

10 October 2002

Mr Russell Phillips
Acting General Manager
Regulatory Affairs - Gas Branch
Australian Competition and Consumer Commission
PO Box 1199
Dickson ACT 2602

FILE No:
DOC:
MARS/PRISM:

Dear Mr Phillips

Ring Fencing Compliance Reports

Please find attached Ring Fencing Compliance Reports for the:

- Moomba to Sydney pipeline; and
- Marsden to Dubbo pipeline

Please contact Mr Chris Harvey on (02 9922 8601) should you require and further information.

Yours faithfully

A handwritten signature in black ink, appearing to read "Michael McCormack". The signature is fluid and cursive, with a prominent peak at the end.

Michael McCormack
General Manager Commercial

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Airport Central Tower
241 O'Riordan Street
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Mascot NSW 2020
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Australian
Pipeline Trust



Ring Fencing Compliance Report for APT Pipelines (NSW) Pty Limited for the financial year 2001/2002 submitted to the ACCC

APT Pipelines (NSW) Pty Limited: Marsden to Dubbo Pipeline

1. Attached is the annual ring fencing compliance report for the year ending 30 June 2002.
2. APT Pipelines (NSW) Pty Limited ("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;
 - (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 10 October 2002.

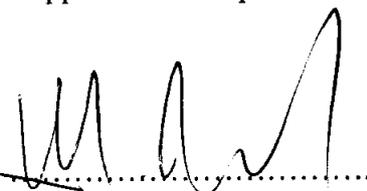
Signed by:


.....

NAME: J K McDonald

CHIEF EXECUTIVE OFFICER

DATE: 10 October 2002


.....

NAME: M J McCormack

DIRECTOR

DATE: 10 October 2002

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Ring Fencing Compliance Report for APT Pipelines (NSW) Pty Limited for the financial year 2001/2002 submitted to the ACCC

1. Service Provider is a legal entity

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

APT Pipelines (NSW) Pty Limited, A.C.N. 080 842 360 ("APT(NSW)") is a legal entity incorporated under the *Corporations Act 2000*.

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).

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.

The table below indicates APT(NSW)'s Associates under the Code. With the exception of NT Gas Pty Limited, these entities are all wholly owned subsidiaries of APT Pipeline Limited:

Name of each Associate	Business carried on	Assets owned (name)
Australian Pipeline Limited ACN 091 344 704	Trustee for the Australian Pipeline Trust	
APT Pipelines Limited ACN 009 666 700	Parent of all subsidiaries.	
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 pipelines	Mt Todd and Mataranka Laterals
APT Pipelines (QLD) Pty Limited ACN 080 382 387	Owns and operates pipeline	Cannington Lateral (Qld)
APT Pipelines (WA) Pty Limited ACN 066 343 584	Owns interests in gas pipelines/laterals in WA and provides management services for pipeline assets	Owns Westlime Lateral, Wiluna Lateral and 50% of Midwest Pipeline
East Australian Pipeline Limited ACN 064 629 009	Owns and operates the Moomba-Sydney Pipeline	Moomba-Sydney Pipeline
Roverton Pty Limited ACN 011 071 917	Owns and operates pipelines.	70% interest in Carpentaria Gas Pipeline; 100% ownership of MIM lateral and Mica Creek Meter Station
N.T. Gas Pty Limited ACN 050 221 415 (96% owned by APT)	Trustee of the Amadeus Gas Trust. Principal activities: management and operation of Amadeus Basin to Darwin pipeline, and its laterals, owns NT Gas Distribution Pty Limited; provides management and operation services to NT Gas Distribution Pty Limited	
NT Gas Easements Pty Limited ACN 051 412 643	Holds pipeline easements in Northern Territory	Various easements for ABDP
NT Gas Distribution Pty Limited ACN 071 741 618	Owns the Darwin gas distribution system; retails gas to customers	Darwin City Gate to 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	
Gasinvest Australia Pty Limited ACN 065 055 478	Holds shares in East Australian Pipeline Limited	
APT Pipelines Investments (NSW) Pty Limited ACN 065 070 966	Holds shares in East Australian Pipeline Limited	

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 Holding Pty Limited ACN 009 738 489	Holds shares in APT Petroleum Pipelines Limited	
APT Petroleum Pipelines Limited ACN 009 737 393	Ownership and operation of pipeline from Wallumbilla (Roma) to Brisbane	Roma to Brisbane Pipeline
APT Pipelines Investments (WA) Pty Limited ACN 081 638 244	Holds interest in Goldfields Gas Pipeline	Part owner of Goldfields Gas Pipeline

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 Services provided by each Covered Pipeline in respect of which the person is the Service Provider.

Section 4.1(d) of the Code requires Service Providers to establish and maintain a consolidated set of accounts for entire business of 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 2000*.

4. Allocation of shared costs

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

[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;
- 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;
- 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's 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.*

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;
- APT's computer network has security arrangements which provide access only to approved personnel.
- 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 servants, consultants, independent contractors or agents for the Service Provider (section 4.1(i) of the Code).*

[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.]

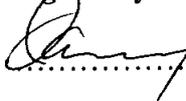
As indicated above, APT(NSW)'s Marketing Staff do not provide services to other parties. In addition, APT(NSW) requires that its other servants, consultants, contractors or agents do not act as Marketing Staff for an Associate that carries on a Related Business.

