developed in consultation with local communities, where people are concerned about skills shortages and opportunities for young people in the local area. The program provides scholarship recipients with access to a volunteer mentor, as well as financial support for local businesses. Mentors are from the community and include Origin employees and their families.

#### Legacy sites

From the late 1800s through to the 1970s, gas and related by-products were manufactured from coal at 10 sites in Australia now owned or operated by Origin. We have an ongoing responsibility to manage these sites. Although feedstock and by-product management was in line with accepted practices of the day, these sites have a legacy of contamination that needs to be managed to today's standards.

Throughout the past year, there has been a significant amount of activity related to our legacy sites. Working with regulatory bodies to determine strategies and actions for remediation, we have focused on our historic gas manufacturing sites. We completed remediation works at the Newstead site in Brisbane to the satisfaction of the Queensland Environmental Protection Authority. This has been one of the most comprehensive contaminated land remediation projects in the world with in excess of one million tonnes of contaminated soil excavated and removed to an Environmental Protection Agency approved landfill. Additionally, remediation and rehabilitation of the former gasholder area was completed at Bundaberg in Queensland and further investigative work and groundwater monitoring programs continued at various sites. We also prepared site specific environmental management plans for occupants of historic gas manufacturing sites to help ensure environmental awareness, while risk assessments for contaminated sites were again reviewed and updated.



## OUR COMMUNITIES

### BUILDING PARTNERSHIPS TO MAKE A DIFFERENCE TOGETHER

CONTINUED



#### Community

##### Community investment partnerships

Our community investment partnerships support the sustainability of our business, with a focus on the environment, financial hardship and safety. During the reporting period, we contributed \$4.3 million to community investments across Australia.

We share the value created by our business with communities by focusing on what we do best. We help customers to reduce and better understand their carbon footprint. We also support customers who require assistance in managing their bills in the long term and reduce energy-related accidents in the home. We also work with our neighbours in key operational areas and provide meaningful volunteering opportunities for our employees.

##### Free energy programs for schools

Our schools energy program teaches students how to reduce their carbon footprint and prevent household accidents with gas and electricity. As a part of these programs, free classroom toolkits are provided to more than 13,000 schools in Victoria, South Australia and Queensland. Programs developed for schools include:

- The Home Energy Project (ages 12–15), which encourages students to calculate how much energy they and their families use at home and make small changes to their behaviour which have a big impact on the environment and their energy bills
- Energy Savers (ages 10–12) teaches younger students to consider how the energy they use at home impacts the environment. Students come up with creative projects to encourage the community to save energy
- Energy Safety Week (ages four–10) focuses on education to prevent energy-related injuries to young children in the home, teaching students to be safe around gas and electricity
- The Switch™ Awards challenge students to come up with creative ways to inspire their communities to save energy and keep safe around gas and electricity for a chance to share in big environmental prizes.

#### ENERGY SAFETY WEEK

More than 170,000 preschool and primary school children learned to use gas and electricity safely in the past year as part of Origin's Energy Safety Week. Taking place each August, Energy Safety Week

provides free education resources for teachers. It helps students to understand energy and be confident using gas and electricity safely at home.

The program is delivering great results, with students like those at Heany Park Primary School in Victoria lining up to become 'energy police', performing spot inspections at their school. Students at Loxton North Kindergarten in South Australia performed plays to demonstrate safety hazards in the home and played energy safety matching games.

Parents of students have noticed real changes in their children's behaviour, with almost 80 per cent saying their child was more aware of energy safety following their participation in Energy Safety Week last year.

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LEFT Year 3 students at Wellers Hill State School in Queensland participated in Energy Safety Week 2008.

RIGHT Origin green ambassador Jamie Durie helps us celebrate our quarter of a million green energy customer milestone with the release of 250,000 native fish into the Murray Darling Basin at Wentworth, New South Wales.



### ORIGIN RELEASES 250,000 NATIVE FISH INTO THE MURRAY RIVER SYSTEM

In November 2007, we reached a significant milestone, with a quarter of a million Australians signed up as green energy customers, making Origin Australia's number one green energy provider.

Native Murray Cod and Golden Perch, among other species of native fish, were bred at native fish hatchery Murray Darling Fisheries in Wagga Wagga for release into the Murray. By increasing native fish numbers, we have played a part in reducing the impact of the European Carp and other exotic fish species on the river system.

To mark this special occasion, we joined with Landcare and the Lower Murray Darling Catchment Management Authority to commission the breeding of 250,000 native fingerlings (baby fish), which were released into the Murray Darling Basin in February 2008.

Our sustainability ambassador Jamie Durie and local schoolchildren were on hand at Wentworth in New South Wales to help the fish find their new home in the river.

In the past year, these programs reached around 330,000 students across Australia. Research conducted by Carbon Planet found families participating in the programs saved an average of 13 per cent on their energy bills. In surveys completed following the programs, around 80 per cent of parents identified that their children were behaving more safely around electricity and gas at home. During the school holidays, family members of Origin employees were also invited to participate in the program at Origin offices around Australia.

#### Local initiatives

We're committed to being a good neighbour and friend to the communities in which we operate. Our goal is to listen to the members of these communities and use what they tell us to create long term partnerships which address specific local community needs. Schools in these communities also have access to our free teaching resources and our employees contribute to their local neighbourhoods by volunteering time, money and goods.

In 2007, we expanded our community investment partnerships in south-west Queensland to include Dalby, where we are constructing the Darling Downs Power Station. As a part of this partnership, we subsidised the cost of 234 Year 11 and 12 students attending our young driver training program. We also helped 11 local apprentices in their chosen trades through our community skills scholarships, through which they will receive up to \$13,500 each as well as mentoring to support their career start up in their chosen trade.

Throughout the past year, we also consulted communities near our Townsville, BassGas, Cullerin Range and Mortlake sites to listen to what makes these places unique and determine together how we can make a positive contribution. In Townsville, community members told us they wanted safe and clean waterways for local families and we are now working with them to develop a partnership that will contribute to this outcome.

#### Community complaints and concerns

We take seriously all complaints we receive from community members. Throughout the past year, our businesses reported receiving 31 complaints. These covered issues which range from visual appearance and odours to light and noise. We ensure that such complaints are recorded, that affected people are consulted and that we act to improve conditions wherever possible. For example, in 2007, there was a significant increase in the number of complaints relating to our BassGas operations. This year, the number of complaints has reduced by 75 per cent following completion of works to reduce noise levels on site to meet strict Victorian Environmental Protection Authority criteria.

# OUR COMMUNITIES

## TRACKING OUR PROGRESS

OUR FIVE YEAR STRATEGY	FY08 WE SAID
<p>Contribute to a policy and industry response to climate change that delivers an effective pricing regime for carbon.</p>	<p>Maintain active participation and advocacy in the Federal Government's development of the national emissions trading scheme and mandated renewable energy target.</p> <p>Access government funding to support investment in new technologies.</p>
<p>Reduce the greenhouse gas emissions intensity of our electricity supply chain to 10 per cent less than the National Electricity Market by 2020.</p> <p>Reduce the greenhouse gas emissions intensity of our gas production by 15 per cent by 2012.</p>	<p>Complete energy and greenhouse gas assessments at major upstream facilities to identify abatement and reduction opportunities.</p> <p>Establish a greenhouse gas inventory for Origin at a level required for a carbon trading environment.</p> <p>In our project planning, assess and select the development and construction techniques that minimise environmental impact.</p>
<p>Reduce or offset all greenhouse gas emissions from our non-energy producing sites using a mix of carbon offsets and GreenPower.</p>	<p>Develop a framework for measuring emissions in our non-energy supply chain.</p> <p>Continue to offset carbon emissions from our acquired electricity, from non-energy producing sites and from employee business travel.</p> <p>Install solar PV or gas powered air-conditioning at 10 LPG terminals.</p>
<p>Identify opportunities for the reduction and reuse of waste.</p>	<p>Ensure waste management improvement plans are in place at the four highest impact sites.</p> <p>Develop an integrated and comprehensive Coal Seam Gas water strategy.</p>
<p>Rehabilitate or look for opportunities to offset land that we have disturbed.</p>	<p>Develop systems for measuring net environmental impact and a biodiversity offset framework.</p> <p>Continue responsible management of contaminated sites, and develop remediation and development strategies where appropriate.</p>
<p>Actively consult with the community at all locations where Origin has a material impact.</p>	<p>Review our community engagement program at BassGas to address community complaints.</p> <p>Review community consultation guidelines to ensure a consistent approach to community engagement.</p>
<p>Achieve positive community relationships through regular, open and transparent communication with host communities.</p>	<p>Survey 100 per cent of major host/local communities once every three years to measure if Origin is trusted and respected.</p>

## FY08 HOW WE WENT

Made submissions to the Garnaut Review and Green Paper that were reported in the media and which supported ongoing interaction with key policy makers.

Received approximately \$928,000 in Government funding in line with our participation in the Adelaide Solar Cities project.

Carbon Efficiency Program developed and implemented for major upstream facilities within Exploration and Production. Over 250 ideas generated through site workshops, with 28 taken forward for further assessment.

Greenhouse Gas inventories prepared. Carbon & Energy Management System project kicked off, to implement National Greenhouse and Energy Reporting System and CPRS compliant reporting processes.

Environmental considerations incorporated into the design phase of projects to reduce their environmental impact. All proposed new gas-fired power station gas turbines were selected to ensure the lowest nitrogen oxides emissions.

Contributed to development of a global standard for Supply Chain Accounting and Reporting through the GHG Protocol initiative.

Origin offset approximately 41,000 tonnes of greenhouse gas emissions from our offices, shops, LPG terminals and employee air travel in FY08.

Installed gas powered air-conditioning units at seven Australian terminals and four Pacific Island terminals during FY08.

Waste management plans developed for all major upstream sites and improvements incorporated within relevant Environmental Action Plans.

Spring Gully Reverse Osmosis Water Treatment Plant launched in May 2008. CSG water strategic options analysis developed, including both Spring Gully and Walloons development areas.

Process for developing Biodiversity Management Plans applied at Spring Gully, suitable for expansion to other business units/sites in FY09.

Environmental management plans and remediation strategies developed or reviewed for all relevant sites. Risks also managed through remedial works and groundwater monitoring.

Program review complete. Actively participated in bi-monthly meetings with community representatives, with a number of measures undertaken to reduce impact on the neighbouring community.

Completed, ready for program implementation.

Appointed a Regional Community Investment Manager in April 2008 to manage the host/local communities' survey. Work commenced developing a brief for research.

## FY09 ACTIONS

- Maintain active participation and advocacy in the development of the Carbon Pollution Reduction Scheme, the national energy efficiency strategy and the mandated renewable energy target.
- Access government funding to support investment in new technologies.
- Increase the understanding among Australian policy makers of the advantages of natural gas for lowering Australia's carbon emissions.
- Expand generation capacity in technologies which have an emissions profile >10 per cent lower than the National Electricity Market average.
- Continue to integrate carbon value considerations into acquisition of assets valued at more than \$50 million and into projects involving expenditure of more than \$50 million.
- Extend energy and greenhouse gas assessments to all upstream facilities and progress development of the top eight efficiency opportunities identified in the 2007/08 assessments.
- Continue to offset carbon emissions from our acquired electricity, at non-energy producing sites and from employee air travel.
- Pilot the draft global standard for Supply Chain Accounting and Reporting developed through the GHG Protocol initiative.
- Convert two diesel tankers from our LPG business to a lower emissions fuel source.
- Investigate opportunities for the reduction and beneficial use of drilling waste.
- Commence pilot project for biodiversity restoration at Spring Gully.
- Continue responsible management of contaminated sites, and develop remediation and development strategies where appropriate.
- Implement a comprehensive stakeholder engagement plan for Origin's CSG to LNG development project.
- Complete survey of major host/local communities in which Origin operates.



# OUR INVESTORS

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## DELIVERING SUSTAINABLE GROWTH

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2007/08 was a year of significant growth for Origin. We continued to create value for our shareholders and made progress on a series of major projects and initiatives which have accelerated Origin's development as a fuel integrated generator and retailer.

Anraoi Morris,  
Architect and  
Origin investor.

Our ongoing strategy of internally funding the organic growth and development of our projects has supported the sustainable expansion of our business. With the completion of the ConocoPhillips transaction in October 2008<sup>5</sup> and the formation of Australia Pacific LNG, we now have the financial strength to fund a further decade of growth, and to expand our business from one focused predominantly on domestic markets to one with

diversified domestic and international market exposure.

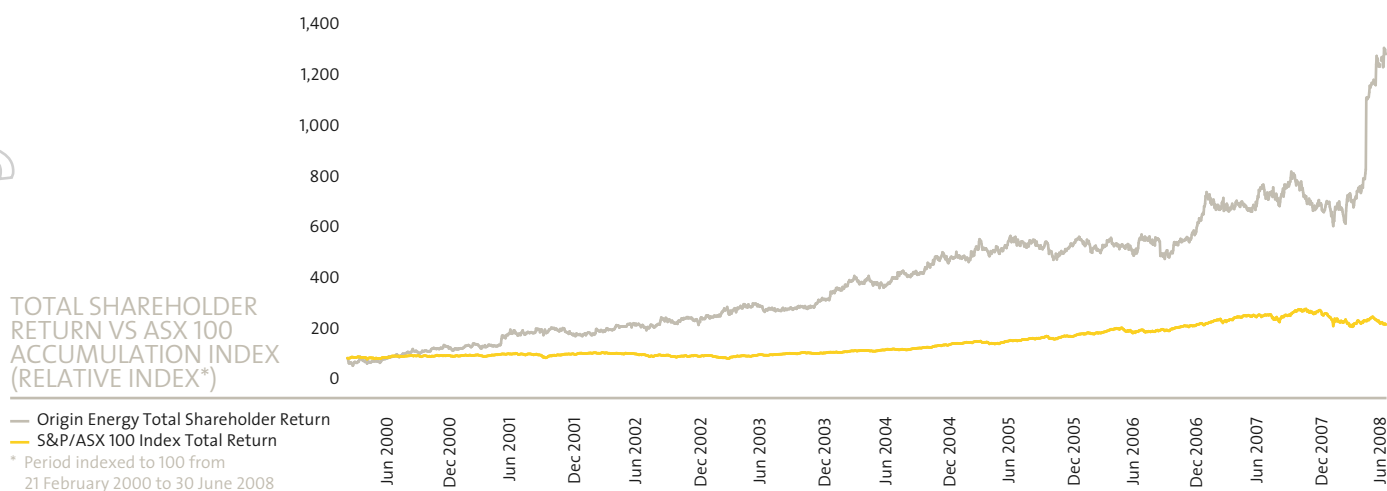
At a time when most companies face liquidity and credit management challenges, we will enter 2009 in a positive net cash position and with one of the strongest balance sheets in corporate Australia.

