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PARLIAMENT OF NEW SOUTH WALES

PARLIAMENTARY PAPER
No.1049 of 1999-2000-2001

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Power comes from People



PACIFIC POWER

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Pacific Power is preparing to separate its two remaining businesses – energy services arm Pacific Power International, and the coal mining operation Powercoal – from Pacific Power, as part of the New South Wales Government's ongoing electricity competition and reform program. This will mark the close of a great chapter in Australia's post-war industrial history that has seen the development and maintenance of one of the largest and most secure power generation and transmission systems in the world.

It's an achievement of the People of Pacific Power.



more than 50,000 employees

That's the number of Pacific Power people who have been the lifeblood of this organisation over more than five decades. They have also been the lifeblood of industry, commerce and society in New South Wales by providing a reliable and affordable power supply. The Pacific Power workforce peaked at 11,262 people in 1982.

over 1 billion Gwh generated

From 1950, Pacific Power and its predecessor, The Electricity Commission of New South Wales, generated 1.14 billion Gwh of energy from power stations fuelled by coal, water, wind and gas.





1,000s of apprenticeships

An integral part of this process has been training more than 5,000 apprentices, cadets and trainees in roles ranging from electricians, carpenters, operators, engineers and business.

\$10+ billion capital works

Over the same period, Pacific Power people have commissioned and managed the design and construction of more than a dozen power stations and a 16,000+ kilometre high voltage transmission system with a total construction value well in excess of \$10 billion. Capital assets peaked at over \$10 billion in 1994.



a job...

well done

The Government of New South Wales and the Board of Pacific Power sincerely thank every person who has contributed to the remarkable history of Pacific Power. **Power comes from People.**

The Minister



The Hon. K Yeadon, MP
Minister for Information Technology,
Minister for Energy,
Minister for Forestry, and
Minister for Western Sydney

31 October 2001

Dear Mr Yeadon

We have pleasure in submitting to you the Pacific Power Annual Report including the Statements of Financial Performance and Cash Flows for the year ended 30 June 2001 and the Statement of Financial Position as at that date certified by the Auditor-General of New South Wales.

This report has been prepared in accordance with the Annual Reports (Statutory Bodies) Act 1984 and is submitted to you for presentation to both houses of Parliament.

Yours sincerely

Mr R W Dunning
Chairman

Dr R D Lang
Acting Chief Executive

Board of Directors



Pictured from left to right:
**Mr N R Marks, Dr R D Lang,
Ms J C Neary, Mr R W Dunning,
Mr P Corrigan, Mr G S Symington
and Mr M Duffy.**

Mr R W Dunning

BE (Hons) (Qld), BComm (Qld),
FIE Aust, FCIT, FIRSE, FAIM

Chairman and Part-time Director,
appointed 1 January 2001 for the
period ending 31 December 2002.

Ms J C Neary

BA, DipEd (Newcastle), FAICD

Deputy Chair and Part-time Director,
appointed 26 July 2000 for the period
ending 30 June 2002.

Dr R D Lang

PhD, BE (Hons), BSc, FAICD, MIEEE,
MIE Aust

Acting Chief Executive from
17 February 2001.

Mr P Corrigan

BComm (UNSW), ASA, FCIS

Part-time Director, appointed
26 July 2000 for the period ending
30 June 2002.

Mr M Duffy

BEC, LLB (Adelaide), MA (UNSW)

Part-time Director, appointed
26 July 2000 for the period ending
30 June 2002.

Mr G S Symington

BEC (Sydney)

Part-time Director, appointed 26 July
2000, re-appointed 27 June 2001 for
the period ending 30 June 2002.

Mr N R Marks

Acting Secretary.

Former Board Member:

Mr R D Garland

Chairman to 31 December 2000
and Acting Chief Executive to
16 February 2001.



"Every person who has worked at Pacific Power can feel proud of their contribution to this organisation's history of achievement."

Few organisations in Australia in either the public or private sector have a sustained record of achievement over more than half a century to match that of Pacific Power. Born out of post-war need as The Electricity Commission of New South Wales, this organisation built and managed one of the largest and most robust integrated electricity generation and transmission systems in the world. More recently, many of these skills have formed the basis of a successful energy services business trading as Pacific Power International (PPI). As the leading Australian-owned organisation of its kind, PPI has successfully competed against the world's best engineering and project management firms to win major contracts throughout Australia and South-East Asia, including building and operating large scale power stations.

As part of the advancement of the electricity reform program of our shareholder, the New South Wales Government, PPI will soon be

separated from Pacific Power, as will our other remaining business, Powercoal. These events will mark the finalisation of a program commenced in 1995 to introduce a new, competitive era in electricity markets in New South Wales as part of the larger National Competition Policy.

Every person who has worked at Pacific Power can feel proud of their contribution to this organisation's history of achievement. It is a history without parallel and one that has directly contributed to the well-being of every resident in New South Wales through the provision of reliable and affordable energy that has underpinned the state's economy.

I thank you all and wish you well in your new careers and pathways either in the next phase of development of our existing businesses or in other endeavours.


 Ross Dunning
 Chairman



Pacific Power International (PPI) completed the construction of the Blayney Wind Farm during the reporting period, adding 10 MW of renewable energy to the market for its client, Eraring Energy. It also progressed to near completion, another green energy project, upgrading Burrinjuck Hydro Power Station from 10 MW to 29 MW. This sector is likely to grow rapidly as the Federal Government's recent regulatory initiatives on renewables start to take effect.

Similarly, the first unit of the 840 MW Callide B Power Station in North Queensland was nearing completion by

The last 12 months have seen the organisation complete the final phase of its role in the establishment of the competitive electricity market, in which the various transmission and generation components of Pacific Power have been separated as independent operating organisations over the past six years.

This process commenced in early 1995 and concluded on 2 August 2000, when the New South Wales Government established Eraring Energy as a new, state-owned generation corporation, acquiring Pacific Power's remaining generation assets including the 2,640 MW Eraring Power Station, 375 MW of hydro facilities and wind farms at Crookwell and Blayney.

Pacific Power is now substantially an energy services business with an international reputation for its technical expertise in power engineering, and a proud record of achievement over the past year.

"Our last tasks are to rigorously prepare the remaining wholly owned subsidiaries for a successful future."

the end of the reporting period, with the second unit scheduled for completion by the end of the current calendar year. PPI has the lead role in this development project, as we do for the construction of a 450 MW advanced coal-fired power station at Tarong North, also in Queensland. Construction at Tarong North commenced in earnest during the reporting period, with the project scheduled for completion in 2003.

PPI's strong position in the Vietnamese market was reaffirmed in winning a major new contract to act as Owner's Engineer on the Uong Bi coal-fired Power Station, which will follow on from the successful work being undertaken by PPI on the Pha Lai project.

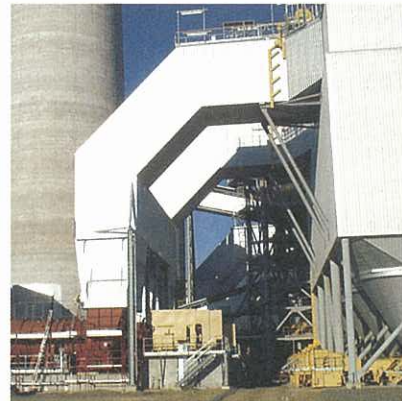
All of this new activity was carried on at the same time as the organisation readied itself for the next phase of reform, with the New South Wales Government indicating its intentions to establish Powercoal and Pacific Power International as separate corporate entities and to wind down, and eventually cease the operation of Pacific Power. This process should be completed over the next 12 months, with this report likely to be the last of its kind for Pacific Power as an entity.

Pacific Power has built an outstanding reputation over the past five decades, reflecting the history of achievement of

the organisation through the skills and dedication of its people. Our last tasks are to rigorously prepare the remaining wholly owned subsidiaries for a successful future. I am pleased to report that this process is well advanced and on track.

The people of Pacific Power have made this organisation great. I would like to take the opportunity to wish each of you a happy and prosperous future and to thank you for the part you have played in the development of this organisation, and indeed the development of New South Wales.


 Rob Lang
 Acting Chief Executive



The past year has seen significant progress towards the achievement of our shareholder's ongoing policies and aspirations for the competitive reform of the electricity industry.

Spin Off of Generation Assets

On 2 August 2000, the generation assets of Pacific Power were spun off into a new entity, Eraring Energy. These assets comprised the 4 x 660 MW coal-fired Eraring Power Station on the New South Wales central coast, a suite of hydro-electricity assets totalling 360 MW and wind farms at Crookwell (5 MW) and Blayney (10 MW), both on the New South Wales tablelands. This left Pacific Power with two major businesses: the energy services arm trading as Pacific Power International (PPI) and underground coal miner, Powercoal. Pacific Power also maintained a majority share in solar power development company Pacific Solar and revenue entitlements from 58% of the output of the Snowy Hydro generation network.

Pacific Power International Domestic Projects

PPI maintained its record of recent years by posting another good sales result, with turnover of almost \$180 million for the period. PPI enjoys an outstanding reputation throughout Australasia and South East Asia as a world class supplier of specialised energy and engineering services and is the only Australian-owned organisation of its type in the market. This result has vindicated the shareholder's decision to spin off PPI as an independent entity and reaffirms the outlook for success in this new mode.

During the year, significant new business was won offshore, whilst on the domestic scene important milestones were passed in the delivery of two separate major power station design-and-construct contracts in Queensland.

PPI has a lead role in the development of the 840 MW coal-fired power station at Callide in North Queensland. Callide was officially opened by the Premier of Queensland, the Hon. Peter Beattie, four days after the close of the reporting period with the

Callide Power Station, Queensland. Pacific Power International has the lead development role for the design and construction of this 840 MW super-critical coal-fired power station due for completion in late 2001.



The 450 MW Tarong North Power Station under construction in Queensland. Like the Callide project (opposite page), Pacific Power International has the lead development role in the consortium undertaking the design and construction of this super-critical coal-fired power station.

commissioning of the first of two units. The second unit is scheduled for completion by the end of calendar 2001, with successful boiler test fire achieved during the period.

PPI has a similar lead role in Queensland in the consortium which has the design-and-construct contract to build another coal-fired power station at Tarong North. Construction of this 450 MW project commenced during the period, with the major milestone of raising the first boiler steel completed on schedule.

These two stations are the first two super-critical coal-fired power stations to be developed in Australia. They are designed to operate at precisely defined temperatures and pressures that ensure optimum efficiency, making them the most environmentally advanced coal-fired power stations in Australia.

A project slightly 'left of field' for Pacific Power but definitely centre stage in September 2000 is the Penrith WhiteWater Stadium, the venue for all whitewater kayak and canoe events at the Sydney Olympic Games. Designed and developed by PPI, the engineering excellence of this facility, which has

attracted widespread interest around the world, was recognised during the year when it was highly commended in the Innovation and Invention category of The Institution of Engineers (Australia) Excellence Awards.

Other domestic projects of significance included the development of the 10 MW Blayney Wind Farm which, when officially opened by the New South Wales Minister for Energy, the Hon. Kim Yeadon MP, was the largest in New South Wales, and the advancement of major works at the Burrinjuck Hydro Power Station to almost triple its generating capacity (see The Environment p.18).

International Projects

Offshore, PPI was active in Vietnam, China, Malaysia and Singapore.

In Vietnam, PPI is contracted, in joint venture with the Electric Power Development Corporation of Japan, as the Owner's Engineer on the Pha Lai No 2 Power Station project comprising 2 x 300 MW units. The major milestone of the period was the successful boiler test fire of the number 1 unit.



During the year, PPI was invited by Electricity Vietnam to enter into exclusive negotiations to act as Owner's Engineer on another major new power station project at Uong Bi, reflecting PPI's reputation and success in the Vietnamese market.

In China, PPI's principal contracts involved advising provincial governments and electricity authorities on the establishment of competitive market structures.

In Singapore, PPI has been engaged by Senoko Power to provide a range of services, including consulting on life extension strategies and plant condition monitoring services for existing generating plant on the island state.

The Environment

Pacific Power has a long history of being a leader in the management of environmental issues, both as an asset owner and through our role in design and construction of new facilities.

With the transfer of the organisation's generation assets to Eraring Energy, our environmental focus has been realigned, but has not diminished. As we move forward, we are committed

to assisting our clients to address the challenges of sustainable energy generation. During the last year, we have advanced the planning and construction of new sustainable energy projects as well as being involved with a broad range of environmental improvements for older generation plant.

