



Annual Report 2001

Table of Contents p1 ●

The position of Independent Gas Pipelines Access Regulator is established by the *Gas Pipelines Access (Western Australia) Act 1998*.

The Regulator approves terms, conditions and charges set by pipeline service providers for access to their pipelines to transport gas from suppliers to customers.

The Act provides for a public sector agency to assist the Regulator. This agency is the Office of Gas Access Regulation (*OffGAR*), headed by the Regulator.

This Annual Report covers the activities of the Regulator and *OffGAR*.



CONTENTS

Transmittal Letter	3
The Regulator's Overview	4
Highlights	6
Profile	7
Mission	7
History and Organisation	7
Key Functions and Activities	7
Terminology and Abbreviations	9
Report on Operations	11
Enabling Legislation	11
Responsible Minister	13
Impacting Legislation	13
Outcome and Outputs	13
Activities	14
Organisational Structure	21
Senior Officers	22
Staff Profile	23
Staffing Policies	25
Workers' Compensation	25
Code of Conduct	25
Corporate Services	25
Corporate Governance	25
Internal Audit	26
Review of Risk Management Policy	26
Accounting Systems Development	26
Human Resource Policies	26
Consultants	27
Funding and Pricing Policies	28

Web Site	29
Compliance	31
Statement of Compliance	31
Shares in Subsidiary Bodies	32
Interest in Existing or Proposed Contracts	32
Electoral Act Disclosure Requirements	32
Directions Given	32
Performance Measures	33
Publications	37
Boards and Committees	38
Key Performance Indicators	39
Statement of Certification	39
Opinion of the Auditor General	40
Indicators for 2000/2001	41
Financial Statements	46
Statement of Certification	46
Opinion of the Auditor General	47
Contact Details	63



TRANSMITTAL LETTER

Hon Eric Ripper MLA
Minister for Energy

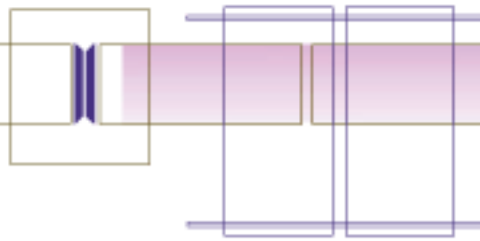
In accordance with Section 66 of the *Financial Administration and Audit Act 1985*, I hereby submit my Annual Report for the year ended 30 June 2001 for your information and presentation to Parliament.

The Annual Report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985* and Treasurer's Instructions.



DR KEN MICHAEL AM CitWA
INDEPENDENT GAS PIPELINES ACCESS REGULATOR
CHIEF EXECUTIVE OFFICER, OFFICE OF GAS ACCESS REGULATION

31 August 2001



THE REGULATOR'S OVERVIEW



Since establishment of the office of the Regulator in 1999, work has continued to put in place the initial regulatory arrangements for gas pipelines in Western Australia under the *National Third Party Access Code for Natural Gas Pipeline Systems* (the Code).

The principal activity since establishment of the office of the Regulator has been the assessment and approval of proposed Access Arrangements for five gas pipeline systems: the Dampier to Bunbury Natural Gas Pipeline, the Goldfields Gas Pipeline, the Mid-West and South-West Gas Distribution Systems, the Parmelia Pipeline

and the Tubridgi Pipeline System.

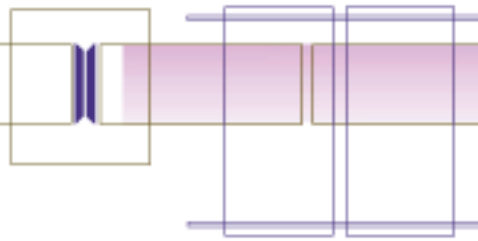
In addition to the activities associated with Access Arrangements, attention has also been given to regulatory arrangements for ring fencing of the pipeline businesses for two pipelines (the Parmelia Pipeline and the Tubridgi Pipeline System) and to an Associate Contract between the gas sales and gas distribution businesses of AlintaGas.

2000/2001 has been a fruitful and challenging year in addressing many complex issues and proceeding towards the implementation of these regulatory arrangements.

Access Arrangements for two of the pipeline systems are now in place. In July 2000, the Access Arrangement for the Mid-West and South-West Gas Distribution Systems was approved, representing the culmination of substantial work in the previous financial year. In December 2000, the Access Arrangement for the Parmelia Pipeline was approved, also following from work the previous year.

Other important milestones included a Draft Decision issued in August 2000 on the proposed Access Arrangement for the Tubridgi Pipeline System, a Draft Decision issued in April 2001 on the proposed Access Arrangement for the Goldfields Gas Pipeline and a Draft Decision issued in June 2001 on the proposed Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline. In addition, approval was given in May 2001 to waive some of the ring fencing obligations of the Tubridgi Pipeline System and approval was given in April 2001 to the Associate Contract between the gas sales and gas distribution businesses of AlintaGas. The Parmelia Pipeline owners withdrew their application for ring fencing obligations to be waived and an extension of time was granted for the ring fencing obligations to be met.

At the end of the financial year, the resources of OffGAR were focussed on public consultation processes relating to the Draft Decisions on the proposed Access Arrangements for the Goldfields Gas Pipeline and Dampier to Bunbury Natural Gas Pipeline. In addressing issues relevant to these two Draft Decisions, the Regulator is



required to take a balanced view and consider the impact on economic development overall. In meeting this requirement, great importance will continue to be placed on having Access Arrangements established that maintain a reasonable rate of return to pipeline owners while addressing the requirements and interests of the users of pipeline services consistent with the requirements of the Code. This will provide incentives for the pipeline owners to expand their businesses.

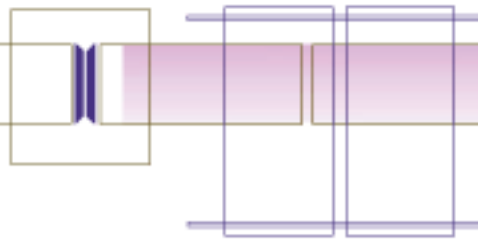
Notwithstanding the commitment of resources to the implementation of current regulatory requirements, attention has also been given to the future and to reviewing and improving the operation of regulatory arrangements. During the year the Regulator was appointed to the National Gas Pipelines Advisory Committee (the body responsible for maintaining and recommending amendments to the Code) for two years and the Executive Director of OffGAR was appointed to the Committee's Working Group for two years.

That brings me to foreshadow another, different set of challenges for next financial year. The Machinery of Government Task Force recommendations, endorsed by Government, include establishing a new Economic Regulator with a supporting Office. The Economic Regulator is to take over the regulatory functions of the Independent Gas Pipelines Access Regulator and those relevant areas related to rail, water and electricity.

Details of how the Economic Regulator is to be established and the functions of that Regulator are yet to be determined. Legislative change will almost certainly be needed. In the short term, some administrative solutions may be implemented with the aim of achieving synergies between the various regulatory areas. There are clearly benefits to be achieved through a singular regulatory forum. While the specialist knowledge and skills appropriate to gas will still be needed, they will exist within an agency with broader functions.

While all parties would naturally like the regulatory process to move faster, there is increasing evidence around Australia that regulating access to infrastructure involves complex issues and that it is inappropriate to issue decisions without sufficient consideration and public consultation. Western Australia has nevertheless progressed as fast as, and in some cases faster than, other jurisdictions in putting regulatory arrangements in place. For this, I particularly want to thank staff at OffGAR, and those providing support, for their ongoing invaluable efforts.

DR KEN MICHAEL AM CitWA
INDEPENDENT GAS PIPELINES ACCESS REGULATOR

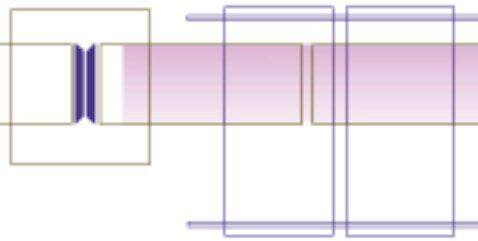


HIGHLIGHTS

- ☐ During the year the Regulator approved:
 - the Access Arrangement for the [Mid-West & South-West](#) Gas Distribution Systems (18 July 2000);
 - the Access Arrangement for the [Parmelia Pipeline](#) (15 December 2000);
 - the Associate Contract between [AlintaGas Networks Pty Ltd and AlintaGas Sales Pty Ltd](#) (18 April 2001); and
 - the waiver of some ring fencing obligations on the [Tubridgi Pipeline](#) System (18 May 2001).
- ☐ The owners of the [Parmelia Pipeline](#) withdrew their application for the waiving of ring fencing obligations and instead sought an extension of time for implementation. The Regulator issued a Final Decision setting out requirements that must be met for ring fencing (21 September 2000) and granted an extension of the time for implementation to 30 September 2001.
- ☐ The Regulator issued Draft Decisions on proposed Access Arrangements for:
 - the [Tubridgi Pipeline](#) System (7 August 2000);
 - the [Goldfields Gas Pipeline](#) (10 April 2001); and
 - the [Dampier to Bunbury](#) Natural Gas Pipeline (21 June 2001).

Public submissions were invited on all these Draft Decisions.

- ☐ The Regulator granted an extension of time for the submission of an Access Arrangement for the [Kalgoorlie to Kambalda Pipeline](#). An Access Arrangement must now be submitted by 1 December 2002 or within 90 days of someone seeking access.
- ☐ The Regulator was appointed to the [National Gas Pipelines Advisory Committee](#) (NGPAC) for two years and the Executive Director of OffGAS was appointed to NGPAC's Working Group for two years.



PROFILE

MISSION

The mission of the Regulator and the Office of Gas Access Regulation (*OffGAR*) is to promote free and fair trade in gas by facilitating the effective and efficient regulation of access to gas pipelines wholly located in Western Australia at the lowest practicable regulatory cost.

HISTORY AND ORGANISATION

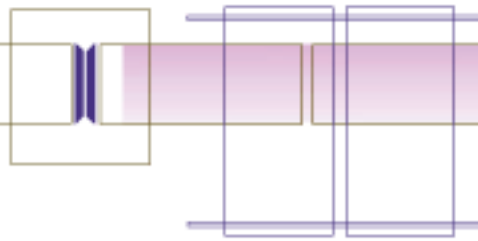
The office of the Independent Gas Pipelines Access Regulator (the Regulator) was established in February 1999 together with the agency of *OffGAR*.

The office of the Regulator is held by Dr Ken Michael AM CitWA who is also the Chief Executive Officer and Accountable Authority of *OffGAR*. Dr Michael was appointed to the position in June 1999 for a period of 3 years. *OffGAR* is a small public sector agency that provides secretarial and administrative services to the Regulator.

KEY FUNCTIONS AND ACTIVITIES

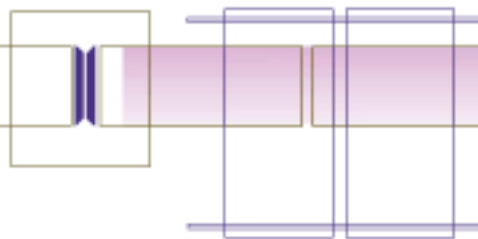
The Regulator has the role of regulating the trading activities of companies that own and operate certain natural gas pipelines in Western Australia. The purpose of regulation is to ensure that the operators of the pipelines provide gas transportation services on terms and conditions and at prices that are fair and reasonable. Successful regulation prevents pipeline operators exploiting their monopoly status in the provision of gas transportation services while ensuring that the owners of gas pipelines have the necessary economic incentives to provide pipeline services and undertake investment to develop the pipeline infrastructure of the State. As a result, regulation supports competition amongst suppliers of natural gas to Western Australian businesses and households and facilitates access of businesses and households to natural gas as a source of energy.

The activities of the Regulator are undertaken within a national regulatory framework that ensures consistency in regulation across all Australian States. The national regulatory framework is established by uniform legislation enacted by Australian governments, which is referred to as the *Gas Pipelines Access Law*. This law includes the *National Third Party Access Code for Natural Gas Pipeline Systems* (the Code) that sets out the regulatory regime.



