

Statement of Compliance

Statement of Compliance for Alinta DEQP Pty Ltd ("Alinta DEQP") for the financial year 2006/07

Alinta DEQP- Queensland Gas Pipeline ("QGP")

1. Attached is the annual Ring Fencing Compliance Report for the year ending 30 June 2007. Alinta DEQP 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. Alinta DEQP 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. Alinta DEQP 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 Code;
 - (b) an accurate assessment of these procedures has been made;
 - (c) the Directors of Alinta DEQP are 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 Alinta DEQP has approved this report.

Signed by:



IAN WELLS
DIRECTOR

DATE: 31/7/07



YASMIN BROUGHTON
DIRECTOR

DATE: 31 JULY 2007

Ring Fencing Compliance Report

Ring Fencing Compliance Report for Alinta DEQP for the financial year 2006/07

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

Alinta DEQP 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.

Alinta DEQP 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.

Alinta DEQP (ACN 083 050 104) is the legal and beneficial owner of 25% of the QGP via the Queensland Pipeline Partnership with Alinta DQP Pty Ltd (ACN 083 050 284) (**Alinta DQP**) holding the remaining 75%. Alinta DEQP is a legal entity registered under the Corporations Act 2001.

Until 22 February 2007, Alinta DEQP and Alinta DQP were wholly owned subsidiaries of Alinta Infrastructure Limited (**AIL**). AIL was until that time part of a triple stapled entity known as Alinta Infrastructure Holdings (**AIH**). AIH was acquired by Alinta Limited (ACN 119 985 590 (**Alinta**)) and AIH was de-listed from the ASX on 28 February 2007.

From 22 February 2007, Alinta DEQP and Alinta DQP have been wholly owned subsidiaries of Alinta.

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).

The only business that Alinta DEQP undertakes is the respective ownership interest and operation of the QGP through the QGP partnership. Accordingly, this represents the entire business of the Service Provider. Alinta DEQP does not carry on a Related Business.

The table below identifies all the Alinta DEQP Associates with any involvement in natural gas. Due to the change in the group ownership as outlined in Item 1 above, the table has been divided into two sections to show associates prior to 22 February 2007 and those additional associates from 22 February 2007.

Alinta DEQP Associates prior to 22 February 2007:

Entity	Business carried on	Assets owned
Alinta DQP Pty Ltd	Transmission	75% of QGP
Alinta DTH Pty Ltd	Transmission	Tasmanian Gas Pipeline
Alinta DEGP Pty Ltd	Transmission	50% interest in the Eastern Gas Pipeline ("EGP")
Alinta DEEGP Pty Ltd	Transmission	50% interest in the EGP
Alinta DEWAP Pty Ltd	Transmission	11.843% interest in the Goldfield Gas Transmission Pipeline and 99% interest in the Port Headland and Newman Power Stations.
Alinta DVH Pty Ltd	VicHub - an interconnect facility situated at Longford, that enables gas to flow between the EGP, TGP and GasNet's Victorian gas transmission system	Vic Hub
Alinta EA Pty Ltd	Administration	N/A
Alinta DENSWGH Pty Ltd	Holding company	Holding company of Alinta DEGP Pty Ltd and Alinta DEEGP Pty Ltd.
Alinta DEWAH Pty Ltd	Holding Company	Holding company of Alinta DEWAP Pty Ltd and 1% interest in the Port Hedland and Newman Power Stations
Alinta ED Ltd	Holding company	50% interest in each of Alinta DENSWGH Pty Ltd, Alinta DTH Pty Ltd, Alinta DVH Pty Ltd, Alinta DEWAH Pty Ltd, and Alinta DVP Pty Ltd; 100% interest in each of Alinta DAPH Pty Ltd, Alinta EH Pty Ltd and Alinta DIC Pty Ltd
Alinta Energy Holdings Pty Ltd	Holding company	Holding company of Alinta ED Ltd, 100% entitlement to the Alinta Gas Trust and the Alinta Power Trust
Alinta Gas Transmission Pty Ltd	Trustee company	Trustee of the Alinta Gas Trust. Alinta Gas Trust holds a 50% interest in each of Alinta DENSWGH Pty Ltd, Alinta DTH Pty Ltd, Alinta DVH Pty Ltd
Alinta Energy 3 Pty Ltd	Trustee company	Trustee of the Alinta Energy Trust 3 which holds on trust a 100% interest in Alinta Energy Holdings Pty Ltd
Alinta Energy 2 Pty Ltd	Trustee company	Trustee of the Alinta Energy Trust 2 which holds on trust a 100% interest in Alinta Trust 3
Alinta Energy 1 Ltd	Trustee company	Trustee of the Alinta Energy Trust 1 which holds on trust a 100% interest in the Alinta