Green Energy

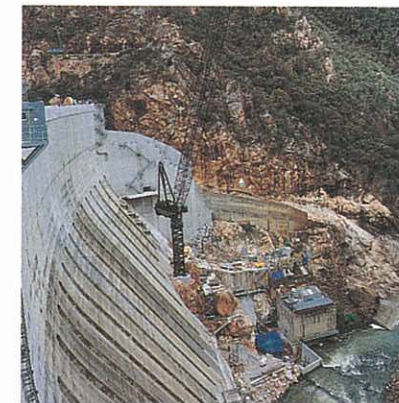
In July 2000, Pacific Power completed and commissioned the 10 MW Blayney Wind Farm, the second grid connected wind farm in New South Wales. Later in the year, Pacific Power's position at the vanguard of the small but growing wind industry was recognised by The Institution of Engineers (Australia) with an Engineering Excellence Award for 'Bringing Wind Farming to Australia.'

Work on the upgrade of the Burrinjuck Hydro Power Station to almost triple its output is well advanced. The project, being managed on behalf of Eraring Energy, involves the installation of a new 15 MW turbine and the overhaul and upgrade of two existing 5 MW units to 7 MW each, with project completion planned for the end of 2001.

Construction workers at the Pha Lai No 2 Power Station in Vietnam. Pacific Power International is the joint Owner's Engineer on this 2 x 300 MW unit project.

The 10 MW Blayney Wind Farm, New South Wales, developed by Pacific Power International. During the year, Pacific Power International received a major industry award acknowledging the organisation's pioneering role in Australian wind farming.

Burrinjuck Dam and Hydro Power Station, New South Wales. Pacific Power International is managing a major upgrade of the power station which will increase its capacity from 10 MW to 29 MW.



The project will optimise the generation of electrical energy from existing water releases while still meeting water quality objectives.

Pacific Power is committed to the ongoing application of its experience and capability in delivering green energy projects for clients.

Advanced Fossil Fuel Plants

As noted previously, the technologically advanced super-critical coal-fired units being constructed at Callide and Tarong North will be the most efficient coal-fired units in Australia. They will deliver significant emission reductions compared to existing coal-fired plant. Environmental protection devices incorporated in these developments include fabric-filter fly-ash collection systems, oil containment apparatus and water management systems. Stringent environmental management and protection systems are an important feature of the construction phase.



Les Dooner
Supervisor, Computer Platform

"People ask me, if you had your time over, what would you do differently? And I think, not a thing. Not a single thing."

Les Dooner has been with Pacific Power since 1955 when he left school. It is his first and only job. Always in the same area: data processing, although in the beginning it was known as simply, Punch Card Section, which sounds a far cry from the IT we know today.

And it is a far cry. What seemed at the time like elementary changes, such as switching from punch cards to inputting data through a keyboard, heralded much more significant change in the organisation than appeared at the time.

Nowadays, Les' title reflects his responsibility in the engine room of Pacific Power.

"It's a key area. The hub of the whole place," Les says. "Why would I want to change anything?"



Robyn Hogbin
Assistant to General Manager,
Technical Services

But for a break to have two daughters, Robyn Hogbin has worked with Pacific Power and its predecessor since she graduated from Newcastle Tech 33 years ago.

Now working at an 'outpost' in the grounds of the University of Newcastle, Robyn looks back in amazement at the changes she's witnessed over the years:

"I started at Maitland the day man walked on the moon."

"I've seen lots of upheaval; some dramatic changes. But I would never have acquired the skills I now have, had we not gone through that."

Now juggling 'four or five hats' at the Advanced Technology Centre, Robyn is proud of her role in 'the cutting edge work' there.

"People get a shock when they see what we do. It's ground-breaking stuff. Very satisfying!"



Environmental Improvements to Older Plant

In addition to our role in the development of new plant, Pacific Power has comprehensive capability to assess existing generation plant to identify opportunities for efficiency improvements, leading to the optimisation of the client's plant performance and a significant reduction in greenhouse gas emissions. Pacific Power's environmental credentials were recognised during the year when PPI was appointed to the Australian Greenhouse Office's Panel of Greenhouse Consultants.

In the last 12 months, PPI has undertaken numerous engineering modifications and upgrades for clients and many have incorporated the strengthening of environmental protection. Works such as coal plant refurbishment and ash dam improvements have been implemented to reduce clients' environmental risks and improve environmental performance.

Pha Lai Power Station project in Vietnam. Pacific Power International is joint Owner's Engineer for the No 2 station in the left of the photograph.



Pacific Power International is an industry leader in environmental management, providing consulting services to organisations both in Australia and offshore.

Environmental Management

During the year, PPI undertook a range of specialist services in relation to power industry environmental management, including monitoring of regional air quality and stack emissions, air quality assessments, water quality studies, environmental auditing and environmental impact assessment. These services all have the common goal of assisting clients to improve their management of environmental impacts.

Offshore, PPI completed the first comprehensive performance improvement of a Chinese power station and advised Chinese steel industry clients on the installation of fabric filters that will significantly improve air quality. In Vietnam, PPI was involved with projects designed to reduce sulphur emissions.

Environmental considerations are integrated into the service delivery of every project undertaken by PPI, both domestically and abroad. All Pacific Power's operations complied with environmental requirements of the relevant jurisdiction and there were no reportable environmental incidents during the year.



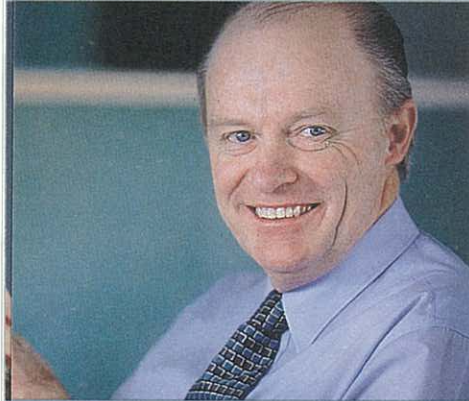
Henry Pan, OAM
Manager, Power Market Projects

Henry Pan is one of those professionals who come from strong traditions and values, but reflect the future.

Henry's Singaporean Chinese heritage and qualifications in engineering give Pacific Power a unique advantage in developing new markets in Asia. His work in China's Zhejiang Province has helped to make Pacific Power's market project, the only one of six Chinese Government pilot projects to succeed.

Back in Sydney, Henry's community work parallels his professional endeavours. The organisation he's chaired since its foundation 20 years ago, the Chinese Australian Services Society, provides 'cradle to grave' community services to 1,600 families each week from the Parramatta River to Wollongong – work that in 1997 earned him a Medal of the Order of Australia.

"The great thing is that I can use the skills I learn in each to benefit the other," Henry says.



Ray McRae
Principal Draftsman,
Mechanical Plant Systems

Ray McRae's career reflects the changing nature of Pacific Power. Coming from the private sector 23 years ago, Ray was involved in a boom period of power station development, working on the construction of Eraring, Bayswater and Mt Piper.

As Pacific Power's role changed, so did Ray's. His focus lately has been on the many projects that we undertake for clients both in Australia and overseas: Callide and Tarong North in Queensland, Pha Lai in Vietnam, and for various New South Wales power stations.

"It's a great place to work, absolutely," says Ray, who heads a team of nine draftsmen supplemented by contractors as the workload requires.

"What we do is central to so much of the organisation's work: if the drawing's not on site, they can't build it."



Powercoal

Pacific Power owns and operates seven collieries in New South Wales through its wholly owned subsidiary, Powercoal. Raw coal production for the year was 8.2 million tonnes. The financial result was a loss of \$12 million. Powercoal's financial performance was affected by roof falls in the longwall installation roads at the Newstan and Angus Place Collieries, geological problems encountered at Newstan and Munmorrah Collieries, and a geological discontinuity at Wye Colliery which affected longwall mining operations.

The Lost Time Injury Rate for the year fell from 41 to 37, which is the best result on record. There is an increased focus on the inputs into safety. A two day Safety Improvement Workshop was held during May 2001 attended by 92 employees representing a cross-section of the workforce.

In recognition of the high annual expenditure on engineering related costs and the potential impact on output of low availability and/or poor equipment selection, a Reliability Improvement Team was formed during the year. The efforts of this team are beginning to bear fruit.

The Market Implementation Group of New South Wales Treasury continued its review of Powercoal. A decision on Powercoal's future direction is expected early in the next financial year.

A significant improvement in export market conditions prompted the re-opening of Awaba Colliery after the close of the reporting period.

Powercoal is expected to return to profitability in the coming financial year.



Pacific Power's wholly owned subsidiary Powercoal, operates seven collieries throughout New South Wales.

Pacific Solar, part owned by Pacific Power, is well advanced in the development of thin-film solar photovoltaic technology which could make solar power affordable and widely accessible to householders around the world.

Pacific Solar

Pacific Solar is at the leading edge of developing affordable thin-film solar photovoltaic technology and systems for turning sunlight into electricity. As evidence of this, solar photovoltaic modules manufactured on the company's pilot line returned conversion efficiency greater than the seven per cent targeted for the 2001 financial year. This efficiency was independently confirmed.

The past year also saw the company successfully complete its first major capital raising since its formation in 1995. Eurosolare S.p.A., a subsidiary of major Italian energy company Eni S.p.A., took a 25% equity stake in Pacific Solar during the year, reducing Pacific Power's equity to 52.5%. Eurosolare will provide capital to further the company's development of thin film technology and provide an important marketing channel into Europe for Pacific Solar's Plug&Power® rooftop system and other products as they come on line.



Barbara Brajlilh
Systems Consultant,
Human Resources

Over 20 years, Barbara Brajlilh has trod a path from Wallerawang to Eraring, from payroll clerk to 'owner' of the Human Resources computer system at the Lake Macquarie Centre, and to university study in Information Technology.

It was a path made possible, Barbara believes, by Pacific Power's enlightened attitude to its workforce: "They've made it possible for me to rise this far, to do interesting and meaningful work, and to be comfortable that I'm also being a good mother."

With children aged seven and three, the integration of professional career and successful motherhood is critical to Barbara.

"We have versatile hours. I can mix work and mothering so I can do both successfully. That's what's important in this day and age."

The Board of Pacific Power is responsible for setting strategic direction and policy and overseeing the operations of Pacific Power to ensure the objectives of the organisation, as set out in the Electricity (Pacific Power) Act 1950, are achieved. These objectives include: efficiency of operations comparable to similar businesses; maximisation of the value of the business; regard to the interests of the community; and compliance with the principles of ecologically sustainable development.

The Chief Executive is responsible to the Board for managing the affairs of Pacific Power in accordance with the strategies and policies established by the Board and is subject to the directions of the Minister.

The Board comprised five non-executive Directors and the Chief Executive. The Act provides for between five and seven Directors including the Chief Executive, the number at any time being determined by the Minister.

To discharge its responsibilities, the Board has established a number of processes for the oversight of the business. These include:

- oral and written reports by management to each Board meeting on financial performance, treasury management, employee relations (including occupational health and safety), business risks and subsidiary companies' performance monitoring; and

- a number of policies and charters that have been established and are subject to periodic review. The most significant issues are:

- financial management;
- risk management; and
- employee relations.

Executive committees meet on a quarterly basis and cover the following areas:

- audit strategy and review;
- occupational health and safety;
- environment;
- information technology;
- risk management; and
- strategic development opportunities.

Board Committees

Board committees operate to assist in the effective oversight of operations and review of strategies.

Board Audit and Risk Management Committee

The committee's primary objective is to support the Board in fulfilling its responsibilities relating to accounting and reporting. The committee has unlimited access to both the internal and external auditors and to senior management of the organisation. The committee determines broad internal audit strategy, reviews the audit plan of the internal auditor and reviews the resources and organisation of the internal audit function.

The appointment of the external auditor is determined by legislation. The committee is also responsible for ensuring that no management restrictions are placed on either the

internal or external auditor and reviews all public financial and regulatory reports prior to publication. The committee is also responsible for overseeing Pacific Power's risk management strategies to ensure that appropriate strategies are in place to cover the broad-based business risks faced by the organisation.

Board Remuneration Committee

A remuneration committee, comprising the Chairman and Deputy Chair, advises the Board on remuneration policy relating to the Chief Executive.

Conflicts of Interest

A register of Directors' interests is maintained and Directors disclose any material contract in which they have an interest. When matters are being considered by the Board in which a Director has a personal interest, the Director makes that interest known and does not take part in the decision-making process relating to that matter.

Code of Conduct

Pacific Power has a Code of Conduct that applies to all employees and Directors. The Code of Conduct sets out policy relating to standards of conduct and ethical behaviour in all business activities.