The main function of the Regulator is to ensure that Access Arrangements are put in place for the natural gas pipelines to which the Code applies (covered pipelines). An Access Arrangement is a documented arrangement for access to a natural gas pipeline setting out the general policies of the service provider in relation to the provision of pipeline services, the terms and conditions for a set of standard or “reference” services, and the prices (reference tariffs) for these services. The Regulator undertakes an assessment and approval process for Access Arrangements proposed by the operators of covered pipelines.

The Regulator also has assessment and approval roles in respect of the ring fencing arrangements for gas pipeline businesses and associate contracts entered into by these businesses. Ring fencing involves the legal, financial and/or operational segregation of business activities of a pipeline service provider from other business activities of that service provider, particularly activities relating to the trading of natural gas. Associate contracts are contracts, arrangements or understandings between a pipeline service provider and an associated business in connection with the provision of a pipeline service.



TERMINOLOGY AND ABBREVIATIONS

A number of terms and commonly used abbreviations have specific meanings within the regulatory framework for natural gas pipelines and in relation to the activities of the Regulator. To assist in the reading of this annual report, these terms and abbreviations are defined as follows.

Terminology

Access Arrangement: a documented arrangement for access to a natural gas pipeline or gas distribution network setting out the general policies of the service provider in relation to the provision of pipeline services, the terms and conditions for a set of standard or “reference” services, and the prices (reference tariffs) for these services.

Associate Contract: a contract, arrangement or understanding between a provider of pipeline services and an associated business in connection with the provision of a pipeline service.

Code: the *National Third Party Access Code for Natural Gas Pipeline Systems*, as contained in Schedule 2 of the *Gas Pipelines Access (Western Australia) Act 1998*.

Covered Pipeline: a pipeline or part of a pipeline that is subject to regulation under the provisions of the Code.

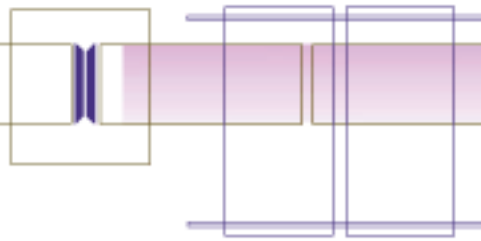
Distribution System: a system or network of gas pipelines established for the transportation of gas typically from a high-pressure gas transmission pipeline to locations of gas consumption.

Ring Fencing: the legal, financial and/or operational segregation of business activities of a pipeline service provider from other business activities of that service provider, particularly activities relating to the trading of natural gas.

Reference Service: a service for, or relating to, the transportation of gas that is specified in an Access Arrangement and for a reference tariff that is specified in that Access Arrangement.

Reference Tariff: a schedule of charges and/or set of criteria that, when applied to the characteristics of a user of a reference service, determine the charge payable for the service by the user to the service provider.

Transmission Pipeline: a gas pipeline used for the transportation of gas typically between a location of gas supply or production to the general location of gas use, but not typically to end users of gas with the exception of very large users of gas that may take gas delivery directly from transmission pipelines.

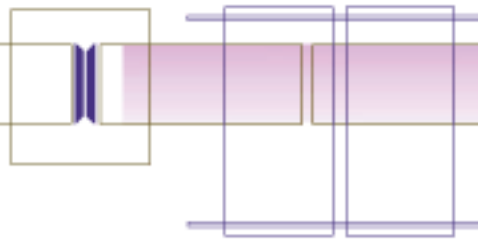


Abbreviations

CMS: CMS Gas Transmission of Australia

OffGAR: the Office of Gas Access Regulation

NGPAC: the National Gas Pipelines Advisory Committee



REPORT ON OPERATIONS

ENABLING LEGISLATION

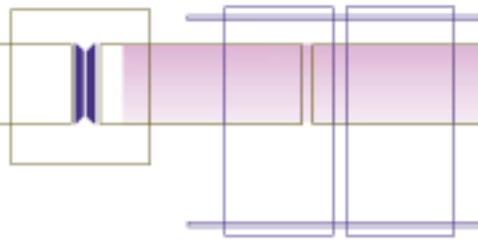
The office of the Western Australian Independent Gas Pipelines Access Regulator is established under Section 27 of the *Gas Pipelines Access (Western Australia) Act 1998*. The Regulator is appointed by the Governor and the position is not an office of the public service.

Section 42 of the Act requires public service officers to be appointed or made available to enable the Regulator to perform his or her functions. The Office of Gas Access Regulation was established under the *Public Sector Management Act 1994* for this purpose. Through Section 27(4) of the *Gas Pipelines Access (Western Australia) Act 1998*, the Regulator is the chief employee of this public sector entity, having similar functions to those of a Chief Executive Officer.

Section 37 of the Act specifies that the Regulator is independent of direction or control by the Crown or any Minister or officer of the Crown in the performance of the Regulator's functions. The Minister can only direct the Regulator in respect of general policies to be followed by the Regulator in matters of administration, including financial administration, and may not constrain the Regulator with respect to the performance of the Regulator's functions.

The Act makes the *Gas Pipelines Access Law* (included as Schedules 1 and 2 of the Act) a law of Western Australia. The *Gas Pipelines Access Law* is the uniform legislation enacted by Australian governments for the regulation of access to gas pipelines and includes the [*National Third Party Access Code for Natural Gas Pipeline Systems*](#) (the Code). The Code establishes the regulatory regime and specifies many of the functions of the Regulator.

The *Gas Pipelines Access (Western Australia) (Funding) Regulations 1999*, gazetted in January 2000 under the *Gas Pipelines Access (Western Australia) Act 1998*, provide for costs incurred in connection with the performance of the functions of the Regulator to be recovered from pipeline operators. The regulations set out the methodology for determination of the amounts payable by operators of covered pipelines to which the activities of the Regulator relate.



The National Third Party Access Code for Natural Gas Pipeline Systems

The Code was agreed by all Australian governments in 1997. It is included as a Schedule of the *Gas Pipelines Access (Western Australia) Act 1998*. Its aims include:

- facilitating the development and operation of a national market for natural gas;
- providing rights of access to natural gas pipelines on conditions that are fair and reasonable for their owners and to those wishing to use pipeline services;
- promoting a competitive market for natural gas in which customers may choose suppliers, including producers, retailers and traders;
- preventing abuse of monopoly power; and
- providing for resolution of disputes.

Core provisions of the Code include:

- enabling access to gas pipelines on fair and reasonable commercial terms and conditions;
- establishing reference tariffs for standard (reference) services, using a uniform process and established principles. Reference tariffs apply unless the service provider and user agree on other arrangements;
- ensuring that sufficient information is provided to users for them to judge the fairness of the tariff;
- facilitating the trading of unused pipeline capacity and providing a fair basis for making new capacity available;
- promoting competition in upstream (exploration and production) and downstream (retail and trading) gas markets;
- ensuring the monopoly component of a pipeline business is ring fenced from components of the business operating in competitive markets; and
- providing for dispute resolution and appeal mechanisms.

Not all gas pipelines in Western Australia are covered by the Code. The decision on whether a Western Australian gas pipeline system should be covered by the Code lies with the Western Australian Minister for Energy on the recommendation of the National Competition Council.

Once a decision is made for a pipeline to be covered, the service provider has 90 days to submit a proposed Access Arrangement to the Regulator who then has six months to give approval. There are provisions for extending these times.

A copy of the Code may be viewed on the website of the Code Registrar at www.coderegistrar.sa.gov.au



RESPONSIBLE MINISTER

The Minister responsible for the administration of the *Gas Pipelines Access (Western Australia) Act 1998* is the Hon. Eric Ripper MLA, Minister for Energy.

IMPACTING LEGISLATION

The following written laws impact on the Regulator as chief employee of the Office of Gas Access Regulation:

Anti-Corruption Commission Act 1988;
Disability Services Act 1993;
Electoral Act 1907;
Equal Opportunity Act 1984;
Financial Administration and Audit Act 1985;
Government Employees Superannuation Act 1987;
Industrial Relations Act 1979;
Library Board of Western Australia Act 1951;
Minimum Conditions of Employment Act 1993;
Occupational Safety and Health Act 1984;
Public and Bank Holidays Act 1972;
Public Sector Management Act 1994;
Salaries and Allowances Act 1975;
Superannuation and Family Benefits Act 1938;
Workers' Compensation and Rehabilitation Act 1981; and
Workplace Agreement Act 1993.

The *Freedom of Information Act 1992* impacts on the Regulator only in relation to administrative functions.

OUTCOME AND OUTPUTS

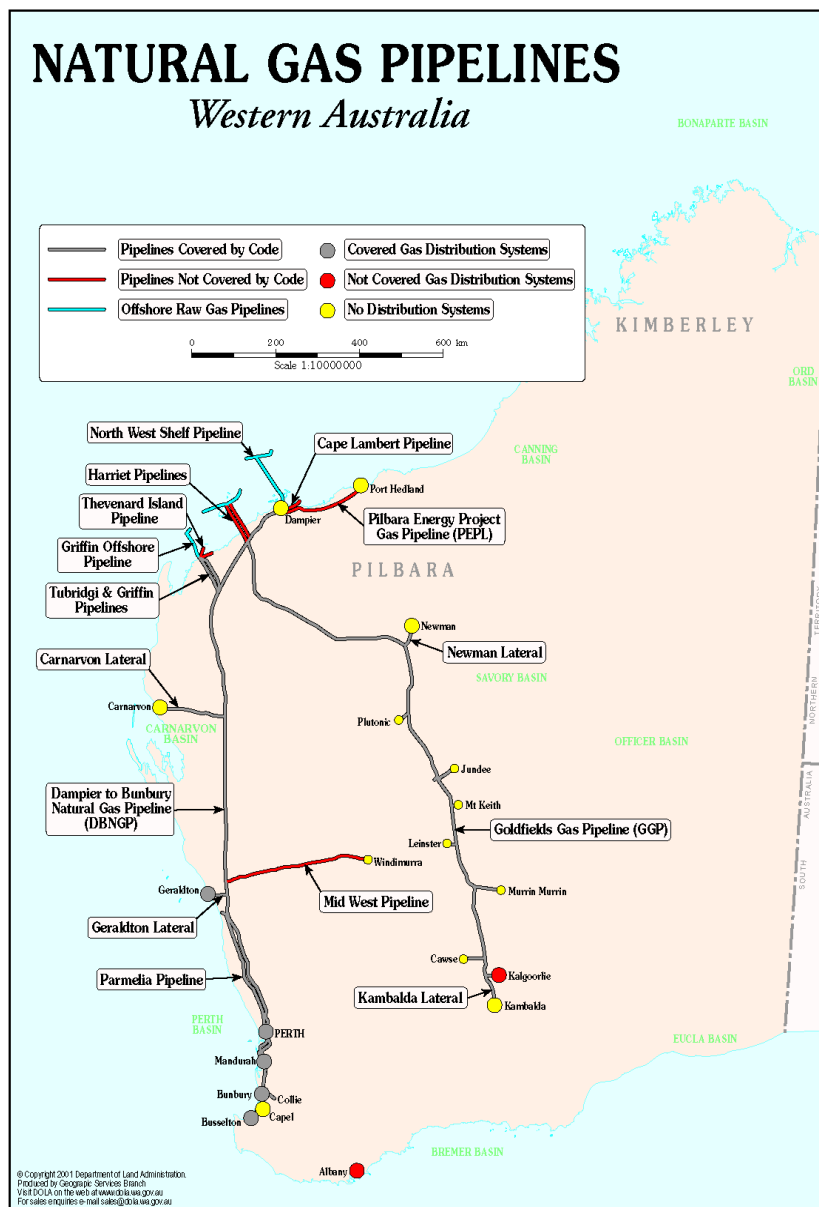
- | | |
|----------------|--|
| Outcome: | To facilitate a market for gas, prevent abuse of monopoly power, promote competition, and provide rights of access to gas pipelines. |
| Outputs: | The outputs for the Regulator are the approvals associated with Access Arrangements and the ongoing regulatory oversight of gas pipelines covered by the Code. |
| Effectiveness: | The successful operation of approved Access Arrangements is the main indicator of effectiveness. This can be assessed by reference to surveys of interested parties. |

ACTIVITIES

Covered Pipelines

The Regulator's functions relate to natural gas pipelines that are wholly located in Western Australia and which are covered by the Code. At 30 June 2001, there were six covered pipelines in Western Australia at locations indicated in Figure 1.

