


Statement of Compliance

Statement of Compliance for GasNet Australia (Operations) Pty Ltd ("GasNet") for the financial year 2006/07

GasNet Australia (Operations) Pty Ltd – Principal Transmission System (PTS)

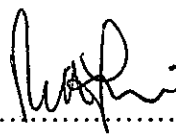
1. Attached is the annual Ring Fencing Compliance Report for the year ending 30 June 2007. GasNet has not varied the Ring Fencing Compliance Report or Statement of Compliance from the original forms sent by the ACCC, other than to provide the information required.
2. GasNet is not aware of any breach of any of the obligations listed in section 4.1 of the Code other than as detailed in this report.
3. GasNet 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 GasNet 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 GasNet has approved this report at its meeting on 31 July 2007.

Signed by:


.....
NAME: Stephen OHL

DIRECTOR

DATE: 31/7/07


.....
NAME: RICHARD FRANCIS

DIRECTOR

DATE: 31/7/07

Ring Fencing Compliance Report

Ring Fencing Compliance Report for GasNet Australia (Operations) Pty Ltd 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

GasNet 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.

GasNet 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, Network Regulation South Branch, ACCC.

The APA Group acquired 100% of the issued capital in the GasNet Australia Group and all its subsidiaries, including GasNet Australia (Operations) Pty Ltd, in December 2006.

1. Service Provider is a legal entity

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

GasNet Australia (Operations) Pty Ltd, A.C.N. 083 009 278 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).

GasNet is predominately a gas transmission company and does not carry on any related business as defined by the National Access Code. GasNet does not produce or sell natural gas, other than to the extent necessary to provide a safe and reliable operation of the covered pipeline. The sale and purchase of natural gas for operational purposes is not a Related Business as defined in section 10.8 of the Code.

GasNet is wholly owned by APA Group. Attachment 1 lists the companies in the APA Group. It should be noted that on 2 July 2007 APA acquired Origin Energy Networks. Given this acquisition occurred after 2006-7 the companies acquired are not listed in the Attachment.

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.

GasNet has two major business activities;

- Ownership of the Victorian Principal Transmission System (PTS). The PTS is covered by the Code;
- Non-regulated activities and assets include provision of metering services, provision of LNG services, provision of project management services and operation of third party assets.

GasNet maintains a single general ledger covering all of its activities. The ledger system's chart of account and the chart of accounts of the subsidiary job costing ledger are designed to allow segregation of revenues and costs between PTS and non regulated assets for which GasNet is a service provider.

In particular;

- All direct costs such as materials, contract services, utility charges are recorded in the job costing ledger against job codes that are specific to the assets of the transmission systems;
- Other operational costs such as telephones and motor vehicles are collected by operational department and are allocated on an asset value basis;
- Direct Overhead costs are allocated by a combination of effort and asset value. Effort involves the labour time component of activities such as central store operations, Occupational Health & Safety support, maintenance and breakdown response, house keeping functions such as asset management and procedure writing;
- Indirect overheads include the costs associated with the corporate departments. These costs are allocated on an asset value basis.

A consolidated set of accounts is maintained for the entire business of GasNet, as required under the *Corporations Act 2001*. As all revenues, costs, assets and liabilities are recorded in the consolidated ledger, GasNet Australia (Operations) Pty Ltd has in place financial reporting systems that allow for the production of a set of such accounts.

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.

Costs are allocated in the following manner;

- Direct costs that are identified to a particular asset within an operation department's costs are charged to that asset;
- Direct costs that are not identified to a particular asset within an operation department's costs are reallocated based on an asset value basis;
- Direct overhead costs are allocated by a combination of effort and asset value. Effort involves the labour time component of activities such as central store operations, Occupational Health & Safety support, maintenance and breakdown response, house keeping functions such as asset management and procedure writing;
- Indirect overheads includes, the costs associated with the corporate departments. These costs are allocated on an asset value basis.

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.

- GasNet is part of the APA Group ("APA"). Employees of APA who are involved with the PTS have been informed of their obligations with respect to Confidential Information. At GasNet the *Human Resource Policy, GasNet Australia Statements of Policy-Business Conduct, Conflict of Interest and Political Contributions (HRP 6.1)* governs the treatment of confidential information by employees.
- APA has also required contractors having access to Confidential Information to observe the requirements of the Code in relation to such Confidential Information. Where appropriate, confidentiality agreements are put in place with contractors and organisations with access to commercially sensitive information and confidentiality clauses are placed in contracts of employment for new employees.
- GasNet and APA computer systems are separate from the systems of any contractor. This system has security arrangements which provide access only to approved personnel. Access to computer systems is through individual passwords and user names. Passwords

are changed at periodic intervals. Firewall protection is in place to prevent unauthorised access to electronically stored information via the internet.

- GasNet offices are secured through an electronic door access system. Access to the buildings is via coded access cards. The cards control access during and outside of normal business hours. Procedures are in place for the issuing of cards and for the cancelling of cards.

