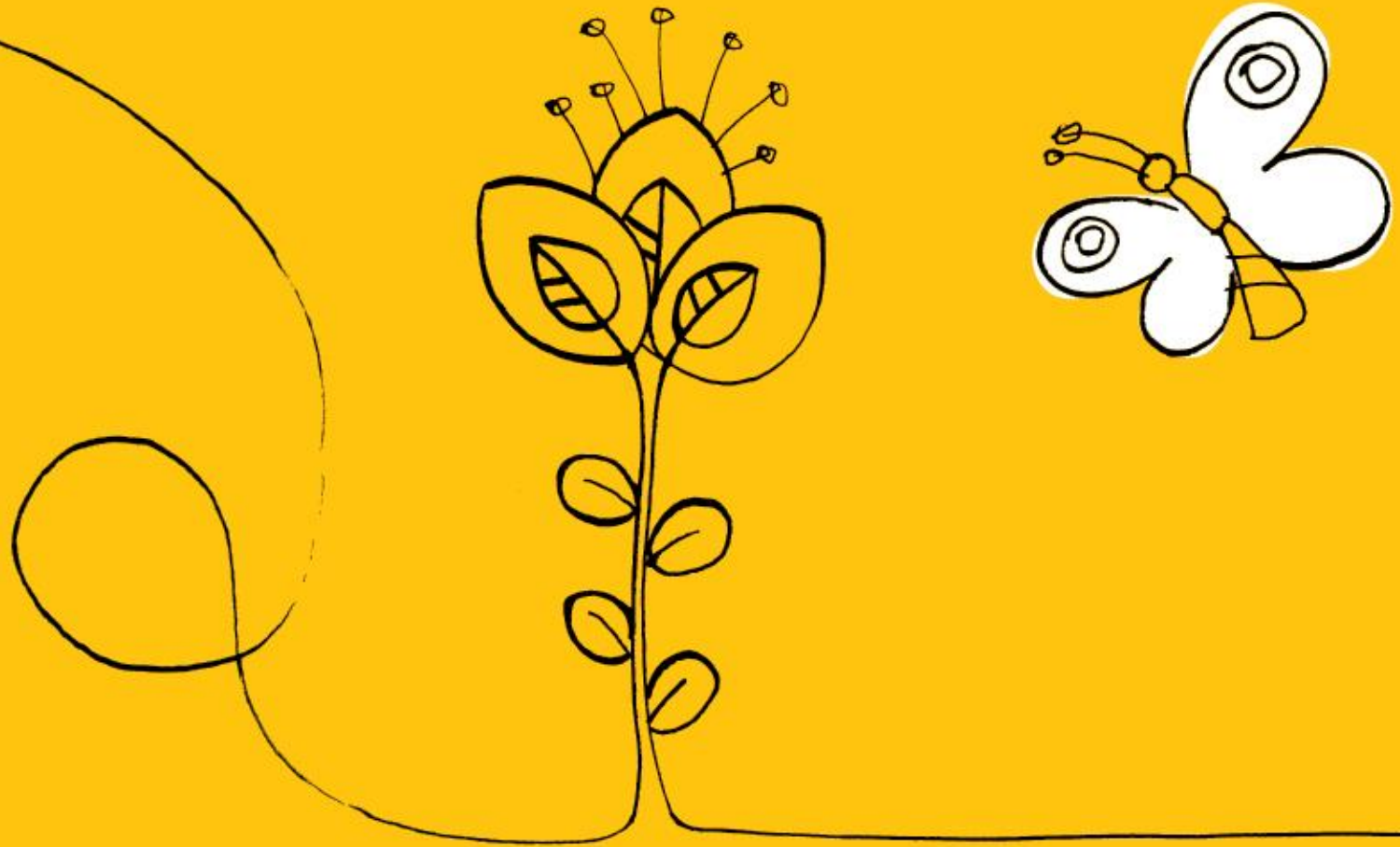


2009 ANNUAL GENERAL MEETING

Managing Director's address





Global Financial Crisis

- **Performed well against most KPIs**

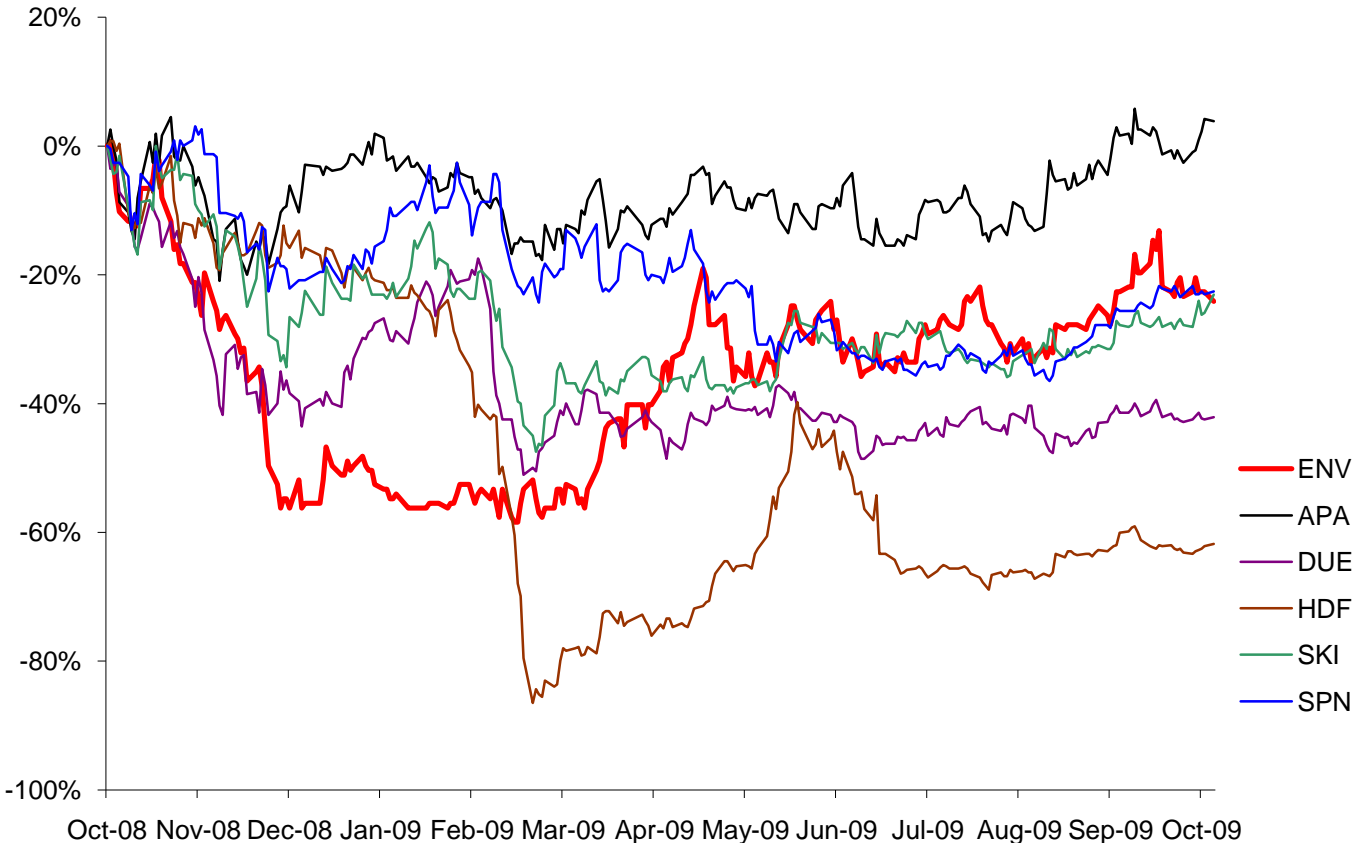
- **Disappointments**
 - **Share Price**

 - **Cut in distributions**

- **Taken prudent steps to underpin future**



Relative Share Price Performance





Business Strategy

- **Annual Returns to shareholders at least 10%:**
 - **Not achieved**
 - **Focus on improving financial performance and shareholder returns**
 - **Expanded investor relations program**






Business Strategy

- **Operating networks safely:**
 - **No significant incidents**
 - **23,500 new consumers**
 - **\$113M capex program**





Business Strategy

- 
- **Promoting use of natural gas:**
 - **Marketing restricted due to funding constraints**
 - **Energy policies support use of natural gas**
 - **Emerging alternative energy applications**

 - **Changing the regulatory environment:**
 - **Participated in WACC review (electricity)**
 - **AER allowed 1% uplift**
 - **Expect WACC for gas to be higher**



Business Strategy

■ Profitably growing our business:

- 300km of new mains (\$25M)
- Deliver gas to >1 million consumers
- Palm Valley pipeline (\$7M)



■ Protecting the environment:

- No major incidents (gas leaks)
- No contraventions of environmental codes
- Historical gas sites to be remediated



Business Strategy

- **Providing outstanding service:**
 - **Minimal complaints received**

- **Encouraging innovation and professionalism:**
 - **Skills enhancement program**
 - **Tertiary courses, apprenticeships, and specialist courses**
 - **Major focus on safety**






Operations

- Went largely to plan in 2008-09
- Operating costs held to \$113M
- Excellent service via APA and its
contractors





Climate Change

- **Emissions Trading Scheme rejected – but debate continues**
 - **Mandatory reporting of emissions**
 - **Envestra: 627,000 tonnes of CO₂ equivalent**
 - **Cost of \$6M or \$6 / consumer per annum**
 - **Cost recoverable via regulatory process**
- 

2008-09 Achievements



- Record underlying profit
- Debt consolidation
- Rights Issue
- Distribution Reinvestment Plan
- Stable Outlook by S & P
- All 2009-10 term-debt refinanced
- Continued strong organic growth
- No operational issues

