



1999

PARLIAMENT OF TASMANIA

PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

**INQUIRY INTO A
SPECIAL DIVIDEND**

**TO BE PAID BY
THE HYDRO-ELECTRIC CORPORATION**

Laid upon the Table of both Houses of Parliament. The Committee was appointed under the provision of section 2 of the Public Accounts Committee Act 1970 (No. 54).

MEMBERS OF THE COMMITTEE

LEGISLATIVE COUNCIL

Hon. P. R. Schulze (Chairman)
Hon. A. W. Fletcher
Hon. C. L. Rattray

HOUSE OF ASSEMBLY

Mr K. J. Bacon
Mr R. R. Cheek
Hon. G. H. James

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CONCLUSIONS

The Committee concludes that:—

1. The Hydro-Electric Corporation can reasonably meet from cash reserves the Government's expectation of a \$40m special dividend in the year 1998-1999.

2. There is little or no evidence to support the contention that the \$40m special dividend to be paid by the Hydro-Electric Corporation will have severe detrimental impact leading to increased borrowings, reduction in maintenance standards, less than adequate infrastructure investment and higher consumer prices.

3. Provided that a sufficient number of the assumptions and variables factored into the base case scenario remain favourable it is possible for the Hydro-Electric Corporation to meet the Government's expectations beyond the year 2000.

4. It can be demonstrated that the Government's special dividend strategy will cause the Hydro-Electric Corporation to slow down debt repayment, to reduce cash reserves and further lead to an increased exposure to the volatility of external variables.

5. It is very important that the Hydro-Electric Corporation has the capacity in the immediate future to make the most of any growth opportunities presented to it.

6. The \$40m special dividend strategy may impose an increased risk on the future operations of the Hydro-Electric Corporation. The Corporation is one of the State's most significant business assets and the extent to which it may be affected by the future withdrawal of \$40m annually cannot, at this stage, be determined.

7. Adequate safeguards are provided by the fact that each and every special dividend requirement must first have the approval of the Board of the Hydro-Electric Corporation and then be tabled in both Houses of Parliament.

1. INTRODUCTION.

The role of the Public Accounts Committee (PAC) is to examine accounts of public expenditure and report to Parliament "with such comment as it thinks fit, on any matter arising in connection with those accounts....." The provisions of the Public Accounts Committee Act which allow such scrutiny are as follows:—

6. (1) *The Committee must inquire into, consider and report to the Parliament on any matter referred to the Committee by either House relating to:—*

- (a) *the management, administration or use of public sector finances; or*
- (b) *the accounts of any public authority or organisation controlled by the State or in which the State has an interest.*

(2) *The Committee may inquire into, consider and report to the Parliament on:—*

- (a) *any matter arising in connection with public sector finances that the Committee considers appropriate; and*
- (b) *any matter referred to the Committee by the Auditor-General.*

Over the last few years, significant changes in public sector structure and financial management with the trend toward corporatisation, privatisation and outsourcing (which could tend to shield organisations from public scrutiny) have made the role of the Public Accounts Committee increasingly important.

2. INQUIRY INTO A SPECIAL DIVIDEND.

On November 5, 1998, the Treasurer announced that the Government would require a special dividend of \$40 million in addition to a dividend of 100% of profit after tax from the Hydro-Electric Corporation. This inquiry arose from general public concerns and correspondence received by the Public Accounts Committee which raised a number of questions and concerns about the Government's intention. The Committee, having considered the issue, made the following resolution on 11 November 1998:—

"to investigate the implications for the operations and activities of the Hydro-Electric Corporation, Transend and Aurora of the State Government's proposed special dividend and related matters."

Whilst the special dividend is a charge specifically against the Hydro-Electric Corporation, the other energy utilities may be affected. Accordingly, the Committee sought and received submissions from Aurora, Transend Networks as well as the Hydro-Electric Corporation. The Committee heard evidence from the Hydro-Electric Corporation, Aurora, and Transend. The Electricity Regulator, as a key party, was also called to give evidence.

3. ELECTRICITY IN TASMANIA.

3.1. History.

In 1930, the Hydro-Electric Commission was formally established by an act of parliament. The purpose of the Commission was to manage the existing works and to control waters of the State, with the sole right of generating, distributing and selling electricity throughout Tasmania. The role, as a vertically integrated organisation managing the generation, transmission, distribution, and sale of electricity remained basically the same until the 1990s. Tasmania's economic development during that period was closely tied to the development of its power resources. The Hydro-Electric Commission became a very powerful organisation largely able to set its own agenda, with a major effect on the State's economic strategies.

