

Statement of Compliance

**Statement of Compliance for APT Petroleum Pipelines Limited ACN 009 737 393
("APTPPL") for the financial year 2005/06**

APT Petroleum Pipelines Limited – Roma – Brisbane Pipeline (including the Peat Lateral)

1. Attached is the annual Ring Fencing Compliance Report for the year ending 30 June 2006. APTPPL 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. APTPPL 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. APTPPL 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 Board of Directors of APTPPL 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 APTPPL has approved this report at its meeting on 28 July 2006.

Signed by:




NAME: **Sandra Dureau**

DIRECTOR

DATE:

28/07/06



NAME: **Rick Francis**

DIRECTOR

DATE:

28/7/06

Ring Fencing Compliance Report

Ring Fencing Compliance Report for APT Petroleum Pipelines Limited ACN 009 737 393 ("APTPPL") for the financial year 2005/06

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

APTPPL 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.

APTPPL 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.

APT Petroleum Pipelines Limited ACN 009 737 393 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).

APTPPL sole business is the ownership and operation of the Roma to Brisbane Pipeline ("RBP") and associated laterals, notably the Peat Lateral. APTPPL 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.

APTPPL is wholly owned by APT Pipelines Limited ACN 009 666 700. Attachment 1 lists the companies in the APT Group.

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.

APTPPL owns two major assets:

- 100 per cent of the RBP (Queensland Pipeline Licence PPL 2). This pipeline is covered by the Code.
- 100 per cent of the Scotia-Woodroyd to Arubial Pipeline (the Peat Lateral) (Queensland Pipeline Licence PPL 74). This pipeline was uncovered but became a covered pipeline under the Code on 1 January 2006.

For the period to 31 December 2005 APTPPL had established a separate set of accounts for its activities as service provider for the covered pipeline. These accounts were based on an allocation between the covered assets and the uncovered assets. The allocation of revenues was based on an identification of contracts using the Peat Lateral and then allocating revenues from these contracts on a distance basis between the section of the Peat Lateral used and the section of the RBP used. The allocation of costs is discussed in section 4 below.

The balance sheet for these assets reflects accounting book value as there is currently no regulated asset base.

As all assets owned by APTPPL were covered from 1 January 2006 this separation of accounts is no longer relevant and has not been maintained beyond 1 January 2006.

APTPPL maintains statutory accounts. APTPPL undertakes no business other than the provision of Services through the RBP and associated laterals (all of which are now covered under the Code). These accounts are specific to the Services provided by means of the RBP and associated laterals.

A consolidated set of accounts is maintained for the entire business of APTPPL, 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.

Direct costs of owning, managing, operating and marketing the RBP and associated laterals are charged directly to APTPPL. These include but are not limited to:

- contracts for asset management, operation and maintenance of the pipeline assets; and
- costs such as legal, regulatory, license fees, insurance etc.

Agility Management Pty Limited provided asset management and operation and maintenance services for both the covered and the uncovered assets. These costs of these services were not separated between the covered and uncovered assets; however there was a separation of costs between assets that existed in 2000 and assets that were constructed after 2000, including the uncovered assets. The asset management and operation and maintenance costs for assets that were constructed after 2000 were then allocated between covered and uncovered assets. This allocation was based on pipeline length. These Agility costs constitute the majority of non-capital costs incurred by APTPPL.

Other costs directly incurred by APTPPL were allocated between covered and uncovered assets in the same proportion as the Agility Management Pty Limited charges were allocated.

Group costs, which are shared by APTPPL and other entities in the APT Group, are allocated to APTPPL as follows:

- for corporate overheads, including shared labour and labour overheads, costs are allocated on the basis of APTPPL's contribution to total APT Group revenues.
- these costs were then allocated between the covered and uncovered assets in the same proportion as the Agility Management Pty Limited charges are allocated.

All assets owned by APTPPL were covered from 1 January 2006, thus the allocation of costs between covered and uncovered assets is no longer relevant and has not been maintained beyond 1 January 2006.

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.

- APTPPL is part of the Australian Pipeline Trust ("APT"). Employees of APT who are involved with the RBP and associated laterals have been informed of their obligations under the Code in respect to Confidential Information. Quarterly compliance reviews reinforce awareness of this obligation. 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 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 has a computer system separate from the systems of any contractor, including Agility Management. This system has security arrangements which provide access only to approved personnel; and
- APT reviews its procedures and policies regularly.

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'.