Figure 1
PIPELINE MAP





Regulatory Decisions

The principal function of the Regulator is to ensure that Access Arrangements are put in place for covered pipelines. The status of the Access Arrangement for each of the covered pipelines for which the Regulator is responsible is indicated in Table 1.

Table 1

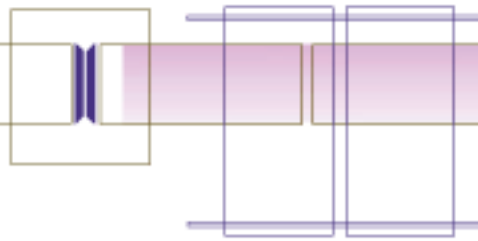
STATUS OF ACCESS ARRANGEMENTS FOR COVERED PIPELINES IN WESTERN AUSTRALIA

at 30 June 2001

Pipeline	Status of Access Arrangement
Mid-West and South-West Gas Distribution Systems	Approved (18 July 2000)
Dampier to Bunbury Natural Gas Pipeline	Draft Decision issued (21 June 2001)
Goldfields Gas Pipeline	Draft Decision issued (10 April 2001)
Kalgoorlie to Kambalda Pipeline	Notice issued extending the due date for lodgement of an Access Arrangement to 1 December 2002 or within 90 days of an application for access notified to the Regulator
Parmelia Pipeline	Approved (15 December 2000)
Tubridgi Pipeline System	Draft Decision issued (7 August 2000)

In addition to assessing the Access Arrangements for each covered pipeline, the Regulator has dealt with matters relating to ring fencing of the pipeline service businesses for the Parmelia Pipeline and Tubridgi Pipeline System, and to an Associate Contract relating to the pipeline services on the Mid-West and South-West Gas Distribution Systems.

Further details on regulatory activities in respect of each of the covered pipeline systems are provided below.



Mid-West and South-West Gas Distribution Systems

The Regulator's first major output for the 2000/2001 year was an approval given on 18 July 2000 to the Access Arrangement for the Mid-West and South-West Gas Distribution Systems. This followed an extensive assessment and public consultation process during the previous financial year.

In October 2000, AlintaGas was privatised as a vertically integrated company with two separate but associated businesses:

- AlintaGas Networks Pty Ltd - the gas distribution business; and
- AlintaGas Sales Pty Ltd - the gas retail business.

On 28 February 2001, AlintaGas submitted to the Regulator a proposed Haulage Contract for the provision of gas distribution services by AlintaGas Networks Pty Ltd to AlintaGas Sales Pty Ltd. The services were to be broadly similar to services offered under the Access Arrangement, but with some differences in terms and conditions and with lower tariffs than the relevant reference tariffs. The Regulator considered the proposed contract to be an Associate Contract under the Code.

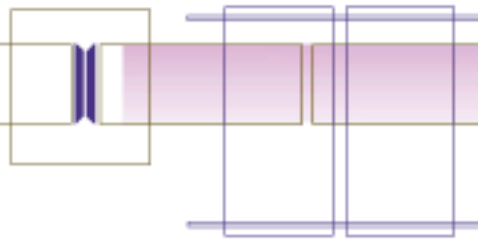
The Code requires that a pipeline service provider obtain approval from the Regulator for any Associate Contract. The Regulator may refuse to approve an Associate Contract if the Regulator considers that the contract would have the effect, or would be likely to have the effect, of substantially lessening, preventing or hindering competition in a market.

After an assessment of the proposed Haulage Contract, including a process of public consultation, the Regulator issued a decision to approve the contract on 18 April 2001.

Dampier to Bunbury Natural Gas Pipeline

A proposed Access Arrangement and accompanying Access Arrangement Information was submitted for the Dampier to Bunbury Natural Gas Pipeline by Epic Energy (WA) Transmission Pty Ltd (Epic Energy) in December 1999. Epic Energy revised the Access Arrangement Information and submitted it to the Regulator on 28 July 2000.

During 2000/2001, extensive analysis of the proposed Access Arrangement was undertaken, including consideration of 47 submissions. The Regulator issued a Draft Decision on the proposed Access Arrangement on 21 June 2001. The Draft Decision was to not approve the proposed Access Arrangement. The Draft Decision document specifies amendments that must be made to the proposed Access Arrangement before the Regulator will approve it.



Public consultation on the Draft Decision, including a public forum, will be held early in the 2001/2002 year.

Goldfields Gas Pipeline

A proposed Access Arrangement and accompanying Access Arrangement Information was submitted for the Goldfields Gas Pipeline by Goldfields Gas Transmission Pty Ltd in December 1999.

Assessment of the proposed Access Arrangement was undertaken in 2000/2001, including consideration of 12 public submissions. The Regulator issued a Draft Decision on 10 April 2001, which did not approve the proposed Access Arrangement and specified amendments that must be made to the proposed Access Arrangement before the Regulator will approve it.

A public forum on the Draft Decision was held on 15 May 2001 and the period for public submissions was extended to 13 July 2001.

Kalgoorlie to Kambalda Lateral

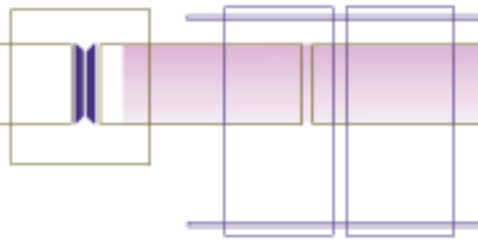
In March 1999, the owners of the Kalgoorlie to Kambalda Lateral, Southern Cross Pipelines Pty Ltd, sought to have the coverage of this pipeline under the Code revoked. Following an unsuccessful application for revocation, the owners sought a substantial extension of time for the submission of a proposed Access Arrangement. During the 1999/2000 financial year, the Regulator granted an extension of time to 1 December 2000.

On 11 October 2000, Southern Cross Pipelines Pty Ltd sought a further, indefinite extension of time for submission of a proposed Access Arrangement. The Regulator gave the matter consideration and sought public submissions on the request. The Regulator granted an extension of time until 1 December 2002, by which a proposed Access Arrangement must be lodged, subject to the Regulator not being notified that access is being sought by a party. In the event that an application for access to the pipeline is notified to the Regulator, submission of an Access Arrangement will be required within 90 days of the date of the application.

Parmelia Pipeline

A proposed Access Arrangement and accompanying Access Arrangement Information was submitted for the Parmelia Pipeline by CMS Gas Transmission of Australia (CMS) in May 1999. The Regulator issued Draft and Final Decisions on 27 October 1999 and 20 October 2000, respectively, with the decision being to not approve the Access Arrangement as initially proposed.

CMS submitted a revised Access Arrangement to the Regulator on 20 November 2000. The revised Access Arrangement addressed the amendments required by the



Regulator and was approved by the Regulator on 15 December 2000. The Access Arrangement became effective from the date of the approval.

In March 2000, CMS applied to the Regulator for the waiver of some ring fencing obligations for the Parmelia Pipeline. In accordance with the Code, the Regulator commenced an assessment process that involved the issuing of a Draft Decision, public consultation on the Draft Decision and the issuing of a Final Decision. The Draft Decision was issued on 22 May 2000, declining the application for waiving of ring fencing obligations and public submissions on this decision were invited.

On 5 September 2000, CMS made application to withdraw the request for the waiver of ring fencing obligations, and sought an extension of time for implementation of the ring fencing obligations. This application was made on the basis that the parent company of CMS Gas Transmission of Australia was reviewing its gas-related activities in Western Australia and that there was consequent uncertainty about the corporate structure under which the pipeline would operate. Additional time was requested to allow this situation to be resolved.

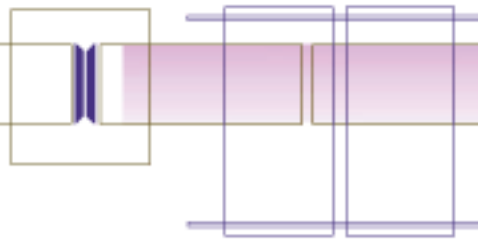
Despite the request to withdraw the application, the Regulator was bound by the Code to issue a Final Decision. A Final Decision was issued on 21 September 2000, declining the initial application to waive ring fencing obligations. The decision did, however, grant an extension of time for implementation of the ring fencing obligations to 31 March 2001.

On 13 March 2001, CMS applied for a further extension of time for implementation of ring fencing obligations to enable the company to establish an appropriate corporate structure and put in place the necessary staffing arrangements. Following public notification of the application and call for public submissions, the Regulator granted a further extension of time to 30 September 2001. The extension of time was made conditional on implementation of interim ring fencing arrangements and provision for review of the extension of time in the event of any matter being raised with the Regulator regarding the effectiveness of the interim arrangements.

Tubridgi Pipeline System

The Tubridgi Pipeline System comprises the Tubridgi Pipeline and the Griffin Pipeline, which run parallel to each other in the north-west of the State. The Pipeline is owned by a joint venture and operated by Origin Energy.

A proposed Access Arrangement and accompanying Access Arrangement Information was submitted for the Tubridgi Pipeline System in October 1999. The Regulator issued a Draft Decision on 7 August 2000 with the decision being to not approve the Access Arrangement as initially proposed. The Regulator expects to issue a Final Decision early in the 2001/2002 year.



In the 1999/2000 financial year, Origin Energy applied to the Regulator on behalf of the Tubridgi Joint Venture Parties for waiving of some of the required ring fencing obligations for the Tubridgi Pipeline System. The Regulator issued a Draft Decision on 22 May 2000 to not approve the application. Public submissions on the Draft Decision were invited and additional information sought from the pipeline owners.

During the 2000/2001 year, the Regulator extended the period for public submissions following a request from the pipeline owners. No public submissions were received. The Regulator issued a Final Decision on 21 November 2000, conditionally granting the requested waiver allowing the pipeline operator to develop a management agreement that places the pipeline business with Origin Energy Asset Management Ltd. Following development of this management agreement, the Regulator approved the waiver of specified ring fencing obligations on 18 May 2001. The waiver can be revoked, if necessary, under specified circumstances.

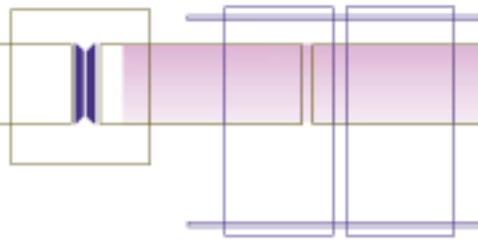
National Gas Pipelines Advisory Committee

The National Gas Pipelines Advisory Committee (NGPAC) is the body responsible for maintaining the Code. It advises Ministers from the Commonwealth, States and Territories on the operation of gas pipeline access regulation and on desirable amendments to the Code to improve the regulatory regime. The Code may be modified by agreement between the Ministers.

NGPAC is central to the proper operation of the regulatory approach to gas pipeline access agreed by Australian governments. The Committee has a working group of officials to address the detail of regulatory issues and to put forward drafting changes.

In August 2000 the Regulator, Dr Ken Michael, was appointed to NGPAC for two years as one of two State Regulators on the Committee. The Executive Director of *OffGAR*, Mr Peter Kolf, was appointed as the Regulator's alternate and also appointed to the NGPAC Working Group for two years.

NGPAC requires significant input from its membership and from members of the working group.



Changes made to the National Third Party Access Code for Natural Gas Pipeline Systems

The National Third Party Access Code for Natural Gas Pipeline Systems (the Code) forms part of the uniform *Gas Pipelines Access Law* under the Natural Gas Pipelines Access Agreement entered into between all States and Territories and the Commonwealth in November 1997. The agreement allows for changes to be made to the Code on recommendation of the National Gas Pipelines Advisory Committee (NGPAC). For changes affecting core provisions, the agreement of all relevant Ministers is required. For other changes, two thirds of relevant Ministers must agree.

A current copy of the Code is maintained by the Code Registrar based in South Australia and can be downloaded from the Code Registrar's web site (www.coderegistrar.sa.gov.au/code.htm).

Changes to the Code become law in Western Australia when they are gazetted in South Australia, but the process is to also gazette the changes to the Code as regulations in Western Australia.

Changes made to the Code since its enactment as part of the *Gas Pipelines Access (Western Australia) Act 1998* are summarised as follows.