3.2. A Changing Climate—Competition.

At the 1991 Special Premiers' Conference the decision was made to develop a National Electricity Market. The move followed the publication of an Industry Commission Report¹ which highlighted inefficiencies in the industry and the potential for significant gains from a competitive market. The States agreed to introduce a range of reforms in exchange for a set of financial payments from the Commonwealth.

3.3. The National Electricity Market.

The object of the reform agenda is to develop a fully competitive National Electricity Market and to create competition in the generation and retailing of electricity across participating jurisdictions. The Tasmanian Government has committed to joining the National Electricity Market and so becoming a participating jurisdiction if, and when, it is connected to the national grid through the establishment of a connector (Basslink).

¹ Australia. Industry Commission. Energy Generation and Distribution, May 1991

3.4. Disaggregation, and Other Changes in Tasmania.

As part of the changing nature of energy utilities and the impact of competition a number of legislative and regulatory reforms were necessary.

- The *Electricity Supply Industry Act 1995* provided a legislative framework to introduce competition by removing the Hydro-Electric Corporation's monopoly.
- The *Hydro-Electric Corporation Act 1995* provided for the Hydro-Electric Corporation to become a Government Business Enterprise and with a more commercial focus and greater financial responsibility it was expected that greater efficiencies and increased profitability could be achieved.
- The *Government Prices Oversight Commission Act 1995* provided for the independent assessment of costing and pricing policies of public monopolies to ensure that a monopoly situation was not abused.
- The *Electricity Companies Act 1997* provided for the establishment of companies for one or more of the transmission, distribution and retailing of electricity in Tasmania. The stated intent was to conform to the requirements of the National Competition Council. The purpose was to make the companies compliant with national competition guidelines in accordance with competitive principles.

3.5. Interim Report on Disaggregation.

Although the Electricity Companies Bill had been extensively debated in the Legislative Council, some Members expressed the view that there was a lack of information regarding the motives for, and the financial impact of the legislation. On 9 December 1997 the Public Accounts Committee received a reference from the Legislative Council as follows:—

*"That the Legislative Council request the Standing Committee of Public Accounts to assess and report on the implications for the Consolidated Fund on disaggregation of the Hydro-Electric Corporation and other related matters."*²

The Public Accounts Committee, after due consideration, determined that 'related matters' include Basslink and the sale/lease of equity in the Hydro-Electric Corporation. The Committee's Report³ produced a number of findings and made the recommendation that, as planned by the government, the Corporation be disaggregated into three separate businesses, a retail distribution business (Aurora), a transmission business (Transend) and a generation business (which retained the name Hydro-Electric Corporation). Disaggregation was effected on 1 July 1998 with Aurora and Transend becoming Government owned Corporations and the Hydro-Electric Corporation a Government Business Enterprise (GBE).

3.6. The 1998 Election.

The Public Accounts Committee continued its inquiry, focusing largely on privatisation issues. The inquiry was interrupted when the then Premier, the Hon A M Rundle announced that Parliament would be dissolved and a State election held on 29 August 1998.

During the election campaign the matter of sale or lease of one or all of the energy utility businesses was one of the most important and divisive policy issues. The Rundle Government had long campaigned for a sale with the proceeds of such a sale being used to retire state debt. The ALP opposed any sale and campaigned vigorously to the effect that if elected to government there would be no sale. The ALP announced it would require a \$40 million special dividend (as defined by the *Government Business Enterprises Act*) from the Hydro-Electric Corporation if it became the government.

² Tasmania, Legislative Council, Hansard, 9 December 1997

³ Disaggregation of the Hydro-Electric Corporation and Other Related Matters. Interim Report 1998

4. THE ELECTRICITY REGULATOR.

4.1. The Role of the Regulator.

The role of the independent Electricity Regulator is to determine fair maximum prices for five monopoly services. They are:—

<i>Service/Company</i>	<i>Services Provided</i>	<i>Customers</i>
1. Generation (Hydro-Electric Corporation)	Generation of electricity	Retailers
2. System Control (Hydro-Electric Corporation)	Control and coordination of electricity supply system	Hydro-Electric Corporation and Transend
3. Transmission (Transend)	Transmission network	Hydro-Electric Corporation and Aurora
4. Distribution (Aurora)	Distribution network	Retail (Aurora)
5. Retail (Aurora)	Retail services	Retail customers

The information used by the Regulator to set prices varies according to the type of service and the environment in which it operates. Accordingly a different set of inputs and assumptions is used for each service and the weighting given to inputs varies from service to service. The Regulator also has a requirement to promote competition and efficiency and to protect the interests of consumers.