APT's business model is based on owning and operating energy infrastructure, and the production, purchase and sale of natural gas is not part of its business model.

Attachment 1 lists APTPPL's Associates. APTPPL does not have any Associates which take part in a Related Business (ie the producing, buying or selling of natural gas except for operational purposes) other than the following Associates:

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

NT Gas Distribution Pty Limited (100 percent owned by NT Gas Pty Limited) operates as a bundled utility and therefore carries on a Related Business. The Commission has granted a waiver to NT Gas Pty Limited of the obligations of sections 4.1(h) and (i) of the Code in relation to the provision of services by the Marketing Staff of NT Gas Pty Limited to NT Gas Distribution Pty Limited.

APT Parmelia (Western Australia) is in the process of exiting its Related Business. As sales contracts expire they are not renewed. The retail business carried on by APT Parmelia is a residual activity reflecting the actions of previous owners.

APT assigns staff directly to APTPPL to undertake the sales and marketing function for the RBP. The staff are located in APT's Queensland office located in Brisbane.

None of APTPPL's Marketing Staff are servants, consultants, independent contractors or agents or otherwise provide services to the Associates which take part in a Related Business, being NT Gas Pty Limited and NT Gas Distribution Pty Limited (located in the Northern Territory) and APT Parmelia (located in Western Australia).

None of APTPPL's servants, consultants, independent contractors or agents are Marketing Staff of an Associate which take part in a Related Business.

None of the Marketing Staff of NT Gas, NT Gas Distribution or APT Parmelia are servants, consultants, independent contractors or agents or otherwise provides services to APTPPL.

Quarterly code compliance reviews are in place to reinforce awareness of these obligations.

Attachment 1:

The table below indicates APTPPL's Associates under the Code. These entities were all wholly owned subsidiaries of APT Pipeline Limited on 30 June 2006, with the exception that NT Gas Pty Limited and NT Gas Distribution Pty Limited are not wholly owned.

Name of Each Associate	Business Carried On	Regulated Assets Owned
Corporate		
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 (Operations) Pty Ltd ACN 114 302 091	No activities.	
APT Pipelines (TTP Investments) Pty Limited ACN 108 473 070	No activities.	
APT Pipelines (TTP) Pty Limited ACN 107 983 335	No activities.	
Moomba to Sydney Pipeline		
Trans Australia Pipeline Pty Limited ACN 006 699 378 (formerly ACN 006 699 378 Pty Limited)	Holds shares in Gasinvest Australia Pty Limited (MSP).	
Gasinvest Australia Pty Limited ACN 065 055 478	Holds shares in East Australian Pipeline Limited (MSP).	
Agex Pty Limited ACN 008 458 580	Holds shares in APT Pipelines Investments (NSW) Pty Limited. Holds shares in NT Gas Pty Limited. Unitholder in Amadeus Gas Trust.	
APT Pipelines Investments (NSW) Pty	Holds shares in East Australian Pipeline	

Limited ACN 065 070 966	Limited (MSP).	
East Australian Pipeline Limited ACN 064 629 009	Owens and operates gas pipeline.	Moomba – Sydney Pipeline (MSP). Not covered from Moomba to Marsden and Wagga Wagga to Culcairn
Central West Pipeline		
APT Pipelines (NSW) Pty Limited ACN 080 842 360	Owens and operates gas pipeline.	Central West Pipeline.
Roma to Brisbane Pipeline		
Sopic Pty Limited ACN 010 851 288	Holds shares in APT Petroleum Pipelines Holdings Pty Limited. Holds shares in NT Gas Pty Limited. Unitholder in the Amadeus Gas Trust	
APT Petroleum Pipelines Holdings Pty Limited ACN 009 738 489	Holds shares in APT Petroleum Pipelines Limited (RBP). Owens and operates Kogan North Gas Processing facility (Coal seam methane).	
APT Petroleum Pipelines Limited ACN 009 737 393	Owens and operates gas pipeline.	Roma – Brisbane Pipeline (RBP) and Peat Lateral (covered from January 2006)
Carpentaria Gas Pipeline and Cannington Lateral		
Roverton Pty Limited ACN 011 071 917	Owens and operates gas pipeline.	70% interest in Carpentaria Gas Pipeline. Also 100% ownership of MIM Lateral and Mica Creek Meter Station (not covered).
APT Pipelines (QLD) Pty Limited ACN 080 382 387	Owens and operates gas pipeline.	30% interest in Carpentaria Gas Pipeline. Also 100% interest in Cannington Lateral (not covered).