Throughout the course of the past year, we have significantly upgraded our gas reserves position. The Otway Gas Project in the Port Campbell region of Victoria commenced production in March. We also commenced the construction of the 630 MW Darling Downs Power Station and the Quarantine and Mt Stuart power station expansions.

We have continued to invest in the development of renewable technologies including wind, geothermal and solar.

<sup>5</sup> Please refer to the box on page 6 for more information about Australia Pacific LNG.

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Source: Guerdon Associates, Bloomberg

Our strategy of continuing to build our base business while identifying future development opportunities has continued to deliver results. It has delivered strong financial performance throughout the year and resulted in a solid platform for ongoing growth.

Full disclosure of our financial results can be found in Origin's 2008 Annual Report.

#### Distribution of gross value added

We are committed to creating and delivering value to our stakeholders. We strived to meet this commitment during the past year by investing in the communities in which we operate, continuing to develop innovative products and services for our customers, delivering competitive returns on the investment of shareholders and offering a rewarding work environment for our employees. Throughout the course of the past year, Origin created more than \$1,460 million in value for our stakeholders. This was an increase of \$166 million, or 13 per cent, on the previous year.

In 2007/08, we reported an underlying profit of \$443 million, a 20 per cent increase on the previous year. Our statutory profit, which includes the impact of fair value changes to financial instruments and one-off items, grew by 13 per cent to \$517 million.

#### Capital providers Debt and equity

Our adjusted net debt at 30 June 2008 was \$3,608 million,<sup>6</sup> an increase of six per cent from \$3,389 million at 30 June 2007. Our interest expense for 2007/08 was \$220 million, with a gearing ratio (adjusted net debt divided by adjusted net debt plus equity) of 42 per cent (excluding reserves<sup>7</sup>), falling within our target range for 2007/08 of 40–45 per cent. We maintained a stable credit rating of BBB+ with financial ratings agencies Standard & Poor's and Fitch Ratings.

Our adjusted equity increased from \$4,683 million to \$4,972 million, a six per cent increase on the previous year's figures. In 2007/08, Origin's total fully franked dividend was 25 cents per share, an increase of 19 per cent over the prior year. This represents a dividend payout ratio of 42 per cent of statutory earnings per share, or nearly 50 per cent of underlying earnings per share.

Data in this report reflects the 2007/08 year. Since 30 June 2008, but prior to publication of this report, we announced that ConocoPhillips had acquired a 50 per cent interest in Australia Pacific LNG, a CSG to LNG joint venture that includes all of Origin's Coal Seam Gas assets. Following this announcement on 30 October 2008, the Origin Board announced an additional fully franked dividend of 25 cents per share. This will establish a benchmark level for dividends going forward of around 50 cents per share per annum. The Board has also implemented a new dividend policy to target a dividend payout ratio of at least 60 per cent of underlying earnings.

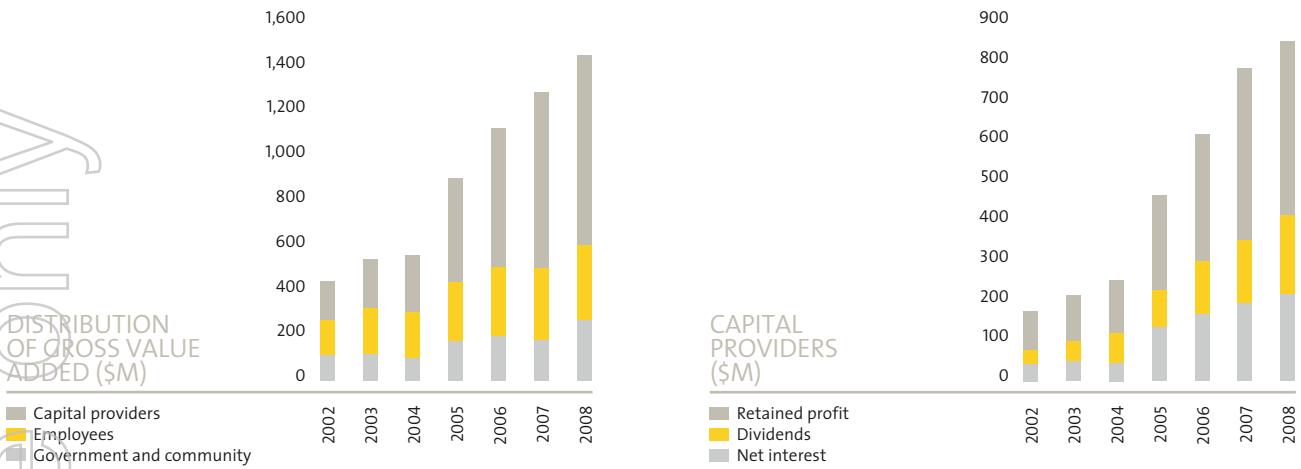
<sup>6</sup> Adjusted net debt excludes mark-to-market adjustments.

<sup>7</sup> Represents reserves attributable to fair value adjustments on financial instruments.

# OUR INVESTORS

## DELIVERING SUSTAINABLE GROWTH

CONTINUED



From 1 July 2004 to 30 June 2008, Origin's compound total shareholder return was 34 per cent per annum. This was significantly above the ASX 100 Accumulation Index, which grew by an average of 15 per cent per annum over the same period. The graph on page 25 compares Origin's Total Shareholder Return performance with the ASX 100 Accumulation Index (indexed to 100 on 21 February 2000) to 30 June 2008.

Our operating cash flow after tax (OCAT) was \$875 million for the year ending June 2008. Our OCAT ratio excluding capital work in progress decreased to 12.3 per cent from 13.7 per cent in the prior year. This was primarily due to a 19 per cent increase in funds employed (excluding capital work in progress) as the result of the continuing development expenditure in the Exploration and Production business and full year impact of owning Sun Retail.

### Employees

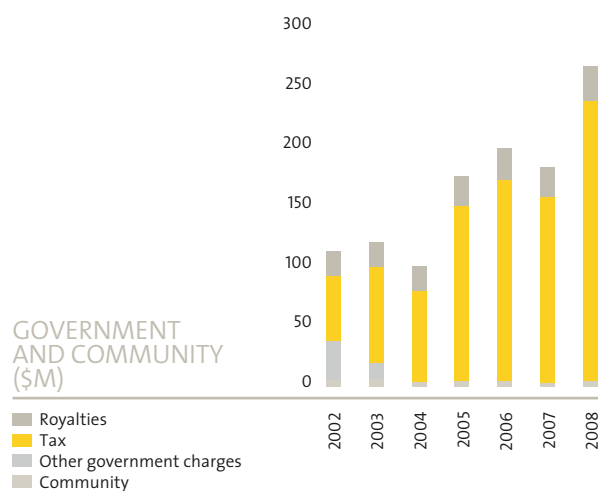
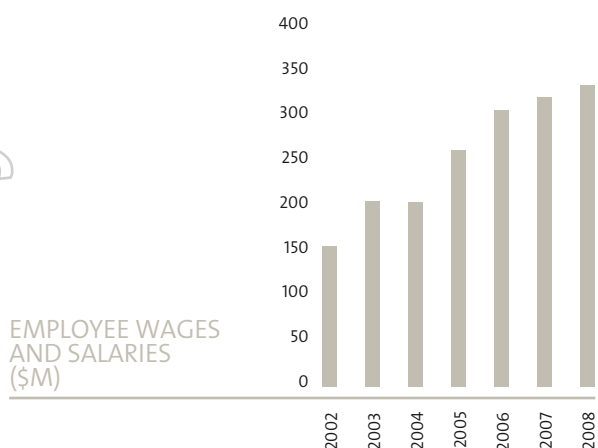
Origin's remuneration is competitively benchmarked against 20 large energy and utility companies and an 'all industries' group of more than 300 companies to ensure that valued employees are attracted and retained. During 2007/08, we provided \$336.4 million in wages, salaries and other employee related costs such as superannuation. Eligible employees can also participate in our Employee Share Plan. The 2007/08 Employee Share Plan award was set entirely on safety performance targets, which were fully met and as a result Origin awarded \$1,000 of shares to approximately 2,400 eligible employees (or pro rata amount for eligible part time employees).

### Government and community

During 2007/08 Origin received \$928,000 from government grants and subsidies. The majority of this funding was related to our involvement in the Federal Government's Adelaide Solar Cities project (see page 34 for more information), as well as diesel fuel rebates for our LPG business.

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### Tax payments to all levels of Australian government

Tax payments to all levels of Australian government included:

- \$40.6 million in income tax to the Federal Government
- \$4.7 million in fringe benefits tax to the Federal Government
- \$15.5 million in payroll tax to state governments
- \$29.5 million in royalties to state governments
- \$2.2 million in other taxes and charges, including stamp duties, land tax, permits and rates to state and local governments.

When sourcing materials for our operations, we use local suppliers wherever possible. This is especially the case in regional areas where we strive to support local businesses.

### Fine received during reporting period

During the reporting period Origin, along with a number of other electricity retailers, was fined \$50,025 by the Regulator of the Queensland *Electricity Act 1994*. This was the result of an error made in the application of some customers' pensioner rebates and the non-exemption of eligible customers from the Community Ambulance Cover Levy in Queensland. We provided customers impacted by this error with a goodwill payment and put in place enhanced procedures and processes to improve the application of rebates and levies.

### Community investment – London Benchmarking Group

Our community investment data is independently verified by the London Benchmarking Group (LBG). The LBG promotes a consistent set of criteria for determining community investment, donations and commercial initiatives in the community above and beyond Australian and New Zealand business basics and mandatory contributions.

In 2008, Sarah Clarke, our manager of community investment, was elected to the Australia and New Zealand steering group of the LBG.

This year, our community investment reached over \$4.3 million. Using the LBG model we have accounted for our total cash contributions, the value of employee time contributions (based on the total number of volunteering hours and the median Origin salary), and in kind support as measured by management costs for community based projects.

Of this investment, total cash contributions to our charitable partners and various community and environmental projects were \$3.7 million, including \$2.1 million invested in our Power On Program, which helped support almost 20,000 customers experiencing financial difficulty. In kind community contributions this year included the donation of solar photovoltaic systems to schools in Queensland and various charities, as well as the provision of GreenPower for selected community groups.

## OUR INVESTORS

### DELIVERING SUSTAINABLE GROWTH

CONTINUED



RIGHT Origin's Reverse Osmosis Water Treatment Plant at Spring Gully, Queensland. Currently treating nine megalitres of water per day, the Plant will increase capacity to 12 megalitres this year.

#### GROSS VALUE ADDED\*

	2007/08 \$'000	2006/07 \$'000
Exploration and Production	381,371	339,086
Retail	5,505,527	4,081,585
Generation	40,130	86,263
Networks	–	208,892
Contact Energy	2,347,870	1,739,694
Other	295,219	151,944
<b>Total revenue (excluding interest)</b>	<b>8,570,117</b>	<b>6,607,464</b>
Payment to suppliers	6,765,355	4,983,624
Depreciation and amortisation	344,627	329,603
<b>Gross value added</b>	<b>1,460,135</b>	<b>1,294,237</b>

#### VALUE DISTRIBUTION

	2007/08 \$'000	2006/07 \$'000
<b>Employees</b>		
Total wages and salaries*	336,445	323,489
<b>Investors</b>		
Net interest <sup>^</sup>	233,294	195,041
Dividends paid to shareholders	201,040	158,654
Retained profit	420,472	432,930
<b>Total returns to capital providers</b>	<b>854,806</b>	<b>786,625</b>
<b>Community</b>		
Community investment	4,288	2,729
<b>Total community contributions</b>	<b>4,288</b>	<b>2,729</b>
Income tax expense**	234,966	156,610
Royalties to government	29,630	24,784
Other government charges	–	–
<b>Total taxes and other government charges</b>	<b>264,596</b>	<b>181,394</b>
<b>Value distribution</b>	<b>1,460,135</b>	<b>1,294,237</b>

\* As reported for the year ended 30 June 2008.

\*\* Includes all subsidiaries in Australia and overseas.

<sup>^</sup> Includes change in fair value of financing cost related financial instruments.

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# OUR INVESTORS

## TRACKING OUR PROGRESS



RIGHT The Thylacine Platform at Origin's Otway Gas Project, which commenced commercial production in March 2008.

OUR FIVE YEAR STRATEGY	FY08 WE SAID	HOW WE WENT	FY09 ACTIONS
Maintain an investment grade credit rating.	Maintain a gearing ratio of between 40 and 45 per cent.	FY08 gearing ratio (excluding reserves <sup>8</sup> ) of 42 per cent.	<ul style="list-style-type: none"> <li>• Maintain a corporate credit rating of BBB+ or better.</li> <li>• Establish and maintain a payout ratio of 60 per cent.</li> </ul>
Provide shareholder returns in the top third of comparable companies.	<p>Achieve an operating cash flow after tax ratio of greater than 10 per cent.</p> <p>Achieve an underlying return on equity of greater than 10 per cent.</p>	<p>OCAI ratio excluding capital works in progress for FY08 of 12.3 per cent.</p> <p>Adjusted return on equity FY08 of 13.4 per cent.</p>	

<sup>8</sup> Represents reserves attributable to fair value adjustments on financial instruments.