		Energy Trust 2
Alinta Infrastructure Ltd	Holding company	Holds 100 % interest in each of Alinta Energy 1 Ltd, Alinta Energy 2 Pty Ltd, Alinta Energy 3 Pty Ltd, Alinta Gas Transmission Pty Ltd and Alinta Power Pty Ltd

Alinta DEQP Pty Ltd additional associates with any involvement in natural gas¹ from 22 February 2007:

Entity and relationship to Alinta DEQP	Business carried on	Assets owned
Alinta Limited – holding company	Ultimate holding company	Ultimate holding company of Alinta group
Alinta MC Pty Ltd – sibling company ²	Holding company trust vehicle entity	Holding company trust vehicle entity
Alinta NR Pty Ltd – sibling company	Holding company	Holding company of Alinta AA Pty Ltd, Alinta 2000 Limited, holds 82.7% interest in Alinta LGA Ltd
Alinta Group Holdings Pty Ltd – sibling company	Holds 17.3% interest in Alinta LGA Ltd	Holds 17.3% interest in Alinta LGA Ltd
Alinta 2000 Limited – sibling company	Holding company and provider of corporate support services to other companies in the Alinta group	Contracts, plant, equipment and other property used in the company's business. Holds interest in companies involved in the gas and electricity industries, including 67% interest in AlintaAGL Pty Ltd, 20.1% in Multinet Group Holdings Pty Ltd (owner of the Multinet Gas Distribution Network), and other shareholdings in the Alinta group.
ANetworks Pty Ltd – sibling company	Holds 24% interest in Alinta Network Holdings Pty Ltd	Holds 24% interest in Alinta Network Holdings Pty Ltd
Alinta Network Holdings Pty Ltd – sibling company	Holding company	Holding company of AlintaGas Networks Pty Ltd
AlintaGas Networks Pty	Distribution	Mid-West/South-West Gas

¹ Listing a company in this table does not necessarily mean that it takes part in a "Related Business" within the meaning of the *National Third Party Access Code for Natural Gas Pipeline Systems*.

² A sibling company is a company which is a subsidiary of the ultimate holding company of Alinta DEQP Pty Ltd, namely, Alinta Limited.

