

31 July 2003

Mr Russell Phillips  
General Manger  
Regulatory Affairs – Gas  
Australian Competition and Consumer Commission  
PO Box 1199  
DICKSON ACT 2602

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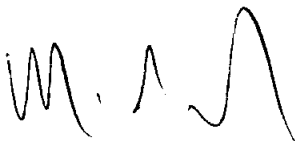
Dear Mr Phillips

### 2002/03 Ringfencing Compliance Reports

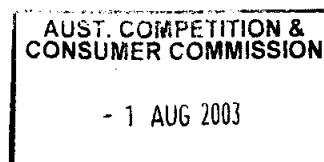
As requested in your letters of 10 June, 2003, I attach completed ringfencing compliance reports for the year ending 30 June, 2003 in respect of the following pipelines:

- Moomba to Sydney Pipeline
- Central West Pipeline
- Roma to Brisbane Pipeline
- Ballera to Mt Isa Pipeline (covering the interest of Roverton Pty Limited in that pipeline).

Yours sincerely



**Michael McCormack**  
General Manager – Commercial



Australian Pipeline Limited  
Level 5  
Airport Central Tower  
241 O'Riordan Street  
Mascot NSW 2020  
[www.pipelinetrust.com.au](http://www.pipelinetrust.com.au)

Australian  
Pipeline Trust



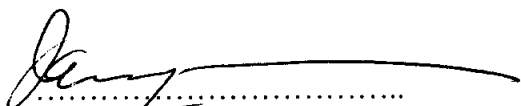
## Statement of Compliance

Statement of Compliance for APT Pipelines (NSW) Pty Limited ACN 080 842 360  
("APT(NSW)") for the financial year 2002/03

### APT(NSW) – Central West Pipeline

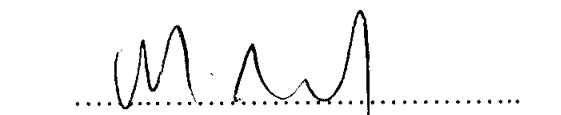
1. Attached is the annual Ring Fencing Compliance Report for the year ending 30 June 2003. APT(NSW) has not varied the Ring Fencing Compliance Report or Statement of Compliance from the original forms sent by the ACCC, other than to provide the information required.
2. APT(NSW) is not aware of any breach of any of the obligations listed in section 4.1 of the Code other than as detailed in this report.
3. APT(NSW) has maintained a compliance program during the relevant period that ensures that:
  - (a) appropriate internal procedures have been established and maintained to ensure compliance with the obligations in section 4.1 of the *National Third Party Access Code for Natural Gas Pipeline Systems* (the Code);
  - (b) an accurate assessment of these procedures has been made;
  - (c) the Chief Executive Officer of APT(NSW) is made aware of any breaches of the ring fencing obligations;
  - (d) remedial action is taken as soon as possible to rectify breaches of the minimum ring fencing obligations and that completion of this action is reported to the Board of Directors; and
  - (e) the compliance program is reviewed regularly and as necessary.
4. The Board of Directors of APT(NSW) has approved this report at its meeting on 31 July 2003.

Signed by:

  
NAME: J. K. McDONALD

CHIEF EXECUTIVE OFFICER

DATE: 31.07.03

  
NAME: M. S. MCCORMACK

DIRECTOR M. S. MCCORMACK

DATE: 31/7/03

# Ring Fencing Compliance Report

Ring Fencing Compliance Report for APT Pipelines (NSW) Pty Limited ACN 080 842 360 ("APT(NSW)") for the financial year 2002/03

## Definitions

Unless otherwise defined, all capitalised terms used in this document have the meaning given to them in section 10.8 of the Code.

## Compliance with minimum ring fencing obligations

APT(NSW) submits this report under section 4.13 of the Code. The report describes the measures taken to ensure compliance with its obligations under section 4 and provides an accurate assessment of the effect of those measures.