During normal business hours, all visitors to GasNet Offices must register at a reception area and be issued with a visitor's pass.

The offices are monitored after hours by an intruder alarm system, which is linked to an external security monitoring company. There is also an after hours security patrol service in operation to prevent unauthorised access.

- APA reviews its procedures and policies regularly. APA's review covers the various procedures and policies that are relevant to the Code. APA is currently undertaking a review of GasNet compliance procedures, including treatment of confidential information.

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'.

APA'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 GasNet's Associates. GasNet 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. This retail business carried on by APT Parmelia is a residual activity reflecting the actions of previous owners. As sales contracts expire they are not renewed. The two remaining sales contracts will expire by 2009.

APA assigns staff directly to GasNet to undertake the sales and marketing function for the GasNet. The staff are located in GasNet's office located in Melbourne.

None of GasNet'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 GasNet'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 GasNet.

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

Attachment 1

The table below indicates GasNet Australia (Operations) Pty Ltd's Associates under the Code on 30 June 2007.

It should be noted that on 2 July 2007 APA acquired Origin Energy Networks. Entities acquired in this transaction are not shown in the table below.

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 and APT Investment 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. Deregistered in December 2006.	
APT Pipelines (TTP Investments) Pty Limited ACN 108 473 070	No activities. Deregistered in January 2007.	
APT Pipelines (TTP) Pty Limited ACN 107 983 335	No activities. Deregistered in January 2007.	
APT Rights (Holdings) ACN 123 090 933	Rights Holding company.	
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 Limited ACN 065 070 966	Holds shares in East Australian Pipeline 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). Owns 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 (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). Tennant 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	Trustee company for ownership of Bonaparte Gas Pipeline assets and licence.	
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 Company 1 Pty Limited.	

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	Owens gas pipeline, retails	Owens 100% of Parmelia

Limited ACN 078 902 397	gas to customers.	pipeline (not covered).
Other WA Pipelines		
Gas Transmission Services WA (Holdings) Pty Ltd ACN 106 043 298	Holds 100% of Gas Transmission Services WA (Operations) Pty Ltd.	
Gas Transmission Services WA (Operations) Pty Ltd ACN 106 043 332	Owens interests in gas pipeline/laterals in WA.	Pipeline supplying Telfer (not covered).
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 79 181 207 909		
Directlink		
APT Directlink Holdings Pty Ltd ACN 122 978 349	Ownership of Directlink electricity transmission asset.	Ownership of regulated Directlink electricity transmission asset.
Directlink (No. 1) Pty Limited ABN 85 085 123 468		
Directlink (No. 2) Pty Limited ABN 87 095 439 222		
Directlink (No. 3) Pty Limited		

ABN 86 095 449 817		
GasNet Victoria		
GasNet Australia Limited ABN 79 096 457 868	Responsible entity for GasNet Australia Trust and GasNet Australia Investments Trust. Owns 100% of GasNet Australia (Holdings) Pty Ltd	
GasNet Australia Investments Limited ABN 95 104 348 852	Owns 100% of Gas Investments Australia (Holdings) Pty Ltd	
GasNet Australia (Holdings) Pty Ltd ABN 68 104 581 142	Owns 100% of GasNet Australia (Operations) Pty Ltd	
GasNet Australia (Operations) Pty Ltd ABN 65 083 009 278	Owns and operates gas pipelines. Owns 100% of GasNet Australia (NSW) Pty Ltd and GasNet A Pty Ltd and GasNet B Pty Ltd	GasNet System assets (excluding the NSW assets). These assets including the covered PTS assets.
GasNet Australia (NSW) Pty Ltd ABN 14 079 136 413	Owns gas assets.	Owns GasNet interconnect assets in NSW.
GasNet A Pty Ltd ABN 17 087 673 907	GasNet Australia Group company.	
GasNet B Pty Ltd ACN 083 009 303	GasNet Australia Group company.	
Gas Investments Australia (Holdings) Pty Ltd ABN 85 106 043 252	Owns 100% of Gas Transmission Services WA (Holdings) Pty Ltd	
Allgas Queensland		
APT Allgas Energy Pty Limited ACN 009 656 446	Owns and operates gas network.	Gas networks in south east Queensland.
APT Allgas Pipelines Operations Pty Limited ACN 076 666 807	Holds pipeline easements in Queensland.	
APT Allgas Toowoomba Pty Limited ACN 009 655 645	Owns gas assets.	Some gas assets in regional south east Queensland.
SeaGas Pipeline (Victoria and SA)		
APT Pipelines (SA) Pty Limited	Owns 100% of APT Seagas Holdings Pty	SESA pipeline (uncovered)

ABN 87 124 754 347	Limited and owns and operates SESA pipeline.	
APT Sea Gas Holdings Pty Limited ACN 124 754 767	Ownership of APT SPV2 and APT SPV3	
APT SPV2 ACN 095 483 453	Ownership of APA share of SeaGas pipeline.	Seagas pipeline (uncovered)
APT SPV3 ACN 095 483 462		