- First Amending Agreement (gazetted in South Australia 23 December 1999)
Administrative changes which do not significantly affect the practical application of the Code.

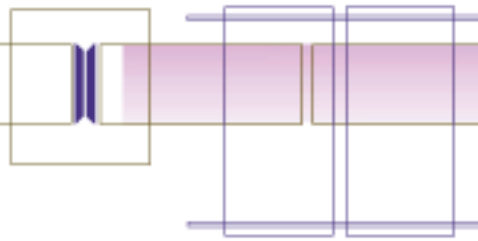
- Second Amending Agreement (gazetted in South Australia 9 November 2000)

The description of the process to be followed in obtaining approval for a proposed Access Arrangement has been amended to allow for a service provider to submit a revised Access Arrangement after the Regulator publishes a Draft Decision or a Final Decision which incorporates the amendments specified in the Draft or Final Decision, as the case may be, or to otherwise address matters identified by the Regulator in the Draft or Final Decision.

The Code was altered to allow foreign companies, with appropriate registration or representation under Australian Corporations Law, to be service providers under the Code.

Provision was made for an end user of gas, on request, to obtain from a service provider any information held by the service provider about the end user.

The definition of Confidential Information was further clarified.



Interconnection of Gas Distribution and Transmission Systems

During 2000/2001, OffGAR was involved in discussions regarding the connection of the Parmelia Pipeline and the AlintaGas distribution system in the Perth Region.

In May 2001, the Western Australian Government approved the establishment of the Gas Retail Deregulation Project with the aim of implementing full retail contestability in the gas distribution market. To achieve this aim, the Government established the Gas Retail Deregulation Steering Group. One of the matters required to be addressed under the terms of reference of the Steering Group is the interconnection between distribution and transmission systems. OffGAR has a presence on the Steering Group in the capacity of an observer.

National Regulatory Forums

Regulators from the Commonwealth, States and Territories across the full range of regulated services and commodities meet at forums about three times each year. They discuss issues relating to regulatory regimes under the various jurisdictions. The forums are held to seek a uniform regulatory approach throughout Australia and promote consistency and best practice.

The Regulator was represented at three national regulatory forums during the year. One was held in association with an investment conference focussing on the role and impact of regulation.

ORGANISATIONAL STRUCTURE

Dr Ken Michael holds the position of Regulator and heads the Office of Gas Access Regulation (OffGAR).

OffGAR provides secretariat support to the Regulator and operates under the Regulator's budget.

OffGAR also provides secretariat support to the Gas Disputes Arbitrator whose position is also established by the *Gas Pipelines Access (Western Australia) Act 1998*. The Executive Director of OffGAR is delegated to the position of Registrar of the Western Australian Gas Review Board. Should a conflict of interest arise in the Executive Director providing support to the Arbitrator or the Gas Review Board, then support may be arranged from elsewhere.

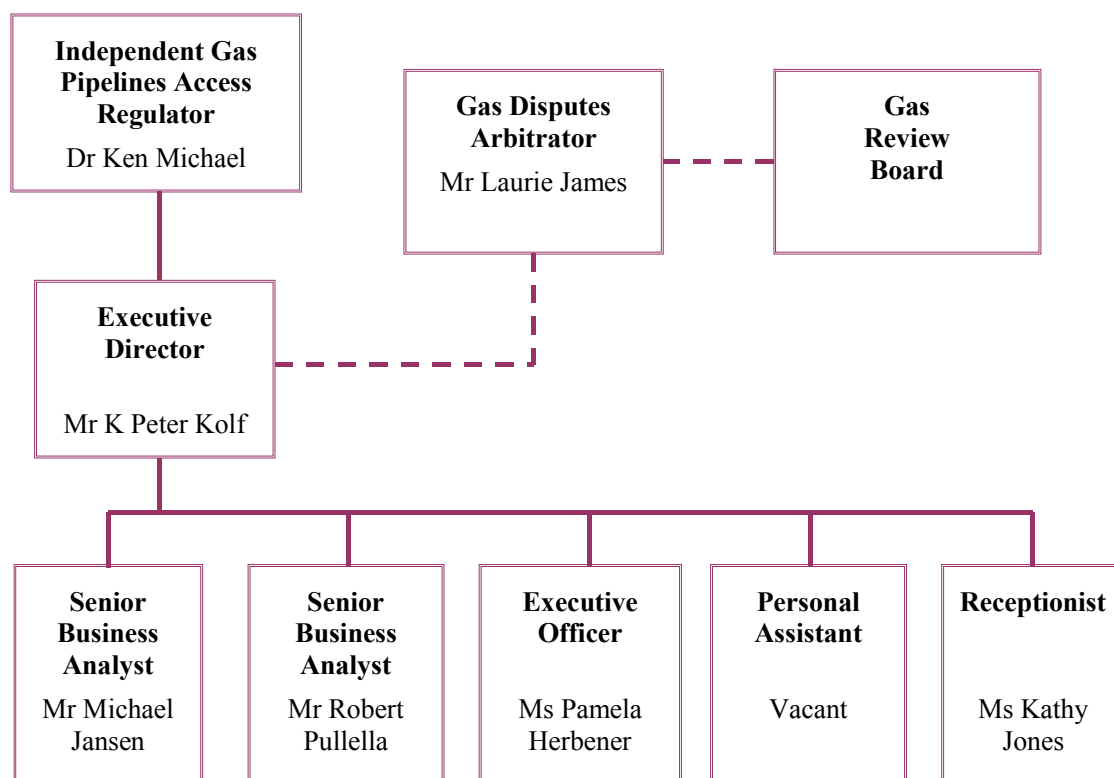
OffGAR staff are the initial point of contact for service providers and other persons in their day-to-day dealings with matters concerning the *Gas Pipelines Access (Western Australia) Act 1998* and the Code. While OffGAR staff may provide advice or other assistance in relation to these matters, it is the Regulator and not OffGAR staff that is responsible for the making of decisions on regulatory matters.

While the Regulator and Arbitrator are entitled to the assistance of OffGAR staff to enable them to perform their respective functions, the Regulator and Arbitrator may obtain professional, technical or other assistance from other sources.

The organisational structure as at 30 June 2001 is shown in Figure 2.

Figure 2

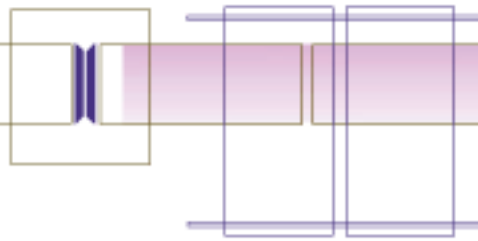
ORGANISATIONAL STRUCTURE AT 30 JUNE 2001



SENIOR OFFICERS

Dr Ken Michael AM CitWA, Western Australian Independent Gas Pipelines Access Regulator and Chief Executive Officer of OffGAR.

Dr Michael has a Bachelor of Engineering degree with first class honours from the University of Western Australia and is a Doctor of Philosophy from the University of London. Dr Michael is Chancellor of the University of Western Australia and Chairman of the Board of Trustees of the Western Australian Museum. He is a former Commissioner of Main Roads Western Australia and concurrently served as Public Service Commissioner in 1993/1994. He is also a former Chairman of



Commissioners of the City of Albany. Dr Michael was appointed to the position of Regulator in June 1999 after having acted in the position since February 1999.

Mr K Peter Kolf, Executive Director, *OffGAR*.

Mr Kolf has a Master of Economics degree from Adelaide University and a Bachelor of Commerce degree with honours from the University of Melbourne. His career includes the positions of Senior Manager with the Western Australian Office of Energy; Director, Air Fare Economics with the Independent Air Fares Committee (responsible for regulating air fares under the two airlines policy); and Manager, Pricing Policy, Telecom HQ Australia. Mr Kolf was appointed to the position of Executive Director in June 1999 after having acted in the position since February 1999.

Figure 3

***OffGAR* PERSONNEL**



from left to right (standing) Peter Kolf, Mike Jansen, Kathy Jones, Michael Soltyk, Nick Parkhurst, Pam Herbener, (seated) Lucia D'Souza, Robert Pullella, Dr Ken Michael.

STAFF PROFILE

The permanent staffing structure of *OffGAR* is indicated in Table 2. The staffing structure was changed in 2000/2001, as follows.

- An additional level 6 “Senior Business Analyst” position was created in response to the requirement for the agency to have a staff member acting at this level during 1999/2000. A permanent level 4 “Business Analyst” position was abolished on the creation of the level 6 position.
- An additional level 4 “Executive Officer” position was created recognising an increase in the roles and responsibilities of an existing position. The incumbent of a level 3 position was promoted into the level 4 position and the level 3 position was abolished.
- A permanent level 1 “Receptionist” position was created.

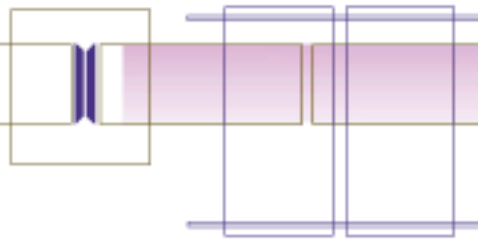
Table 2

STAFF STRUCTURE

OffGAR Workplace Agreement Classification	Number of Employees 30 June 2001	Number of Employees 30 June 2000
Permanent Positions		
Level 9	1	1
Level 6	2	1
Level 4	1	Vacant
Level 3		1
Level 2	Vacant	Vacant
Level 1	1	not applicable
Total	5	3

As at 30 June 2001:

- Two staff were employed at contract level 6 positions to meet OffGAR’s requirements for technical and project management expertise. The level 2 position was initially filled by a contract staff member who has proceeded on an extended period of leave. The position was subsequently filled by a second contract staff member.
- A contract level 4 position existing in 1999/2000 was abolished upon resignation of the incumbent.
- One temporary person was employed to provide administrative assistance for part of the year.



STAFFING POLICIES

With the exception of the Regulator, all permanent and contract staff are employed under the provisions of the *Public Sector Management Act (WA) 1994*. The OffGAR Workplace Agreement prescribes the conditions of employment for all staff. The Workplace Agreement was registered in February 2000 for a period of two years.

All staff recruitment is performed in accordance with the public sector standards in human resource management and the approved procedures under the *Public Sector Management Act (WA) 1994*.

WORKERS' COMPENSATION

There were no claims for workers' compensation during 2000/2001.

CODE OF CONDUCT

All OffGAR employees and consultants to OffGAR are bound by the Western Australian Public Sector Code of Ethics.

OffGAR has established a Code of Conduct that applies to all employees. The Code of Conduct provides for the ethical principles of justice, respect for persons and responsible care, and affirms that OffGAR believes and upholds the values of teamwork, leadership, research and development, and encouragement.

A copy of the Code of Conduct can be accessed from the Publications Section of the OffGAR website at www.offgar.wa.gov.au

CORPORATE SERVICES

The *Gas Pipelines Access (Western Australia) Act 1998* provides for the Regulator to enter into arrangements with public sector agencies to make use of their employees or the facilities of the agency. OffGAR has a Service Level Agreement with the Office of Energy for the provision of corporate services including financial services, administrative services, human resource management and advice on information systems and information management. The agreement with the Office of Energy expired in May 2001 and is now extended on a month-by-month basis while the arrangements for the new Economic Regulator are being established.

CORPORATE GOVERNANCE

The corporate executive of OffGAR comprises the Regulator, in the position of Chief Executive Officer of OffGAR, and the Executive Director.



In 2000/2001, the following corporate governance initiatives were implemented.

INTERNAL AUDIT

An internal audit of OffGAR was undertaken in accordance with requirements of section 55(f) of the *Financial Administration and Audit Act 1985* and relevant Treasurer's Instructions.

The auditors concluded that OffGAR is operating in an effective and efficient manner, producing reliable management information and demonstrating a satisfactory control environment. Recommendations were made to update the existing accounting manual and policies and to develop monitoring procedures to ensure that corporate services provided to OffGAR are delivered in accordance with service agreements. OffGAR will address these recommendations in 2001/2002.

REVIEW OF RISK MANAGEMENT POLICY

OffGAR developed a risk management policy in 1999/2000. This policy was reviewed in 2000/2001 to update the matrix of risks, including classifications based on the impact and the likelihood of events. A process will be established in 2001/2002 to ensure that staff remain familiar with the policy.