APT(NSW) will, pursuant to section 4.14 of the Code, notify the Commission immediately on becoming aware of a breach (or potential breach) of its obligations under section 4 of the Code. Notification should be directed to the General Manager, Regulatory Affairs – Gas, ACCC.

### 1. Service Provider is a legal entity

*Section 4.1(a) of the Code requires a Service Provider to be a legal entity.*

[State whether APT(NSW) is a legal entity, the full name of the entity and under which law it is registered.]

APT Pipelines (NSW) Pty Limited, A.C.N. 080 842 360 ("APT(NSW)") is a legal entity incorporated under the *Corporations Act 2001*.

### 2. Not carry on a Related Business

*Section 4.1(b) of the Code requires that a Service Provider not carry on a Related Business (essentially a business of producing, purchasing or selling natural gas).*

[Describe the business activities of APT(NSW) and state whether these activities include any producing, purchasing or selling natural gas.]

APT(NSW)'s sole business is the ownership and operation of the Marsden to Dubbo Pipeline, also known as the Central West Pipeline ("CWP"). APT(NSW) does not produce natural gas, and does not purchase or sell natural gas other than for operational purposes. The sale and purchase of natural gas for operational purposes is not a Related Business as defined in section 10.8 of the Code.

[Please fill out the table below for all APT(NSW)'s Associates with any involvement in natural gas:]

Attachment 1 lists APT(NSW)'s Associates under the Code. With the exception of NT Gas Pty Limited, NT Gas Distribution Pty Limited, SCP Investments (No.1) Pty Limited, SCP Investments (No.2) Pty Limited, SCP Investments (No.3) Pty Limited, Southern Cross Pipelines Australia Pty Limited, Southern Cross Pipelines (NPL) Australia Pty Limited, and Goldfields Gas Transmission Pty Limited, the entities are all wholly owned subsidiaries of APT Pipeline Limited.

### **3. Establish and maintain separate and consolidated sets of accounts**

*Section 4.1(c) of the Code requires Service Providers to establish and maintain separate accounts for the activity that is the subject of each Access Arrangement.*

*Section 4.1(d) of the Code requires Service Providers to establish and maintain a consolidated set of accounts for all the activities undertaken by the Service Provider.*

[Describe the measures taken to ensure that a separate set of accounts has been established and maintained in respect of the Services provided by each Covered Pipeline for which APT(NSW) is a Service Provider (for example, describe how you ensure that costs incurred in relation to a Covered Pipeline are allocated to the relevant set of accounts).]

APT(NSW) maintains statutory accounts, and as APT(NSW) undertakes no business other than the provision of Services through the CWP, the accounts are therefore specific to the Services provided by means of the CWP.

[Describe the measures taken to ensure that a consolidated set of accounts has been established and maintained in respect of the entire business of APT(NSW).]

A consolidated set of accounts is maintained for the entire business of APT(NSW), as required under the *Corporations Act 2001*.

### **4. Allocation of shared costs**

*Section 4.1(e) of the Code requires Service Providers to allocate costs in a fair and reasonable manner that is consistent with the principles in section 8.1 of the Code.*

[Provide details of the method of cost allocation used to allocate shared costs between Services provided by each Covered Pipeline and any other activity. If there is more than one method used, indicate which costs are allocated under which method. (It is not sufficient to merely assert that costs are allocated on a fair and reasonable basis in accordance with section 8.1 - please provide details of *how* these costs are allocated.)]

Direct costs of owning, managing, operating and marketing the CWP are charged directly to APT(NSW). These include but are not limited to:

- labour costs for marketing personnel;
- contracts for asset management of the pipeline;
- contracts for operation and maintenance of the pipeline;

- costs such as legal, regulatory, license fees, insurance etc; and
- marketing costs.

Other costs, which are shared by APT(NSW) and other entities in the APT Group, are allocated on a basis such that the Users of the CWP pay no more than the efficient costs of providing the services. The method for allocating shared costs is summarised as follows:

- for shared labour and labour overheads, costs are allocated on the basis of estimates of the proportion of each employee's activities in relation to APT(NSW) and the CWP; and
- for corporate overheads, costs are allocated on the basis of APT(NSW)'s contribution to total APT Group revenues.