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# OUR CUSTOMERS

## PARTNERING FOR A SUSTAINABLE FUTURE

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We are committed to delivering value to our customers, by continuing to develop and procure competitive sources of energy. This year, we've continued to develop products and services that better meet the needs of our customers.

Nic Quittner,  
Origin customer.

As Australia's largest provider of green energy and a leading wholesaler and retailer of energy to more than three million customers, Origin is making it easier for customers to manage their environmental footprint. We aim to empower our customers to live more sustainably by offering solutions, services and choices that better meet their needs.

Green Electricity Watch, a representative group of environmental NGOs led by the Australian Conservation Foundation, ranked our GreenEarth 100 per cent Solar, GreenEarth 100 per cent Wind and GreenEarth Wind Offset 100 per cent as the top three green electricity products on the market and for the fourth year, we achieved the Green Electricity Watch accolade for the best green energy product.

In its first full year of operation, our Carbon Reduction Scheme™ sold 140,000 tonnes of carbon offsets through direct and third party retail channels, which is equivalent to removing around 33,250 large cars from the road for a year.<sup>9</sup>

We maintained our support for customers during times of stress and hardship, spending \$2.1 million providing payment plans, incentives and advice to help them manage their energy bills with our Power On Program.

<sup>9</sup> Based on the total amount of tonnes calculated for an average large car with engine size greater than 3.0 litres and fuelled by petrol, travelling an annual mileage of 13,900 kilometres.

RIGHT Luke Darcy, former Western Bulldogs captain and Origin Green for Footy customer.



### EXTENDING OUR GREEN OFFERING TO CUSTOMERS AT ORIGIN SHOPS

We are always looking for ways to help our customers reduce their impact on the environment. In addition to green energy packages and solar systems, Origin customers can now invest in water harvesting solutions at Origin Shops in Victoria, which provides them with the potential to capture one litre of water for every one millimetre of rain that falls on a square metre of their roof.

Since October 2007, standard garden irrigation packages have been available for purchase by residential customers within Victoria. These packages include the choice of a range of high quality UV stable polyethylene water tanks, a pump and a protective pump enclosure,

professional plumbing and electrical installation and connection of the pump to the rainwater tank. All installations come with a Compliance Certificate and a Certificate of Electrical Safety, certifying all electrical and building regulations have been met. In addition to these packages, Origin also began providing customers with other water harvesting solutions, including water tanks that connect to internal plumbing and can be used to supply water for toilets and laundry, underground tanks and bladder tanks in Victoria.

Throughout the coming financial year, we have plans to increase the geographic reach of our water harvesting product offering to other states across Australia.

While we strive to provide the highest level of service to our customers, we don't always get it right. Across New South Wales, South Australia and Victoria this year, we received an average of 2.2 Ombudsman complaints per 1,000 customers. These complaints generally related to billing, sales and customer service issues (see pages 36–37 for more information).

**Carbon Reduction Scheme™**  
Launched in March 2007, the Carbon Reduction Scheme™ provides an affordable, externally audited program for individuals and businesses to offset their greenhouse gas emissions. In its first full year of operation, the Carbon Reduction Scheme™ sold 140,000 tonnes of carbon offsets through direct and third party retail channels. Our carbon offset customers include the AFL, Brisbane City Council, Custom Fleet, Green Tix, IAG, Intrepid, NAB, Network Ten, Raddison Hotels and Resorts, SEEK, STA Travel and

Transurban. In 2007, our Carbon Reduction Scheme™ was a finalist in the United Nations Association of Australia Awards 'Meeting the Greenhouse Challenge'.

### Helping customers improve their energy efficiency and access to renewable energy

We are committed to making it easier for our customers to access renewable energy and improve their energy efficiency at home and work. We are working to increase the number of low carbon solutions we can offer to our customers, including arranging the installation of energy efficient appliances, solar panel systems and both gas and solar hot water systems and water tanks in order to position Origin and our customers at the forefront of climate change initiatives.

### The largest green energy retailer in Australia

Last year, our customer base for accredited green energy products grew by 57 per cent to 423,000 signed customers by year end, which accounts for 30 per cent<sup>10</sup> of all GreenPower customers in Australia and makes us the largest green energy retailer in Australia. This fact is also recognised by our customers, with almost one third surveyed regarding Origin as the number one green energy provider in Australia.

In May 2008, Origin Shops began selling gas appliances packages which include one year's worth of equivalent carbon offsets from our Carbon Reduction Scheme™ for the appliance purchased. This program will be expanded to include electric appliances throughout the coming year.

<sup>10</sup> Source: National GreenPower Accreditation Program Status Report, Quarter Two – 1 April–30 June, published at [www.greenpower.gov.au](http://www.greenpower.gov.au), shows that Origin's GreenPower customers account for 30 per cent of all GreenPower customers and 36 per cent of all GreenPower sales in Australia.

## OUR CUSTOMERS PARTNERING FOR A SUSTAINABLE FUTURE

CONTINUED



To help fulfil this commitment, all customers who sign up for Origin's Green Energy Home or Green for Footy offer also receive an Energy Efficiency Pack. The pack contains six energy efficient compact fluorescent light globes and an AAA-rated water saving showerhead and is packaged in reclaimed or recycled materials. We're also phasing out hot water systems with less than a three star energy rating from Origin Shops and have removed from sale split system air-conditioners with less than a three star energy rating from stores.

There has been rapid growth throughout the past year in sales of our solar products, including solar hot water systems and solar photovoltaic systems. We are a leading provider of grid connected solar solutions to both residential and commercial customers across Australia, offering a total package design, supply, installation and commissioning of these systems. We are currently the only energy provider with a fully national retail solar electricity and solar hot water product offering. In the past financial year Origin sales of solar photovoltaic cells and solar hot water units increased by more than 250 per cent.

All solar electricity products currently sold by Origin meet Australian Standards for manufacture, installation and supply of electricity back to the grid. In Origin Shops, we only sell solar hot water systems which are eligible for Renewable Energy Certificates.

Our internet based Go Green calculator helps visitors to Origin's website to calculate their greenhouse gas emissions and to better understand where energy savings can be made. After using the calculator, customers can choose to purchase carbon offsets from Origin's Carbon Reduction Scheme™.

Also as part of our Power On Program, which assists customers experiencing difficulties in paying their energy bills (see page 33 for more), eligible customers can access a free home energy audit, which provides energy efficiency and management advice.

### ORIGIN'S GREEN THUMB

This year, well known television and gardening personality Jamie Durie became an Origin ambassador, working with us to provide information

to Australians about how we can make a difference, together. The partnership has already helped us deliver information to customers about how they can reduce their impact on the environment by doing simple things such as reducing their energy use, choosing solar hot water and electricity, offsetting travel emissions and switching to GreenPower.

Since the partnership began in September 2007, Jamie has helped us in many ways to educate our customers on how easy it is to make a difference. He presented Al Gore's Climate Project to 600 Victorian Origin green energy customers and joined us in Wentworth, New South Wales, where we celebrated our quarter of a million green energy customers milestone, by releasing the same number of native fish into the Murray Darling Basin. He also works closely with Origin to promote environmental awareness among future leaders within the company.

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LEFT Origin's Power On stand at the Mildura Show.

FAR LEFT Phil Craig, Origin Retail General Manager and Origin green ambassador Jamie Durie present Al Gore's Climate Project to green energy customers.

#### ENERGY EFFICIENCY ROADSHOWS

Our Community Liaison Team partnered with a number of community organisations, including Mallee Family Care and Wimmera Uniting Care, to deliver a series of

Energy Efficiency Roadshows across South Australia and Victoria. The roadshows generally coincided with the local Royal Agricultural Show and visited a number of remote and large regional communities including Mildura, Warrnambool, Swan Hill and Noarlunga. Over 10,000 visitors attended, receiving free energy efficient fittings for their homes such as light globes and water

saving shower heads and door seals, as well as practical advice about how to reduce their energy bills through simple energy saving measures. Over the coming year, our roadshows will also cover New South Wales and Queensland.

#### Communicating responsibly with customers

As Australia's largest provider of GreenPower, Origin is committed to responsibly communicating to all consumers the benefits of green energy. We seek independent approval and assessment of any marketing materials which promote our GreenPower products by GreenPower, assessing the accuracy of any green energy claims.

We welcome the release of the Australian Competition and Consumer Commission's 'Green Marketing and the Trade Practices Act' guidelines released in February 2008. This year we applied these guidelines to strengthen the rigorous approvals process we undertake prior to the release of any communications to our customers.

Our employees also undertake specific Trade Practices Act training, which ensures they understand their obligations when it comes to the provision of accurate information to consumers. In 2007/08, 94 per cent of targeted employees participated in Trade Practices Act training.

#### Supporting customers in financial difficulty

We understand that anyone can experience financial challenges from time to time. Operating since July 2003, our Power On Program assists customers experiencing difficulties in paying their energy bills. The program has been developed in conjunction with industry, government and community groups and provides a number of solutions for customers, including short and long term payment plans, payment incentives and energy efficiency advice.

We also understand that the reasons for these financial difficulties can sometimes be private. We strive to create a respectful environment where customers can ask for support without feeling embarrassed or uneasy. As such, Origin makes no attempt to elicit personal information as to why assistance is required, nor are there any qualification criteria for entry onto Power On. Our customer contact centre employees initially discuss payment options with customers, who may then be transferred to our specialist Community Liaison Team for further assistance through the program.

## OUR CUSTOMERS PARTNERING FOR A SUSTAINABLE FUTURE CONTINUED



RIGHT Solar panels  
generating electricity  
from the sun.

### SOLAR CITIES

We are proud to be involved in two Solar City projects as part of the Australian Government's \$94 million Solar Cities initiative. We are the lead partner in the Adelaide Solar City consortium in South Australia, and in 2007 became a partner in the Central Victorian Solar City.

Solar Cities are sustainable communities where solar technologies, smart meters, energy efficiency initiatives and new approaches to electricity pricing are put in place to help community members use energy more wisely and reduce their greenhouse gas emissions.

The Adelaide Solar City was launched in October 2007 to 100,000 households and businesses in four council areas in northern Adelaide. By June 2008, over 5,200 households and businesses had

taken up one of the project's sustainable energy product offerings. The project commissioned a 50 kilowatt solar photovoltaic system in the Adelaide City Council in February 2008, which will generate enough renewable power (approximately 70,000 kilowatt hours) to power a fully electric bus.<sup>11</sup> We expect to install a four kilowatt system in the Cities of Tea Tree Gully and Salisbury in late 2008 and a 15 kilowatt system in the City of Playford in early 2009.

The Central Victorian Solar City is scheduled to launch in early 2009, targeting 2,500 households and 100 businesses across the region. As well as rolling out our solar photovoltaic systems, solar hot water systems and new electricity pricing products, Origin will deliver two 300 kilowatt solar photovoltaic energy parks in Bendigo and Ballarat. These will be the first flat plate solar photovoltaic farms in Victoria and are expected to be operational early March 2009.

This year our Power On Program assisted 19,682 customers, an increase of two per cent from the 19,197 customers supported through 2006/07.

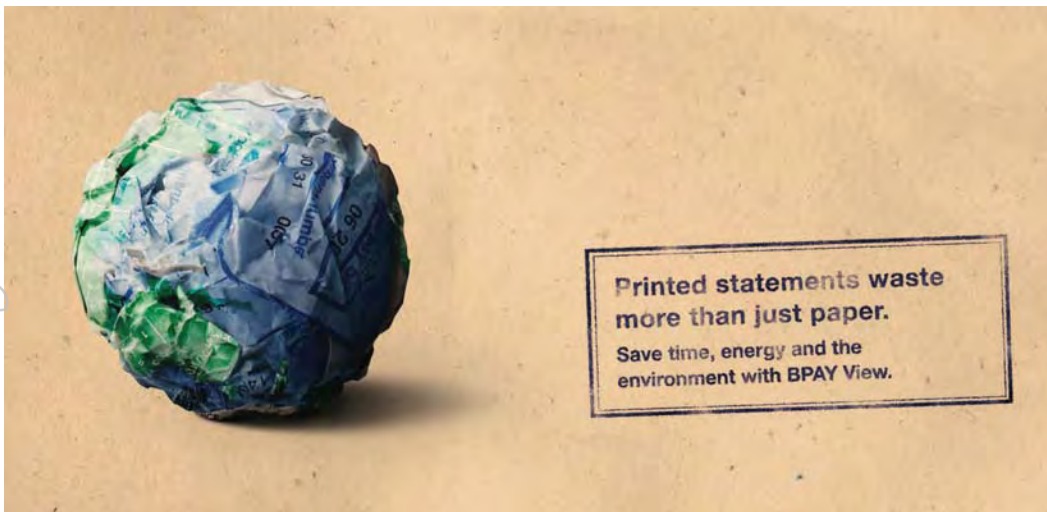
Following the success of the Power On Program in Victoria, throughout the coming year we will extend the following supporting activities to eligible customers in Queensland and South Australia:

- **Energy audits:** Eligible customers participating in the Power On Program can access a free home energy audit, which provides energy efficiency and management advice. Throughout the past year, 430 audits were undertaken by Origin's community partners with 80 per cent of participants making a saving on their annual energy bills.