ACCOUNTING SYSTEMS DEVELOPMENT

As a result of the arrangements for funding of activities through charges to operators of covered pipelines, the Regulator and OffGAR have a requirement for accounting systems that can store financial information and produce financial reports on a project basis.

Accounting services are provided to OffGAR by the Office of Energy. In 2000/2001, development of accounting systems was undertaken to meet the specific requirements of OffGAR. As a result of this development, the accounting systems of the Office of Energy can now store financial information in a form amenable to the production of project-based reports. Further development will occur in 2001/2002 to enable production of the full range of reports required by OffGAR management.

HUMAN RESOURCE POLICIES

Human resource services are provided to OffGAR by the Office of Energy in accordance with policies of the Office of Energy.

By virtue of the technically complex and specialised tasks that must be undertaken in performing the functions of the Regulator, the Office of Gas Access Regulation

employs relatively few permanent staff and relies heavily on the use of specialist consultants and contract staff that can provide necessary expertise on an “as needed” basis.

CONSULTANTS

Section 43 of the *Gas Pipelines Access (Western Australia) Act 1998* provides for the Regulator to engage consultants.

A panel of 26 consultants was established by competitive tender in 1999 for a term initially expiring on 31 December 2001. In accordance with the terms and conditions of the panel contract, the term of the panel was extended to 31 July 2001.

Tenders were called in June 2001 for a new panel contract to commence on 1 August 2001. The Department of Contract and Management Services was engaged to provide assistance with the tender process.

Work areas in which consultancies have been commissioned include:

- analysis and assistance in the preparation of regulatory decisions;
- expert legal, regulatory, financial, economic and technical advice on proposed Access Arrangements;
- internal audit, risk management and accounting systems development; and
- human resource and other specialised administrative assistance and advice.

Expenditure on consultancies during 2000/2001 is summarised in Table 3.

Table 3
EXPENDITURE ON CONSULTANTS
for the year ended 30 June 2001

Value of Consultancy	Number of Consultancies Commissioned	Expenditure in 2000/2001
Up to \$50,000	51	\$404,007
Over \$50,000	3	\$190,940
TOTAL	54	\$594,947

FUNDING AND PRICING POLICIES

The activities of the Regulator, including the activities of OffGAR, are funded by fees and charges payable by the operators of covered pipelines and by other persons in accordance with provisions of the *Gas Pipelines Access (Western Australia) (Funding) Regulations 1999* (gazetted 14 January 2000).

Payments to the Regulator by operators of covered pipelines comprise *standing charges* and *service charges*, determined in accordance with regulations 3 and 5, respectively, of the *Gas Pipelines Access (Western Australia) (Funding) Regulations 1999*.

Standing charges comprise charges levied on pipeline operators in respect of costs incurred by the Regulator and OffGAR that are not directly attributable to activities in respect of particular pipeline systems. The pipeline operators that are liable for standing charges and the percentage allocations of costs between these pipeline operators are set out in Schedule 1 of the *Gas Pipelines Access (Western Australia) (Funding) Regulations 1999*.

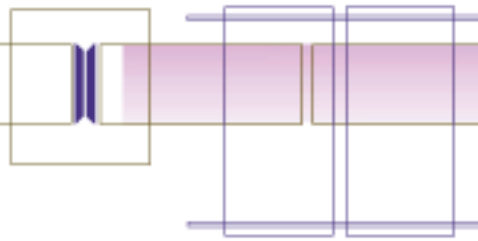
The service charges payable by pipeline operators comprise charges levied in respect of the performance by the Regulator or OffGAR of certain functions listed in Schedule 2 of the *Gas Pipelines Access (Western Australia) (Funding) Regulations 1999*.

The total amounts of standing charges and service charges paid by pipeline operators in the year ending 30 June 2001 are indicated in Table 4.

Table 4
CHARGES PAID BY PIPELINE OPERATORS
for the year ended 30 June 2001

Service Provider	Standing Charges	Service Charges
AlintaGas	\$194,680.43	\$145,016.24
CMS Gas Transmission of Australia	\$51,226.17	\$52,841.27
Epic Energy (WA) Nominees Pty Ltd	\$469,179.12	\$176,385.71
Goldfields Gas Transmission	\$173,498.75	\$76,318.31
SAGASCO SE Inc.	\$37,557.34	\$35,697.25
Southern Cross Pipelines Pty Ltd	\$31,693.20	\$421.53
TOTAL	\$957,835.01	\$486,680.31

Note: Figures based on actual payments received from pipeline operators.



Standing Charges and Service Charges are assessed in arrears for each pipeline operator. In accordance with Regulation 4 of the *Gas Pipelines Access (Western Australia) (Funding) Regulations 1999*, standing charges are assessed at the end of each calendar quarter. In accordance with Regulation 5 of the Funding Regulations, service charges are raised when expenditure has been incurred by the Regulator and are issued on a monthly basis.

The *Gas Pipelines Access (Western Australia) (Funding) Regulations 1999* also provide for the Regulator to levy fees in respect of:

- provision of documents prepared by or on behalf of the Regulator;
- admission to a meeting held by the Regulator for the purposes of public consultation; and
- lodgement of notifications of a dispute under section 6.1 of the Code.

No revenues were collected from these fees in 2000/2001.

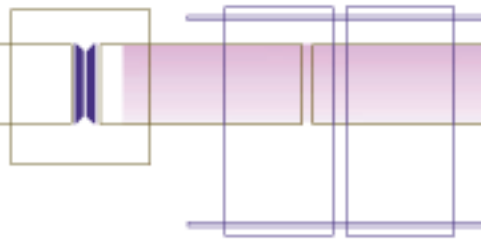
A Treasurer's advance of \$1.5 million was originally made to OffGAR in 1999/2000 to fund the operations of the Agency prior to the Funding Regulations being put in place. This was renewed at the start of the 2000/2001 financial year in order to facilitate the ongoing operation of OffGAR. This advance was subsequently repaid to Treasury by an appropriation from Treasury through an administered item in the Office of Energy's budget. The appropriation for the full repayment of the original Treasurer's Advance covered the expenditure incurred prior to the gazettal of the Funding Regulations in January 2000 and the working capital required to cover the delay in the assessment and receipt of standing charges and service charges.

WEB SITE

OffGAR continued to update its web site (www.offgar.wa.gov.au) during the year to ensure public accessibility to information on the State's gas pipelines access regulatory process.

The web site can be used to access information on the regulatory regime, and on the operations and activities of the Regulator and OffGAR. All notices of the Regulator are placed on the site. Documents such as proposed Access Arrangements, issues papers, public submissions, Draft Decisions, Final Decisions and approvals can be downloaded from the site.

Information received by the Regulator in submissions relating to regulatory decisions is made public unless it is designated as confidential. No document received is made available to any person other than OffGAR and its consultants unless it is made publicly available or the provider of information designated as confidential has given express permission.



The web site was used extensively during the year. The number of hits per month averaged about 24,500, an increase from an average of approximately 14,000 hits per month in 1999/2000 (over the ten months of available information). The maximum number of hits in a month was approximately 57,700 in June 2001, substantially greater than the 1999/2000 maximum of 28,000 in March 2000.



COMPLIANCE

STATEMENT OF COMPLIANCE

Compliance with Public Sector Management Act Section 31(1) for the Year ended 30 June 2001

In the administration of the Office of Gas Access Regulation, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and the Office of Gas Access Regulation Code of Conduct.

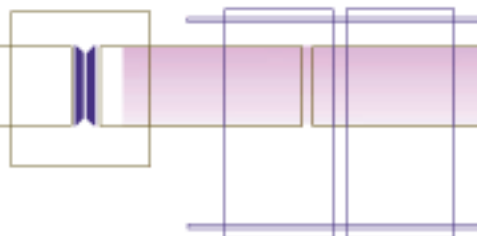
Procedures are in place designed to ensure ongoing compliance and appropriate internal assessments have been made.

No Applications for Breach of Standards were made during the year.



**DR KEN MICHAEL AM CitWA
CHIEF EXECUTIVE OFFICER
OFFICE OF GAS ACCESS REGULATION**

31 August 2001



SHARES IN SUBSIDIARY BODIES

Treasurer's Instruction 903 requires inclusion in the report on operations, details of shares in any subsidiary body of the agency held as a nominee or held beneficially by a Senior Officer of the agency. There are no such shares.

INTEREST IN EXISTING OR PROPOSED CONTRACTS

Treasurer's Instruction 903 requires inclusion in the report on operations particulars of any interest in any existing or proposed contract which a Senior Officer, or a firm of which a Senior Officer is a member, or an entity in which a Senior Officer has a substantial financial interest, has made with the agency or any related or affiliated body. There are no such interests.

ELECTORAL ACT DISCLOSURE REQUIREMENTS

Section 175ZE of the *Electoral Act 1907* requires public agencies to include a statement in their Annual Reports detailing all the expenditure incurred by or on behalf of the public agencies during the reporting period in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising agencies.

The following expenditure was incurred by OffGAR during the period 1 July 2000 to 30 June 2001:

Advertising Agencies	nil
Market Research Organisations	nil
- Data Analysis Australia	\$1,299.00 (including GST)
Polling Organisations	nil
Direct Mail Organisations	nil
Media Advertising Organisations	
- Marketforce Productions	\$11,454.87 (including GST)

DIRECTIONS GIVEN

Section 37(2) of the *Gas Pipelines Access (Western Australia) Act 1998* provides for the Minister to give directions in writing to the Regulator in relation to general policies to be followed by the Regulator in matters of administration, including financial administration. The text of any such direction is required to be included in the Regulator's Annual Report.

No directions under Section 37(2) of the *Gas Pipelines Access (Western Australia) Act 1998* were given to the Regulator during the year.

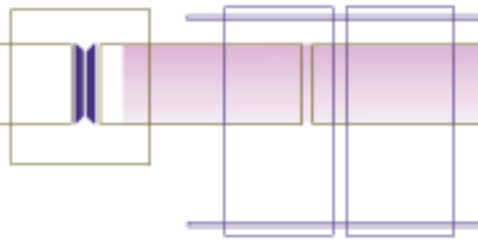
PERFORMANCE MEASURES

Treasurer's Instruction 904 requires information to be provided on the quantity, quality, timeliness and cost of the agency's outputs.

Performance measures on each of these outputs are set out in Table 5. Explanatory notes on the calculation and interpretation of performance measures are provided below.

Table 5
PERFORMANCE MEASURES

	2000/2001		1999/2000	
	Target	Actual	Target	Actual
Quantity				
Number of Access Arrangement approvals	5	2	n.a.	0
Number of equivalent Access Arrangements assessed	2.1	1.8	3.9	3.4
Number of equivalent covered pipelines oversighted	6.0	6.0	6.5	6.6
Quality				
Proportion of interested parties satisfied or very satisfied with the agency's activities in "helping to secure rights of access to natural gas pipelines"	75%	46%	75%	64%
Timeliness				
Average time taken ¹ (months)	18.7	23.1	12	14
Proportion of interested parties satisfied or very satisfied with the agency responding to issues in a timely manner in respect of Access Arrangements assessed and covered pipelines oversighted	75%	15%	75%	46%
Cost²				
Cost per equivalent Access Arrangement assessed ³	\$429,000	\$396,000	\$311,000	\$260,000
Cost per equivalent covered pipeline oversighted ⁴	\$139,000	\$131,000	\$127,000	\$112,000



Notes:

1. Average estimated time until Access Arrangements are finally approved.
2. Financial figures based on actual expenditure for the reporting period exclusive of goods and services tax.
3. Average cost per equivalent Access Arrangement assessed.
4. Average overhead (indirect) cost per covered pipeline and equivalent covered pipeline oversighted.

Quantity

The formal outputs of the agency are the number of Access Arrangements approved and the number of pipelines or pipeline systems covered by the Code and oversighted by the Regulator in the financial year.