Entity and relationship to Alinta DEQP	Business carried on	Assets owned
Ltd – sibling company		Distribution System (WA); Vines LPG distribution system; Albany LPG distribution system
Alinta Asset Management Pty Ltd – sibling company	Provision of defined services to gas industry participants	Contracts, plant, equipment and other property used in the company's business
Alinta Asset Management (2) Pty Ltd – sibling company	Provision of defined services to gas industry participants	Contracts, plant, equipment and other property used in the company's business
Alinta Asset Management (3) Pty Ltd – sibling company	Provision of defined services to gas industry participants	Contracts, plant, equipment and other property used in the company's business
Alinta ASB Pty Ltd – sibling company	Holding company	Holding company of Alinta Asset Management (4) Pty Ltd, Alinta Asset Management (5) Pty Ltd
Alinta Asset Management (4) Pty Ltd – sibling company	Provision of defined services to gas industry participants	Contracts, plant, equipment and other property used in the company's business
Alinta Asset Management (5) Pty Ltd – sibling company	Provision of defined services to gas industry participants	Contracts, plant, equipment and other property used in the company's business
Dampier to Bunbury Pipeline Employment Pty Ltd – sibling company	Employment company for Alinta Asset Management Pty Ltd	Employment company only
AlintaAGL Pty Ltd – sibling company	Holding company	Holding company of Alinta Sales Pty Ltd, Alinta Cogeneration (Pinjarra) Pty Ltd, Alinta Cogeneration (Wagerup) Pty Ltd, Alinta Cogeneration Finance Pty Ltd
Alinta Sales Pty Ltd – sibling company	Retail	Contracts, plant, equipment and other property used in the company's business
Alinta Cogeneration (Pinjarra) Pty Ltd – sibling company	Electricity generation (purchases natural gas for use in its operations)	Pinjarra 1 cogeneration plant, Pinjarra 2 cogeneration plant
Alinta Cogeneration (Wagerup) Pty Ltd – sibling company	Electricity generation (purchases natural gas for use in its operations)	Wagerup cogeneration plant
Alinta Energy (LPG) Pty Ltd – sibling company	Provider of liquefied petroleum gas (purchases natural gas for use in its	Contracts, plant, equipment and other property used in the

Entity and relationship to Alinta DEQP	Business carried on	Assets owned
	operations)	company's business
Alinta AA Pty Ltd – holding company	Holding company	Holding company of Alinta IH Pty Ltd, holds 5.59% interest in the Australian Pipeline Trust
Alinta IH Pty Ltd – holding company	Holding company	Holds 79.8% interest in Alinta Infrastructure Limited
WA Gas Holdings Pty Ltd – sibling company	The entity was used as part of the privatisation of Alinta from the West Australian Government. It is dormant and does not actively trade.	Intercompany balances only. No physical assets.
Alinta DBNGP Pty Ltd – sibling company	Holds 20% interest in DBNGP Holdings Pty Ltd and the DBNGP Trust	Holds 20% interest in DBNGP Holdings Pty Ltd and the DBNGP Trust
Alinta DAO Pty Ltd – sibling company	Dormant – former operator of the QGP	Dormant
Alinta EATM Pty Ltd – sibling company	Energy trading company and participant in the wholesale gas market	Contracts with others in relation to the sale and purchase of gas
Alinta AG Pty Ltd – sibling company	Dormant	Dormant
Alinta LGA Ltd – sibling company	Holding company	Holding company for Alinta AGN Ltd, holds 2.40% interest in Australian Pipeline Limited, 19.55% interest in the Australian Pipeline Trust
Alinta AGN Ltd – sibling company	Distribution	NSW Gas Distribution Network
Alinta GCA Pty Ltd – sibling company	Holds 50% interest in ActewAGL Distribution Partnership (owner of the ActewAGL Gas Distribution Network)	Interests include 50% interest in ActewAGL Distribution Partnership (owner of the ActewAGL Gas Distribution Network)
Alinta APG Pty Ltd – sibling company	Holding company	Holding company of companies including Alinta ACP Pty Ltd
Alinta ACP Pty Ltd – sibling company	Cogeneration (purchases natural gas for use in its operations)	Cawse gas fired cogeneration plant
Alinta IO Pty Ltd – sibling company	Only carries on business in relation to the potential decommissioning of the Cosmo-Howley Pipeline.	Cosmo Howley Pipeline – Northern Territory
Alinta Energy Power Generation Pty Ltd	Holding company	Holding company of Alinta Energy (Tamar Valley) Pty

Entity and relationship to Alinta DEQP	Business carried on	Assets owned
		Ltd
Alinta Energy (Tamar Valley) Pty Ltd	Proposed Gas-fired Electricity generation	Tamar power project assets (under development - early construction stage)
Nahor Pty Ltd – sibling company	Holding company	Holding company of Trewas Pty Ltd, Alinta Group Holdings Pty Ltd
Trewas Pty Ltd – sibling company	Holds 9.77% interest in the Australian Pipeline Trust	Holds 9.77% interest in the Australian Pipeline Trust

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.