- **Retrofitting:** Modifications are made to improve energy efficiencies which may include the application of draught exclusion tools, water usage reduction and improved lower cost lighting.
- **Appliance assistance:** Our Appliance Assistance Fund replaces energy inefficient appliances of eligible customers. Throughout the past year, we have provided these customers with fridges, washing machines and heaters which use less energy, as well as non-electrical items such as washing lines and insulation, helping to reduce their energy bills.

<sup>11</sup> Calculation based on the approximate annual electricity output of a 1 kilowatt (kW) solar electricity system in Adelaide. The Clean Energy Council, June 2008, *Electricity from the Sun, Solar PV Systems Explained*, 3rd edition.

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#### PRINTED BILLS WASTE MORE THAN PAPER

We know better than most the amount of energy that goes into providing our customers with paper bills. This year we introduced BPAY View® to our customers, a service which allows them to receive their bills through the website of their financial institution and reduce their impact on the environment. In research conducted by Planet Ark, it was found that BPAY View® users helped save the equivalent of 1,045 trees and 21 backyard swimming pools of water, and reduced greenhouse gas emissions by 80 tonnes.<sup>12</sup>

#### Disconnections

From our customer base of over three million natural gas and electricity customers, 14,329 customer accounts were disconnected as a result of non-payment this year. During the same period, 19,682 customers accessed Power On, our customer advocacy program which assists customers experiencing difficulties in paying their energy bills. When customers do not pay their bills and do not advise us they are facing financial difficulties, and when our best endeavours to contact these customers to discuss their situation are unsuccessful, disconnection is a necessary step in our customer engagement process. For those customers who advise us they are facing financial difficulties, our customer advocacy team works to establish payment plans and other ways of helping them through this difficult time. For more information about our Power On and customer advocacy programs, see page 33.

#### National Customer Consultative Council

Established in 2003, our National Customer Consultative Council is a forum where issues of importance to customers and the general community are discussed by Council members to provide us with a better understanding of the challenges faced by our customers. Chaired by Chief Operating Officer Karen Moses, 2008 Council members included representatives from Adult Multicultural Education Services, Australian Conservation Foundation, Australian Council of Social Services, Australian Industry Group, Brotherhood of St Laurence, Consumer Utilities Advocacy Centre, Hanover Welfare Services, Kildonan Child & Family Services, Queensland Consumers Association and UnitingCare Wesley Bowden.

Council members met four times throughout the past year and discussions focused on hardship issues facing customers and, increasingly, the issue of sustainability and what it means for customers. The meetings also covered affordability issues facing customers, as well as consumer protection measures. The Council also provided valuable feedback to our business on regulatory matters such as price deregulation, advanced metering, carbon reduction schemes and the Retailer of Last Resort scheme.

<sup>12</sup> Source: Planet Ark Report, January 2008 – BPAY View. *The role of e-billing in reducing the environmental impacts of paper consumption.* In the development of the calculations we recognise the environmental impact estimates were made using information based on the Environmental Defence Paper Calculator. For more information visit [www.papercalculator.org](http://www.papercalculator.org).



# OUR CUSTOMERS

## TRACKING OUR PROGRESS

### OUR FIVE YEAR STRATEGY

Be recognised as the leading provider of green energy products.

### FY08 WE SAID

Maintain appropriate accreditation for our green energy products and ensure they are highly rated by independent assessment programs.

Measure the extent to which customers agree that we care for the environment and that we provide the leading green energy products.

Develop our capability to offer paperless product delivery through online billing, sales and service by June 2008.

Increase our sales of low carbon intensity products to 10 per cent of our total supply chain greenhouse gas emissions by 2012.

Increase customers signed to accredited green energy by more than 50 per cent to 375,000 by June 2008.

Engage large users to reduce CO<sub>2</sub> and increase corporate and business sales of green energy by 100,000 MWh (equivalent to over 100,000 tonnes of emissions reduction).

Increase carbon offset sales to 160,000 tonnes by June 2008.

Increase installed solar PV sales by 1,400 kW by June 2008.

Lead industry policy on access and hardship response.

Establish a hardship policy audit measure that benchmarks our performance.

Provide social welfare training to relevant customer service employees to assist customers experiencing financial difficulty.

Proactively resolve customer complaints. Reduce Ombudsman complaints by 30 per cent.

Where customer enquiries cannot be answered at the first point of contact, endeavour to resolve them within five working days.

Gain a better understanding of the customer experience with senior retail managers spending one day per year in our customer contact centres.

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## HOW WE WENT

All Origin's green electricity products are accredited by GreenPower. GreenGas products are offset using certified Greenhouse Friendly™ or Origin's Carbon Reduction Scheme™ offsets.

Green Electricity Watch ranked GreenEarth 100 per cent Solar, GreenEarth 100 per cent Wind and GreenEarth Wind Offset 100 per cent as the top three green electricity products on the market.

All offsets in Origin's Carbon Reduction Scheme™ were independently audited in FY08 by Ernst & Young

Two in five (43 per cent) customers surveyed associated Origin with being a company that cares for the environment. Almost a third (29 per cent) regards Origin as being the number one green energy provider.

BPAY View® was implemented in June 2008 and provides customers with the ability to receive their bills electronically via their internet banking site.

As at 30 June 2008, Origin had signed more than 423,000<sup>13</sup> green energy customers, an increase of 57 per cent from 30 June 2007.

Green energy sales to large customers increased to 108,000 MWh, coupled with 76,362 tonnes of carbon offset sales. Increased the number of large customers signed up for green energy.

During its first full year of operation, 140,000 tonnes of carbon offsets were sold through direct and third party retail channels.

Sales of both solar PV and solar hot water units have increased by over 250 per cent from last year.

Not achieved.

90 Advocacy and Credit team members received specific training in this area of customer service.

Average time to clear Tactical Workflow Solution activities at the end of June 2008 was 16 days. Working to implement programs which address these issues over the coming year.

Senior retail managers including the General Manager, Retail and General Manager, Retail Capability, listened to calls at the customer contact centre during the year.

## FY09 ACTIONS

- Maintain appropriate accreditation for our green energy products and ensure they are highly rated by independent assessment programs.
  - Improve the levels of recognition by customers that Origin cares for the environment and provides the leading green energy products.
  - Use retail transformation program to improve online product sales and delivery, reducing our impact on the environment.
- 
- Increase customers signed to accredited green energy to 600,000 by June 2009.
  - Increase business and corporate sales of green energy to 370,000 tonnes CO<sub>2</sub>-e of green and carbon sales.
  - Increase carbon offset sales to 300,000 tonnes by June 2009.
  - Increase solar PV sales to 3,000 kW by June 2009.
- 
- Benchmark the Power On Program against other energy sector hardship policy initiatives.
  - Roll out Power On communications to Queensland community organisations.
  - Roll out Origin's Energy Audit program to South Australia and Queensland.
- 
- Reduce number of Ombudsman complaints from 2007/08 levels.
  - Reduce the average time taken to respond to customer enquiries.

<sup>13</sup> This figure includes GreenPower, Green Gas and green customers in transfer as at 30 June 2008.

# OUR EMPLOYEES

## WORKING TOGETHER TO MAKE A DIFFERENCE

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The continued efforts, skills and dedication of our people are key to our success. We are committed to creating and maintaining a rewarding workplace for our employees by encouraging personal development, recognising good performance, valuing teamwork and fostering equality of opportunity.

Pauline Kanhalikham,  
Personal Assistant  
at Origin.

A sustainable workplace is both a safe and a rewarding place to work. We made significant progress on safety in 2007/08 with a 47 per cent reduction in our key safety performance indicator, the Total Recordable Incident Frequency Rate (TRIFR). We are targeting further significant reductions in TRIFR for 2008/09.

In 2007/08 we continued to build the leadership capability of our people through succession management and leadership development programs. We also conducted, for the first time across the whole of Origin, a survey aimed at better understanding Origin's culture and the level of engagement of our employees. Learnings from this process will inform a series of programs to be introduced in 2008/09 (see page 39).

Employee numbers continued to grow in 2007/08 with increased staffing in the Retail business and in Exploration and Production project areas.

### **Employee health and safety**

We strive for zero harm for Origin employees and contractors. We made progress towards this goal in 2007/08 but have much remaining to do.

In 2007, Origin adopted the TRIFR as our preferred safety performance indicator. The TRIFR records the total number of employee and contractor lost time cases, restricted work cases and medical treatment cases per million hours worked. Last year, a target of 9.8 injuries per million hours worked was adopted.



RIGHT Origin volunteers Caron Edginton, Christine Santhiapillia, Maree Cannan and Trisha Kraehenbuehi at the Melbourne Oxfam Trailwalker.



Over 2007/08, the TRIFR has decreased from 16.3 to 8.5 injuries per million hours worked, representing an improvement of more than 47 per cent and exceeding the target set for the last financial year. Eligible employees will be rewarded for their strong focus on safety when they receive the maximum possible Employee Share Plan allocation of \$1,000 worth of Origin shares.<sup>14</sup>

The Lost Time Case Frequency Rate (LTCFR) for the financial year 2007/08 was 2.9 lost time cases per million hours worked, representing a nine per cent improvement on the previous year's LTCFR of 3.2;<sup>15</sup> however, it was above the company target of 2.5.

There were no fatalities at Origin sites during the year.

Our focus will remain on safety throughout the coming year, with particular emphasis on the safety performance of our contractors. Our TRIFR target for 2008/09 is 6.8, a targeted 20 per cent improvement on 2007/08.

### Employee culture and engagement survey

At Origin, our Commitment to our employees is that we will create a rewarding workplace for them by encouraging personal development, recognising good performance, valuing teamwork and fostering equality of opportunity.

In May this year we undertook the 'Making a Difference' culture and engagement survey. With a response rate of 71 per cent, we were pleased to find that employees across Origin care about their work environment and want a say about the culture of our workplace.

In 2006, when we last surveyed culture at Origin, some key areas were highlighted for improvement. The results of the 2008 survey show improvement in many of these areas and a number of the programs we've put in place since 2006 have influenced our culture positively, such as those focused on developing our people, promoting positive workplace behaviours and further developing our leadership skills. Since the 2006 survey, we have made progress on creating a more constructive culture, making Origin a more enjoyable place to work.

Since receiving the results of this survey, business units have begun to share their culture and engagement results in sessions with team members. These sessions will continue to be rolled out across different areas of the business throughout the coming year.

### Our workforce

Origin's total workforce numbered 3,940 at 30 June 2008, an increase of 189 from end June 2007. The vast majority of our workforce is employed full time (89 per cent), with only a small number employed on a part time (six per cent) or casual (six per cent) basis. Collective agreements cover 34 per cent of employees directly and 54 per cent both directly and indirectly.

We have made an undertaking to our employees and their unions to notify them of any operational changes which may affect them as soon as such a decision is made.

### Employee turnover

In line with Australian trends, the rate of voluntary turnover at Origin has been on the rise in recent years. During the reporting period, voluntary turnover outside of our Customer Contact Centre businesses dropped from 14.8 per cent to 12.3 per cent, with the turnover rate of male employees slightly higher than that of female employees.

Within the Customer Contact Centre businesses, turnover was 42 per cent over the year, with the female turnover rate greater than that of males. Total turnover for the company, inclusive of call centres, increased from 17.7 per cent to 18.1 per cent. This increase can be attributed to the sale of our Networks business and to a rise in the number of our contact centre employees, a field where turnover rates are traditionally high. Personal and family reasons, followed by the pursuit of career opportunities, were the most common reasons for people deciding to leave our business.

Changes in employee roles at Origin remained steady during the reporting period, with 43.3 per cent of employees remaining in the same role as the previous year. During 2007/08, 13.9 per cent of employees transferred internally or were promoted and 42.8 per cent of employees were externally recruited.

<sup>14</sup> Eligible employees only. Inclusive of superannuation and after tax. Part time employees receive a pro rata amount.

<sup>15</sup> Last year's LTCFR for June 2007 was reported as 3.1, but this has been corrected for changes in incident classifications and adjustments to hours worked.

## OUR EMPLOYEES WORKING TOGETHER TO MAKE A DIFFERENCE

CONTINUED



RIGHT *Big Issue* vendor  
Tim with Origin community  
champion Sal Tringali.

### Equal opportunity and diversity

We aim to attract a diverse workforce that reflects the communities in which we operate and helps us forge stronger connections with these communities.

We updated our Equal Employment Opportunity policy in September 2007 and introduced equal opportunity as a part of our Code of Conduct training. Under this policy, we formalised our commitment to taking employment decisions and actions based on fairness and respect. This policy is endorsed by the Board and covers all aspects of employment, including recruitment, selection, promotion, training, remuneration, benefits, discipline and other terms and conditions of employment.

During the reporting period, our female participation rate has risen to 42 per cent, with women holding 22 per cent of management positions at Origin. Female average remuneration as a percentage of the male average ranges from 93.1 per cent to 102.7 per cent across our pay grades. We continue to monitor pay equity as part of our annual review processes.

We foster the career needs of women entering into and already in management roles through Xplore Career Resiliency Programs. Xplore targets women's development early in their career, as well as women with more established careers.

### CASE STUDY

New shoes and socks help *The Big Issue* vendors stand tall

During March our employees helped to celebrate *The Big Issue's* 300th edition, organising for more than 400 new shoes and socks to be donated to vendors.