4.2. The Regulator and the Hydro-Electric Corporation.

In determining what is a reasonable and fair price which will allow the Hydro-Electric Corporation to operate profitably and effectively, the Regulator identified the following factors as relevant:—

- market indicators,
- a fair price for energy,
- community interest,
- benchmarking both interstate and international,
- taxes,
- the impact on pricing policies of taxes and dividends,
- the financial viability of the enterprise,
- returns to the owner on a fair asset value,
- depreciation to take account of the use of assets,
- revenue and efficient levels of cost.

The Regulator considered that the levels of debt and debt repayment to be a business decision taken by the Hydro-Electric Corporation rather than a regulatory concern. On the subject of the proposed special dividend and valuation of assets the Regulator noted the following:—

*"..it should be a prudent dividend policy and I would not expect any regulator to be influenced by the owner simply coming up and saying, 'We want to withdraw large buckets of money from the enterprise, so you should put our price up'. The regulator would say, 'That's not a factor that carries a lot of weight with me. I am rather more concerned about fair returns on aggregate rather than how much you choose to leave in the business or how much you choose to withdraw'."*⁴

He commented further:—

*"I think the more important figure is the return on equity rather than the dividend payments."*⁵

and

*"Perhaps to be more precise, an appropriate rate of return on assets is the guiding light and we then, perhaps as a secondary test, look at dividends and the financial viability of the enterprise."*⁶

⁴ Hansard, A. Reeves, Hobart 15 March 1999 p 10

⁵ Hansard, A. Reeves, Hobart 15 March 1999 P 18

⁶ Hansard, A. Reeves, Hobart 15 March 1999 p 19

The Committee, in proposing to the Regulator that his role did not involve making a judgment about the capacity of the Hydro-Electric Corporation to pay the \$40 million special dividend Mr Reeves replied:—

*"..... that is correct. I do not think that would be my role."*⁷

The Regulator's determination is central to the profitability of the electricity businesses and while the special dividend requirement is from the Hydro-Electric Corporation any negative determination could have consequences for all the utilities.

5. THE RUNDLE GOVERNMENT—A SPECIAL DIVIDEND 1998-99.

Early in 1997 the Premier the Hon A M Rundle released the *Directions Statement* which was the Government's vision for the future. His Government's financial strategy, as outlined by the 1997-98 Budget was built around the future sale of the assets of the transmission, distribution and retail divisions of the Hydro-Electric Corporation and as part of the strategy, the Budget made provision for a special dividend of \$40 million from the Hydro-Electric Corporation. This was noted in the Budget Papers as follows:—

*"As a result of the Directions Statement proposal in relation to the Hydro-Electric Corporation, the Forward Estimates for 1998-99 to 2000-2001 incorporate a special dividend from the Hydro-Electric Corporation in 1998-99, and (net of the partial loss of dividend, tax equivalents and guarantee fees which would otherwise be paid by the Hydro-Electric Corporation) a reduction in debt servicing and management costs from 1999-00, amounting to \$40 million in each financial year."*⁸

6. THE BACON GOVERNMENT—A SPECIAL DIVIDEND 1998-99 AND BEYOND.

As noted earlier, during the 1998 election campaign the Labor Party indicated that a special dividend would be required from the Hydro-Electric Corporation if Labor won the election. A majority Labor Government with the Hon Jim Bacon as Premier was sworn in on 14 September 1998 and the Government's first Budget on 5 November 1998, provided for a \$40 million special dividend.⁹ A statement in the Legislative Council by the Treasurer, the Hon Dr David Crean, outlined the Government's position:—

*"The \$40 million special dividend is a contribution that the Government believes the Hydro should be making to the Consolidated Fund, given that the Hydro is at least a \$4 billion asset for the State. We believe it should be producing a greater return to the State consistent with the facts that it is generating sufficient cash from the organisation to provide that special dividend and the other tax equivalent and dividend that is being accounted for in the Budget."*¹⁰

Later, in an answer to a question Dr Crean re-stated the position of the Government:—

*"In terms of the \$40 million special dividend, we made a commitment based on our assessments in Opposition, to have the Hydro provide a \$40m special dividend to the Consolidated Fund based on the fact that we believe that it was sustainable..... That position has been substantiated in government, that the payment of this \$40 million is sustainable. It is sustainable because the Hydro can continue to pay the special dividend and at the same time reduce debt and.....provide 100% of after-tax profit."*¹¹

Notice of the directive to pay the special dividend was tabled in both the House of Assembly and the Legislative Council on 16 March 1999.