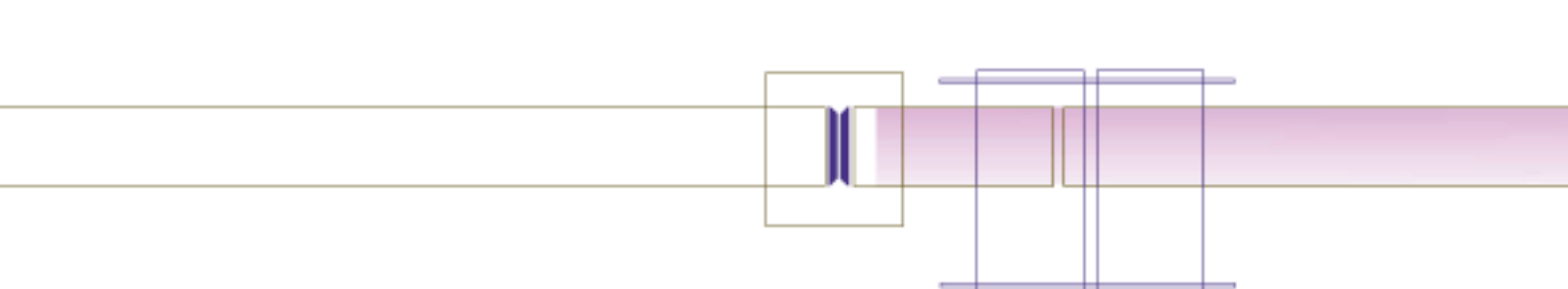
In 2000/2001, two Access Arrangements were approved. Final Approvals were issued for the Mid-West and South-West Gas Distribution Systems and the Parmelia Pipeline. In addition, Draft Decisions for the Tubridgi Pipeline System, Goldfields Gas Pipeline and Dampier to Bunbury Natural Gas Pipeline were issued during the year. The equivalent measure of approvals during the year is 1.8, taking into account work performed in the previous reporting period and the estimated time until the approval of Access Arrangements that were still being assessed at the close of the reporting period. These results are less than the targets of five Access Arrangement approvals and 2.1 equivalent Access Arrangement approvals. The less-than-target results are due to longer-than-expected periods for the assessment of Access Arrangements, particularly the Access Arrangements for the Dampier to Bunbury Natural Gas Pipeline and the Goldfields Gas Pipeline.

Quality

OffGAR has undertaken assessments for the 1999/2000 and 2000/2001 reporting periods of perceptions of quality of outputs through “satisfaction surveys” of a sample of persons registered as “interested parties” with OffGAR. This register of interested parties is maintained by OffGAR for the purposes of disseminating notices and other information in respect of the activities of the Regulator.

The survey undertaken for the 2000/2001 reporting period was similar to that for the 1999/2000 period, with the intent of enabling comparison of results across periods. Both surveys were undertaken in accordance with the guiding principles set out in the document *Listen and Learn* issued by the Office of the Auditor General.

The survey of interested parties showed 46% of respondents were satisfied or very satisfied with the agency's activities in “helping to secure rights of access to natural gas pipelines”, compared with 64% last year. The decline in satisfaction levels appears to be related to the time taken to approve Access Arrangements, which appears to be a problem being experienced across Australia more generally. Further



details of responses from the survey are shown in Table 6, which also shows figures for 1999/2000.

The survey results show a generally high level of satisfaction (greater than 75%) with *OffGAR* in respect of the provision of adequate and quality information on gas access matters in Western Australia. Most respondents (greater than 70%) were either satisfied or neutral in regard to other performance criteria including responding to gas access issues appropriately, helping to promote national consistency in the facilitation of a national market for natural gas, helping promote competition in the industry, helping prevent abuse of monopoly power, and helping secure rights of access to natural gas pipelines. However, for these performance criteria, measures of satisfaction were lower than for the 1999/2000 period.

Timeliness

The survey of interested parties indicated that the proportion satisfied or very satisfied with the agency responding to issues in a timely manner was 15% compared to 43% last year. The proportion of respondents that were dissatisfied or very dissatisfied was 58%.

The survey also indicated that the problem seems to be a universal one among regulators and, comparatively, *OffGAR* is as timely or more timely than others. This is indicated by those respondents able to compare *OffGAR* with regulatory agencies elsewhere in Australia, fewer of which (30%) were dissatisfied or very dissatisfied with the agency's timeliness.

The expressed concern over the timeliness of the activities of the Regulator and *OffGAR* has been noted and procedures need to be addressed on an ongoing basis to respond to this concern. It is, however, relevant to note that there is increasing evidence around Australia that regulating access to infrastructure involves complex issues and that it is inappropriate to issue decisions without sufficient consideration and public consultation. Although this impacts on timeliness, there is a need to balance requirements and responses more effectively.

Table 6

RESPONSES TO SURVEY OF INTERESTED PARTIES

	Percentage that considered the criterion to be very important	Percentage satisfied or very satisfied with OffGAR's performance	Percentage that considered OffGAR's performance as very good relative to other regulators	Percentage satisfied or very satisfied with OffGAR's performance
The Office of Gas Access Regulation is:	2000/2001	2000/2001	2000/2001	1999/2000
Providing adequate information on gas access matters in W.A.	87%	78%	80%	84%
Providing quality information on gas access matters in W.A.	87%	81%	65%	74%
Responding to issues in a timely manner	86%	15%	24%	43%
Responding to gas access issues appropriately	97%	47%	43%	56%
Helping to promote national consistency to promote a national market for natural gas	53%	28%	24%	45%
Helping to promote competition in the industry	74%	38%	26%	52%
Helping to prevent abuse of monopoly power	86%	52%	40%	58%
Helping to secure rights of access to natural gas pipelines	86%	46%	50%	64%

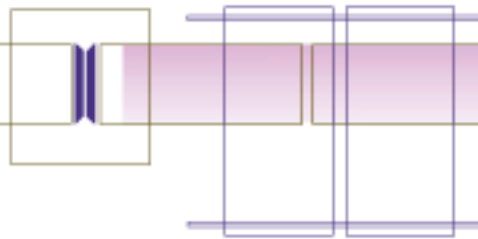
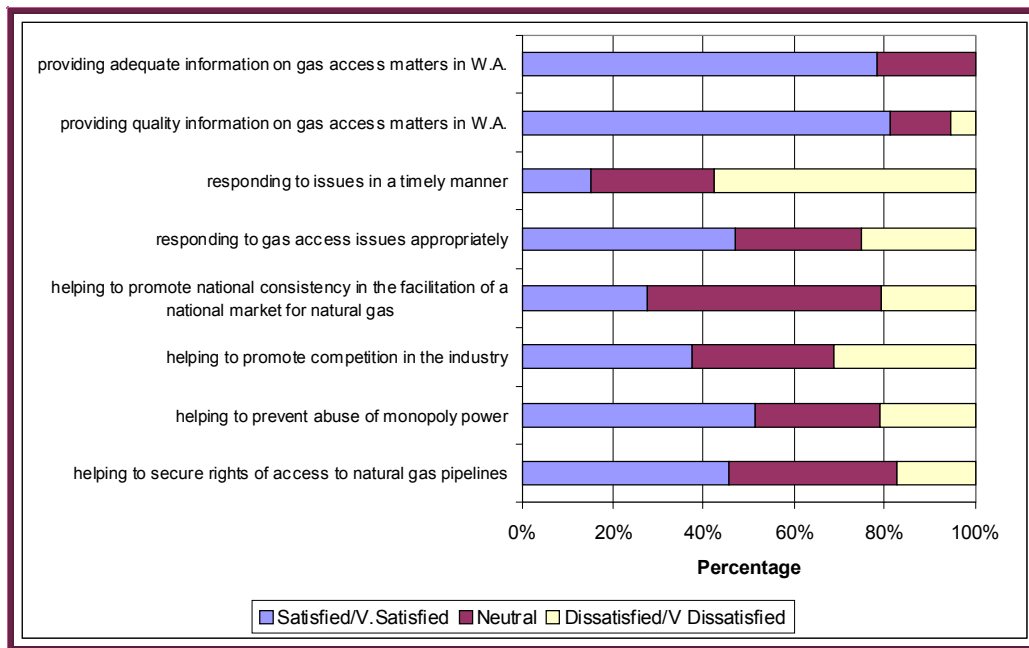


Figure 4

SURVEY OF INTERESTED PARTIES



Cost

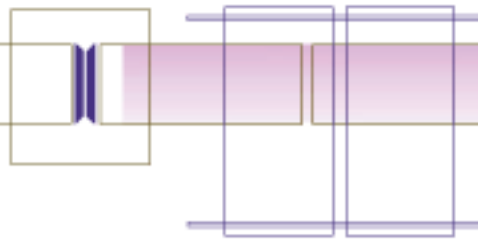
Two performance indicators for the cost of outputs are presented in Table 5. These are cost per equivalent Access Arrangement assessed (i.e. the average pipeline-specific (direct) cost per equivalent unit of Access Arrangement assessed) and cost per equivalent covered gas pipeline oversighted (i.e. the average overhead (indirect) cost of the Regulator and OffGAR for each Western Australian pipeline covered by the Code). The overhead costs and pipeline specific costs correspond to the costs invoiced to pipeline operators as standing charges and service charges, respectively, levied under the *Gas Pipelines Access (Western Australia) (Funding) Regulations 1999*.

PUBLICATIONS

The following publications were issued by the Office of Gas Access Regulation for the Regulator during the 2000/2001 year:

[Annual Report 1999/2000. \(1480 KB\)](#)

[Issues Paper - To Assist with Submissions on the Proposed Haulage Contract between AlintaGas Networks Pty Ltd and AlintaGas Sales Pty Ltd. \(66 KB\)](#)



[Decision on the Proposed Haulage Contract between AlintaGas Networks Pty Ltd and AlintaGas Sales Pty Ltd. \(228 KB\)](#)

[Draft Decision: Access Arrangement - Tubridgi Pipeline System. \(527 KB\)](#)

[Draft Decision: Access Arrangement - Goldfields Gas Pipeline. \(809 KB\)](#)

[Draft Decision: Access Arrangement - Dampier to Bunbury Natural Gas Pipeline. \(1397 KB\)](#)

[Final Decision: Waiver of Ring Fencing Obligations - Parmelia Pipeline. \(157 KB\)](#)

[Final Decision: Access Arrangement - Parmelia Pipeline. \(453 KB\)](#)

[Final Decision: Waiver of Ring Fencing Obligations - Tubridgi Pipeline System. \(185 KB\)](#)

[Final Approval: Mid-West and South-West Gas Distribution Systems. \(205 KB\)](#)

[Final Approval: Access Arrangement – Parmelia Pipeline. \(153 KB\)](#)

All publications have been placed on *OffGAR*'s web site and are available for downloading.

BOARDS AND COMMITTEES

The Regulator became a member of the National Gas Pipelines Advisory Committee (NGPAC) during the year.

The Executive Director, *OffGAR*, became a member of NGPAC's Working Group during the year.



KEY PERFORMANCE INDICATORS

STATEMENT OF CERTIFICATION

I hereby certify that the accompanying performance indicators are based on proper records and fairly represent the performance of the Western Australian Independent Gas Pipelines Access Regulator for the year ended 30 June 2001.



DR KEN MICHAEL AM CitWA
INDEPENDENT GAS PIPELINES ACCESS REGULATOR
CHIEF EXECUTIVE OFFICER, OFFICE OF GAS ACCESS REGULATION

31 August 2001



OPINION OF THE AUDITOR GENERAL

To the Parliament of Western Australia

WESTERN AUSTRALIAN INDEPENDENT GAS PIPELINES ACCESS REGULATOR PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2001

Scope

I have audited the key effectiveness and efficiency performance indicators of the Western Australian Independent Gas Pipelines Access Regulator for the year ended June 30, 2001 under the provisions of the *Financial Administration and Audit Act 1985*.

The Regulator is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Regulator's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Western Australian Independent Gas Pipelines Access Regulator are relevant and appropriate for assisting users to assess the Regulator's performance and fairly represent the indicated performance for the year ended June 30, 2001.