Access to Independent Advice

Directors requiring legal advice in relation to specific matters or the performance of their duties as a Director are able to obtain independent advice after reference to the Chairman. Any costs reasonably incurred are reimbursable by Pacific Power and the advice made available to all other Directors.

Financial Statements

Beginning of the Financial Statements audited by the Auditor-General

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Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2001

	Note	Group Consolidated		Pacific Power Entity	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Revenues from Ordinary Activities	2	686,777	1,031,016	206,058	661,421
Expenses from Ordinary Activities, Excluding Borrowing Costs Expense	3	(684,021)	(815,871)	(182,999)	(431,551)
Borrowing Costs Expense		(37,806)	(65,542)	(34,923)	(62,779)
Profit/(Loss) from Ordinary Activities Before Income Tax Expense (Income Tax Revenue)		(35,050)	149,603	(11,864)	167,091
Income Tax Revenue (Income Tax Expense) Relating to Ordinary Activities	4	(53,055)	(16,746)	(54,137)	(14,733)
Profit/(Loss) from Ordinary Activities After Related Income Tax Expense (Income Tax Revenue)		(88,105)	132,857	(66,001)	152,358
Profit/(Loss) from Extraordinary Items After Related Income Tax Expense (Income Tax Revenue)		-	-	-	-
Net Profit/(Loss)		(88,105)	132,857	(66,001)	152,358
Net Loss Attributable to Outside Equity Interests	17	7,188	2,284	-	-
Net Profit/(Loss) Attributable to Members of the Parent Entity		(80,917)	135,141	(66,001)	152,358
Increase/(Decrease) in Asset Revaluation Reserve Due to Revaluation Increments/(Decrements)	16	(304,387)	(89,847)	(304,387)	(89,847)
Total Revenues, Expenses and Valuation Adjustments Attributable to Members of the Parent Entity and Recognised Directly in Equity		(304,387)	(89,847)	(304,387)	(89,847)
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners		(385,304)	45,294	(370,388)	62,511

The Statement of Financial Performance is to be read in conjunction with the accompanying Notes.

Statement of Financial Position

AS AT 30 JUNE 2001

	Note	Group Consolidated		Pacific Power Entity	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Current Assets					
Cash assets		45,445	8,941	82,515	1,352
Receivables	5	108,203	222,554	30,400	173,614
Other Financial Assets	6	7,822	7,716	7,822	7,716
Inventories	7	13,744	64,278	881	41,114
Property, Plant and Equipment	8	9,533	9,597	9,533	9,597
Other	9	83,292	155,585	65,880	106,928
Total Current Assets		268,039	468,671	197,031	340,321
Non - Current Assets					
Receivables	5	1,840	1,931	1,840	94,131
Other Financial Assets	6	3,336	2,967	66,130	65,761
Property, Plant and Equipment	8	128,658	1,639,272	6,633	1,518,934
Deferred Tax Assets	4	13,248	37,200	12,074	36,892
Intangible Assets	10	12,001	12,958	-	-
Exploration, Evaluation & Development Costs	11	33,131	29,478	-	-
Other	9	56,097	45,301	-	1,103
Total Non - Current Assets		248,311	1,769,107	86,677	1,716,821
Total Assets		516,350	2,237,778	283,708	2,057,142
Current Liabilities					
Payables	12	113,871	182,555	43,296	134,716
Interest-Bearing Liabilities	13	-	130,580	-	127,891
Current Tax Liabilities	4	(549)	1,217	-	-
Provisions	14	29,448	70,091	9,944	38,185
Other	15	3,272	21,131	1,879	16
Total Current Liabilities		146,042	405,574	55,119	300,808
Non - Current Liabilities					
Payables	12	22,198	27,208	-	16,539
Interest-Bearing Liabilities	13	55,500	466,836	-	466,836
Deferred Tax Liabilities	4	101	131,747	101	131,747
Provisions	14	78,684	148,419	32,878	116,092
Other	15	1,428	3,898	-	-
Total Non - Current Liabilities		157,911	778,108	32,979	731,214
Total Liabilities		303,953	1,183,682	88,098	1,032,022
Net Assets		212,397	1,054,096	195,610	1,025,120
Parent Equity Interest					
Reserves	16	-	1,001,168	-	1,001,168
Retained Earnings (Losses)	20	203,001	46,984	195,610	23,952
		203,001	1,048,152	195,610	1,025,120
Outside Equity Interest					
Contributed Equity		29,793	19,153	-	-
Retained Earnings (Losses)	17	(20,397)	(13,209)	-	-
		9,396	5,944	-	-
Total Equity		212,397	1,054,096	195,610	1,025,120

The Statement of Financial Position is to be read in conjunction with the accompanying Notes.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2001

	Note	Group Consolidated		Pacific Power Entity	
		2001 \$'000 Inflows (Outflows)	2000 \$'000 Inflows (Outflows)	2001 \$'000 Inflows (Outflows)	2000 \$'000 Inflows (Outflows)
Cash Flows From Operating Activities					
Cash Receipts in the Course of Operations		740,130	864,306	314,916	489,394
Interest and Bill Discount Received		4,237	1,983	12,830	6,153
Transitional Services Management Fee		31,573	27,660	31,573	27,660
Cash Payments in the Course of Operations		(740,327)	(768,219)	(269,798)	(413,549)
Interest and Other Finance Costs Paid		(10,329)	(65,542)	(28,212)	(61,310)
Dividend Received		81	120	-	-
Income Tax (Paid) Refunded		(913)	(2,827)	-	-
Net Cash Provided by/(used in) Operating Activities	18(g)	24,452	57,481	61,309	48,348
Cash Flows from Investing Activities					
Proceeds from Sale of Equipment		26,009	34,493	21,617	25,785
Repayment (Borrowing) of Loans & Advances by Related Parties		-	(23,200)	42,000	(23,200)
Proceeds from Sale (Purchase) of Investments		2,376	14,689	2,745	13,605
Interest Received		-	20	-	-
Receipts/(Payments) for Property, Plant & Equipment		(40,260)	(57,491)	(14,566)	(37,779)
Payments for Purchase of Investments		-	-	(369)	-
Payments for Research and Development Costs		-	(4,023)	-	-
Net Cash Provided by Investing Activities		(11,875)	(35,512)	51,427	(21,589)
Cash Flows from Financing Activities					
Borrowing/(Repayment of Debt)		55,360	(87,837)	-	(87,837)
Investments - Syndicate		-	-	-	-
Dividends Paid		(31,573)	(27,660)	(31,573)	(27,660)
Net Cash Provided by (Required for) Financing Activities		23,787	(115,497)	(31,573)	(115,497)
Net Increase (Decrease) in Cash Held		36,364	(93,528)	81,163	(88,738)
Abnormal Item and Restructuring Adjustments		-	81,883	-	84,958
Cash at Beginning of the Year		8,941	20,161	1,352	5,132
Effects of Exchange Rate Changes on the Balances of Cash Held in Foreign Currencies at the Beginning of the Year		140	425	-	-
Cash at the end of the financial year	18(b)	45,445	8,941	82,515	1,352

The Statement of Cash Flows is to be read in conjunction with the accompanying Notes.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

1. Statement of Accounting Policies

(a) Compliance with Australian Accounting Standards

The financial statements constitute a general purpose financial report and have been drawn up in accordance with disclosure requirements of the Australian accounting bodies, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

(b) Compliance with the Public Finance and Audit Act and Regulation

The financial statements have been prepared to comply with the requirements of the Public Finance and Audit Act, 1983 and the Public Finance and Audit Regulation, 2000, except where specific exemptions have been granted by the Treasurer from disclosing information in respect of the following:

- manufacturing and trading statements;
- amounts set aside for renewal or replacement of fixed assets;
- amounts set aside to any provision for known commitments;
- amounts appropriated for repayment of loans, advances, debentures or deposits;
- material items of income and expenditure on a program or activity basis;
- a schedule of outstanding public borrowings or other repayable advances; and
- details of non-current asset values exceeding replacement cost.

The financial statements have been prepared to comply in all material respects with the Treasurer's Directions.

(c) Basis of Accounting

(i) Valuation

- Pacific Power

Long lived infrastructure assets included in the Statement of Financial Position under the heading Property, Plant and Equipment are initially valued at written down replacement cost at the date of valuation subject to the application of the Recoverable Amount Test, while

subsequent expenditure is recorded at actual cost. The valuation process involves the following:

Power Stations

The valuation of coal fired power stations is based on the formula prescribed by Statement of Accounting Practice SAP1 "Current Cost Accounting", whereby the current replacement cost is determined by way of comparison to a reference asset and is indicative of the cost of building the most appropriate modern facility, subject to the application of the Recoverable Amount Test.

Hydro and gas turbine power stations are valued on the basis of the current cost per megawatt to construct gas turbine and hydro plant, subject to the application of the Recoverable Amount Test.

Land and Buildings

Land and Buildings are valued at market value except that land under infrastructure assets that is reserved for operating power station usage is valued at net realisable value having due regard to the level of expenditure that would be required to get the land into saleable condition.

In accordance with a recoverable amount test undertaken on Pacific Power's generating assets as at 30 June, 2000, a carrying value of \$1.5 billion was initially applied to Eraring, hydro, gas and wind generating assets. However, in a later direction by the Market Implementation Group within New South Wales Treasury, a business valuation of \$1.2 billion was applied to these assets prior to their transfer to Eraring Energy in August 2000.

These revaluations did not impact on the Statement of Financial Performance but resulted in a downward movement in the value of Fixed Assets and a corresponding decrease in the Asset Revaluation Reserve in the Statement of Financial Position of \$89.8 million for the year ended 30 June, 2000 and \$304.4 million for the year ended 30 June, 2001.

All other valuations have been determined by Pacific Power staff. Valuations have not been adjusted in respect of the potential effect of any capital gains tax.

Revaluation of assets under the current policy is normally carried out on a cyclical basis or annually if the value of assets needs to be written-down as a consequence of the application of the Recoverable Amount Test.

Investments in short term securities are stated at purchase price, while fixed interest investments are revalued using market interest rates prevailing at balance date. Shares in subsidiary companies are included at cost price.

In all other respects, the financial statements are drawn up in accordance with the historical cost convention.

- Controlled Entities

Non-current assets owned by the mining subsidiary are revalued from time to time as considered appropriate by the directors and are not stated at amounts in excess of their recoverable amounts.

In all other respects the financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

- Application of the Recoverable Amount Test

The carrying amounts of all non-current assets within the Pacific Power Group are reviewed annually to determine whether they are in excess of their recoverable amount. If the carrying amount of the non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts the relevant cash flows have been discounted to their present value.

The Recoverable Amount Test has been applied assuming the continuation of the current regulatory environment. The New South Wales Government's White Paper, "Action for Air", released in February, 1998 proposes capping emissions of industrial nitrogen oxides at 1998 levels by 2005 and setting up a scheme for trading within the cap.

The 1995/96, 1999/2000 and current year's financial statements all report write-downs in the value of coal-fired power stations, hydro stations and gas turbines. Those write-downs are as a consequence of the conditions created initially by the introduction of the State Electricity Market and more recently the National Electricity Market.

(ii) Transfer of Assets and Liabilities

Eraring Energy is totally separate from the Pacific Power Group and the accounting policies adopted in respect of the transfer of assets and liabilities from Pacific Power to the new company are those prescribed by Treasury Circular No. 10 "Administrative Restructuring and the Transfer of Assets and Liabilities" issued 15th April, 1994. Under these arrangements the value of net assets transferred is to be treated as a direct downward adjustment to the Retained Earnings of the transferor agency.

Consequently, as a result of these arrangements which necessarily involved the transfer of net assets to Eraring Energy, Pacific Power's total assets have reduced by \$1,245.5 million including a reduction in Property, Plant and Equipment of \$1,170.2 million, total liabilities have reduced by \$793.4 million including a reduction in Debt of \$512.7 million assumed by NSW Treasury and Retained Earnings have reduced by \$451.7 million. A further downwards adjustment to Retained Earnings of \$7.4 million resulted from the transfer of land to other NSW Government bodies.

(iii) General

The principles of accrual accounting are used in the preparation of the financial statements. Where, due to changes in accounting policies, items either in the Statement of Financial Performance or the Statement of Financial Position have been placed under different headings from the previous year, last year's figures have been adjusted accordingly where appropriate.

(d) Changes in Accounting Policies

The accounting policies are consistent with those applied in the previous year. The following new or revised accounting standards have been applied from 1 July, 2000.

- AAS1
"Statement of Financial Performance";
- AAS36
"Statement of Financial Position";
- AAS37
"Financial Report Presentation"; and
- AAS38
"Revaluation of Non Current Assets".