3.1 Maintenance of a separate set of accounts for each Service Provider

The Service Providers, Alinta DQP and Alinta DEQP, hold a 75% and 25% interest respectively in the QGP partnership and only provide services on one Covered Pipeline, the QGP, and do not provide services on any other pipeline.

Separate accounts are kept for Alinta DEQP and Alinta DQP respectively for various reasons including:

1. Requirement for each Service Provider to comply with section 4.1 (c) of the Code;
2. Corporations Act requirement to prepare annual audited special purpose financial statements for Alinta DQP; and
3. Internal reporting requirements.

Section 5 of Alinta Limited's Ring Fencing Policy and Procedures (which have been adopted by the AIH group which include Alinta DQP and Alinta DEQP) sets out the general requirements which must be followed to ensure that Alinta DQP/Alinta DEQP are able to "establish and maintain separate accounts in respect of the services provided by each Alinta pipeline", including the QGP.

Alinta, who provides services to Alinta DEQP and Alinta DQP under an Operating Services Agreement (OSA), has established a procedure that requires Alinta staff to assign all expenses and revenue to a correct general ledger account, cost centre, work order, internal order or asset, to ensure that a business can satisfy its internal and external reporting requirements and comply with ring fencing obligations.

More specifically the process includes, but is not limited to:

- QGP Revenue is recorded in the partnership based on volumes and contract terms on a monthly basis.

- Expenses are recorded in the partnership based on costs directly charged to the partnership via invoices and indirect costs allocated to each AIH asset on a reasonable basis (refer to 3 below for further information).
- On a monthly basis, the management accountant and financial controller of AIH review these revenues and expenses and a monthly report is prepared and distributed to the AIH management and Chief Financial Officer explaining any variance from approved budgets and forecasts.
- The profit or loss of the partnership is then allocated and recognised in the accounts of Alinta DQP and Alinta DEQP in proportion to their respective interests in the partnership.
- A monthly reconciliation folder is maintained, which includes supporting documentation. This reconciliation folder is reviewed by the Pipeline Management Accountant and the Financial Controller of AIH.
- Annually, a set of statutory financial statements for Alinta DQP, as a large proprietary company, are prepared and signed off by the directors and external auditors. Statutory financials are not prepared for Alinta DEQP, as there is no requirement to do so.

3.2 Establishment and maintenance of separate consolidated accounts in respect of the entire business of the Service Provider

Section 4.1 (d) of the Code requires a Service Provider to “establish and maintain a separate consolidated set of accounts in respect of the entire business of the Service Provider.”

The only business that each Service Provider undertakes is the respective ownership interest and operation of the QGP through the QGP partnership. Accordingly, this represents the entire business of each Service Provider. Therefore the consolidated accounts of each Service Provider are the same as the accounts referred to in 3.1 above and no separate consolidated financial statements as such are prepared.

Alinta is of the view that 4.1(d) of the Code only applies to a Service Provider which has interests in other businesses such as another gas transmission pipeline. This is not the case with respect to Alinta DQP and Alinta DEQP who do not have interests in other businesses such as another gas transmission pipeline.

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.

The Alinta Ring Fencing Policy and Procedures establish that “where costs are directly attributable to a particular pipeline, they must be assigned accordingly”. Costs incurred by the QGP comprise direct and indirect costs.

All costs which are directly incurred in operating the QGP (i.e. direct costs) are charged directly to the QGP partnership, which is in turn recognised in the Service Provider's accounts according to their respective interest in the QGP partnership. These costs include pipeline marketing expenses, maintenance labour costs, and maintenance capital items. These costs are clearly identifiable as being directly attributable to the operation of the pipeline.