K O O'NEIL
ACTING AUDITOR GENERAL

November 23, 2001



INDICATORS FOR 2000/2001

Effectiveness

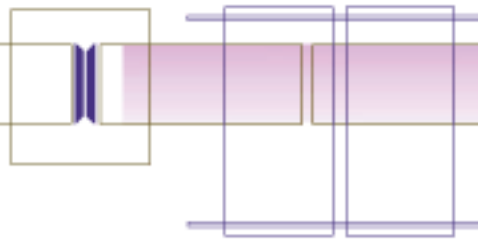
Desired outcome	Percentage of interested parties satisfied or very satisfied that consider the Agency has helped to:	Percentage 2000/01	Percentage 1999/00
To facilitate a national market for natural gas	Promote national consistency to assist the facilitation of a national market for natural gas	28%	44.6%
To prevent abuse of monopoly power	Prevent abuse of monopoly power	52%	58.1%
To promote competition	Promote competition	38%	51.9%
To provide rights of access to natural gas pipelines	Provide rights of access to natural gas pipelines	46%	64.2%

Efficiency

Output	Performance Indicator	Value	Value
		2000/01	1999/00
1. Approved Access Arrangements	Cost per equivalent Access Arrangement assessed	\$396,000 ¹	\$260,000
	Time per equivalent Access Arrangement assessed (months)	23.1 ²	14
2. Oversight of gas pipelines	Cost per equivalent covered gas pipeline oversighted	\$131,000 ³	\$112,000

Notes:

1. The cost increases over the previous year are the result of the slower than expected progress in assessing the Access Arrangements proposed by the operators of the covered pipelines.
2. Average estimated time until Access Arrangements are finally approved. Delays in issuing decisions for the Parmelia Pipeline, the Dampier to Bunbury Natural Gas Pipeline and Goldfields Gas Pipeline contributed to this outcome. Refer to note 1 above.
3. Average overhead (indirect) cost per covered pipeline. Overhead costs per covered pipeline increased primarily due to higher than anticipated workload.



NOTES ON KEY PERFORMANCE INDICATORS

The Regulator's Key Performance Indicators are taken from objectives set out in the enabling legislation, which is the *Gas Pipelines Access (Western Australia) Act 1998*. The Preamble to this legislation states:

“The Commonwealth, the States of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania, the Northern Territory and the Australian Capital Territory agreed in November 1997 to the enactment of legislation in the Commonwealth and those States and Territories so that a uniform national framework applies for third party access to all gas pipelines that —

- (a) facilitates the development and operation of a national market for natural gas; and
- (b) prevents abuse of monopoly power; and
- (c) promotes a competitive market for natural gas in which customers may choose suppliers, including producers, retailers and traders; and
- (d) provides rights of access to natural gas pipelines on conditions that are fair and reasonable for the owners and operators of gas transmission and distribution pipelines and persons wishing to use the services of those pipelines; and
- (e) provides for resolution of disputes.”

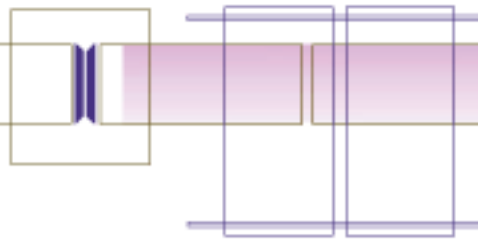
These objectives are set at a national level. However, gas pipelines in Western Australia do not currently extend beyond this State.

The desired outcomes for the Regulator were therefore determined to be as follows:

- to facilitate a national market for natural gas;
- to prevent abuse of monopoly power;
- to promote competition; and
- to provide rights of access to natural gas pipelines.

As the outputs of the Regulator are heterogeneous, wide ranging, varied and numerous and their composition subject to variation from year to year, they have been classified into two categories for the purposes of measuring key performance indicators. The categories of outputs that have been determined are the approval of Access Arrangements and the oversighting of gas pipelines located in Western Australia that are covered by the Code.

Output 1 includes all matters relating to the assessment or review of an Access Arrangement including approving competitive tender approaches for determining reference tariffs. Output 2 includes granting waivers of ring fencing obligations or



imposing additional ring fencing obligations, assessing and approving Associate Contracts and enforcement where breaches of the legislation arise. Other activities such as granting extensions of time for parties to meet specified time limits, undertaking public consultations and holding public forums on any relevant matter may be relevant to either output 1 or output 2.

The specific services provided by the Regulator during the reporting year are discussed more fully under the section “[Report on Operations](#)” of this report.

Effectiveness Indicators

The effectiveness indicators for each of the Regulator’s outputs are indicated by the percentage of interested parties that consider the Office of Gas Access Regulation has helped to:

1. promote national consistency to assist in the facilitation of a national market for natural gas;
2. prevent abuse of monopoly power;
3. promote competition; and
4. provide rights of access to natural gas pipelines.

For the purposes of determining the effectiveness of the Office of Gas Access Regulation in achieving the desired outcomes, a survey was undertaken sampling a representative number of interested parties on the regulatory process.

The total population comprises 241 interested persons registered with the Office of Gas Access Regulation, having expressed an interest in being kept informed on gas regulatory matters. However, many of the firms, companies and organisations registered have more than one person listed. In these circumstances only one person is surveyed to represent the views of the whole organisation. Taking into account the instances of multiple persons registered representing individual firms, companies or other organisations results in a total population of interested parties numbering 150, of which 44 were surveyed.

As a survey of the total population was undertaken in the 1999/2000 financial year, and to mitigate inconveniencing interested parties, the survey for the current financial year was confined to those located in Western Australia. A survey of the total population will be undertaken once every two years.

The following table provides additional information on responses to the survey instrument.

Effectiveness Indicator	Respondents	Response Rate	Standard Error Rate
1	29	27.6%	9.5%
2	33	51.5%	8.5%
3	32	37.5%	8.8%
4	35	45.7%	7.5%

Efficiency Indicators

The efficiency indicators for output 1 are the cost per equivalent Access Arrangement assessed and the time per equivalent Access Arrangement assessed.

The concept of equivalent units of output is used recognising that the approval of each Access Arrangement for every covered pipeline involves many months of work with the result that a considerable amount of partly completed work will remain at the end of a reporting period. Equivalent units of output measures both completed and partly completed work in terms of fully completed work. The equivalent units of output concept is also appropriate in the case of covered pipelines oversighted. This recognises that pipelines may be covered by the Code for part of the year only.

The efficiency indicator for output 2 is the cost per equivalent covered pipeline oversighted.

The cost per equivalent output is derived from the financial reporting system that generates the financial statements of this report.



FINANCIAL STATEMENTS

STATEMENT OF CERTIFICATION

I hereby certify that the accompanying financial statements of the Western Australian Independent Gas Pipelines Access Regulator have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the year ended 30 June 2001 and the financial position as at 30 June 2001.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



DR KEN MICHAEL AM CitWA
ACCOUNTABLE AUTHORITY

24 August 2001



GEOFF GILBERT
PRINCIPAL ACCOUNTING OFFICER

24 August 2001



OPINION OF THE AUDITOR GENERAL

To the Parliament of Western Australia

WESTERN AUSTRALIAN INDEPENDENT GAS PIPELINES ACCESS REGULATOR FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

Scope

I have audited the accounts and financial statements of the Western Australian Independent Gas Pipelines Access Regulator for the year ended June 30, 2001 under the provision of the *Financial Administration and Audit Act 1985*.

The Regulator is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Regulator.

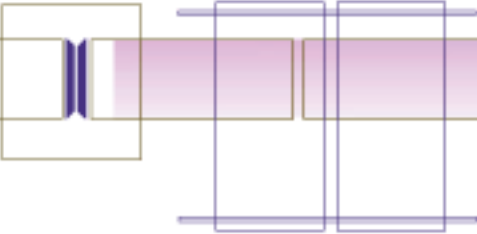
My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Regulator to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Regulator's financial position, the results of its operations and its cash flows.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the controls exercised by the Western Australian Independent Gas Pipelines Access Regulator provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in



accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions, the financial position of the Regulator at June 30, 2001 and the results of its operations and its cash flows for the year then ended.



K O O'NEIL
ACTING AUDITOR GENERAL
November 23, 2001

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2001

	Note	2000/01 \$'000	1999/00 \$'000
COST OF SERVICES			
Expenses from Ordinary Activities			
Salaries	2	601	421
Superannuation	3	39	28
Depreciation	4	33	24
Administration expenses	5	831	943
Accommodation expenses	6	63	63
Grants, subsidies and transfer payments	7	29	22
<i>Total Cost of Services</i>		1,596	1,501
Revenues from Ordinary Activities			
User charges, fees and recoups		1,742	314
Interest revenue		38	17
<i>Total Revenues from Ordinary Activities</i>	8	1,780	331
<i>Net Cost of Services</i>	24	(184)	1,170
REVENUES FROM GOVERNMENT			
Liabilities assumed by the Treasurer	9	39	28
Liabilities assumed by other agencies	10	1,515	0
Resources received free of charge	11	32	66
<i>Total Revenues from Government</i>		1,586	94
CHANGE IN NET ASSETS		1,770	(1,076)

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2001

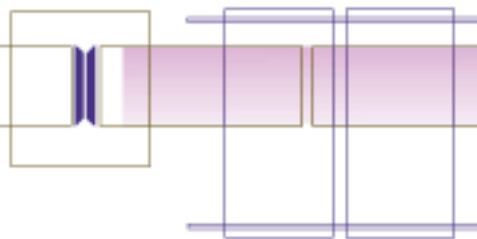
	Note	2000/01 \$'000	1999/00 \$'000
CURRENT ASSETS			
Cash assets	12	695	753
Receivables	13	78	63
Accrued income	14	328	0
Other assets	15	17	5
<i>Total Current Assets</i>		1,118	821
NON-CURRENT ASSETS			
Property, plant and equipment	16	69	79
<i>Total Non-Current Assets</i>		1,187	900
CURRENT LIABILITIES			
Payables	17	102	66
Other liabilities	18	20	12
Amounts due to the Treasurer	19	0	1,555
Provisions	20	72	30
<i>Total Current Liabilities</i>		194	1,663
NON-CURRENT LIABILITIES			
Provisions	20	0	14
<i>Total Non-Current Liabilities</i>		0	14
<i>Total Liabilities</i>		194	1,677
EQUITY			
Accumulated surplus	21	993	(777)
<i>Total Equity</i>		993	(777)
<i>Total Liabilities and Equity</i>		1,187	900

The Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
for the year ended 30 June 2001

	Note	2000/01 \$'000	1999/00 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee costs		(565)	(401)
Administration		(808)	(1,027)
Accommodation	6	(63)	(63)
Grants, subsidies & transfer payments	7	(29)	(22)
Receipts			
User charges, fees, recoups		1,418	286
Interest received		38	
<i>Net Cash used in Operating Activities</i>	24	(9)	(1,227)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets		(9)	(51)
<i>Net Cash used in Investing Activities</i>		(9)	(51)
CASH FLOWS FROM FINANCING ACTIVITIES			
Treasurer's Advance transferred to Arbitrator		(40)	0
Borrowings (Treasurer's Advance)		0	(1,555)
<i>Net Cash used in Financing Activities</i>		(40)	(1,555)
<i>Net Increase / (Decrease) in Cash Held</i>		(58)	277
<i>Cash Assets at the beginning of the Financial Year</i>		753	476
<i>Cash Assets at the end of the Financial Year</i>	25	695	753

The Statement of Cash Flows should be read in conjunction with the accompanying notes.



NOTES TO THE FINANCIAL STATEMENTS

30 June 2001

1 Statement of Accounting Policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year:

a) General

- i) The financial statements are prepared in accordance with the *Financial Administration and Audit Act 1985*.
- ii) Subject to the exceptions noted in these accounting policies, the financial statements have been drawn up on the basis of historical cost principles.
- iii) The accrual basis of accounting is being applied.
- iv) The financial statements constitute a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary the application, disclosure, format and wording. The *Financial Administration and Audit Act 1985* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

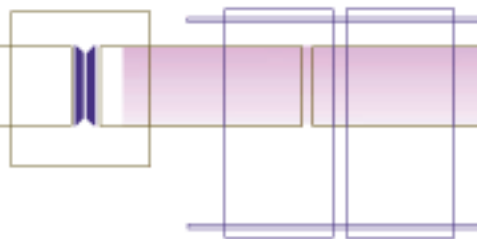
If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

b) Valuation of Non-Current Assets

Certain non-current assets may be revalued from time to time as disclosed in the financial statements. Any increments have been taken to assets revaluation reserve. Any decrements have been offset against previous increments (if any) charged against profits. Other assets are fixed at cost.

c) Leased Assets

The Authority has entered into a number of operating lease arrangements for office accommodation and vehicles where the lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the statement of financial performance over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.