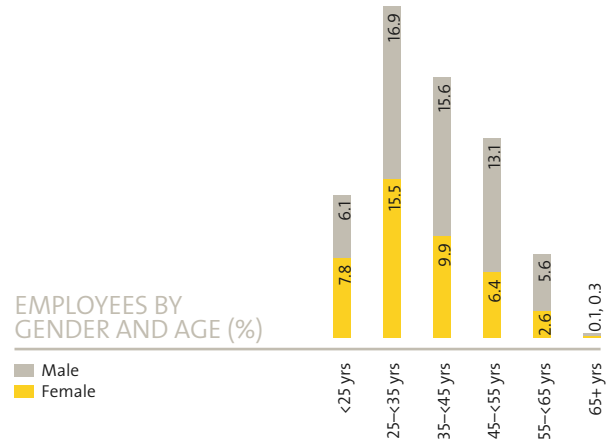
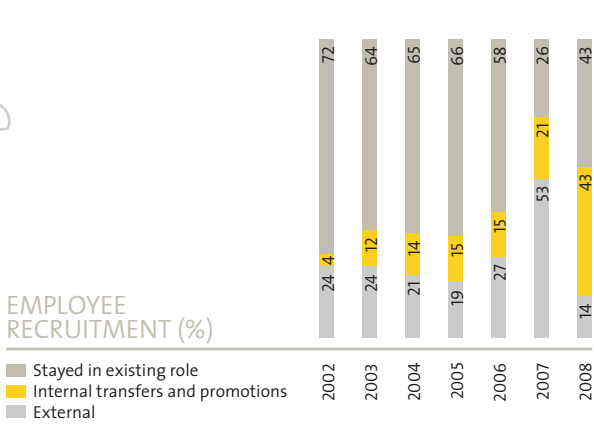
*The Big Issue* is a current affairs magazine, sold on the streets by people experiencing homelessness or long term unemployment. It helps people help themselves, with vendors keeping half of the \$5 cover price of every magazine they sell. We have supported our employees' commitment to vendors by providing their uniforms since 2005, helping them stand out, keep safe and walk a little taller on city streets.

Knowing many vendors are on their feet all day and can't afford decent footwear, our Retail Management Team set out to make life more comfortable in 2008, asking employees to give socks, which we matched pair for pair. Pacific Brands also came to the party, donating new Dunlop Volleys for the vendors.

Employees in Perth, Adelaide, Brisbane, Melbourne and Sydney volunteered to hand out the shoes and socks to the vendors at special breakfast events across the country.

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**DRUG AND ALCOHOL PROGRAM**

This year we introduced a program of unannounced drug and alcohol testing at 95 per cent of our high risk sites, well above the industry benchmark of 25 per cent. This was supported by a comprehensive training and education program and the establishment of individual site operating procedures and on site familiarisation and induction of all employees involved.

Throughout the year, 498 drug and alcohol tests and 48 alcohol tests, a total of 546 tests, were conducted across 38 sites. Testing will continue throughout the year, as will our drug and alcohol training and education program.

**Employee benefits**

Eligible employees have the opportunity to participate in our Employee Share Plan. In the past financial year, the Employee Share Plan Award was set entirely on safety performance targets, which were fully met, and as a result Origin awarded shares valued at \$1,000 (inclusive of superannuation and after tax), or a pro rata amount for eligible part time employees.

Our employees also have access to benefits which include salary sacrifice for their energy bills and superannuation. Both of these programs deliver appreciable savings to employees and have enjoyed steadily increasing patronage since their introduction.

Our Employee Assistance Program (EAP) provides access to professional and confidential counselling services for any employees and their immediate families with personal or work related concerns. Continued promotion has seen a sustained rise in the number of employees accessing these services over the past year, where 212 people or 7.5 per cent of our workforce made use of the EAP.

**Developing our employees**

We actively manage the performance and development of our employees, with 86 per cent of employees participating in regular performance reviews. Our employees have access to a range of programs that support skills management and lifelong learning. Designed to maintain employability and manage their development, these programs also help to manage transitions across the employment life span.

Our employee development program focuses on five main areas, namely core skills, personal skills, business skills, frontline management skills and computer skills.

Employees receive an average of 35.4 hours of training annually. This is spread between all levels of employment, with non-supervisory employees accessing the most training and senior managers the least.

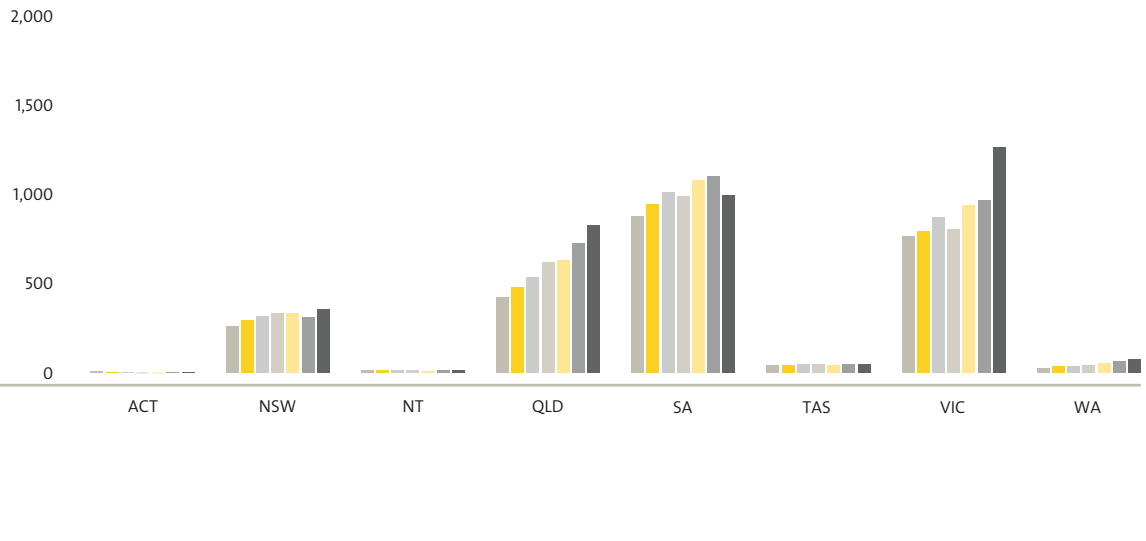
We also offer a number of programs to help our employees prepare for and return from Parental Leave, which help them to manage changes in their home and work lives at these times. Employees wishing to pursue further education can also access our Educational Assistance Policy, which provides financial support to eligible employees.

A range of career transition programs are available for employees whose careers are ending at Origin. These are tailored to the experience and seniority level of the individual and are aimed at assisting them prepare for their future career outside of Origin.

# OUR EMPLOYEES

## WORKING TOGETHER TO MAKE A DIFFERENCE

CONTINUED



### Code of Conduct training

Our Code of Conduct outlines our purpose and is based on our Commitments, Principles and Values. The Code also outlines the behaviour expectations of our employees and has the strong endorsement of the Board and our senior executives. Updated in September 2007, our Code of Conduct training covers important areas such as Equal Employment Opportunities, discrimination and harassment prevention, human rights issues, bullying prevention, drug and alcohol use, conflicts of interest, continuous disclosure and Trade Practices. In 2007/08, training was conducted by managers across Origin and was well received by employees, with 92 per cent of targeted employees trained in our Code of Conduct. In addition to Code of Conduct training, 94 per cent of targeted employees received Trade Practices training and 98 per cent of targeted employees completed our Insider Trading course.

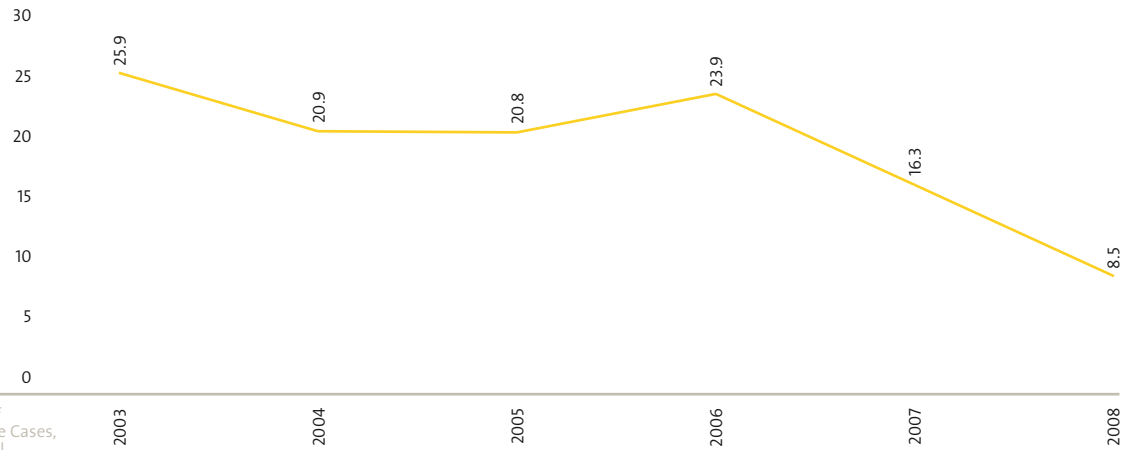
### Employee volunteers in the community

Our people volunteer time, money and goods to support charities through our community activities.

Through Matched Giving, our donations scheme, our employees donated more than \$87,000 to Australian charities, which we matched dollar for dollar. They also took more than 2,500 hours of paid volunteer leave, to participate in activities including the Oxfam Trailwalker endurance event and Business Clean Up Day. Together, we also donated 400 pairs of shoes and socks, 4,000 new pairs of underwear, cans of food, Christmas presents and toiletries for people in financial difficulty, making our volunteering program one of the most successful among large Australian organisations, according to the London Benchmarking Group.

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TOTAL RECORDABLE INCIDENT FREQUENCY RATE (%)

TRIFR includes the total number of employee and contractor Lost Time Cases, Restricted Work Cases and Medical Treatment Cases per million hours worked.

**QUICK TUNE UP BOOSTS HEALTH FOR EXPLORATION AND PRODUCTION**

Around 90 Exploration and Production (E&P) employees at our Roma, Spring Gully and Kincora operations had their 'mechanical parts' checked in an

Origin-sponsored Queensland Health Service program called the 'Pit Stop' health check.

The program encourages people to submit their body to a regular tune up to achieve the same optimum performance they expect from the engines they operate at work. It also encourages men in particular to feel comfortable talking about and monitoring their health.

Each of the participants underwent checks of their oil pressure (blood

pressure) to avoid blowing a gasket; their chassis (hip to waist ratio) to remove bulges in the panels; and their torsion (flexibility and back care). They were advised to regularly check their shock absorbers (mental health) and spark plugs (testicles/prostate/bowel/breasts), and for rust on their duco (skin cancer).

The team from Queensland Health also put them through their paces on fuel additives (alcohol intake), and urged them to reduce their exhaust emissions (by quitting smoking). The feedback from participants was really positive, and many said they learned valuable lessons on the day.

# OUR EMPLOYEES

## TRACKING OUR PROGRESS

OUR FIVE YEAR STRATEGY	FY08 WE SAID
<p>Our employees are engaged, believe that Origin is a great place to work and recommend Origin as a great place to work.</p>	<p>Initiate an employee engagement and culture survey.</p> <p>Develop the Origin employee value proposition (EVP) to attract, develop and retain people.</p> <p>Extend recognition programs across Origin by June 2009.</p>
<p>Eliminate barriers to employment, development and workplace opportunities so that our workforce attracts and represents diversity from the communities in which we operate.</p>	<p>Develop programs to retain Origin's talent, including those in critical 'hard to fill' roles.</p> <p>Promote flexible working options to all employees during 2008/09.</p> <p>Continue to build leadership capability and succession capacity.</p> <p>Continue to increase participation in our graduate programs.</p> <p>Extend and support mentoring, coaching and buddying programs throughout the business by June 2009.</p> <p>Develop strategies to increase the representation of women in management and non-traditional roles.</p>
<p>Embed environmental leadership in all training and decision making processes.</p>	<p>Integrate carbon value into asset and project evaluation.</p> <p>Integrate carbon value into procurement decisions.</p> <p>Conduct environmental issues and product education for employees.</p> <p>Launch a site/project environmental 'action list' to assess opportunities which include efficiency, solar, green energy and offsets.</p>
<p>Encourage and recognise employee-led sustainability initiatives.</p>	<p>Promote low carbon intensity solutions to employees.</p> <p>Achieve 100 per cent take-up of green energy or carbon offset products by senior management.</p> <p>Establish an employee ideas scheme to gather ideas aligned to Origin's sustainability objectives.</p> <p>Reinvigorate the Green Office program and recognise participation and performance.</p>
<p>Achieve a Total Recordable Incident Frequency Rate (TRIFR) of 4.</p>	<p>Achieve a 20 per cent improvement in TRIFR to 9.8.</p> <p>Implement a company-wide behavioural-based safety observation program to improve the reporting and addressing of hazards.</p> <p>Encourage safe behaviour through leadership and employee engagement programs.</p>

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## HOW WE WENT

Survey conducted in May 2008.

EVP audits completed for technical areas of the business and used to shape attraction campaigns locally and overseas. Origin-wide EVP promise is scheduled for completion in February 2009.

Formal recognition programs implemented in most business units. A review of recognition programs has commenced facilitating alignment across the company.

Leadership development programs conducted in capital cities with over 225 managers and supervisors participating.

Reviewed existing flexible work options and revised current policies.

Annual talent and succession planning reviews conducted. Origin's suite of Leadership Development programs ongoing.

Completed the first Origin-wide graduate recruitment campaign in 2007.

Mentoring and coaching practices under review to provide guidelines in the selection and use of mentoring and coaching for targeted employees.

Targeted women attend Xplore Career Resiliency Programs to support their career development. Female supervisors and managers participate in the Leadership Development and Advanced Leadership Development Programs.

Framework developed to record all fuel inputs for existing projects and those under construction.

Cost of carbon was appropriately modelled in the evaluation of major projects.

Introduced program to measure the carbon impact of shipping delivery options for purchases.

Joined Eco-Buy, a not for profit company providing links to green procurement solutions.

Origin sustainability and environment DVD shown at annual employee roadshow presentation. More than 20 stories about environmental issues and Origin products appeared in the Origin internal publication, Energysur.

Environmental improvement actions incorporated into site HSE Action Plans and Green Checklists implemented. Carbon Efficiency Program developed and implemented.