## 5. Treatment of Confidential Information

*Under sections 4.1(f) and (g) of the Code, Service Providers must ensure that:*

- *Confidential Information provided by a user or prospective user is used only for the purposes for which it was provided and is not disclosed without the user or prospective user's consent; and*
- *Confidential Information obtained by a Service Provider which might reasonably be expected to materially affect the commercial interests of a user or prospective user is not disclosed to any other person without the permission of the user or prospective user to whom the information pertains.*

*Note that where functions of the Service Provider have been outsourced to a third party, the Service Provider is responsible for ensuring that any Confidential Information provided to the third party is handled in accordance with sections 4.1(f) and (g) of the Code.*

[Provide details of any policies or measures taken by APT(NSW) to ensure that all Confidential Information it obtains is treated as specified in sections 4.1(f) and 4.1(g) of the Code. Examples include measures in place to ensure security of electronic and hard copy information, physical barriers such as secure access and confidentiality agreements signed by relevant staff.]

- APT(NSW) is part of the Australian Pipeline Trust ("APT"). Employees of APT who are involved with the CWP have been informed of their obligations with respect to Confidential Information. Employees are required to sign confidentiality agreements upon commencement;
- APT has also required contractors having access to Confidential Information to observe the requirements of the Code in relation to such Confidential Information. In particular, Agility Management Pty Limited which provides a range of operations and regulatory services to APT has advised APT that it is aware of, and complies with, its obligations to maintain the confidentiality of all information/data that may come into its possession while providing such services to APT;
- APT offices are secured; and

- APT's computer network has security arrangements which provide access only to approved personnel.

[Describe the measures in place to ensure that these policies have been successful and are regularly evaluated. Outline how often these policies are reviewed and assessed.]

- APT reviews its procedures and policies annually.

## 6. Marketing Staff

*Service Providers must ensure that:*

- *their Marketing Staff (essentially those directly involved in sales, sale provision or advertising for the Service Provider) are not also working for an Associate that takes part in a Related Business (section 4.1(h) of the Code); and*
- *the Marketing Staff of an Associate involved in a Related Business are not also working for the Service Provider (section 4.1(i) of the Code).*

*Note that in answering the questions below, the broadest possible meaning is to be given to 'servants, consultants, independent contractors or agents'.*

[Please indicate whether any of APT(NSW)'s Marketing Staff are also servants, consultants, independent contractors or agents of an Associate that takes part in a Related Business. If so, please describe the situation.]

[Please indicate whether any of APT(NSW)'s servants, consultants, independent contractors or agents are also Marketing Staff of an Associate that takes part in a Related Business. If so, please describe the situation.]

APT(NSW) does not have any Associates which take part in a Related Business other than:

- NT Gas Distribution Pty Limited; and
- NT Gas Pty Limited.

APT assigns two staff directly to APT(NSW) to perform the marketing function for the CWP, and these persons do not provide services to either NT Gas Pty Limited or NT Gas Distribution Pty Limited. None of APT(NSW)'s servants, consultants, contractors or agents are Marketing Staff of NT Gas or NT Gas Distribution.

[Describe the procedures that APT(NSW) has in place to ensure that it complies with section 4.1(h) and 4.1(i) of the Code (for example, declarations signed by new staff). Outline how often these procedures are reviewed and assessed.]

As indicated above, APT(NSW)'s Marketing Staff do not provide services to other parties. In addition, APT(NSW) requires that its other servants, consultants, contractors or agents do not act as Marketing Staff for an Associate that carries on a Related Business.