⁷ Hansard, A. Reeves, Hobart 15 March 1999 p 21

⁸ Tasmania. Budget Paper No. 2, 1997-98 Forward Estimates p 54

⁹ Tasmania. Budget Paper No. 1, 1998-99 Consolidated Fund Budget Estimates P 64

¹⁰ Tasmania. Legislative Council. Hansard 10 November 1998

¹¹ Tasmania. Legislative Council. Hansard 16 March 1999

7. THE HYDRO-ELECTRIC CORPORATION AND THE GOVERNMENT'S EXPECTATIONS.

7.1. 1998-1999.

The Hydro-Electric Corporation has allowed for the payment of the special dividend. The Corporation was given notice by the Rundle Government that the dividend would be required and so provision was made for the special dividend payment to the Government in addition to 100% of the after tax profit for the 1998-99 financial year.

The following note "Distribution Policy Targets", forming part of the "Business Performance Targets," states the position of the Corporation:—

*"Future dividend payments are based on 100% profit after tax, payable in the subsequent financial year. In respect of the 1997-98 financial year, a dividend payable (in 1998-99) has been based on 50% of profit after tax plus a special dividend of \$40 million, as foreshadowed by the Government in the 1997-98 Budget Papers."*¹²

Mr Rae emphasised the point during his evidence to the Committee:—

*"The current financial year, based on requirements foreshadowed by the previous Liberal Government and confirmed in the new ALP Treasurer's letter of 7 December and a subsequent letter, the Hydro has made provision in its financial statements for the year 1997-98 for a \$40 million special dividend to be paid in the year 1998-99. This is in addition to the ordinary dividend of \$17.7 million."*¹³

7.2. 2000 and Beyond.

The capacity of the Hydro-Electric Corporation to sustain special dividend payments to Government in the future is subject to a number of assumptions. In building forward financial projections which indicate the capacity of the Hydro-Electric Corporation to be able to pay such a special dividend it is evident and cannot be stressed too much that there are many factors which together or separately could equally enhance or destroy the premise. Before describing some of these in more detail it is important to consider the validity of business financial projections into the longer term.

7.2.1. Financial Projections.

Advice provided to the Hydro-Electric Corporation and submitted to the Committee about long term financial projections noted the following:—

*"In general terms a financial model is only of real value in reflecting outcomes within the foreseeable future, generally for no more than three years and the further into the future the less certain the results anything beyond that time frame is useful only in assisting in understanding possible outcomes from changes in various commercial factors."*¹⁴

Mr Rae also cautioned the Committee in the following terms:—

"Financial projections under the base-case assumptions—that is, the expected market and industry climate, and I emphasise that—which are the expected market and industry climate, indicate that the Hydro-Electric Corporation will have sufficient cash flow and reserves to fund a \$40 million special dividend over the next ten years. The Hydro-Electric Corporation expects to generate reasonably strong cash flow during this period of time and the special dividend will be funded from the cash flow.

*However, financial projections of the Hydro-Electric Corporation's future performance are sensitive to several key assumptions, including the wholesale energy price, interest rates, loss of a major customer or market share, and the level of hydrological support from the operational use at Bell Bay or electricity purchases from the national electricity market. As a consequence, actual outcomes may be more or less favourable than the base-case projections."*¹⁵

Evidence to the Committee about the assumptions and variables indicated that they can be divided into two main categories—those which are driven largely by the business strategy of the Corporation and those external to the Corporation over which it has little or no control.

¹² Hydro-Electric Corporation Annual Report 1997-98, p 38

¹³ Hansard, P. Rae, 4 March 1999 p 3

¹⁴ PricewaterhouseCoopers (D7)

¹⁵ Hansard, P. Rae, 4 March 1999

7.2.2. *The Business of the Hydro-Electric Corporation.*

The Corporation provided evidence of the development of plans and business strategies that are expected to produce considerable growth into the future. A number of issues were canvassed and the following short quotes are indicative of the direction the Corporation is taking.