(e) Capitalisation

(i) Capital Expenditure

Consequent upon entering an income tax equivalent regime on 1st July, 1992, Pacific Power has undertaken a comprehensive review of its classifications of Property, Plant and Equipment with a view to categorising its non-current assets into units of plant to complement the requirements of the Income Tax Assessment Act. The purpose of this review is to ensure the correct classification of operating and capital expenditure including the future allocation of accurate rates of depreciation for each unit of plant. Under this process, which was based on procedures followed by large manufacturing and engineering organisations in the private sector, capital expenditure is defined as expenditure in relation to:

- acquisition of a new unit of plant;
- installation of a new unit of plant;
- work performed on a unit of plant, where the need for the work existed at the time the unit was acquired and the work was carried out prior to it being put into operation;
- replacement of a unit of plant, or of a substantial part of a unit of plant;
- an addition to a unit of plant;
- an alteration to a unit of plant; and
- a significant improvement to a units overall design.

Expenditure is not capitalised below a minimum threshold of \$500.

(ii) Design and Engineering Costs

Design and engineering costs, whether incurred externally or from the use of internal resources, relating to a specific capital project and incurred up to the time of practical completion or commissioning of the project, are capitalised as part of the project cost. Only direct costs which can be clearly substantiated are capitalised. Internal overhead costs are not capitalised.

(iii) Interest Charges

Interest incurred on borrowings to finance power projects is capitalised up to the time the project is brought into commercial operation, subject to the application of the Recoverable Amount Test.

(f) Coal Exploration and Mine Development Costs

Coal exploration and mine development costs are carried forward and amortised in compliance with Australian Accounting Standard AAS7 "Accounting for the Extractive Industries."

(g) Contributions for Capital Works

Contributions for capital works of \$58,000 (\$785,000 received and expended) were refunded as a result of initial overpayment during the current financial year. There were no unexpended contributions at year end in respect of contributions received in the current or prior years.

(h) Liability Management

During July, 2000 New South Wales Treasury Corporation (TCorp) continued to manage Pacific Power's liabilities under a debt management agreement entered into in 1998. This agreement, together with Pacific Power's TCorp debt, was transferred to New South Wales Treasury in August, 2000. Pacific Power remained debt-free for the rest of the financial year.

In accordance with the accounting policy adopted for the underlying debt instruments, all realised gains and losses incurred in the use of derivative instruments for liability management purposes are written off in the year in which they occur (Note 25).

(i) Depreciation

Depreciation of Pacific Power's assets is calculated on the lower of current replacement cost or Recoverable Amount Test values for infrastructure buildings, operating power stations and transmission assets, on the market value of staff cottages and on historical cost in respect of other assets, using the straight line method based on the expected useful life of the assets. Depreciation commences from the time assets are brought into commercial operation and is provided on all completed assets under the heading Property, Plant and Equipment with the exception of freehold land, easements, and expenditure associated with mining exploration, power station demolition and land and property sales temporarily capitalised.

The useful lives presently assigned to Pacific Power's major assets are shown in the table below.

Power Stations	
- Coal Fired	50 years
- Gas Turbine	20 years
- Hydro	Up to 90 years
Buildings	30 - 40 years
Radio and Communication Equipment	10 years
Miscellaneous Plant and Equipment	5 years
Office Machines	5 years
Computer Equipment	4 years
Mobile Plant	10 years
Motor Vehicles	2 years

The mining subsidiary, Powercoal Pty Ltd, depreciates property, plant and equipment, excluding freehold land, at appropriate rates on a straight line basis over their estimated useful lives or estimated economic lives of the relevant areas of interest, whichever is the lesser.

Pacific Solar Pty Limited depreciates fixed assets over their expected useful lives, using the straight line or diminishing value methods where appropriate.

Items of property, plant & equipment are recorded at cost by Pacific Western Pty Limited and are depreciated over their useful life or the balance of the term of the company's contract with Western Power, whichever is the lesser period.

Estimates of remaining useful lives are made on a regular basis for all group assets, with annual reassessment for major items.

(j) Discount on Loans

Discount on loans is in the nature of an additional cost of borrowing which is amortised over the term of the loans, the amount applicable to each year being included in the Statement of Financial Performance as part of Pacific Power's financing charges for that year. The amount appearing in the Statement of Financial Position is net of amortisation (Note 13).

(k) Employee Entitlements

Pacific Power makes provision through its Statement of Financial Performance for its liability in respect of employee entitlements for annual leave, long service leave and superannuation. The principles employed are set out in detail in Note 14(a). The amount provided for the liability is charged as part of direct labour charges in the form of an oncost.

In respect of controlled entities provision is made for employees' entitlements with due regard to relevant awards and agreements with amounts expected to be paid accrued annually in compliance with the relevant accounting standard.

(l) Investments

Income received from the investment of all funds is included as income in the Statement of Financial Performance. Appropriations of income earned from the investment of designated specific funds are made in conjunction with the contributions to those funds (Note 6).

(m) Insurance

Since the formation of Eraring Energy on 2nd August, 2000 Pacific Power insures all risks externally. Premiums paid for external insurance cover and contributions to Pacific Power's internal Insurance Provision are included under the heading

Insurance in Note 14(b) except for some workers' compensation insurance premiums which are included among the labour oncosts and are charged to appropriate headings.

(n) Inventory Valuation

- Pacific Power
Inventories of Stores and Materials are valued at the average cost of items in store automatically adjusted at time of delivery of new items, separately determined for each location except for parent plant spares which were reclassified under this heading as at 30th June, 1992 at their depreciated value. Coal and Oil Stocks are valued at the weighted average cost per tonne/litre.

- Powercoal Pty Ltd
Coal stocks at mines in production are valued at the lower of cost and net realisable value. Consumable and maintenance supplies are valued at weighted average cost less an applicable provision for obsolescence.

- Other Controlled Entities
Inventories are stated at the lower of weighted average cost and net realisable value.

(o) Sale of Assets

Proceeds from the sale of Property, Plant and Equipment are included in Operating Revenue in the Statement of Financial Performance. The depreciated value of such assets is included under the heading Depreciated Value of Non-Current Assets Sold (Note 3).

(p) Taxation

Income tax has been brought to account using the liability method of tax effect accounting. Income tax expense is calculated on the operating profit adjusted for permanent differences between taxable and accounting income (Note 4).

(q) Foreign Currency Translation

Transactions denominated in a foreign currency are converted to Australian dollars at the exchange rate at the date of the transaction. Foreign currency receivables and payables at balance date are translated at exchange rates current at balance date.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

Exchange gains and losses are brought to account in determining the profit or loss for the year.

Exchange gains and losses and hedging costs arising on contracts entered into as hedges of specific commitments are deferred until the date of such transactions, at which time they are included in the determination of such revenues or expense.

All other exchange gains and losses relating to hedge transactions of general commitments are brought to account in the Profit and Loss Statement in the period of incurrence. Costs of such contracts are amortised over the life of the hedge contract.

(r) Expenditure Carried Forward

Research and development costs are charged to expense as incurred except that costs incurred on research and development projects are deferred to future periods to the extent that such costs are to be recoverable beyond any reasonable doubt. Deferred costs are amortised from the commencement of the commercial production of the product to which they relate on a straight line basis over the period of their expected benefit, but not exceeding five years.

Site remediation, environmental audit and development costs associated with making surplus land and property suitable for sale are temporarily capitalised, subject to the annual recoverable amount test imposed by Australian Accounting Standard AAS10, to enable the matching of those costs with the proceeds from the eventual sale of the land and property to which they relate.

The costs of relocating longwall mining machinery are matched against revenues earned from resultant coal production.

Other significant items of expenditure having a future benefit are amortised over periods to which they relate.

The policy in respect of coal exploration and mine development costs is contained in Note 1(f).

(s) Leased Assets

Assets acquired under finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of the leased property are included as Property, Plant and Equipment in the Statement of Financial Position. Other leases, under which all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Operating lease payments are charged to expense in the periods in which they are incurred (Note 19).

(t) Segment Reporting

The group entity operates predominantly in two industries, namely energy services and coal mining. Pacific Power (International) Pty Limited's operations comprise the provision of international and domestic energy services. The operations of Powercoal Pty Ltd relate solely to the mining and sale of coal to New South Wales power generators and overseas customers. The contributions made by both entities to group revenues and assets are detailed in Note 23.

(u) Principles of Consolidation

The financial statements of Pacific Power and its controlled entities are consolidated in compliance with Australian Accounting Standard AAS24 "Consolidated Financial Reports." The consolidated accounts of the Pacific Power Group include the assets and liabilities of Pacific Power and the entities it controlled at the end of the financial year and the results of Pacific Power and the entities it controlled during the year. Under the industry restructure in August, 2000 control of Pacific Western Pty Limited was transferred to Eraring Energy and will not be consolidated into the Pacific Power Group. The effect of all transactions between entities in the economic entity and inter-entity balances are eliminated in full in preparing the consolidated financial statements. The controlled entities are listed in Note 23 to the financial statements.

(v) Revenue

Operating Revenue represents revenue earned from the sale of electricity, coal sales and services rendered and is recognised as it accrues. Operating revenue comprising income on short term consultancy projects is brought to account by Pacific Power (International) Pty Limited upon billing of the relevant project, whereas income on long term projects is brought to account on a "percentage of completion" basis. Revenue from outside operating activities includes income from dividends, capital contributions, rent and interest income on investments which is recognised as it accrues, gross proceeds on sale of non-current assets which is brought to account on sale of the asset, and other miscellaneous income and proceeds from other operations which is recognised on performance of the service or delivery of the goods.

Following the disaggregation of the New South Wales generation sector in 1996, Pacific Power is managing on behalf of Government certain transitional activities which are not considered part of its core business. New South Wales' share of Snowy revenue is also vested in Pacific Power pending the corporatisation of Snowy.

Note 2 to the financial statements segregates revenue into the above classifications.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

	Group Consolidated		Pacific Power Entity	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
2. Revenue from Ordinary Activities				
Revenue from Operating Activities				
- Electricity Sales	50,142	454,596	50,142	454,596
- Coal Sales	332,640	183,240	-	-
- Services Rendered	185,774	213,866	41,136	36,708
Revenue from Non-Operating Activities				
- Rents Received	1,384	2,134	1,384	2,120
- Interest Received	4,237	1,983	6,920	5,475
- Dividends Received	81	120	238	3,390
- Royalty Income	2,053	6,251	2,053	6,251
- Proceeds from Sale of Non-Current Assets	26,009	34,494	21,617	25,785
- Transitional Services Management Fee	-	31,573	-	31,573
- Capital Contributions Received	(58)	785	(58)	785
- Miscellaneous	2,202	13,318	313	6,082
Snowy Revenue				
- Snowy Electricity Sales	82,313	88,656	82,313	88,656
	686,777	1,031,016	206,058	661,421

Refer Statement of Accounting Policies Note 1(v).