Amadeus Basin to Darwin Pipeline (Note NT Gas Pty Limited and NT Gas Distribution Pty Limited are not wholly owned subsidiaries of APT Pipeline Limited)		
Agex Pty Limited ACN 008 458 580	As above, under the Moomba to Sydney Pipeline.	
Sopic Pty Limited ACN 010 851 288	As above, under the Roma to Brisbane Pipeline.	
NT Gas Pty Limited ACN 050 221 415	Trustee for Amadeus Gas Trust; owns and operates gas pipelines.	Amadeus Basin – Darwin Pipeline.
Other NT Pipelines		
NT Gas Distribution Pty Limited ACN 071 741 618	Owens gas distribution system; retails gas to customers.	Darwin City Gate – Berrimah Pipeline and Darwin Distribution Network (not covered). Katherine sleeper factory lateral (not covered). Tenant Creek sleeper factory lateral (not covered).
APT Pipelines (NT) Pty Limited ACN 075 733 336	Owens gas pipelines.	MT. Todd and Mataranka Laterals (not covered).
NT Gas Easements Pty Limited ACN 051 412 643	Holds pipeline easements in NT.	
APT Bonaparte Pty Limited ACN 120 164 650	Has entered into a contract to construct a new pipeline in the Northern Territory. (Bonaparte Pipeline)	
BGP Asset Pty Limited ACN 120 164 678	No activities	
Goldfields Gas Pipeline		
APT Pipelines Investments (WA) Pty Limited ACN 081 638 244	Holds 55% interest in SCP Investments (No.1) Pty Limited (GGT). Holds 100% interest in Western Australian Gas Transmission	

Western Australian Gas Transmission Company 1 Pty Limited ACN 081 780 387	Holds 100% of APT Goldfields Pty Limited Holds 100% of APT Parmelia Gas Pty Limited Holds 100% of APT Parmelia Holdings	
APT Goldfields Pty Limited ACN 084 545 344	Holds 45% interest in SCP Investments (No.1) Pty Limited (GGT).	
SCP Investments (No.1) Pty Limited ACN 084 521 817	Holds shares in SCP Investments (No.2) Pty Limited and SCP Investments (No.3) Pty Limited and Goldfields Gas Transmission Pty Limited (GGT).	
SCP Investments (No.2) Pty Limited ACN 084 521 951	Holds shares in Southern Cross Pipelines Australia Pty Limited (GGT).	
SCP Investments (No.3) Pty Limited ACN 085 991 984	Holds shares in Southern Cross Pipelines (NPL) Australia Pty Limited (GGT).	
Goldfields Gas Transmission Pty Limited ACN 004 273 241	Operates gas pipelines (for GGT Joint Venture).	
Southern Cross Pipelines Australia Pty Limited ACN 084 521 997	Holds an interest in Goldfields Gas Pipeline. Holds 100% of Kalgoorlie Kambalda lateral.	62.7% interest in Goldfields Gas Pipeline (GGT). 100% interest in Kalgoorlie Kambalda lateral.
Southern Cross Pipelines (NPL) Australia Pty Limited ACN 085 991 948	Holds an interest in Goldfields Gas Pipeline.	25.5% interest in Goldfields Gas Pipeline (GGT).

Parmelia Pipeline		
Western Australian Gas Transmission Company 1 Pty Limited ACN 081 780 387	As above under Goldfields Gas Pipeline.	
APT Parmelia Gas Pty Limited ACN 098 386 317	No activities.	
APT Parmelia Holdings Pty Limited ACN 115 930 768	Holds 100% of APT Parmelia	
APT Parmelia Pty Limited ACN 078 902 397	Owens gas pipeline, retails gas to customers.	Owens 100% of Parmelia pipeline (not covered)
Other WA Pipelines		
APT Pipelines (WA) Pty Limited ACN 066 343 584	Owens interests in gas pipeline/laterals in WA and provides management services for pipeline assets.	Owens Westline Lateral, Wiluna Lateral and 50% of Mid West Pipeline. (not covered)
Murraylink		
APT Energy Pty Limited ACN 118 894 769	Ownership of Murraylink electricity transmission asset	Ownership of regulated Murraylink electricity transmission asset
Murraylink (No 1) Pty Limited ACN 095 833 462		
Murraylink (No 2) Pty Limited ACN 095 760 375		
Murraylink Transmission Company Pty Limited ACN 089 875 605		
Murraylink Transmission Partnership ABN 76 095 760 375		