

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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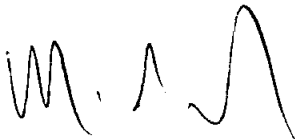
Dear Mr Phillips

**2002/03 Ringfencing Compliance Reports**

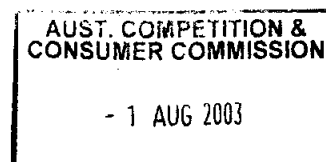
As requested in your letters of 10 June, 2003, I attach completed ringfencing compliance reports for the year ending 30 June , 2003 in respect of the following pipelines:

- 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



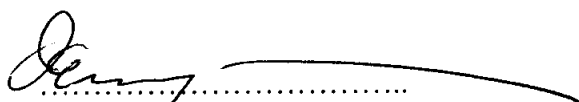
## Statement of Compliance

**Statement of Compliance for APT Petroleum Pipelines Limited ACN 009 737 393 ("APTPPL") for the financial year 2002/03**

### APTPPL – Roma to Brisbane Pipeline

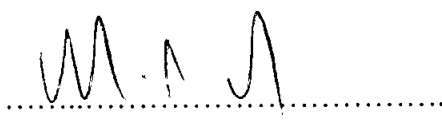
1. Attached is the annual Ring Fencing Compliance Report for that period of the year ending 30 June 2003 during which the relevant provisions of the *National Third Party Access Code for Natural Gas Pipeline Systems* applied to the Roma to Brisbane Pipeline ("RBP"). APTPPL has not varied the Ring Fencing 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 Chief Executive Officer 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; and
  - (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 31 July 2003.

Signed by:

  
NAME: J. K. McDonald

CHIEF EXECUTIVE OFFICER

DATE: 31.07.03

  
NAME: M. J. McCormack

DIRECTOR

DATE: 31/7/03

# Ring Fencing Compliance Report

**Ring Fencing Compliance Report for APT Petroleum Pipelines Limited ACN 009 737 393 ("APTPPL") 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

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.*

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

APT Petroleum Pipelines Limited ACN 009 737 393 ("APTPPL") 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 APTPPL and state whether these activities include any producing, purchasing or selling natural gas.]

APTPPL's sole business is the ownership and operation of the Roma to Brisbane Pipeline ("RBP") and associated pipeline infrastructure. 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.

[Please fill out the table below for *all* APTPPL Associates with any involvement in natural gas:]

Attachment 1 lists APTPPL'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 APTPPL 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).]

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

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

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.*

[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 RBP are charged directly to APTPPL. These include but are not limited to:

- contracts for asset management of the pipeline and marketing of pipeline services;

- 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 APTPPL and other entities in the APT Group, are allocated on a fair and reasonable basis. 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 APTPPL and the RBP; and
- for corporate overheads, costs are allocated on the basis of APT Pipeline'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 APTPPL 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.]

- APTPPL is part of the Australian Pipeline Trust ("APT"). Employees of APT who are involved with the RBP 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 ("Agility") 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 APTPPL' 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 APTPPL' 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.]

APTPPL does not have any Associates which take part in a Related Business other than:

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

Marketing of Services on the RBP is performed on behalf of the APTPPL by staff of Agility.

[Describe the procedures that APTPPL 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.]

APTPPL requires that its servants, consultants, contractors or agents do not act as Marketing Staff for an Associate of APTPPL that carries on a Related Business.

## Attachment 1: APTPPL'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 (NSW) Pty Limited ACN 080 842 360	Owens and operates gas pipeline.	Central West Pipeline.
APT Pipelines (NT) Pty Limited ACN 075 733 336	Owens gas pipelines.	MT. Todd and Mataranka Laterals.
APT Pipelines (QLD) Pty Limited ACN 080 382 387	Owens and operates gas pipeline	Cannington Lateral.
APT Pipelines (WA) Pty Limited ACN 066 343 584	Owens interests in gas pipeline/laterals in WA and provides managements services for pipeline assets.	Owens Westline Lateral, Wiluna Lateral and 50% of Mid West Pipeline.
East Australian Pipeline Limited ACN 064 629 009	Owens and operates pipeline.	Moomba – Sydney Pipeline (MSP).
Roverton Pty Limited ACN 011 071 917	Owens 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	Owens 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).	

<b>Name of Each Associate</b>	<b>Business Carried On</b>	<b>Assets Owned (Name)</b>
APT Pipelines Investments (NSW) Pty Limited ACN 065 070 966	Holds shares in East Australian Pipeline Limited (for MSP).	
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 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).