3. Expenses and Losses/(Gains)

Expenses				
Raw Materials and Consumables Used	46,174	222,750	23,195	221,900
Employee Expenses	238,523	253,747	107,418	78,870
Depreciation and Amortisation	42,434	78,437	5,068	50,653
Depreciated Value of Non-Current Assets Sold	8,163	24,977	5,529	17,792
Contract Payments	133,969	160,017	-	-
Borrowing Costs	37,806	65,542	34,923	62,779
Operating Lease Rental Expense	7,011	6,938	4,651	4,204
Bad Debts Written Off	(34)	110	(34)	15
Auditors' Remuneration	202	327	80	187
Directors' Remuneration	475	598	221	182
Consultants' Fees	862	1,182	15	171
Losses/(Gains)				
Net Loss/(Gain) on Disposal of Property Plant & Equipment	(16,187)	(9,517)	(16,089)	(7,993)
Significant Items Included in Expenses from Ordinary Activities				
Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:				
Underfunded (Overfunded) Superannuation	37,123	(128,766)	42,123	(128,766)
Mark to Market Revaluation of Debt	27,477	-	27,477	-
Long Service Leave	5,343	-	5,343	-
Reclassification of Work-In-Progress	9,580	-	9,580	-
Recognition of Deferred Hedge Losses	3,794	2,183	-	-
Write Back of Insurance Provision	(2,654)	-	-	-
Profit on Sale of Surplus Land	(1,261)	-	-	-
Settlement of Legal Action Relating to Damaged Plant	(1,900)	-	-	-
Settlement of Legal Action Relating to Contract Operations	750	-	-	-
Liquidated Damages on the EPC Contract for Callide	5,966	-	-	-
Powercor Prior Year Loss & Legal Expenses	-	49,358	-	49,358
AMEC Settlement	-	(11,228)	-	(11,228)
Inter-Pool Settlement Surpluses	-	(6,568)	-	(6,568)
Insurance Provision for Asbestosis Claims	-	40,425	-	40,425
Year 2000 Compliance	-	3,394	-	3,394
Writedown of Leasehold Improvements	-	892	-	-

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

	Group Consolidated		Pacific Power Entity	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
4. Income Tax Expense Equivalent				
The prima facia tax on operating profit differs from the income tax provided in the accounts and is calculated as follows:				
Prima facia tax expense (benefit) on operating profit (loss)	(9,364)	58,152	(4,034)	60,153
Tax effect of Permanent Differences which:				
Reduce Tax Expense				
Net Effect of Reduction in Income Tax Rate	15,044	(19,682)	14,885	(19,682)
Employer Superannuation Overfunded Contributions	-	(38,334)	-	(38,334)
Research and Development	(31)	(92)	(31)	(92)
Capital Profit	(5,912)	(795)	(5,354)	-
Capital Contributions	20	-	20	-
Over Provision in Prior Year	(227)	-	(227)	-
Recognition of Future Income Tax Benefit arising from timing differences not previously recognised	(2,372)	(798)	-	-
Depreciation	(287)	(305)	-	-
Increase Tax Expense				
Employer Super Payments of Overfunded Amounts	13,807	-	13,807	-
Capital Loss	63	3,187	-	3,187
Capital Gains Tax	3,056	491	3,056	-
Donations and Subscriptions	35	51	35	51
Legal Expenses	229	1,298	168	1,298
Entertainment	11	35	1	20
Sundry Expenses	450	132	-	-
Prior Year Losses Adjustment	31,811	-	31,811	-
Deferred Income Tax Liability in respect of timing differences not previously brought to account	6,722	5,274	-	-
Under Provision in Prior Year	-	8,132	-	8,132
Income Tax Expense (Benefit) Equivalent	53,055	16,746	54,137	14,733

Adjustments to Deferred Income Tax Balances

Legislation reducing the company tax rate from 36% to 34% in respect of the 2000/01 income tax year and then to 30% from the 2001/02 income tax year was announced on 21 September, 1999 and received Royal Assent on 10 December, 1999. As a consequence, deferred balances which are expected to reverse in the 2000/01 or later income tax years have been remeasured using appropriate new rates depending on the time of their reversal.

Deferred Tax Assets and Liabilities

Current Tax Payable	(549)	1,217	-	-
Provision for Deferred Income Tax – Non-Current	101	131,747	101	131,747
Future Income Tax Benefit – Non-Current	13,248	37,200	12,074	36,892

Future Income Tax Benefit Not Taken into Account

The Future Income Tax Benefit arising from the following tax losses and timing differences has not been recognised as an asset because recovery is not virtually certain.

(i) Powercoal Pty Ltd

In respect of Powercoal Pty Ltd, potential future income tax benefits of \$44,384,478 (\$37,343,189) attributable to tax losses carried forward have not been brought to account as the directors do not believe it is appropriate to regard the realisation of such benefits as virtually certain. Net deferred tax liabilities of \$9,274,000 (\$6,084,136) were also not brought to account, as the directors believe the timing differences will reverse within the financial periods during which the tax losses will remain available as a deduction from assessable income.

(ii) Pacific Solar Pty Limited

In respect of Pacific Solar Pty Limited, a potential future income tax benefit of \$24,866,111 (\$24,370,416) attributable to tax losses carried forward has not been brought to account because the realisation of the benefit is presently uncertain being dependent on the successful commercialisation of research undertaken by Pacific Solar Pty Limited.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

	Group Consolidated		Pacific Power Entity	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
Net Future Income Tax Benefit Not Taken into Account	62,976	55,629	-	-

Future Income Tax Benefits will only be obtained if the respective controlled entities:

- derive future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- continue to comply with the conditions for deductibility imposed by the legislation; and
- are not subject to any changes in tax legislation which adversely affect the company in realising the benefit.

5. Receivables

Current

Advances to Controlled Entities	-	-	1,845	1,845
Trade Debtors	89,932	184,822	20,862	128,683
Debtors other than Trade	18,321	37,877	7,703	43,136
	108,253	222,699	30,410	173,664
Less Provision for Doubtful Debts	50	145	10	50
	108,203	222,554	30,400	173,614

Non-Current

Advances to Controlled Entities	-	-	-	92,200
Long Term Debtors	1,840	1,931	1,840	1,931
	1,840	1,931	1,840	94,131

6. Other Financial Assets

Investments which may be liquidated within 12 months of balance date are classified as current assets, irrespective of maturity date. All other investments are classified as non-current assets.

Current

Superannuation	7,822	7,716	7,822	7,716
Non-Current				
Shares in Controlled Entities	-	-	64,644	64,644
Shares in Associated Companies and Other Corporations	50	50	50	50
Shares and Other Equity Securities	3,286	2,917	1,436	1,067
	3,336	2,967	66,130	65,761

Specific purpose investments are included in the financial statements at market value at balance date. The exception is short term securities which are shown at purchase price. No investments were held in Pacific Power's own stock. The market values have been calculated by application of the Reserve Bank Bond formula, using the market redemption yields of the relevant securities prevailing at balance date. The actual funds invested and the form of those investments are set out below.

(i) Superannuation

Bank Deposits, Government and Semi-Government Securities (Net)	7,822	7,716	7,822	7,716
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The Superannuation Fund investments held by Pacific Power as Trustee for some former employees of the Snowy Mountains Hydro-Electric Authority include cash at bank and are net of amounts paid as pensions and superannuation levy but not recouped to Pacific Power's Working Account.

(ii) Shares

Unlisted

Pacific Power holds 60 per cent of shares in Pacific Solar Pty Limited and a 100 per cent shareholding in all other subsidiaries. Pacific Power also owns 50 per cent of the shares in the Hunter Valley Training Co Pty Ltd which is an associated company and owns shares and share options in Ceramic Fuel Cells Limited. None of these shares are listed on a Stock Exchange.

Listed

During the 1998/99 year Pacific Power was assigned shares in Pinnacle VRB Ltd, a company involved in plasma arc ignition technology. The shares are listed on the Sydney Stock Exchange.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

	Group Consolidated		Pacific Power Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
7. Inventories				
Stores and Materials	6,305	40,059	91	28,979
Coal Stocks	6,649	22,727	-	10,643
Oil Stocks	790	1,492	790	1,492
	13,744	64,278	881	41,114
8. Property, Plant and Equipment				
Depreciated Value of Property, Plant and Equipment	138,191	1,648,869	16,166	1,528,531
A further dissection of values included under this heading is set out as follows:				
a) Reconciliation of Written Down Value of Asset Classes				
Current				
Land:				
Current – Revalued			9,533	9,597
Total for Land			9,533	9,597
Total Current Property, Plant and Equipment			9,533	9,597
Non-Current				
Land:				
Non Infrastructure – Revalued			-	10,412
Infrastructure – At Cost			-	3,587
Total for Land			-	13,999
Buildings:				
Operating Power Stations – Revalued			-	111,520
Accumulated Depreciation			-	(1,178)
			-	110,342
Other Buildings			2,496	45,769
Less Depreciation			(1,356)	(36,304)
			1,140	9,465
Total for Buildings			1,140	119,807
Plant and Equipment:				
Operating Power Stations – Revalued			-	1,362,554
Accumulated Depreciation			-	(6,288)
			-	1,356,266
Non Operating Power Stations – At Cost			73,088	52,212
Accumulated Depreciation			(73,088)	(48,740)
			-	3,472
Other Plant and Equipment – At Cost			17,962	73,905
Accumulated Depreciation			(12,469)	(48,515)
			5,493	25,390
Total for Plant and Equipment			5,493	1,385,128
Total Non-Current Property, Plant & Equipment			6,633	1,518,934
Total Depreciated Value of Property, Plant and Equipment			16,166	1,528,531

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

	Pacific Power Entity	
	2001 \$'000	2000 \$'000
Classes of assets were last revalued during the following financial years:		
Buildings:		
- Operating Power Stations	Year ended 30th June, 1996	
- Staff Cottages	Year ended 30th June, 1997	
Land:	Year ended 30th June, 1997	
Plant & Equipment:		
- Operating Power Stations	Year ended 30th June, 2000	
Subsequent capital expenditure is recorded at actual cost.		
b) Reconciliation of Movements in Asset Classes		
Current		
Land:		
Carrying Amount at Beginning of the Year	9,597	24,352
Additions	9,533	9,597
Disposals	(9,597)	(24,352)
Depreciation	-	-
Carrying Amount at End of the Year	9,533	9,597
Non-Current		
Land:		
Carrying Amount at Beginning of the Year	13,999	13,703
Additions	-	296
Disposals	(13,999)	-
Depreciation	-	-
Carrying Amount at End of the Year	-	13,999
Buildings:		
Carrying Amount at Beginning of the Year	119,807	132,230
Additions	-	-
Disposals	(118,288)	(12,018)
Depreciation	(379)	(405)
Carrying Amount at End of the Year	1,140	119,807
Plant and Equipment		
Carrying Amount at Beginning of the Year	1,385,128	1,494,028
Additions	3,473	40,000
Disposals	(1,074,032)	(8,805)
Revaluation Decrement	(304,387)	(89,847)
Depreciation	(4,689)	(50,248)
Carrying Amount at End of the Year	5,493	1,385,128

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

	Controlled Entities	
	2001 \$'000	2000 \$'000
a) Reconciliation of Written Down Value of Asset Classes		
Non-Current		
Land:		
Cost	10,187	8,669
Directors' Valuation - 1994	1,449	2,690
Total for Land	11,636	11,359
Buildings:		
Cost	7,401	1,330
Directors' Valuation - 1994	6,877	6,877
Accumulated Depreciation	(4,393)	(2,974)
Total for Buildings	9,885	5,233
Leasehold Improvements:		
Cost	886	-
Recoverable Amount	7,407	7,407
Accumulated Depreciation	(1,125)	-
Total for Leasehold Improvements	7,168	7,407
Plant and Equipment:		
Cost	189,043	160,182
Directors' Valuation	81,568	81,912
Accumulated Depreciation	(177,275)	(145,755)
Total for Plant and Equipment	93,336	96,339
Total Controlled Entity Property, Plant and Equipment	122,025	120,338
b) Reconciliation of Movements in Asset Classes		
Non-Current		
Land:		
Carrying Amount at Beginning of the Year	11,359	16,454
Additions	2,827	596
Disposals	(2,550)	(5,691)
Carrying Amount at End of the Year	11,636	11,359
Buildings:		
Carrying Amount at Beginning of the Year	5,233	5,175
Additions	5,127	535
Depreciation	(475)	(452)
Disposals	-	(25)
Carrying Amount at End of the Year	9,885	5,233
Leasehold Improvements:		
Carrying Amount at Beginning of the Year	7,407	9,349
Additions	886	587
Amortisation	(1,125)	(1,577)
Disposals	-	(60)
Writedown to Recoverable Amount	-	(892)
Carrying Amount at End of the Year	7,168	7,407
Plant and Equipment:		
Carrying Amount at Beginning of the Year	96,339	100,159
Additions	19,452	20,221
Depreciation	(20,671)	(22,719)
Disposals	(1,784)	(1,322)
Carrying Amount at End of the Year	93,336	96,339

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

	Group Consolidated		Pacific Power Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
9. Other				
Current				
Deferred Longwall Setup Costs	5,738	-	-	-
Foreign Exchange Hedge Deferred Loss	2,722	4,120	-	-
Foreign Exchange Hedge Premium Deferred	-	158	-	-
Deposits on Futures and Options	5	420	5	420
Prepayments	1,778	4,024	-	24
Prepaid Superannuation	68,575	106,484	65,875	106,484
Deferred Foreign Exchange Losses	3,033	-	-	-
Loan to Joint Venture	41	-	-	-
Security Deposit Refundable	7	-	-	-
Advances	-	37	-	-
Accrued Income	-	28,012	-	-
Foreign Exchange Hedge Receivable	-	11,745	-	-
Other	1,393	585	-	-
	83,292	155,585	65,880	106,928
Non-Current				
Foreign Exchange Hedge Receivable	9,095	-	-	-
Foreign Exchange Hedge Premium Deferred	107	-	-	-
Prepayments	-	960	-	960
Prepaid Superannuation	2,300	-	-	-
Deferred Expenditure	16,985	17,231	-	-
New South Wales Treasury Corp	-	143	-	143
Entitlement to Reimbursement of				
Long Service Leave Paid	27,610	26,954	-	-
Other	-	13	-	-
	56,097	45,301	-	1,103
10. Intangible Assets				
Patents and Trademarks	19,153	19,153	-	-
Accumulated Amortisation	(7,152)	(6,195)	-	-
	12,001	12,958	-	-
11. Exploration, Evaluation and Development Costs				
Costs carried forward in respect of areas of interest in:				
Production Phase	37,176	35,630	-	-
Accumulated Amortisation	(21,187)	(17,997)	-	-
	15,989	17,633	-	-
Development Phase	47	-	-	-
Exploration and Evaluation Phase	17,095	11,845	-	-
	33,131	29,478	-	-