'Go Green Together', a program encouraging take up of green energy products by employees, resulted in a 77 per cent increase in employees signed up to green energy.

Achieved for all members of Origin's Executive Management Team, and of the Australian Operations senior team, who were in position at the start of the reporting period.

The Carbon Efficiency Program provided a forum to capture ideas on carbon efficiency opportunities in our Exploration and Production business.

At least one Green Office initiative was implemented in each major office location, e.g. initiatives to promote energy efficiency among employees and to reduce office waste.

In FY08, the TRIFR decreased 47 per cent, from 16.3 to 8.5, representing an improvement of more than 47 per cent.

Hazard Observation Cards for recording safe and unsafe acts and conditions were introduced during 2007/08. Recording of safe and unsafe work practices was incorporated into Origin's HSE information system, Origin Collective Intelligence System (OCIS).

Safety leadership training programs for management were run in LPG, Exploration and Production, Generation and Retail business units during FY08.

## FY09 ACTIONS

- Conduct a follow-up employee engagement survey.
- Develop and commence delivery of a flagship culture development program for all employees.

- Formulate and implement an organisation-wide strategy to increase diversity in management roles and non-traditional roles.
- Introduce succession and career mobility processes and systems.
- Introduce an Origin-wide graduate induction program.
- Increase the penetration of targeted mentoring, coaching and buddying programs across Origin.

- Develop a resource library to support the identification and assessment of Origin environmental improvement opportunities.
- Provide updates on relevant environmental issues and activities at Origin in employee broadcasts.

- Increase take up of low carbon intensity solutions by Origin employees.

- Achieve a 20 per cent improvement in TRIFR to 6.8.
- Work with CSG companies, drilling companies and contractors to identify and implement common strategies to improve contractor safety skills and industry safety performance.

# GREENHOUSE GAS INVENTORY

## EQUITY BASIS (ktCO<sub>2</sub>-e)

Emissions	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2007/08 % change
E&P	1,257	1,265	1,223	1,333	1,086	1,141	1,128 <sup>A</sup>	-1%
Generation (incl. Contact Energy)	1,342	1,263	1,203	2,047	2,578	2,276	2,151	-5%
Networks	199	201	208	213	207	226	0	-100%
LPG	9	9	9	20	20	21	24	15%
Offices	11	11	6	0	0	0	0	0%
<b>Total</b>	<b>2,818</b>	<b>2,749</b>	<b>2,649</b>	<b>3,613</b>	<b>3,891</b>	<b>3,663</b>	<b>3,304</b>	<b>-10%</b>

## Intensity

E&P	ktCO <sub>2</sub> -e/PJe		14.5	15.4	13.0	12.5	12.0	-3%
Generation (incl. Contact + steam)	ktCO <sub>2</sub> -e/PJe		109.2	76.9	83.6	71.4	68.0	-5%
Networks	ktCO <sub>2</sub> -e/PJe		10.2	11.0	11.2	11.6	0.0	-100%

## OPERATED BASIS (ktCO<sub>2</sub>-e)

Emissions	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2007/08 % change
E&P	520	500	558	675	538	806	822 <sup>*B</sup>	2%
Generation	598	517	440	496	374	286	253 <sup>*</sup>	-12%
Networks	1,041	1,083	1,189	1,217	1,250	1,312	0	-100%
LPG	23	24	23	23	23	21	24	15%
Offices	11	11	6	0	0	0	0	0%
<b>Total</b>	<b>2,193</b>	<b>2,135</b>	<b>2,216</b>	<b>2,411</b>	<b>2,185</b>	<b>2,425</b>	<b>1,099</b>	<b>-55%</b>

## Intensity

E&P	ktCO <sub>2</sub> -e/PJe		12.8	15.3	11.1	11.4	10.4	-8%
Generation (incl. steam)	ktCO <sub>2</sub> -e/PJe		206.2	213.2	201.0	192.6	199.1	3%
Networks	ktCO <sub>2</sub> -e/PJe		10.2	11.0	11.2	11.6	0.0	-100%

\* Ernst & Young performed a limited assurance engagement in relation to the Exploration and Production and Generation businesses' greenhouse gas inventory, determined on an operational control basis in accordance with ASAE 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Please refer to Ernst & Young's Independent Limited Assurance Report on the Origin website ([www.originenergy.com.au/sustainability](http://www.originenergy.com.au/sustainability)) for more information regarding the scope of work and procedures that were conducted.

A Acquisition of Swift Energy completed on 12 June 2008. No data included in FY0708, however full year FY0809 will be included in next report.

B For 2007/08 Origin revised the calculation methodology for one of the Exploration and Production facilities, namely BassGas. This resulted in a decrease in calculated emissions compared to the previous year's methodology. The new methodology relies on fewer assumptions and uses more actual process data.

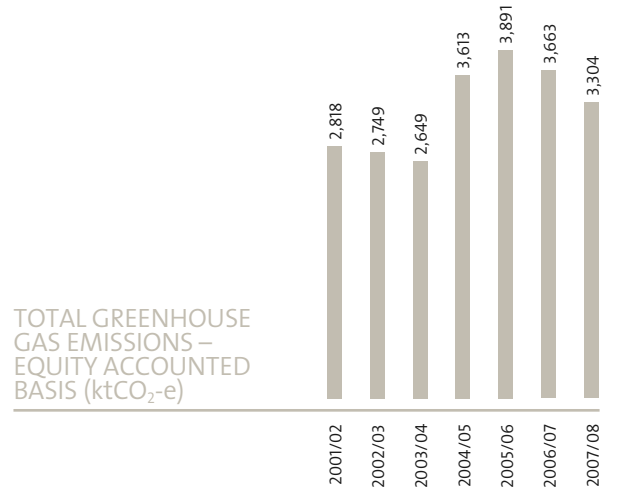
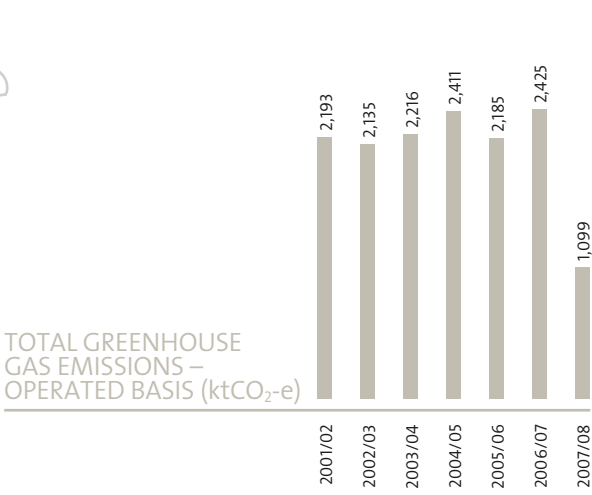
### NOTES:

- 1 Emissions are total Scope 1 greenhouse gas emissions for each of the Exploration and Production, Generation, Networks and LPG business units. Emissions for 'Offices' are Scope 2, net of reductions due to purchase of GreenPower and carbon offsets.
- 2 Greenhouse gas emissions have been determined using the World Business Council for Sustainable Development Greenhouse Gas Protocol Revised Edition, the Department of Climate Change National Greenhouse Accounts (NGA) Factors October 2008, emissions factors provided by the Australian Petroleum Production and Exploration Association (APPEA) to Origin and other relevant methods such as engineering mass balances.
- 3 Emissions from non-operated joint venture sites are indicative as they rely on data from joint venture partners.



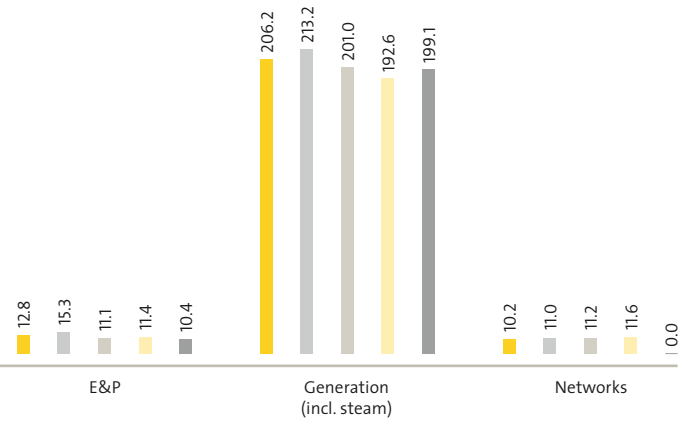
KEY PERFORMANCE DATA

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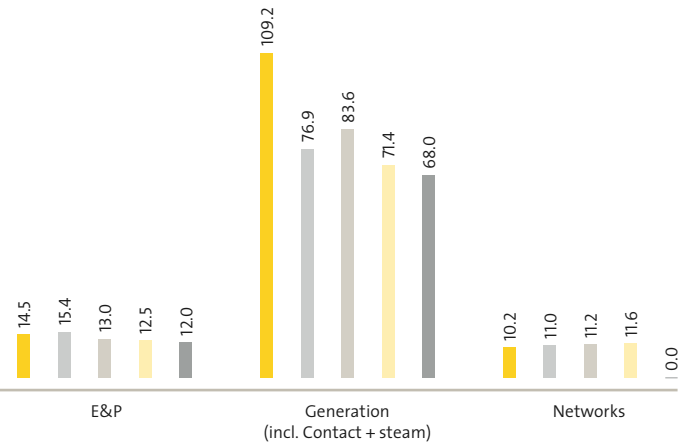
GREENHOUSE GAS INTENSITY – OPERATED BASIS (kt/PJe)

- 2003/04
- 2004/05
- 2005/06
- 2006/07
- 2007/08



GREENHOUSE GAS INTENSITY – EQUITY ACCOUNTED BASIS (kt/PJe)

- 2003/04
- 2004/05
- 2005/06
- 2006/07
- 2007/08



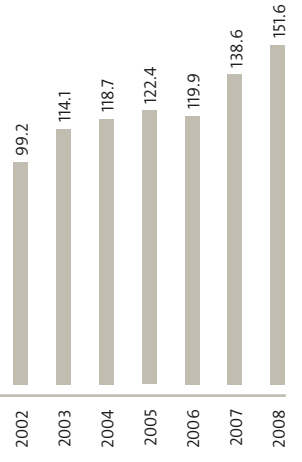
# KEY PERFORMANCE DATA

CONTINUED

TOTAL SUPPLY CHAIN EMISSIONS (MtCO<sub>2</sub>-e)



TOTAL SUPPLY CHAIN INTENSITY (kt/PJe)



OPERATED GENERATION PLANTS – NO<sub>x</sub> EMISSIONS ('000 kg/yr)