## Attachment 1: APT(NSW)'s Associates Under the Code

Name of Each Associate	Business Carried On	Assets Owned (Name)
Australian Pipeline Limited ACN 091 344 704	Responsible entity for the Australian Pipeline Trust.	
APT Pipelines Limited ACN 009 666 700	Parent investment company.	
APT Management Services Pty Limited ACN 091 668 110	Provision of staff and administration to subsidiaries.	
APT Pipelines (NT) Pty Limited ACN 075 733 336	Owns gas pipelines.	MT. Todd and Mataranka Laterals.
APT Pipelines (QLD) Pty Limited ACN 080 382 387	Owns and operates gas pipeline	Cannington Lateral.
APT Pipelines (WA) Pty Limited ACN 066 343 584	Owns interests in gas pipeline/laterals in WA and provides managements services for pipeline assets.	Owns Westlime Lateral, Wiluna Lateral and 50% of Mid West Pipeline.
East Australian Pipeline Limited ACN 064 629 009	Owns and operates pipeline.	Moomba – Sydney Pipeline (MSP).
Roverton Pty Limited ACN 011 071 917	Owns and operates gas pipelines.	70% interest in Carpentaria Gas Pipeline; 100% ownership of MIM Lateral and Mica Creek Meter Station.
NT Gas Pty Limited ACN 050 221 415	Trustee for Amadeus Gas Trust; owns and operates gas pipelines.	Amadeus Basin – Darwin Pipeline.
NT Gas Easements Pty Limited ACN 051 412 643	Holds pipeline easements in NT.	Various easements for Amadeus Basin – Darwin Pipeline.
NT Gas Distribution Pty Limited ACN 071 741 618	Owns gas distribution system; retails gas to customers.	Darwin City Gate – Berrimah Pipeline and Darwin Distribution Network.
Sopic Pty Limited ACN 010 851 288	Holds shares in NT Gas Pty Limited and is a unitholder in the Amadeus Gas Trust; holds shares in APT Petroleum Pipelines Holding Pty Limited.	
ACN 006 699 378 Pty Limited	Holds shares in Gasinvest Australia Pty Limited (for MSP).	
Gasinvest Australia Pty Limited ACN 065 055 478	Holds shares in East Australian Pipeline Limited (for MSP).	
APT Pipelines Investments (NSW) Pty Limited ACN 065 070 966	Holds shares in East Australian Pipeline Limited (for MSP).	

Name of Each Associate	Business Carried On	Assets Owned (Name)
Agex Pty Limited ACN 008 458 580	Holds shares in APT Pipelines Investments (NSW) Pty Limited and NT Gas Pty Limited; unitholder in Amadeus Gas Trust.	
APT Petroleum Pipelines Holdings Pty Limited ACN 009 738 489	Holds shares in APT Petroleum Pipelines Limited (for RBP).	
APT Petroleum Pipelines Limited ACN 009 737 393	Owns and operates gas pipelines.	Roma – Brisbane Pipeline (RBP).
APT Pipelines Investments (WA) Pty Limited ACN 081 638 244	Holds 55% interest in SCP Investments (No.1) Pty Limited (for GGT).	
SCP Investments (No.1) Pty Limited ACN 084 521 817	Holds shares in SCP Investments (No.2) and (No.3) Pty Limited and Goldfields Gas Transmission Pty Limited (for GGT).	
SCP Investments (No.2) Pty Limited ACN 084 521 951	Holds shares in Southern Cross Pipelines Australia Pty Limited (for GGT).	
SCP Investments (No.3) Pty Limited ACN 085 991 984	Holds shares in Southern Cross Pipelines (NPL) Australia Pty Limited (for GGT).	
Goldfields Gas Transmission Pty Limited ACN 004 273 241	Operates gas pipelines (for GGT).	
Southern Cross Pipelines Australia Pty Limited ACN 084 521 997	Holds an interest in Goldfields Gas Pipeline.	63% interest in Goldfields Gas Pipeline (GGT).
Southern Cross Pipelines (NPL) Australia Pty Limited ACN 085 991 948	Holds an interest in Goldfields Gas Pipeline.	25% interest in Goldfields Gas Pipeline (GGT).