NOTES TO THE FINANCIAL STATEMENTS (CONT.)

30 June 2001

d) Depreciation (and amortisation) of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is provided on the straight-line basis, using rates which are reviewed annually. Useful lives for each class of depreciable asset are:

Office Equipment	5 years
Computer Hardware	3 years

e) Employee Entitlements

i) Annual and Long Service Leave

This entitlement is recognised at current remuneration rates and is measured at the amount unpaid at the reporting date in respect to employees' service up to that date.

A liability for long service leave is recognised where an employee has completed four years of service. This method has been examined and found to be materially consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements".

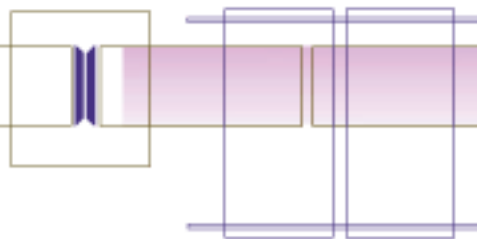
ii) Superannuation

Staff may contribute to the Superannuation and Family Benefits Act Scheme, a defined benefits pension scheme now closed to new members, or the Gold State Superannuation Scheme, a defined benefit and lump sum benefit scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*.

The liability for superannuation charges incurred under the Superannuation and Family Benefits Act pension scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, are provided for at reporting date.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and the West State Superannuation Scheme are extinguished by quarterly payment of employer contributions to the Government Employees Superannuation Board.

The note disclosure required by paragraph 51(e) of AAS 30 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Authority. Accordingly, deriving the



NOTES TO THE FINANCIAL STATEMENTS (CONT.)

30 June 2001

information for the Authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

f) Revenue

Revenue is received through the recoup of costs, standing charges, service charges and fees to pipeline owners (in accordance with the *Gas Pipelines Access (WA) (Funding) Regulations 1999*) and interest on account balances. Revenues are fully described in the operating statement.

g) Funding

Funding of the Authority for the year ended 30 June 2001 was provided through regulatory authority to recover the costs of operations from pipeline owners in Western Australia. Repayment of a Treasurer's Advance was facilitated through an administered appropriation to the Office of Energy, who extinguished the Treasurer's Advance on behalf of this Authority. This had previously been recognised as liabilities (Borrowings) in the Statement of Financial Position.

h) Receivables, Payables and Accrued Salaries

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exists and in any event where the debt is more than 90 days old.

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for the financial year does not coincide with the end of the financial year.

Payables, including accruals not yet billed, are recognised when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

i) Resources Received Free of Charge or For Nominal Value

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

j) Net Fair Values of Financial Assets and Liabilities

Net fair values of financial instruments are determined on the following bases:

- * Monetary financial assets and liabilities not traded in an organised financial market – cost basis carrying amounts of accounts receivable, accounts payable and accruals (which approximates net market value);
- * Fixed rate borrowings and leave liabilities – current risk adjusted market rates.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

30 June 2001

	2000/01 \$'000	1999/00 \$'000
2 Salaries		
Salaries, annual leave and long service leave paid	583	407
Change in annual leave entitlements	(40)	11
Change in long service leave entitlements	58	3
	601	421
3 Superannuation		
Total notional (assumed) expense for the year	39	28
Superannuation expense calculation is based on data and formulae provided by the Government Employees Superannuation Board.		
4 Depreciation		
Office equipment	13	10
Computer equipment	20	14
	33	24
5 Administration Expenses		
Operating lease rentals (motor vehicles)	9	11
Other expenses incurred during the year	790	866
Less resources received free of charge	32	66
	831	943
Administration expenses include travel, communication, services and contracts and asset maintenance costs.		
6 Accommodation Expenses		
Operating lease rentals and fittings	63	63
7 Grants, Subsidies and Transfer Payments		
Transfers to the Gas Disputes Arbitrator	29	22
8 User Charges, Fees, Recoups and Interest		
Recoup of operating costs, standing charges,		
Service charges and fees	1,740	312
Interest received on account balances	38	17
Contributions by Senior Officers to the		
Executive Vehicle Scheme	2	2
	1,780	331

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

30 June 2001

	2000/01 \$'000	1999/00 \$'000
9 Liabilities Assumed by the Treasurer		
Superannuation expense	39	28
10 Liabilities Assumed by Other Agencies		
Office of Energy - Treasurer's Advance liability extinguished	1,515	0
11 Resources Received Free of Charge		
Office of the Auditor General - audit services	4	4
Crown Solicitors Office - legal services	28	62
	32	66
Resources received free of charge has been determined on the basis of estimates provided by agencies.		
12 Cash Assets		
Operating account	695	753
13 Receivables		
Accounts receivable	78	63
The Authority does not have any significant exposure to any individual customer or counterpart. The carrying amount of Accounts Receivable approximates their net fair values.		
14 Accrued Income		
Accrued income	328	0
Accrued Income represents recoverable expenses incurred but not yet invoiced out at 30 June 2001. The carrying amount of Accrued Income approximates its net fair value.		
15 Other Assets		
Prepayments	17	5

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

30 June 2001

	2000/01 \$'000	1999/00 \$'000
16 Property, Plant and Equipment		
Office equipment		
at cost	55	54
accumulated depreciation	25	12
	30	42
Computer Hardware		
at cost	78	56
accumulated depreciation	39	19
	39	37
Total		
at cost	133	110
accumulated depreciation	64	31
	69	79

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

	Office Equipment \$,000	Computer Hardware \$,000	Total \$,000
2001			
Carrying amount at start of year	42	37	79
Additions	1	22	23
Disposals	0	0	0
Depreciation	(13)	(20)	(33)
Carrying amount at end of year	30	39	69

17 Payables

Amounts payable for goods and services received	102	66
---	-----	----

The carrying amount of Accounts Payable approximates their net fair values.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

30 June 2001

	2000/01 \$'000	1999/00 \$'000
18 Other Liabilities		
Accrued salaries owing for the 6 working days from 21 June to 30 June 2001 (2000: 6 working days).	20	12
<p>Accrued salaries are settled within a few working days of the financial year. The carrying amount of accrued salaries is equivalent to the net fair value.</p>		
19 Amounts due to the Treasurer		
Amounts repayable for Treasurer's Advance	0	1,555
<p>The carrying amount of the Treasurer's Advance is a cash amount and is therefore equivalent to the net fair value. An amount of \$40,000 was repaid during the year. The balance of \$1,515,000 was extinguished during the year through an administered transaction through the Office of Energy.</p>		
20 Provisions		
<u>Current Liabilities</u>		
Annual leave	43	30
Long service leave	29	0
	72	30
<u>Non-Current Liabilities</u>		
Long service leave	0	14
Total Employee Entitlements	72	44
<p>The carrying amount of Employee Entitlements is equivalent to the net fair value.</p>		
21 Accumulated Surplus		
Opening balance	(777)	300
Change in the net assets	1,770	(1,077)
Closing balance	993	(777)
<p>Equity represents the residual interest in the net assets of the Authority. The Government holds the equity interest in the Authority on behalf of the community.</p>		

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

30 June 2001

	2000/01 \$'000	1999/00 \$'000
22 Lease Commitments		
At balance date, the Authority had the following operating lease commitments:		
Not later than one year	55	67
Later than one year and not later than two years	0	59
Later than two years and not later than five years	0	0
Later than five years	0	0
	55	126

23 Remuneration and Retirement Benefits of Senior Officers of the Accountable Authority

The number of Senior Officers whose total of fees, salaries and other benefits received, or due and receivable, for the financial year, who fall within the following bands is:

	Number of Senior Officers	
	2000/01	1999/00
90,000 - 100,000	1	1
120,000 - 130,000	1	1
	\$'000	\$'000
The total remuneration of Senior Officers of the Accountable Authority is:	218	213

Retirement Benefits of Senior Officers

The following amounts in respect of retirement benefits for senior officers became payable for the financial year:

Notional contributions to Gold and West State Superannuation Scheme:	13	10
--	----	----

No senior officers are members of the Superannuation and Family Benefits Act Scheme.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

30 June 2001

	2000/01 \$'000	1999/00 \$'000
24 Reconciliation of Net Cash used in Operating Activities to Net Cost of Services		
Net cash used in operating activities	(9)	(1,227)
Decrease/(Increase) in employee entitlement	(28)	(15)
Decrease/(Increase) in accounts payable	(23)	145
Decrease/(Increase) in accrued salaries	(8)	(5)
Depreciation	(33)	(24)
Increase/(Decrease) in accounts receivable	16	45
Increase/(Decrease) in other current assets	12	5
Increase/(Decrease) in accrued income	328	0
Resources received free of charge	(32)	(66)
Superannuation (liabilities assumed by the Treasurer)	(39)	(28)
Net cost of services	184	(1,170)

For the purposes of the Statement of Cash Flows, cash has been deemed to include cash on hand, Trust Fund balances and amounts held in suspense.

25 Reconciliation of Cash

Cash resources	695	753
----------------	------------	------------

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments. Cash at the beginning of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

30 June 2001

2000/01 1999/00
\$'000 \$'000

26 Additional Financial Instruments Disclosures

a) Interest Rate Risk Exposure

The Authority's exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments are:

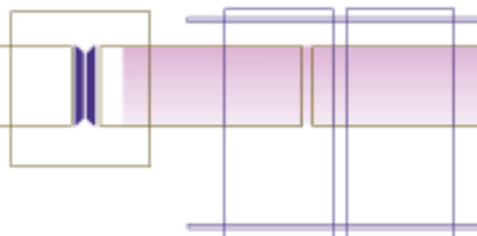
	2001				2000			
	Weighted average effective interest rate %	Floating interest rate \$'000	Non interest bearing \$'000	Total \$'000	Weighted average effective interest rate %	Floating interest rate \$'000	Non interest bearing \$'000	Total \$'000
<u>Assets</u>								
Cash resources	5.63	695	0	695	5.85	753	0	753
Accounts receivable	N/A	0	78	78	N/A		63	63
Accrued income	N/A	0	328	328	N/A		0	0
Other current assets	N/A	0	17	17	N/A		5	5
Total Financial Assets		695	423	1118		753	68	821
<u>Liabilities</u>								
Accounts payable	N/A	0	102	102	N/A		66	66
Accrued salaries	N/A	0	20	20	N/A		12	12
Employee entitlements	N/A	0	72	72	N/A		44	44
Treasurer's Advance	N/A	0	0	0	N/A		1,555	1,555
Total Financial Liabilities		0	194	194			1,677	1,677
Net Financial Assets		<u>695</u>	<u>229</u>	<u>924</u>		<u>753</u>	<u>(1,609)</u>	<u>(856)</u>

b) Credit Risk

All financial assets are unsecured. Amounts owing by other government agencies are guaranteed and therefore no credit risk exists in respect of those amounts. In respect of other financial assets the carrying amounts represent the Authority's maximum exposure to credit risk in relation to those assets.

c) Net Fair Value of Financial Instruments

The carrying amounts of cash at bank, accounts receivable, accrued salaries and employee entitlements are considered to reflect their net fair value.



NOTES TO THE FINANCIAL STATEMENTS (CONT.)

30 June 2001

2000/01	1999/00
\$'000	\$'000

27 Contingent Liabilities

The Authority has no contingent liabilities as at 30 June 2001.

28 Events Occurring After Reporting Date

The Authority is unaware of any event occurring after reporting date that would materially affect the financial statements.

29 Segment Information

The Authority operates within a single industry segment, being the Energy sector in Western Australia.



CONTACT DETAILS

Independent Gas Pipelines Access Regulator

can be contacted through:

Office of Gas Access Regulation
Level 6, Governor Stirling Tower
197 St George's Terrace
PERTH WA 6000

Postal address:

GPO Box 8469
PERTH BUSINESS CENTRE WA 6849

Telephone:

National (08) 9213 1900
International +61 8 9213 1900

Facsimile:

National (08) 9213 1999
International +61 8 9213 1999

Email:

enquiry@offgar.wa.gov.au

Website:

<http://www.offgar.wa.gov.au/>