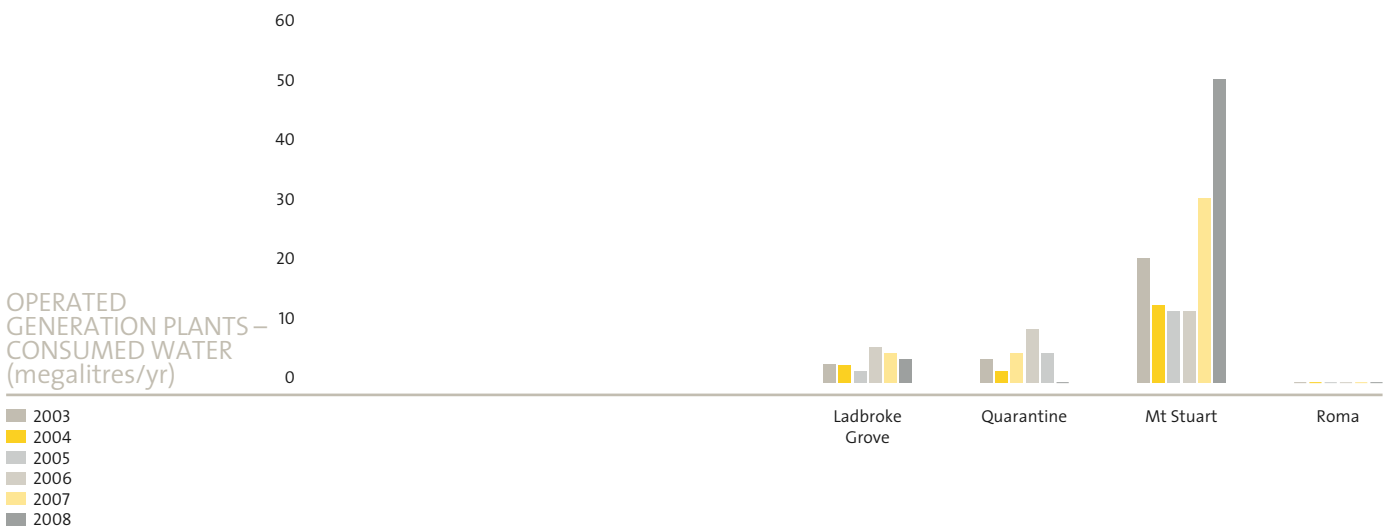
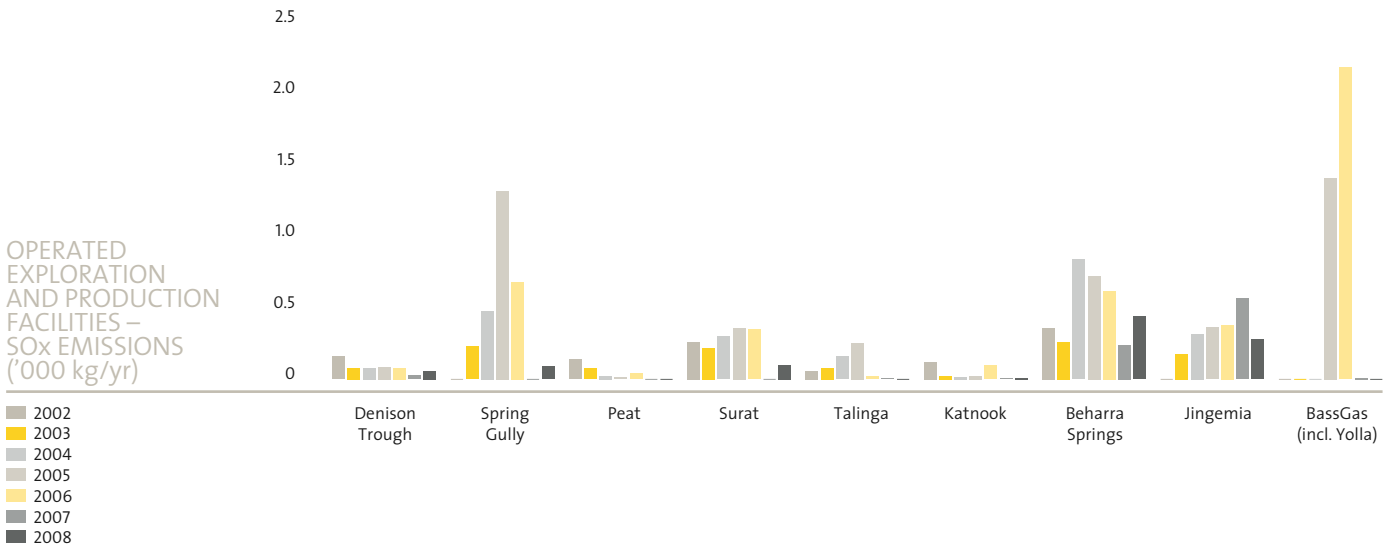
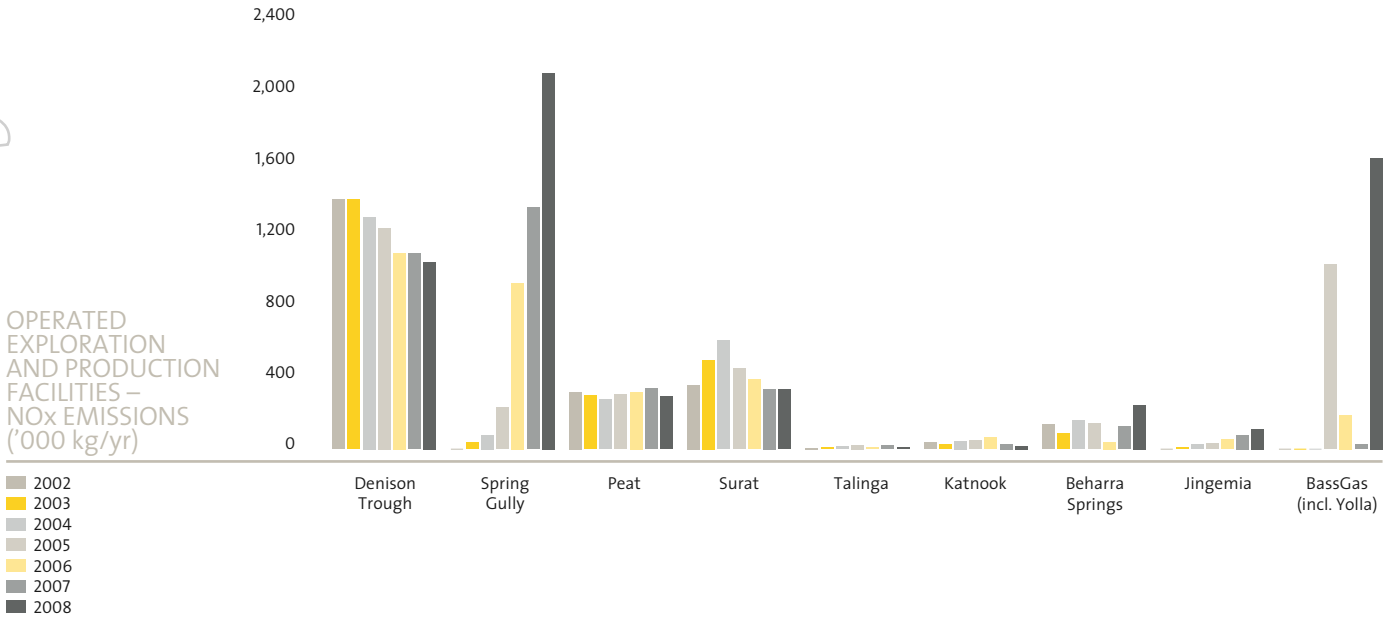


OPERATED GENERATION PLANTS – SO<sub>x</sub> EMISSIONS ('000 kg/yr)



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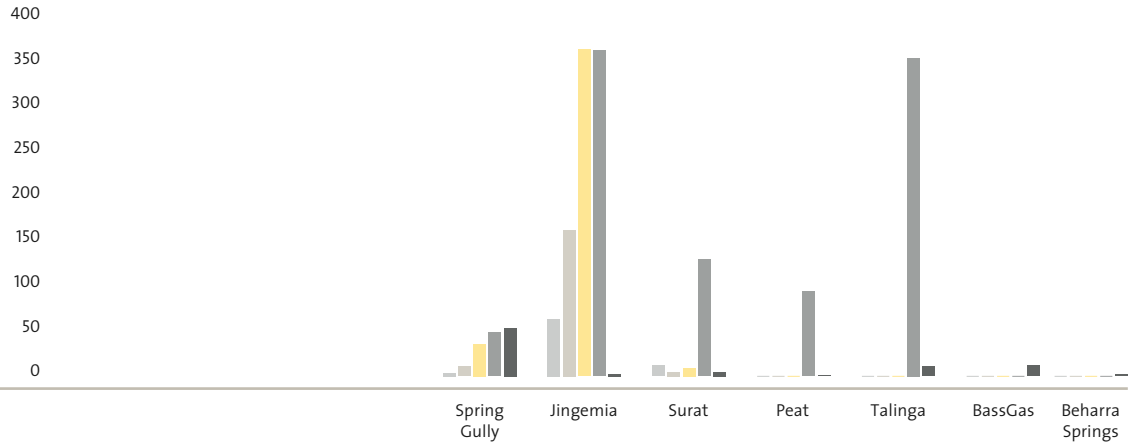


# KEY PERFORMANCE DATA

CONTINUED

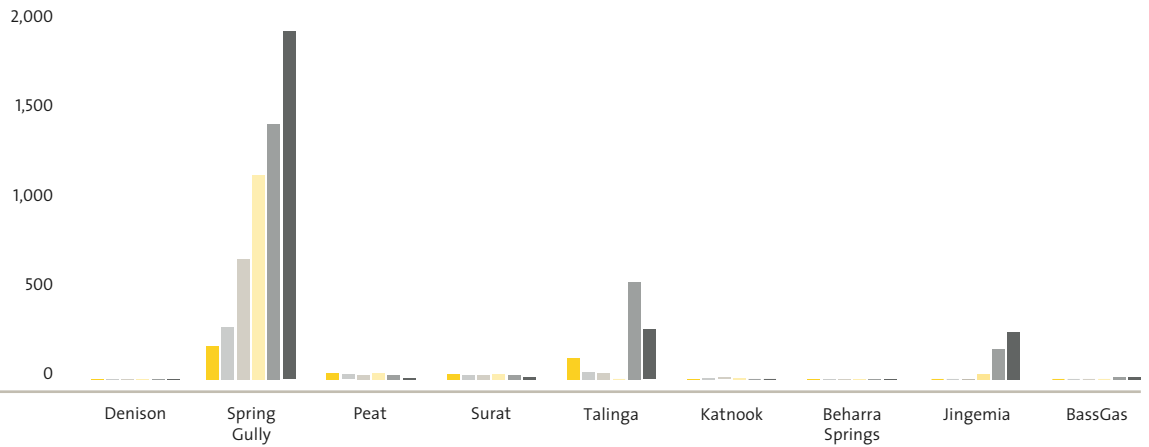
OPERATED EXPLORATION AND PRODUCTION FACILITIES – CONSUMED WATER (megalitres/yr)

- 2004
- 2005
- 2006
- 2007
- 2008



OPERATED EXPLORATION AND PRODUCTION FACILITIES – PRODUCED WATER (megalitres/yr)

- 2003
- 2004
- 2005
- 2006
- 2007
- 2008



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# GLOBAL REPORTING INITIATIVE INDEX

The Global Reporting Initiative (GRI) has pioneered the development of the world's most widely used sustainability reporting framework, the G3 Sustainability Reporting Guidelines. This framework sets out the principles and indicators that organisations can use to measure and report their economic, environmental and social performance, promoting a standardised approach to reporting.

## ORIGIN'S LEVEL OF COMPLIANCE

Report application level	A	B	C
Self declared		●	

AR Annual Report ● Covered  
○ Partially covered – Not applicable

GRI #	GRI INDICATOR	PAGE
<b>1. STRATEGY AND INSIGHTS</b>		
1.1	● Statement from our Managing Director	p4
1.2	● Description of key impacts risks and opportunities	pp4–6; pp10–11
<b>2. ORGANISATIONAL PROFILE</b>		
2.1	● Name of the organisation	Inside cover
2.2	● Primary brands, products, and/or services	Inside cover
2.3	● Operational structure	AR pp43–44
2.4	● Location of headquarters	Inside cover
2.5	● Countries of operation	AR pp15–17; p126
2.6	● Nature of ownership and legal form	AR pp106–110
2.7	● Markets served	AR pp15–17; p126
2.8	● Scale of the reporting organisation	Inside cover
2.9	● Significant changes	AR p17 (11.5); pp105–106
2.10	● Awards received	p4
EU1	○ Installed capacity (MW) broken down by energy source and by country or regulatory regime	Inside cover

GRI #	GRI INDICATOR	PAGE
<b>3. REPORT PARAMETERS</b>		
3.1	● Reporting period	p56
3.2	● Date of most recent report	p56
3.3	● Reporting cycle	p56
3.4	● Contact point on the report	p57
<b>REPORT SCOPE AND BOUNDARY</b>		
3.5	○ Process for defining report content	p56
3.6	● Boundary of the report	p56
3.7	● Limitations on the scope or boundary of the report	p56
3.8	● Reporting on other entities	p46; p56
3.9	○ Data measurement techniques and the bases of calculations	p46
3.10	● Explanation of re-statements	Nil
<b>GRI CONTENT INDEX</b>		
3.12	● Table on Standard Disclosures	p51
3.13	● External assurance	p46
<b>4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT</b>		
4.1	● Governance structure	AR pp45–46 (2.6)
4.2	● Indicate whether the Chair of the highest governance body is also an executive officer	AR p45 (2.2)
4.3	● Independent and/or non-executive Board members	AR p45 (2.1, 2.2, 2.3)
4.4	● Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	AR pp48–49 (6.1, 6.2)
4.5	● Linkage between compensation and the organisation's performance	AR p50 (9.2)
4.6	● Processes in place for the highest governance body to ensure conflicts of interest are avoided	AR p47 (3.2)
4.7	● Process for determining the qualifications and expertise of the members of the Board for guiding the organisation's strategy on economic, environmental, and social topics	AR p47 (3.1, 3.2)
4.8	● Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation	p7; AR p47 (3.1, 10.2)
4.9	● Procedures of the Board for overseeing the organisation's identification and management of economic, environmental and social performance	AR p47 (3.1, 3.2)
4.10	● Processes for evaluating the Board's performance	AR p47 (3.1, 3.2)
<b>COMMITMENTS TO EXTERNAL INITIATIVES</b>		
4.12	● External economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or endorses	p54
4.13	● Memberships in associations/industry associations	p56

# ABOUT THE GLOBAL REPORTING INITIATIVE

CONTINUED

GRI #	GRI INDICATOR	PAGE
4.14	● List of stakeholder groups engaged by the organisation	p2
4.15	● Basis for identification and selection of stakeholders with whom to engage	p4; p12
4.16	● Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	p2; pp20–21; p33; p35; p39
4.17	● Key topics and concerns raised through stakeholder engagement, and how these are managed	pp20–21; p35; p39
<b>ECONOMIC</b>		
<b>DEMAND-SIDE MANAGEMENT</b>		
EU6	● Demand-side management programs including residential, commercial and industrial programs	p31
<b>RESEARCH AND DEVELOPMENT</b>		
EU7	● Research and development activity aimed at providing reliable and affordable electricity and promoting sustainable development	p31
<b>ECONOMIC PERFORMANCE</b>		
EC1	● Economic value generated and distributed	p24
EC2	● Financial implications and other risks and opportunities due to climate change	p10
EC3	● Coverage of defined benefit plan obligations	AR p85
EC4	● Significant financial assistance received from government	p24
<b>MARKET PRESENCE</b>		
EC6	● Policy, practices and proportion of spending on locally based suppliers at significant locations of operation	p26
<b>INDIRECT ECONOMIC IMPACTS</b>		
EC9	● Understanding and describing significant indirect economic impacts, including the extent of impact	p10
<b>ENVIRONMENTAL</b>		
<b>ENERGY</b>		
EN3	● Direct energy consumption	p15
EN4	● Indirect energy consumption	p15
EN6	● Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	pp30–32
<b>WATER</b>		
EN8	● Total water withdrawal by source	p18
<b>BIODIVERSITY</b>		
EN11	● Land in or near protected areas and areas of high biodiversity value outside protected areas	Nil
EU14	● Biodiversity of replacement habitats compared to the biodiversity of the areas that are being replaced	p18