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

	Group Consolidated		Pacific Power Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
12. Payables				
Current				
Amounts Payable to Controlled Entities	-	-	34,043	28,198
Accounts Payable	87,477	171,248	9,253	106,518
Other	26,394	11,307	-	-
	113,871	182,555	43,296	134,716
(i) Amounts Payable to Controlled Entities				
Powercoal Pty Ltd	-	-	-	11,385
Pacific Power (International) Pty Limited	-	-	26,233	8,913
Mt. Arthur South Coal Pty Limited	-	-	7,810	7,900
	-	-	34,043	28,198
(ii) Accounts Payable				
Pacific Power Inventories	179	7,023	179	7,023
Pacific Power Electricity Payables	-	58,220	-	58,220
Pacific Power Works and Services	8,506	34,007	8,506	34,007
Pacific Power Accrued Interest	568	7,268	568	7,268
Payable by Controlled Entities	78,224	64,730	-	-
	87,477	171,248	9,253	106,518
(iii) Other				
Miscellaneous	26,394	11,307	-	-
Non-Current				
Accounts Payable	11,752	27,208	-	16,539
Foreign Exchange Hedge Payable	9,066	-	-	-
Foreign Exchange Hedge Discount	1,380	-	-	-
	22,198	27,208	-	16,539
13. Interest-Bearing Liabilities				
Current				
Bank Overdraft	-	19,180	-	16,491
Current Borrowings	-	111,400	-	111,400
	-	130,580	-	127,891
Non-Current Borrowings				
	55,500	466,836	-	466,836
Discount on Domestic Loans issued by New South Wales Treasury Corporation amounted to \$Nil (\$20,378,000) (Note 1(j)).				
Reconciliation to Total Debt				
Current Borrowings	-	111,400	-	111,400
Non-Current Borrowings	55,500	466,836	-	466,836
Total Debt	55,500	578,236	-	578,236

The following table summarises the broad maturity pattern of Pacific Power's total debt.

	2001		2000	
	Domestic \$'000	Overseas \$'000	Domestic \$'000	Overseas \$'000
Up to one year	-	-	111,400	-
Over one and up to two years	-	-	87,563	-
Over two and up to five years	-	-	208,071	-
Over five years	-	-	171,202	-
Total	-	-	578,236	-

Foreign Currency Exposure

There was no foreign currency exposure during the year. A realised loss of \$Nil (\$276,501 loss) was brought to account in the Statement of Financial Performance in 2000/01.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

	Group Consolidated		Pacific Power Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
14. Provisions				
Current				
Dividend	-	31,573	-	31,573
Employees' Accrued Entitlements	21,174	38,142	7,087	6,236
Superannuation	366	376	366	376
Redundancy	2,491	-	2,491	-
Site Restoration	2,056	-	-	-
Liquidated Damages - Callide	3,361	-	-	-
	29,448	70,091	9,944	38,185
Non-Current				
Employees' Accrued Entitlements	62,552	55,742	17,458	29,873
Insurance	1,030	76,118	1,030	71,945
Superannuation	7,456	7,340	7,456	7,340
Mine Restoration	6,934	6,934	6,934	6,934
Site Restoration	712	2,285	-	-
	78,684	148,419	32,878	116,092

(a) Employees' Accrued Entitlement

A calculation is made each year in respect of Pacific Power's liability at balance date for employees' entitlements to long service leave, annual leave and superannuation benefits, and an annual contribution is made to adjust the provision to an amount which is considered adequate to meet that liability.

The following table shows a breakdown of the Employees' Accrued Entitlements Provision at balance date:

Pacific Power -

Annual Leave	6,541	11,302	6,541	11,302
Long Service Leave	16,489	24,807	16,489	24,807
State Superannuation Scheme	-	-	-	-
State Authorities Superannuation Scheme	-	-	-	-
State Authorities Non-Contributory Superannuation	1,515	-	1,515	-

Controlled Entities -

Holiday Pay, Sick Leave, Public Holidays and Redundancy	59,181	57,775	-	-
	83,726	93,884	24,545	36,109

All of the above liabilities are fully provided for and no over-provisions or under-provisions exist.

The bases of the liabilities and contributions for Pacific Power are:

(i) For annual leave, the liability is calculated internally and represents the total nominal value including oncosts of leave accrued by employees but not taken.

(ii) For long service leave, the liability is based on an actuarially determined technique so that the entitlements are measured on a present value basis using expected future payments, including projected remuneration rates. Associated oncosts are included.

The triennial Actuarial Review was performed as at 30th June, 2001. In calculating the liability, assumed rates of 2.5% to allow for salary inflation with an additional scale for promotional increases and a discount rate of 6.0% were used to measure the liability at its present value.

(iii) For superannuation (State Superannuation Scheme, State Authorities Superannuation Scheme and State Authorities Non-Contributory Superannuation Scheme) a triennial Actuarial Review was performed as at 30th June, 2001. In respect of controlled entities, provision is made for employees' entitlements based on an internal calculation with due regard to relevant awards and agreements with amounts expected to be paid accrued annually in compliance with the relevant accounting standard. Any unfunded superannuation liability is recognised as a liability in the Statement of Financial Position. Amounts representing prepaid superannuation contributions are recognised as an asset.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

The key economic assumptions used in the calculation of Pacific Power's superannuation liability have been advised by the Superannuation Administration Corporation. The assessed liability has been determined by William Mercer Ltd. The assumptions are as follows:

		2001/02	2002/03	2003/04	
		%	%	%	
Investment Return		7.0	7.0	7.0	
Salary Growth		3.0	6.5	4.0	
CPI		2.5	2.5	2.5	
		SSS	SASS	SANCS	
				Total	
Contribution (Gain) recognised in Profit and Loss Statement	- 2000	(\$109.6M)	(\$15.3M)	(\$2.2M)	(\$127.1M)
	- 2001	\$33.0M	\$5.7M	\$3.4M	\$42.1M

SSS - State Superannuation Scheme
SASS - State Authorities Superannuation Scheme
SANCS - State Authorities Non-Contributory Superannuation Scheme

(b) Insurance

Pacific Power ceased to be a self insurer as at 2nd August, 2000. All insurable risks are covered by a programme of external insurance.

Contributions are made to the internal Insurance Provision for risks covered at rates chargeable by external insurers for similar risks or at lower rates where considered appropriate.

The total cost of insurance cover for Pacific Power during the year was \$601,000 (\$49,717,000) which included external premiums of \$424,000 (\$1,930,000).

(c) Superannuation

The SMHEA ex Employees' Superannuation Fund was established to provide benefits to a small number of employees who transferred from the Snowy Mountains Hydro-electric Authority. Contributions and benefits are identical to those payable under the Commonwealth Superannuation Fund.

(d) Mine Restoration

Pacific Power is required to meet the cost of land restoration on open cut mines at Ravensworth and Swamp Creek.

The cost of restoration work carried out during the 2000/01 year was met by the mine contractor under the provisions of the mining contract. No expenditure was incurred by Pacific Power during the year and none is anticipated in the 2001/02 year.

	Group Consolidated		Pacific Power Entity	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
15. Other				
Current				
Amounts Received in Advance	1	16	1	16
Goods and Services Tax	1,878	-	1,878	-
Long Service Leave Payable to Coal Industry Central Fund	1,393	1,582	-	-
Deferred Income	-	5,919	-	-
Foreign Exchange Hedge Discount	-	1,320	-	-
Foreign Exchange Hedge Payable	-	12,294	-	-
	3,272	21,131	1,879	16
Non-Current				
Long Service Leave Payable to Coal Industry Central Fund	1,326	3,184	-	-
Deferred Overhaul Expenditure	102	714	-	-
	1,428	3,898	-	-

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

16. Asset Revaluation Reserve

(i) Nature and Purpose of the Reserve

The reserve represents amounts added to or deducted from the depreciated value of Pacific Power's Property, Plant and Equipment as a result of the revaluations which were carried out between 1989 and 2001.

(ii) Movements in Reserve

	Group Consolidated		Pacific Power Entity	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
Balance at Beginning of the Year	1,001,168	1,087,470	1,001,168	1,087,470
Revaluation Increments (Decrements)	(304,387)	(89,847)	(304,387)	(89,847)
Transfers from (to) Retained Earnings:				
- Due to Industry Restructure	(696,781)	-	(696,781)	-
- On Disposal of Assets	-	3,545	-	3,545
Balance at End of Year	-	1,001,168	-	1,001,168

17. Outside Equity Interest

As at 30 June, 2000 Pacific Power held an equity interest of 70.0% in Pacific Solar Pty Limited, the remaining equity being held by Unisearch Limited/University of New South Wales. During the year Pacific Solar Pty Limited made a new issue of capital which was purchased in two separate instalments by the Italian company Eurosolare, resulting in the reduction of Pacific Power's equity interest in Pacific Solar Pty Limited to 60.0%. This interest is included in the Group Consolidated Retained Earnings as at 30 June, 2001 as follows:

	Pacific Power Group Interest	Outside Equity Interest	Group Consolidated
	\$'000	\$'000	\$'000
Profit and Loss:			
Operating Profit (Loss) after Income Tax	(85,320)	(2,785)	(88,105)
Gains (Loss) on Change in Proportionate Ownership	4,403	(4,403)	-
Retained Earnings at 1st July, 2000	46,984	(13,209)	33,775
Restructuring Adjustment	(459,847)	-	(459,847)
Transfers from (to) Reserves	696,781	-	696,781
Total Available for Appropriation	203,001	(20,397)	182,604
Less:			
Dividend to State Government	-	-	-
Retained Earnings at 30th June, 2001	203,001	(20,397)	182,604

	Group Consolidated		Pacific Power Entity	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
18. Cash Flows Information				
(a) Cash				
For the purposes of the statement of cash flows, cash includes cash on hand and on deposit, net of outstanding bank overdrafts. It also includes investments as part of the daily cash management function.				
(b) Reconciliation of Cash				
Cash	31,637	7,618	20,708	29
Other Deposits	-	-	-	-
Liquid Investments	13,808	1,323	61,807	1,323
Balance as per Statement of Cash Flows	45,445	8,941	82,515	1,352

(c) Dividends and Taxes

No dividends were received. Dividends and tax equivalents paid by the Pacific Power Group during the year amounted to \$31,573,428 (\$27,659,572).

(d) Acquisitions and Disposal of Entities

Pacific Power's former subsidiary company, Pacific Western Pty Limited, was transferred to Eraring Energy as part of the Industry Restructure during 2000/01.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

	Group Consolidated		Pacific Power Entity	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
(e) Financing Arrangements				
Facilities Available				
Bank Overdraft	2,000	6,000	2,000	2,000
Pacific Power Domestic Loans	-	-	-	-
NSW Treasury Corporation Loans	50,000	833,000	50,000	833,000
Total Available	52,000	839,000	52,000	835,000
Facilities Utilised				
Bank Overdraft	-	19,180	-	16,491
Pacific Power Domestic Loans	-	-	-	-
NSW Treasury Corporation Loans	55,500	578,236	-	578,236
Total Utilised	55,500	597,416	-	594,727

The total Pacific Power entity TCorp debt outstanding on 2nd August, 2000 was "marked to market" and transferred to New South Wales Treasury on that day. The resultant crystallised loss of \$27,477,000 was written off. For the balance of the financial year, Pacific Power entity remained debt free.

(f) Net Cash Flows

The following items have been presented on a net cash basis in the statement of cash flows.