Ring Fencing Compliance Report for East Australian Pipeline Limited for the financial year 2001/2002 submitted to the ACCC

East Australian Pipeline Limited: Moomba-Sydney Pipeline

1. Attached is the annual ring fencing compliance report for the year ending 30 June 2002.
2. East Australian Pipeline Limited ("EAPL") 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. EAPL 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 EAPL 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;
 - (e) the compliance program is reviewed regularly and as necessary.
4. The Board of Directors of EAPL has approved this report at its meeting on 10 October 2002.

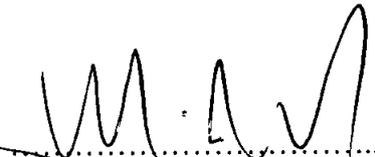
Signed by:



NAME: J K McDonald

CHIEF EXECUTIVE OFFICER

DATE: 10 October 2002



NAME: M J McCormack

DIRECTOR

DATE: 10 October 2002

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Ring Fencing Compliance Report for East Australian Pipeline Limited for the financial year 2001/2002 submitted to the ACCC

1. Service Provider is a legal entity

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

East Australian Pipeline Limited, A.C.N. 064 629 009 ("EAPL") is a legal entity incorporated under the *Corporations Act 2000*.

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).

EAPL's sole business is the ownership and operation of the Moomba-Sydney Pipeline ("MSP"). EAPL 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.

The table below indicates EAPL's Associates under the Code. With the exception of NT Gas Pty Limited, these entities are all wholly owned subsidiaries of APT Pipeline Limited:

Name of each Associate	Business carried on	Assets owned (name)
Australian Pipeline Limited ACN 091 344 704	Trustee for the Australian Pipeline Trust	
APT Pipeline Limited ACN 009 666 700	Parent of all subsidiaries.	
APT Management Services Pty Limited ACN 091 668 110	Provision of staff and administration to subsidiaries	
APT Pipelines (NSW) Pty Limited ACN 080 842 360	Owns and operates the pipeline from Marsden to Dubbo	Central West Pipeline
APT Pipelines (NT) Pty Limited ACN 075 733 336	Owns pipelines	Mt Todd and Mataranka Laterals
APT Pipelines (QLD) Pty Limited ACN 080 382 387	Owns and operates pipeline	Cannington Lateral (Qld)
APT Pipelines (WA) Pty Limited ACN 066 343 584	Owns interests in gas pipelines/laterals in WA and provides management services for pipeline assets	Owns Westlime Lateral, Wiluna Lateral and 50% of Midwest Pipeline
Roverton Pty Limited ACN 011 071 917	Owns and operates pipelines.	70% interest in Carpentaria Gas Pipeline; 100% ownership of MIM lateral and Mica Creek Meter Station
N.T. Gas Pty Limited ACN 050 221 415 (96% owned by APT)	Trustee of the Amadeus Gas Trust. Principal activities: management and operation of Amadeus Basin to Darwin pipeline, and its laterals, owns NT Gas Distribution Pty Limited; provides management and operation services to NT Gas Distribution Pty Limited	
NT Gas Easements Pty Limited ACN 051 412 643	Holds pipeline easements in Northern Territory	Various easements for ABDP
NT Gas Distribution Pty Limited ACN 071 741 618	Owns the Darwin gas distribution system; retails gas to customers	Darwin City Gate to 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	
Gasinvest Australia Pty Limited ACN 065 055 478	Holds shares in East Australian Pipeline Limited	
APT Pipelines Investments (NSW) Pty Limited ACN 065 070 966	Holds shares in East Australian Pipeline Limited	

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 Holding Pty Limited ACN 009 738 489	Holds shares in APT Petroleum Pipelines Limited	
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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 Services provided by each Covered Pipeline in respect of which the person is the Service Provider.

Section 4.1(d) of the Code requires Service Providers to establish and maintain a consolidated set of accounts for entire business of 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 EAPL 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)]

EAPL maintains statutory accounts, and as EAPL undertakes no business other than the provision of Services through the MSP, these accounts are therefore specific to the Services provided by means of the MSP.

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

A consolidated set of accounts is maintained for the entire business of EAPL, as required under the *Corporations Act 2000*.

4. Allocation of shared costs

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

[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 MSP are charged directly to EAPL. 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;
- marketing costs.

Other costs, which are shared by EAPL and other entities in the APT Group, are allocated on a basis such that the Users of the MSP 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 EAPL and the MSP;
- for corporate overheads, costs are allocated on the basis of EAPL'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's 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.*

Provide details of any policies or measures taken by EAPL 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.]

- EAPL is part of the Australian Pipeline Trust ("APT"). Employees of APT who are involved with the MSP 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;

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- 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 servants, consultants, independent contractors or agents for the Service Provider (section 4.1(i) of the Code).*

[Please indicate whether any of EAPL'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 EAPL'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.]

EAPL 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 EAPL to perform the marketing function for the MSP, and these persons do not provide services to either NT Gas Pty Limited or NT Gas Distribution Pty Limited. None of EAPL's servants, consultants, contractors or agents are Marketing Staff of NT Gas or NT Gas Distribution.

[Describe the procedures that EAPL 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, EAPL's Marketing Staff do not provide services to other parties. In addition, EAPL requires that its other servants, consultants, contractors or agents do not act as Marketing Staff for an Associate that carries on a Related Business.