GRI #	GRI INDICATOR	PAGE
EN12	● Impacts on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Nil
EN14	● Strategies, current actions and future plans for managing impacts on biodiversity	p18
EN15	● IUCN Red List species and national conservation list species	Nil
<b>EMISSIONS, EFFLUENTS AND WASTE</b>		
EN16	● Total direct and indirect greenhouse gas emissions by weight	p15
EN17	● Other relevant indirect greenhouse gas emissions by weight	p15
EN18	● Initiatives to reduce greenhouse gas emissions and reductions achieved	p15
EN19	● Emissions of ozone-depleting substances by weight	Nil
EN20	● NOx, SOx and other significant air emissions by type and weight	p17
EN21	● Total water discharge by quality and destination	p18
EN22	● Total weight of waste by type and disposal method	p18
EN23	● Total number and volume of significant spills	p16
EN24	● Weight of transported, imported, exported, or treated hazardous waste and percentage of transported waste shipped internationally	p18
<b>PRODUCTS AND SERVICES</b>		
EN26	● Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	p31
<b>COMPLIANCE</b>		
EN28	● Value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Nil
<b>TRANSPORT</b>		
EN29	● Environmental impacts of transporting products and materials and transporting members of the workforce	p16
<b>SOCIAL PERFORMANCE: LABOUR PRACTICES AND DECENT WORK</b>		
<b>EMPLOYMENT</b>		
LA1	● Workforce by employment type, employment contract, and region	pp40–42
LA2	● Number and rate of employee turnover by age group, gender, and region	p40
LA3	● Benefits provided to full-time employees	p41
<b>LABOUR/MANAGEMENT RELATIONS</b>		
LA4	● Employees covered by collective bargaining agreements	p40
LA5	● Notice period for operational changes	p40

GRI #	GRI INDICATOR	PAGE
OCCUPATIONAL HEALTH AND SAFETY		
LA6	● Workforce representation in joint management-worker health and safety committees	p56
LA7	● Rates of injury and absenteeism, and number of work-related fatalities by region	p39
LA8	● Serious diseases programs in place to assist workforce members, their families, or community members	p41; p43
TRAINING AND EDUCATION		
LA10	● Training per year per employee by employee category	p41
LA11	● Career and skill development programs	p41
LA12	● Employee performance and career development reviews	p41
DIVERSITY AND EQUAL OPPORTUNITY		
LA13	● Composition of governance bodies and breakdown of employees per category according to diversity categories	p56; AR pp45-46 (2.6)
LA14	● Salary ratio by gender	p41
SOCIAL PERFORMANCE: HUMAN RIGHTS		
INVESTMENT AND PROCUREMENT PRACTICES		
HR3	● Employee training on human rights	p42
NON-DISCRIMINATION		
HR4	● Incidents of discrimination and actions taken	Nil
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
HR5	● Risk to freedom of association and collective bargaining	Nil
CHILD LABOUR		
HR6	● Risk of child labour	Nil
FORCED AND COMPULSORY LABOUR		
HR7	● Risk of forced or compulsory labour	Nil
INDIGENOUS RIGHTS		
HR9	● Incidents involving rights of indigenous people	Nil
SOCIAL PERFORMANCE: SOCIETY		
COMMUNITY		
EU18	● Participatory decision making processes with stakeholders and outcomes of engagement	p21
EU19	● Approach to managing the impacts of involuntary displacement	p7
SO1	● Managing the impacts of operations on communities	p21
EU22	● Programs, including those in partnership with government, to improve or maintain access to electricity services	p33

GRI #	GRI INDICATOR	PAGE
CORRUPTION		
SO3	● Employees trained in anti-corruption policies and procedures	p42
SO4	● Actions in response to incidents of corruption	Nil
PUBLIC POLICY		
SO5	● Public policy positions and participation in public policy development and lobbying	p4; p10
ANTI-COMPETITIVE BEHAVIOUR		
SO7	● Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Nil
COMPLIANCE		
SO8	● Value of fines and total number of non-monetary sanctions for non-compliance with laws and regulations	p27
SOCIAL PERFORMANCE: PRODUCT RESPONSIBILITY		
CUSTOMER HEALTH AND SAFETY		
PR1	● Health and safety impacts of products and services	p20
PR2	● Non-compliance with health and safety regulations governing products and services	Nil
EU24	● Number of injuries and fatalities to the public involving company assets, including legal judgements, settlements and pending legal cases of diseases	Nil
PRODUCTS AND SERVICE LABELLING		
PR3	○ Product and service information	Inside cover; p30
PR4	● Non-compliance with product and service information and labelling regulations and voluntary codes	Nil
PR5	● Customer satisfaction	p31
MARKETING COMMUNICATIONS		
PR6	● Laws, standards and voluntary codes related to marketing communications	p33
PR7	● Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	Nil
COMPLIANCE		
PR9	● Value of fines for non-compliance with laws and regulations concerning the provision and use of products and services	p27
ACCESS		
EU26	● Number of residential disconnections for non-payment, broken down by duration of disconnection	p35

# SUSTAINABILITY RATINGS AND BENCHMARKS



Our Australian Dow Jones Sustainability Index (SAM) results improved this year to 66 per cent, a 2 per cent improvement on last year's results against a sector average of 49 per cent.

## CARBON DISCLOSURE PROJECT

Participant in the Carbon Disclosure Project.



We received a 2008 EOWA citation.



## FTSE4Good

Included in the international ethical index FTSE4Good since January 2004.



Our community investment data is independently verified by the London Benchmarking Group (LBG), which promotes a consistent set of criteria for determining community investment, donations and commercial initiatives in the community.



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# GLOSSARY

**Base load** A steady and continuous flow of electricity from a power station.

**Biodiversity** Biological diversity (biodiversity) describes the richness and variety of flora and fauna in a location.

**Carbon dioxide (CO<sub>2</sub>)** A greenhouse gas that can be produced as a by-product of oil and gas production, burning fossil fuels and biomass.

**Carbon intensity** CO<sub>2</sub> emissions per unit of energy.

**Carbon Pollution Reduction Scheme (CPRS)** The Australian Federal Government's framework for its emissions trading scheme.

**Climate change** Substantial change in climate over time, whether due to natural variability or as a result of human activity.

**CO<sub>2</sub>-e** Carbon dioxide equivalent.

**Coal Seam Gas (CSG)** Natural gas contained within coal seams.

**Cogeneration** The production of two or more forms of energy from one fuel source. In general, cogeneration plants operated by Origin produce steam and electricity from natural gas.

**Combined cycle gas turbine (CCGT)** Combined cycle technology uses both gas and steam turbine cycles in a single plant to produce electricity with relatively high conversion efficiencies and relatively low emissions.

**EBITDAF** Earnings before interest, tax, depreciation, amortisation and the impact of fair value changes to financial instruments.

**Electricity measures:**

- **Watt (W)** A measure of power present when a current of one ampere flows under the pressure of one volt.
- **Kilowatt (kW)** One kW = 1,000 watts.
- **Kilowatt hour (kWh)** The standard unit of electrical energy that represents the consumption of one kilowatt over the period of one hour. An average household in Victoria consumes about 5,000 kWh of electricity per annum.
- **Megawatt (MW)** One MW = 1,000 kW or one million watts.
- **Megawatt hour (MWh)** One MWh = consumption of one megawatt of electricity for one hour.
- **Gigawatt hour (GWh)** One GWh = 1,000 megawatt hours or one million kilowatt hours.
- **Terawatt hour (TWh)** One TWh = 1,000 gigawatt hours or one million megawatt hours.

**Emissions** Substances released into the environment.

**Fossil fuels** Fuels derived from fossilised organic matter such as coal, oil and petroleum.

**Fugitive emissions** Substances which escape to air, such as leaks from equipment.

**Gas measures:**

- **Joule** A joule is the primary measure of energy in the metric system.
- **Gigajoule (GJ)** A gigajoule is equal to one billion joules. An average household in Victoria consumes approximately 55 GJ per annum.
- **Terajoule (TJ)** A terajoule is equal to 1,000 gigajoules.
- **Petajoule (PJ)** A petajoule is equal to one million gigajoules.
- **Petajoules equivalent (PJe)** The measurement used in this report to represent the equivalent energy in different products so the amount of energy contained in these products can be compared on an equal basis.

The factors used by Origin to convert to PJe are:

- One million barrels of crude oil = 5.83 PJe
- One million barrels of condensate = 5.41 PJe
- One million tonnes of LPG = 49.3 PJe
- One TWh of electricity = 3.6 PJe

**Geothermal energy** Energy derived from the Earth's internal heat. Zero emission electricity is produced by using high temperature water through a heat exchanger to drive turbine generators. Hot fractured rock geothermal energy uses heat trapped inside granites located deep below the Earth's surface.

**GHG** Greenhouse gas.

**Greenhouse gases** Natural and anthropogenic gases in the atmosphere that absorb and emit infrared or heat radiation, causing the greenhouse effect. The main greenhouse gases are carbon dioxide and methane.

**HSE** Health, safety and environment.

**HSEMS** Health, Safety and Environment Management System.

**Kt/PJe** Kilotonnes per petajoule.

**KtCO<sub>2</sub>-e** Kilotonnes of carbon dioxide equivalent.

**KtCO<sub>2</sub>-e/PJe** Kilotonnes of carbon dioxide equivalent per petajoule.

**Liquefied Natural Gas (LNG)** Natural gas that has been converted to liquid form by cooling to approximately -163°C for ease of storage or transport.

**LPG** Liquefied petroleum gas.

**MtCO<sub>2</sub>-e** Megatonnes of carbon dioxide equivalent.

**NEM** National Electricity Market.

**NO<sub>x</sub>** Oxides of nitrogen.

**Operating Cash Flow After Tax Ratio (OCAT Ratio)** OCAT Ratio = EBITDAF less change in working capital, less non-cash items, less stay in business capital, less tax divided by funds employed.

**Peaking plant** A power plant that operates during peak or high demand periods rather than continuously.

**Photovoltaic (PV)** Photovoltaic cells convert sunlight directly into electricity.

**PJ** Petajoule.

**Proven and probable** Oil and gas reserves with reasonable certainty or probability for production.

**Renewable energy** Energy derived from naturally recurring sources such as the sun, wind or geothermal heat.

**Renewable Energy Target (RET)** The Federal Government's target for ensuring 20 per cent of Australia's electricity supply is sourced from renewable energy sources by 2020.

**Reverse osmosis** A process for purifying water by forcing waste or saline through a semipermeable membrane.

**Sequestration** The uptake and storage of carbon, for example reforestation and increasing the carbon content of soil.

**Geosequestration** The injection and storage of carbon dioxide in geological formations.

**SO<sub>x</sub>** Oxides of sulphur.

**Stationary energy** Includes emissions from electricity generation and from fuels consumed in the manufacturing, construction and commercial sectors, and emissions from other sources like domestic heating.

**Supply chain emissions** Origin measures carbon emissions across the energy supply chain, which includes our own emissions mainly from our Exploration and Production and Generation businesses, third party emissions from suppliers of the energy we purchase and the combustion of our products by our customers.

**tCO<sub>2</sub>-e** Tonnes of carbon dioxide equivalent.

**The company** Origin Energy Limited and its controlled entities.

**TJ** Terajoule.

**Total shareholder return (TSR)** TSR represents the return to shareholders, determined by taking into account changes in stock price, returns to shareholders in the form of dividends and other disbursements, and the effect of movements in issued capital.

**TRIFR** Total Recordable Incident Frequency Rate.

**Upstream** The part of Origin's business involved in the exploration and production of hydrocarbon liquids and gases.

# ABOUT THIS REPORT

For personal use only

This report contains information on Origin's health, safety and environmental policies, on our social responsibility performance and on our economic contributions.

Ernst & Young performed a limited assurance engagement in relation to the Exploration and Production and Generation businesses' greenhouse gas inventory, determined on an operational control basis in accordance with ASAE 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Please refer to Ernst & Young's Independent Limited Assurance Report on our website ([www.originenergy.com.au/sustainability](http://www.originenergy.com.au/sustainability)) for more information regarding the scope of work and procedures that were conducted.

Unless otherwise stated, this document reports on the sustainability performance of the assets and activities operated by Origin Energy for the year ended 30 June 2008. All monetary amounts in the report are Australian dollars, unless otherwise indicated. We report according to our four key stakeholder groups, namely communities, customers, employees and investors. We report on the greenhouse gas emissions and intensity of our operated and equity assets.

This report has been compiled using the G3 guidelines of the Global Reporting Initiative (GRI) and follows our 2007 sustainability report, which was released in April 2008. See page 51 for our G3 correspondence table.

Origin is represented on peak industry associations including the Australian Petroleum Production & Exploration Association (APPEA), Energy Supply Association of Australia (esaa), Energy Retailers Association of Australia Incorporated (ERAA), Australian Liquefied Petroleum Gas Association (ALPGA), the Business Council of Australia (BCA) and the Australian Industry Group.

## Governance

Good governance is core to a sustainable business. At the heart of Origin's governance structure is a series of committees and processes that bring together Board Directors, executives and senior managers from across the business. For example, our Health, Safety and Environment (HSE) Committee, made up of executive and non-executive Directors of the Board, met four times during the past financial year to discuss HSE matters arising out of our activities and operations. The Board's Remuneration Committee ensures that remuneration is consistent with market practice. Our Operational Risk Committee, made up of senior managers from a range of business units, reviews health, safety and environmental risks as a part of the broader scope of operations risk management. More detailed information about these and other elements of Origin's governance regime can be found in our 2007/08 Annual Report.

If you are seeking to rely on information in our report or to draw detailed conclusions from the data contained within, please contact us for verification and assistance.

**Origin Energy Limited**  
ABN 30 000 051 696

# DIRECTORY

## ORIGIN ENERGY LIMITED

### Registered office

Level 45, Australia Square  
264–278 George Street  
Sydney NSW 2000  
GPO Box 5376  
Sydney NSW 2001

Telephone (02) 8345 5000  
Facsimile (02) 9247 4325

Please email your feedback on this report to:  
[sustainability@originenergy.com.au](mailto:sustainability@originenergy.com.au)

For more about Origin Energy,  
visit [www.originenergy.com.au](http://www.originenergy.com.au)

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