(i) borrowings and repayment of debt

(ii) purchases and sales of investments

(iii) advances to related parties

(g) Reconciliation of Net Cash Provided by Operating Activities to Operating Profit

Operating Profit/(Loss) After Income Tax	(88,105)	132,857	(66,001)	152,359
Add/(Less): Items Classified as				
Financing/Investing Activities				
Accounting (Gain)/Loss on Repayment of Borrowings	27,184	(935)	27,184	(935)
Realised Foreign Exchange (Gain)/Loss	3,654	1,758	-	-
Loss/(Profit) on Sale of Property, Plant & Equipment	(17,579)	(8,944)	(16,089)	(7,993)
Add/(Less): Non-Cash Items				
Depreciation	42,434	78,437	5,068	50,653
Asset Write-off	517	908	517	908
(Increase)/Decrease in Accrued Interest	(237)	252	(237)	224
Devaluation/(Revaluation) of Financial Assets	22	(493)	22	80
Amortisation	1,429	5,539	471	4,581
Increase/(Decrease) in Income Tax	-	13,425	-	14,732
(Increase)/Decrease in Accrued Interest Expense	(20,767)	1,469	(20,767)	1,469
Increase/(Decrease) in Employee Entitlements	(21)	416	-	-
Subsidy Credit	-	(31,573)	-	(31,573)
Bad Debts	(34)	110	(34)	15
Abnormal Item	-	(50,310)	-	(53,385)
Net Cash (Absorbed)/Provided by Operating Activities	(51,503)	142,916	(69,866)	131,135
Before Change in Assets and Liabilities				
Net Changes in Assets and Liabilities				
During the Financial Year				
(Increase)/Decrease in Trade Debtors	(124,319)	(5,049)	(3,042)	(11,275)
(Increase)/Decrease in Other Debtors	146,506	(69,900)	146,506	(69,900)
(Increase)/Decrease in Inventories	50,534	1,155	40,233	7,365
(Increase)/Decrease in Other Assets	42,457	(120,761)	42,242	(120,378)
Increase/(Decrease) in Creditors and Borrowings	(102,861)	32,089	(181,703)	31,135
Increase/(Decrease) in Other Liabilities	63,638	77,031	86,939	80,266
Net Cash Provided by Operating Activities	24,452	57,481	61,309	48,348

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

19. Commitments For Expenditure

In respect of Powercoal Pty Ltd, commitments are calculated based on the minimum monthly payments under the relevant performance contracts, and are contingent upon the supplier meeting minimum levels of equipment availability per the agreement. If these minimum availability levels are not reached, then the payment for that month is nil. Monthly payments will exceed the minimum payments when, provided minimum availability criteria are achieved, the quantity of coal mined and/or handled exceeds quantities detailed in the agreements.

Commitments for Expenditure include input tax credits of \$601,000 (\$294,000) for Pacific Power Entity and \$12,703,000 (\$954,000) for the Group. These input tax credits are expected to be recovered from the Australian Taxation Office.

(i) Expenditure Commitments

Contracted expenditure commitments not otherwise brought to account at balance date were:

	Group Consolidated		Pacific Power Entity	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
Capital Expenditure				
Payable Within One Year	12,055	42,009	-	34,822
Payable One to Two Years	-	300	-	300
Payable Two to Five Years	-	-	-	-
Payable Later than Five Years	-	-	-	-
	12,055	42,309	-	35,122
Operating Expenditure				
Payable Within One Year	102,127	-	-	-
Payable One to Five Years	20,683	-	-	-
Payable Later than Five Years	-	-	-	-
	122,810	-	-	-

These commitments relate in the main to power station and mining equipment.

(ii) Lease Expenditure Commitments Finance Leases

Not later than one year	-	-	-	-
Later than one year but not later than two years	-	-	-	-
Later than two years but not later than five years	-	-	-	-
Later than five years	-	-	-	-
Less: Future finance charges	-	-	-	-
Total Finance Lease Liability	-	-	-	-

Represented By:

Current Lease Liability	-	-	-	-
Non-current Lease Liability	-	-	-	-
	-	-	-	-

Operating Leases				
Not later than one year	6,396	6,365	3,596	3,622
Later than one year but not later than two years	5,425	5,387	3,017	3,035
Later than two years but not later than five years	590	2,952	-	-
Later than five years	-	-	-	-
Total Operating Lease Commitments	12,411	14,704	6,613	6,657

The operating lease commitments are non-cancellable but are not provided for in the accounts.

(iii) Equipment Performance Hire Agreements Payable

Not later than one year	7,960	7,064	-	-
Later than one year but not later than two years	4,263	4,565	-	-
Later than two years but not later than five years	3,720	3,945	-	-
Later than five years	-	-	-	-
	15,943	15,574	-	-

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

	Group Consolidated		Pacific Power Entity	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
20. Retained Earnings				
Retained Earnings (Losses) at the Beginning of the Financial Year	46,984	(53,039)	23,952	(93,288)
Net Profit (Loss) Attributable to Members of Pacific Power	(80,917)	135,141	(66,001)	152,358
Restructuring Adjustment	(459,847)	-	(459,122)	-
Dividends Provided for or Paid	-	(31,573)	-	(31,573)
Transfers from (to) Asset Revaluation Reserve:				
Due to Industry Restructure	696,781	-	696,781	-
On Disposal of Assets	-	(3,545)	-	(3,545)
Retained Earnings (Losses) at End of Year	203,001	46,984	195,610	23,952

21. Secured Liabilities

At balance date, there was no loan liability of Pacific Power secured by a charge over Pacific Power's assets.

22. Contingent Liabilities

Claims for compensation for mines subsidence in areas of the central coast adjacent to Powercoal Pty Ltd's operations have been lodged. Pacific Power (International) Pty Limited's EPC Contract for Callide Power Station provides for Liquidated Damages to be applied in respect of late completion and plant performance deficiencies. Liquidated Damages for late completion of the first unit up to 30 June, 2001 were invoiced and included in the Consolidated Accounts. The final position on Liquidated Damages cannot be determined at this stage as the respective responsibilities of each Consortium partner have not been determined, performance tests have not been completed and there is a potential offset to the first unit delay Liquidated Damages due to early finish of the second unit later in 2001.

23. Controlled Entities

(i) The Group includes a consolidation of the following controlled entities.

Pacific Power (International) Pty Limited
 Powercoal Pty Ltd
 Mandalong Pastoral Management Pty Ltd
 Elcom Collieries Pty Ltd
 Huntley Colliery Pty Limited
 Powercoal Superannuation Pty Limited
 Collieries Superannuation Pty Limited
 Mt. Arthur South Coal Pty Limited
 Pacific Solar Pty Limited
 Pacific Solar Sub 1 Pty Limited
 Pacific Western Pty Limited (transferred to Eraring Energy in 2000/01)

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

	Total Revenue		Operating Profit (Loss)		Total Assets	
	2001	2000	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Pacific Power	169,188	617,683	(37,103)	272,202	167,081	1,893,185
Pacific Power (International) Pty Limited	177,266	200,980	25,312	28,202	53,763	69,175
Powercoal Pty Ltd	335,988	185,562	(16,651)	(147,679)	257,801	230,995
Mt. Arthur South Coal Pty Limited	1,688	8,046	353	2,155	142	1,537
Pacific Solar Pty Limited	2,647	6,778	(6,961)	(7,615)	37,563	34,609
Pacific Western Pty Limited	-	11,967	-	2,338	-	8,277
Group Total	686,777	1,031,016	(35,050)	149,603	516,350	2,237,778

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

24. Electricity Sales

Pacific Power's energy trading activities ceased at the end of July, 2000 but up to that time were subject to potential adverse financial effects of changes in the spot price of electricity. In order to minimise that risk, steps were taken to hedge the energy trading position. The gains and losses arising from these hedging transactions were brought to account on settlement and are included as part of electricity sales.

Electricity contracts are commodity contracts which are specifically excluded from the definition of financial instruments contained in Australian Accounting Standard AAS33 referred to in Note 24.

25. Financial Instruments

Financial instruments give rise to positions that are financial assets or liabilities of either Pacific Power or its counterparties. For the Pacific Power Group, these include cash, receivables, investments, unlisted shares, borrowings and foreign exchange forward contracts.

In accordance with AASB 1033 "Presentation and Disclosure of Financial Instruments" information is disclosed in this Note, in respect of the risks entailed in the use of financial instruments. All such amounts are carried in the accounts at net fair value unless otherwise stated. The specific accounting policy in respect of each class of such financial instrument is stated hereunder.

Classes of instruments recorded at cost comprise:

Cash
 Receivables
 Unlisted Shares
 Creditors

Classes of instruments recorded at market value comprise:

Short term securities
 Investments in Government bonds
 Investments in Semi-Government bonds

All financial instruments including revenue, expenses or other cash flows arising from instruments are recognised on an accrual basis.

Classes of instruments recorded at other than cost or market valuation comprise:

Borrowings in Semi-Government bonds

(a) Interest Rate Risk

Pacific Power has a portfolio of debt consisting of short, medium and long-term borrowings. This debt is used to service the asset structure and ongoing activities of Pacific Power. Financing facilities and operating cash flows are managed to ensure that Pacific Power is not exposed to any adverse liquidity risks. Adequate standby facilities are maintained to provide liquidity to meet unexpected cash outflows.

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. Pacific Power's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at balance sheet date, are as follows:

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

	Floating interest rate \$'000	Fixed Interest Rate 1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	Total carrying amount as per the balance sheet \$'000	Weighted average effective interest rate %
(i) Pacific Power Entity							
2001							
Financial assets							
Cash	20,778	-	-	-	-	20,778	4.25%
Trade and other receivables	-	-	-	29	32,211	32,240	5.88%
Deposits	51,807	-	-	-	-	51,807	4.89%
Negotiable Certificates of Deposits	12,784	-	-	-	-	12,784	4.91%
Government Bonds	-	-	3,223	-	-	3,223	6.36%
Semi-Government Bonds	-	-	1,773	-	-	1,773	8.75%
Unlisted Shares	-	-	-	-	66,104	66,104	N/A
Listed Shares	-	-	-	-	26	26	N/A
Share Purchase Option	-	-	-	-	4,120	4,120	N/A
Total financial assets	85,369	-	4,996	29	102,461	192,855	
Financial liabilities							
Trade creditors	-	-	-	-	43,296	43,296	N/A
Overdraft	-	-	-	-	-	-	N/A
Debt	-	-	-	-	-	-	N/A
Total financial liabilities	-	-	-	-	43,296	43,296	

N/A – not applicable for non-interest bearing financial instruments

2000

Financial assets							
Cash	29	-	-	-	-	29	4.23%
Trade and other receivables	-	-	-	37	267,708	267,745	9.36%
Deposits	4,009	-	-	-	-	4,009	6.22%
Negotiable Certificates of Deposits	-	-	-	-	-	-	-
Government Bonds	-	-	1,112	2,128	-	3,240	6.36%
Semi-Government Bonds	-	-	1,778	-	-	1,778	8.75%
Unlisted Shares	-	-	-	-	65,744	65,744	N/A
Listed Shares	-	-	-	-	17	17	N/A
Share Purchase Option	-	-	-	-	4,120	4,120	N/A
Total financial assets	4,038	-	2,890	2,165	337,589	346,682	
Financial liabilities							
Trade creditors	-	-	-	-	151,255	151,255	N/A
Overdraft	-	-	-	-	16,491	16,491	N/A
Debt	-	111,400	295,634	171,202	-	578,236	8.33%
Total financial liabilities	-	111,400	295,634	171,202	167,746	745,982	

N/A – not applicable for non-interest bearing financial instruments

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

	Floating interest rate \$'000	Fixed Interest Rate 1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	Total carrying amount as per the balance sheet \$'000	Weighted average effective interest rate %
(ii) Group Consolidated							
2001							
Financial assets							
Cash	31,569	-	-	-	139	31,708	4.25%
Trade and other receivables	-	-	-	29	110,014	110,043	5.88%
Deposits	3,807	-	-	-	-	3,807	4.89%
Negotiable Certificates of Deposits	12,784	-	-	-	-	12,784	4.91%
Government Bonds	-	-	3,223	-	-	3,223	6.36%
Semi-Government Bonds	-	-	1,773	-	-	1,773	8.75%
Unlisted Shares	-	-	-	-	3,310	3,310	N/A
Listed Shares	-	-	-	-	26	26	N/A
Share Purchase Option	-	-	-	-	4,120	4,120	N/A
Foreign Exchange Forwards	-	-	-	-	29	29	N/A
Others	-	-	-	-	-	-	N/A
Total financial assets	48,160	-	4,996	29	117,638	170,823	
Financial liabilities							
Trade creditors	-	-	-	-	136,141	136,141	N/A
Overdraft	-	-	-	-	-	-	N/A
Debt	55,500	-	-	-	-	55,500	5.12%
Others	-	-	-	-	-	-	N/A
Total financial liabilities	55,500	-	-	-	136,141	191,641	