On the question of opportunities for **new growth and efficiencies** Mr Kelleher said:—

“We will be continuing to pursue vigorously efficiency and productivity gains within our organisation.....looking very much at growth opportunities and the opportunities that the new renewables will provide as well as the opportunities that Basslink will provide.”¹⁶

The Company is looking toward **more power generation** through undeveloped hydro resource as instanced by the following comment from Mr Rae:—

“There is a further review underway at the moment in relation to that. The possibilities of anything from medium-sized hydro, at what may be a relatively high cost, to mini-hydro are all being examined and re-evaluated. Just to use an example, there has been work being undertaken to look at what is the hydro potential at Warners Creek dam as opposed to its value for irrigation and water supply, and for the quality of the environment of the Mersey River. That is one specific one. That work is being undertaken under an umbrella which is comprehensive in relation to it.”¹⁷

The Corporation sees more opportunities with **cloud seeding**, with **wind farms** such as the successful Huxley Hill on King Island and with **cogeneration** where there has been some planning in relation to experimental schemes in a joint venture approach. It expects advantages and improved profitability from the potentially commercially beneficial agreement with Duke Energy for the Bell Bay Thermal Station.

On the subject of the connector **Basslink**, the Corporation sees it as important to the Hydro-Electric Corporation's future and an essential component in a strategic sense to place the Corporation in a competitive position for entry into the National Electricity Market. Mr Rae said:—

“We expect Basslink to increase the value of our assets as it opens up markets.”¹⁸

Evidence was given that future financial projections were conservative and were based on 0.5% growth per annum over the next four years with reducing interest charges being a significant factor in profit growth. The Corporation will:—

“continue to get significant benefits out of the rolling over of old higher interest debt into new low interest debt.”¹⁹

The special dividend will have an impact on **debt repayment** forcing the company to adopt a slower repayment timetable than initially planned. In commenting on the manageability of the Corporation's debt, Mr Rae said:—

“The requirement to pay the special dividend reduces the Hydro-Electric Corporation's capacity to repay debt but, nevertheless, the Hydro-Electric Corporation's target of interest cover ratio is projected to be achieved by the year 2006. In the absence of the requirement to pay an additional \$40 million special dividend, the target interest cover would be achieved by the year 2004 or thereabouts. At present the Hydro-Electric Corporation has a ratio of 1.8 times and the target ratio has been set at initially 2.75 times, increasing to 3.5 times by the year 2003-2004 and that is the assumed onset of competition.....”

“Prima facie, it would be preferable for the Hydro-Electric Corporation to have a lower debt level and reach the target interest cover ratio at the time when competition or changes in market arrangements are expected to impact on the Hydro-Electric Corporation.”²⁰

“We are very anxious to steadily reduce our debt to improve our position.”²¹

The Corporation is planning to place greater emphasis on **consulting activities** where profits which go straight to the bottom line will make a difference.²²

¹⁶ Hansard, M. Kelleher, Hobart 4 March 1999 p 11

¹⁷ Hansard, P. Rae Hobart 4 March 1999 p 39

¹⁸ Hansard, P. Rae, Hobart 4 March 1999 p 14

¹⁹ Hansard, P. Rae, Hobart 4 March 1999 p 12

²⁰ Hansard, P. Rae, Hobart 4 March 1999 p 3

²¹ Hansard, P. Rae, Hobart 4 March 1999 p 32

²² Hansard, M. Kelleher, Hobart 4 March 1999 p 11

In seeking assurance that that payment of the \$40m special dividend substantially from the non-cash expense component of cash flow and reserves would not place the Hydro-Electric Corporation with unacceptable risk to the **quality of the fixed asset base** (the subject of depreciation) the response from Mr Kelleher:—

*"I can certainly give you that assurance, I think. Our assets are, of course, along with our people, the essential ingredients for the value that this business generates. Therefore it is critical that those assets—reliability and capability to generate revenue—are maintained. We therefore place considerable emphasis on our activities in terms of world's best practice asset management, maintenance and condition monitoring. That is a key focus of the activities of the business. That really is what is enabling us to achieve this outcome—essentially by best practice approach to asset maintenance activities. We are able to maintain the assets at the required level of reliability and in fact increase their value and their life beyond that which normal practices would undertake."*²³

And further on the subject of **asset maintenance**:—

*"Financial projections for the base-case scenario indicate that payment of the special dividend will not prevent the Hydro-Electric Corporation from having sufficient funds to meet asset maintenance and capital reinvestment requirements over the planning period subject to the key assumptions remaining valid."*²⁴

The expected **pricing premiums** attached to renewable energy were cited as further cause for optimism in the future.