In addition to direct costs, various indirect costs are incurred by AIH in supporting the operation of all assets within its portfolio including the QGP. These costs comprise corporate support services, which

include financial services, IT services, insurance services, human resources, internal audit, legal services and property management.

These costs are allocated to all AIH's assets on a fair and reasonable basis generally according to various cost drivers. Some examples include:

- revenue as a proportion of total revenue for the AIH group;
- asset base as a proportion of total assets for the AIH group; and
- effort (time) as determined by key management staff.

Pursuant to the OSA, these costs are generally incurred by Alinta or Alinta Asset Management Pty Ltd (a wholly owned subsidiary of Alinta) and invoiced monthly to the AIH group, which includes the QGP Service Providers. A reconciliation is undertaken at least annually to ensure the appropriate costs are passed on to the AIH entities such as Alinta DQP and Alinta DEQP in accordance with the OSA.

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.

Under the OSA, Alinta is obliged to provide various services to Alinta DEQP and Alinta DQP. Those services include services in respect of the QGP.

AIH did prior to the acquisition by Alinta and Alinta does maintain Ring Fencing Policy and Procedures which detail the ring fencing requirements of the Gas Pipelines Access Law and the Code and are required to be complied with when providing services Alinta DEQP and Alinta DQP. The Alinta group requires as a condition of employment that these policies and procedures must be complied with. The objectives of these ring fencing policies and procedures are:

- Provision of training and support to all staff;
- Regular monitoring of compliance;
- Identification of instances on non-compliance;
- The adoption of measures to prevent non-compliance; and
- Reviews of the effectiveness of the ringfencing policies and procedures system.

The Alinta Ring Fencing Policy and Procedures contain detailed policies and procedures in relation to the use and protection of confidential information.

The Alinta Ring Fencing Policy and Procedures apply to all Alinta group entities including Alinta Asset Management Pty Ltd.

During the 2006/07 period, marketing activities for the QGP were undertaken by Alinta employees who were, until 22 February 2007, seconded to AIH under formal secondment agreements. These employees reported to the Board of Directors of AIH through the Chief Executive Officer of AIH. The

secondment arrangements ceased upon Alinta DEQP and Alinta DQP becoming wholly owned subsidiaries of Alinta.

Notwithstanding the cessation of the secondment arrangements, all confidential information received by those marketing staff is strictly controlled in a manner consistent with the Code requirements.

With respect to electronic information, computer security protocols have been established to ensure that only the marketing staff are able to access such information. Any paper copies of confidential information are kept separately by relevant marketing staff. These procedures are monitored on an ongoing basis through on going training and awareness processes.

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'.

Alinta DEQP is a holding company for 25% of the QGP. It does not have any employees. As noted in item 5 above, staff who provide marketing services in respect of the QGP are employed by Alinta and were on secondment to the AIH group until 22 February 2007. The marketing staff are not also servants, consultants, independent contractors or agents of an Associate that takes part in a Related Business.

AIH was and Alinta is committed to ensuring that it does not allow its marketing staff to work for an Associate involved in a Related Business as prescribed by the Code. Should this ever inadvertently occur, Alinta is committed to removing such staff from their position.

AIH had and Alinta continues to have established ring fencing policies and procedures, which as a condition of employment must be complied with. The objectives of these ring fencing policies and procedures are set out in Item 5 above:

The Alinta Ring Fencing Policy and Procedures provide strict guidelines in relation to the employment and activities of Marketing Staff and the procedures deal with the treatment of Marketing Staff including the immediate removal of staff if a contravention inadvertently has or is likely to occur. The ACCC was provided a copy of these guidelines on 20 September 2006.

The Alinta Ring Fencing Policy and Procedures detail the ring fencing requirements of the Gas Pipelines Access Law and the Code. Half yearly reviews of the Ring Fencing Policy and Procedures have been and continue to be undertaken by Alinta.