N/A – not applicable for non-interest bearing financial instruments

2000

Financial assets							
Cash	6,718	-	-	-	900	7,618	3.96%
Trade and other receivables	-	-	-	38	224,447	224,485	9.36%
Deposits	4,009	-	-	-	-	4,009	6.22%
Negotiable Certificates of Deposits	-	-	-	-	-	-	-
Government Bonds	-	-	1,112	2,128	-	3,240	6.36%
Semi-Government Bonds	-	-	1,778	-	-	1,778	8.75%
Unlisted Shares	-	-	-	-	2,950	2,950	N/A
Listed Shares	-	-	-	-	17	17	N/A
Share Purchase Option	-	-	-	-	4,120	4,120	N/A
Foreign Exchange Forwards	-	-	-	-	3,026	3,026	N/A
Others	-	-	-	-	28,085	28,085	N/A
Total financial assets	10,727	-	2,890	2,166	263,545	279,328	
Financial liabilities							
Trade creditors	-	633	102	-	190,343	191,078	N/A
Overdraft	2,689	-	-	-	16,491	19,180	N/A
Debt	-	111,400	295,634	171,202	-	578,236	8.33%
Others	-	-	-	-	18,685	18,685	N/A
Total financial liabilities	2,689	112,033	295,736	171,202	225,519	807,179	

N/A – not applicable for non-interest bearing financial instruments

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

(b) Credit Risk

Credit Risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder. Pacific Power's maximum exposure to credit risk is represented by the carrying amounts of the financial assets at balance date which are as follows:

	G'ments 2001 \$'000	G'ments 2000 \$'000	Banks 2001 \$'000	Banks 2000 \$'000	Other 2001 \$'000	Other 2000 \$'000	Total 2001 \$'000	Total 2000 \$'000
(i) Pacific Power Entity								
Financial Assets								
Cash	-	-	20,778	29	-	-	20,778	29
Trade and other receivables	4,892	205,944	-	111	27,348	61,690	32,240	267,745
Unlisted shares	-	-	-	-	66,104	65,744	66,104	65,744
Listed shares	-	-	-	-	26	17	26	17
Deposits	51,807	4,009	-	-	-	-	51,807	4,009
Negotiable Certificate of Deposits	-	-	-	-	12,784	-	12,784	-
Bonds	3,223	3,240	-	-	1,773	1,778	4,996	5,018
Others	-	-	-	-	-	-	-	-
Total financial assets	59,922	213,193	20,778	140	108,035	129,229	188,735	342,562

There is no significant concentration of credit risk which arises in respect of receivables to any particular external customer at balance date. Credit is usually extended on a 30-day basis or in accordance with contract terms and conditions.

(ii) Group Consolidated

Financial Assets								
Cash	-	-	31,708	7,618	-	-	31,708	7,618
Trade and other receivables	84,069	220,682	-	111	25,974	3,692	110,043	224,485
Foreign Exchange Forwards	-	-	29	3,026	-	-	29	3,026
Unlisted shares	-	-	-	-	3,310	2,950	3,310	2,950
Listed shares	-	-	-	-	26	17	26	17
Deposits	3,807	4,009	-	-	-	-	3,807	4,009
Negotiable Certificate of Deposits	-	-	-	-	12,784	-	12,784	-
Bonds	3,223	3,240	-	-	1,773	1,778	4,996	5,018
Others	-	110	-	-	-	27,975	-	28,085
Total financial assets	91,099	228,041	31,737	10,755	43,867	36,412	166,703	275,208

	Carrying Amount		Net Fair Value	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000

(c) Net Fair Value

All financial assets and liabilities have been recognised at the balance date at their net fair values, except for the following:

(i) Pacific Power Entity

Financial assets					
Unlisted shares		66,104	65,744	Not Available	Not Available
Listed shares		26	17	85	Not Available
Financial Liabilities					
Semi-Government Bonds		-	578,236	-	615,670

(ii) Group Consolidated

Financial assets					
Unlisted shares		3,310	2,950	Not Available	Not Available
Listed shares		26	17	85	Not Available
Financial Liabilities					
Semi-Government Bonds		-	578,236	-	615,750

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

(i) The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Recognised financial instruments

Cash, cash equivalents and short-term investments: The carrying amount approximates fair value because of their short term maturity.

Trade receivables and trade creditors: The carrying amount approximates fair value because of their short term to maturity.

Non-current investments/securities: For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment/security.

Forward exchange contracts: The fair values of forward exchange contracts are calculated at balance date by reference to the spot rate.

Unrecognised financial instruments

Share purchase option: The fair value of options over ordinary shares is determined by reference to the exercise price stipulated in the deed.

(ii) Financial assets carried at an amount in excess of net fair value

There are no financial assets carried at an amount in excess of net fair value.

(d) Derivative Financial Instruments

All derivatives are managed in accordance with strict policies approved by Pacific Power's Board, including total value and credit risk limits, and can only be used to hedge existing exposures. There were no outstanding foreign exchange forward contracts, interest rate or currency swaps at balance date.

Pacific Power has entered into foreign exchange forward contracts to hedge the foreign exchange exposure arising from the purchase of foreign plant and equipment (2000 only). Revenue generated by Pacific Power's subsidiaries in foreign currencies is also hedged through foreign exchange forward contracts. Hedging costs are amortised over the life of the hedge transaction. All gains or losses are brought to account at balance date. The market value of forward contracts outstanding at balance date were as follows:

	2001 \$'000	2000 \$'000
(i) Pacific Power Entity		
Receivable		
Forward foreign exchange contracts	-	-
Payable		
Forward foreign exchange contracts	-	17,950
Net amount receivable/(payable)	-	(17,950)

The net amount receivable on the forward contracts is fully offset by underlying physical positions contained within Pacific Power's consolidated balance sheet.

(ii) Group Consolidated

Receivable		
Forward foreign exchange contracts	9,095	45,416
Payable		
Forward foreign exchange contracts	9,066	60,540
Net amount receivable/(payable)	29	(15,124)

26. Director Related Party Transactions

The chief entity entered into transactions with entities in which Directors have declared interests within the normal arm's length processes of sourcing services and/or materials from the market place on terms and conditions no more favourable than those available in similar arm's length dealings. The totals of such transactions were not significant.

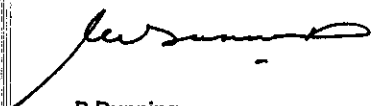
Statement by Members of The Board

FOR THE YEAR ENDED 30 JUNE 2001

Pursuant to Section 41B (1) of the Public Finance and Audit Act, 1983, and in accordance with a resolution of the Board of Pacific Power, we declare on behalf of Pacific Power that in our opinion:

1. the Consolidated Financial Statements consisting of the Statement of Financial Position, the accompanying Statement of Financial Performance, the Statement of Cash Flows and the Notes to and Forming Part of the Consolidated Financial Statements of the Pacific Power Group for the financial year ended 30th June, 2001 exhibit a true and fair view of the position and transactions of the Pacific Power Group; and
2. the Consolidated Financial Statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Public Finance and Audit Regulation, 2000, and the Treasurer's directions as they relate to the preparation of those Statements.

Further, we are not aware at this time of any circumstances which would render any particulars in the Consolidated Financial Statements to be misleading or inaccurate.



R Dunning
Chairman

18th October 2001



R D Lang
Acting Chief Executive

18th October 2001

End of the Financial Statements audited by the Auditor-General

Independent Audit Report



BOX 12 GPO
SYDNEY NSW 2001

To Members of the New South Wales Parliament and Members of the Board of Pacific Power

Scope

I have audited the accounts of Pacific Power for the year ended 30 June 2001. The financial report includes the consolidated financial statements of the consolidated entity comprising Pacific Power and the entities it controlled at the year's end or from time to time during the financial year. The members of the Board of Pacific Power are responsible for the financial report consisting of the accompanying statements of financial position, statements of financial performance and statements of cash flows, together with the notes thereto and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament and Members of the Board of Pacific Power based on my audit as required by sections 34 and 41C(1) of the *Public Finance and Audit Act 1983* (the Act).

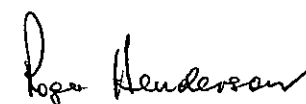
My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures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

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

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

Audit Opinion

In my opinion, the financial report of Pacific Power complies with section 41B of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of Pacific Power and the consolidated entity as at 30 June 2001 and the results of their operations and their cash flows for the year then ended.



R C Henderson FCA

Director of Auditor

(duly authorised by the Auditor-General of New South Wales under section [41C(1A)] of the Act)

SYDNEY
18 October 2001

Pacific Power Entity Schedule of Fixed Assets

	At 30 June 2001 \$'000	At 30 June 2000 \$'000
Steam Power Stations		
Eraring	-	1,418,276
Eraring Capital Spares	-	7,717
Generating Plant Withdrawn from Service	3,407	3,501
	3,407	1,429,494
Hydro-electric Power Stations		
Bendeela	-	4,061
Brown Mountain	-	59
Burrinjuck	-	693
Hume	-	11,882
Keepit	-	93
Shoalhaven	-	7,141
Shoalhaven Capital Spares	-	1,239
Warragamba	-	372
	-	25,540
Gas Turbine Power Stations		
Broken Hill	-	-
Northern	-	124
Wagga Combined Cycle	-	152
Illawarra Combined Cycle	-	10,482
	-	10,758
Other Generation Assets		
Coal Conveyor	-	581
Dry Hot Rocks	-	1,449
Malabar	-	432
Crookwell Wind Farm	-	7,411
Olympic Solar Village	-	4,328
	-	14,201
Total Generation	3,407	1,479,993
Supply System		
Substations and Equipment	-	195
Overhead Transmission Lines	32	1,613
Underground Cables	-	458
	32	2,266
Total Generation and Supply	3,439	1,482,259
Other Property		
Communication Equipment	29	590
Office Machines	869	3,425
Vehicles and Mobile Plant	914	5,146
Miscellaneous Plant	1	1,088
Miscellaneous Land, Buildings and Staff Dwellings	10,914	20,516
	12,727	30,765
Miscellaneous		
Exploration Costs Capitalised	-	3,123
Total Fixed Assets	16,166	1,516,147

Pacific Power Entity Five Years of Financial Statistics

	1997 \$'000	1998 \$'000	1999 \$'000	2000 \$'000	2001 \$'000
Profit and Loss Statement					
Operating Revenue	936,883	583,398	625,151	661,421	206,058
Operating Profit (Loss) Before Abnormal Items and Income Tax	161,384	22,303	18,323	113,706	(11,864)
Plus (Less): Abnormal Items Before Income Tax	390,272	21,508	(50,728)	53,385	-
Operating Profit (Loss) Before Income Tax	551,656	43,811	(32,405)	167,091	(11,864)
Less (Plus): Income Tax Expense (Benefit) Equivalent	71,422	15,677	(21,280)	14,733	54,137
Operating Profit (Loss) after Income Tax	480,234	28,134	(11,125)	152,358	(66,001)
Retained Earnings (Losses) at Commencement of Year	(243,208)	(20,021)	(26,073)	(93,288)	23,952
Restructuring Adjustment	10,067	-	(8,822)	-	(459,122)
Debt Revaluation Adjustment	(99,133)	-	-	-	-
Transfers from (to) Reserves	51,956	(12,204)	(19,608)	(3,545)	696,781
Dividend to State Government	(219,937)	(21,982)	(27,660)	(31,573)	-
Retained Earnings (Losses) at Conclusion of Year	(20,021)	(26,073)	(93,288)	23,952	195,610
Balance Sheet					
Capital and Retained Earnings	1,035,642	1,041,789	994,182	1,025,120	195,610
Represented by:					
Fixed Assets	2,016,944	2,028,381	1,961,373	1,657,148	93,546
Less Provision for Depreciation	297,624	342,367	323,804	141,001	86,913
Net Fixed Assets	1,719,320	1,686,014	1,637,569	1,516,147	6,633
Other Non - Current Assets	165,542	187,002	183,827	200,674	80,044
Current Assets	254,312	218,313	187,331	340,321	197,031
Total Assets	2,139,174	2,091,329	2,008,727	2,057,142	283,708
Less Liabilities	807,351	799,424	760,661	745,998	45,175
	1,331,823	1,291,905	1,248,066	1,311,144	238,533
Less Provisions	296,181	250,116	253,884	286,024	42,923
Net Assets	1,035,642	1,041,789	994,182	1,025,120	195,610

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CD Rom

The above CD Rom contains Pacific Power subsidiary companies' financial and performance information and Pacific Power statutory information.

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