7.2.3 Variables External to the Hydro-Electric Corporation Business.

There are a number of additional volatile factors assumed in the base case scenario which are largely dependent on issues on which the Corporation has little influence. In an environment when aspects of the market are changing rapidly these issues for the Hydro-Electric Corporation include:—

- the wholesale energy price,
- interest rates,
- loss of market share,
- loss of a major customer,
- electricity purchase from the National Grid,
- operational use of Bell Bay,
- the introduction of competition,
- fluctuations in demand,
- the introduction of gas,
- drought, and
- the Regulator's determination.

The Hydro-Electric Corporation, when commenting on the Regulator's determination said:—

*"...all forecasts and projections will be affected by the outcome of the GPOC (Electricity Regulator) pricing determination and therefore the effects of the proposed dividend policy would need to be reassessed at that stage"*²⁵ that is, at the time when the current determination expires and the new determination is announced and becomes effective.

²³ Hansard, M. Kelleher, 4 March 1999 p 25

²⁴ Hansard, P. Rae, 4 March 1999 p 4

²⁵ Hansard, P. Rae, Hobart 4 March 1999 p 5

7.3 Company Responsibility.

The Board of the Hydro-Electric Commission is very positive and confident that the special dividend can be paid. It is also aware of its corporate responsibilities both to the business and to its shareholders—the Government. The following comment illustrates its position:—

“There is a duty which is a statutory obligation on the Hydro to bring to the attention of the minister any matter which may adversely affect the commercial operations of the Hydro as a business. If we received a direction which was beyond our capacity to perform then we would be duty-bound to point that out to the minister. Where we do take those steps, there are certain consequences which flow and it becomes really a matter for Parliament.”²⁶

Parliament House, Hobart

Peter Schulze M.L.C., Chairman.

²⁶ Hansard, P. Rae, 4 March 1999

APPENDIX 1
SUBMISSIONS AND DOCUMENTS RECEIVED AND TAKEN INTO EVIDENCE

<i>No.</i>	<i>Description</i>	<i>Date</i>
S1	Hydro-Electric Corporation	23/12/98
S2	Aurora Energy; Submission	23/12/98
S3	Transend Networks Pty Ltd; Submission	24/12/98
D1	Hydro-Electric Corporation Annual Report 1998:End of an Era, A New Direction	04/03/99
D2	BT Wolfersohn, (Division of Bankers Trust) Arrangements with Duke Energy in relation to the Bell Bay Power Station (Confidential Document)	04/03/99
D3	Aurora Energy Pty Ltd Supplementary information including Board Membership; Debt and debt repayment; Employee Numbers; Summary of the Forward Projections of the possible impact of major issues like Basslink; Pole replacement schedule and The rate of growth of the Tasmanian economy used for forward projections	22/03/99
D4	Transend Networks Pty Ltd information regarding A "review of benchmarking relativities in the industry"	22/03/99
D5	Supplementary information from Electricity Regulator	18/03/99
D6	Information from Hydro Electric Corporation regarding the quantum of after tax profits paid by other electricity generation businesses; information on the assumptions on which the base case scenario is built when determining future projections; and information in relation to a sensitivity analysis and the numerical detail of the high case scenario	31/03/99
D7	Information from Hydro Electric Corporation regarding future financial projections with attached letter from PriceWaterhouseCoopers re Corporate Model	12/04/99

**APPENDIX 2
WITNESSES**

03/03/99	Kimber, Bob	Company Secretary & Acting Chief Executive Officer—Aurora
03/03/99	Devereaux, John	Group Manager Finance & Business—Aurora
03/03/99	Cumberlidge, Bob	Chairman—Transend Networks
03/03/99	Bevan, Richard	Chief Executive Officer—Transend Networks
04/03/99	Rae, Hon Peter	Chairman—Hydro Electric Corporation
04/03/99	Kelleher, Mark	General Manager—Corporate, Hydro Electric Corporation
04/03/99	Jeffrey, David Cameron	Manager—Public Relations, Hydro Electric Corporation
15/03/99	Reeves, Andrew	Electricity Regulator, Tasmania