

Western Australian Gas Disputes Arbitrator

Annual Report
2003

Excellence in Arbitration



Arbitrator

AGENCY SNAPSHOT

2003

This report describes the functions and operations of the Gas Disputes Arbitrator (the Arbitrator) and the Office of Gas Access Regulation (*OffGAR*) for the financial year ended 30 June 2003.

The Office of Gas Access Regulation provides support to the Arbitrator.

The report can also be viewed online at the *OffGAR* website:

www.offgar.wa.gov.au

**The Hon Eric Ripper BA, Dip Ed, MLA
Treasurer of Western Australia**

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 2003 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.



LAURIE JAMES

GAS DISPUTES ARBITRATOR
29 August 2003

Contact Details

The Office of Gas Access Regulation is located at:

Level 6
Governor Stirling Tower
197 St George's Terrace
Perth WA 6000

Postal address:
GPO Box 8469
Perth Business Centre
WA 6849

Phone: (08) 9213 1900
Fax: (08) 9213 1999
Email: enquiry@offgar.wa.gov.au
Website: www.offgar.wa.gov.au

CONTENTS

2003

Agency Overview	4	Financial Statements	30
Highlights	5	Terminology and Abbreviations	43
The Arbitrator's Overview	6	Terminology	43
Achievements	7	Abbreviations	43
Issues and Trends	9		
Planned Achievements	9		
Actual Achievements	9		
Outputs and Outcomes	10		
Financial Achievements	10		
Methods of Achievement	10		
The Challenge Ahead	11		
Report on Operations	12		
Performance Measures	12		
Governance	23		
Enabling Legislation	23		
Organisational Arrangements	24		
Funding	28		
Compliance	29		
Publications	29		
Boards and Committees	29		

AGENCY OVERVIEW

2003

Purpose

The office of the Western Australian Gas Disputes Arbitrator (the Arbitrator) is established under nationally consistent legislation to provide for the resolution of disputes between providers of gas pipeline services and prospective users of gas pipelines.

The Arbitrator also has a role as Gas Referee under transitional State legislation.

In addition, the Arbitrator provides administrative support to the Western Australian Gas Review Board that has responsibility for reviewing specified decisions by the Treasurer, the Western Australian Independent Gas Pipelines Access Regulator, or the Coordinator of Energy.

Mission

The mission of the Arbitrator is to promote free and fair trade in gas by seeking the effective and efficient resolution of disputes, and the provision for reviews of decisions on access to pipelines wholly located in Western Australia, at the lowest practical regulatory cost.

Objectives

The Arbitrator's principal objectives are to:

- promote a competitive market for natural gas in which customers may choose suppliers, including producers, retailers and traders;
- prevent abuse of monopoly power;
- provide 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;
- provide for resolution of disputes; and
- facilitate the development and operation of a national market for natural gas.

Vision

The Arbitrator's vision is to achieve a vigorously competitive natural gas market in Western Australia with minimal regulatory oversight.

Clients

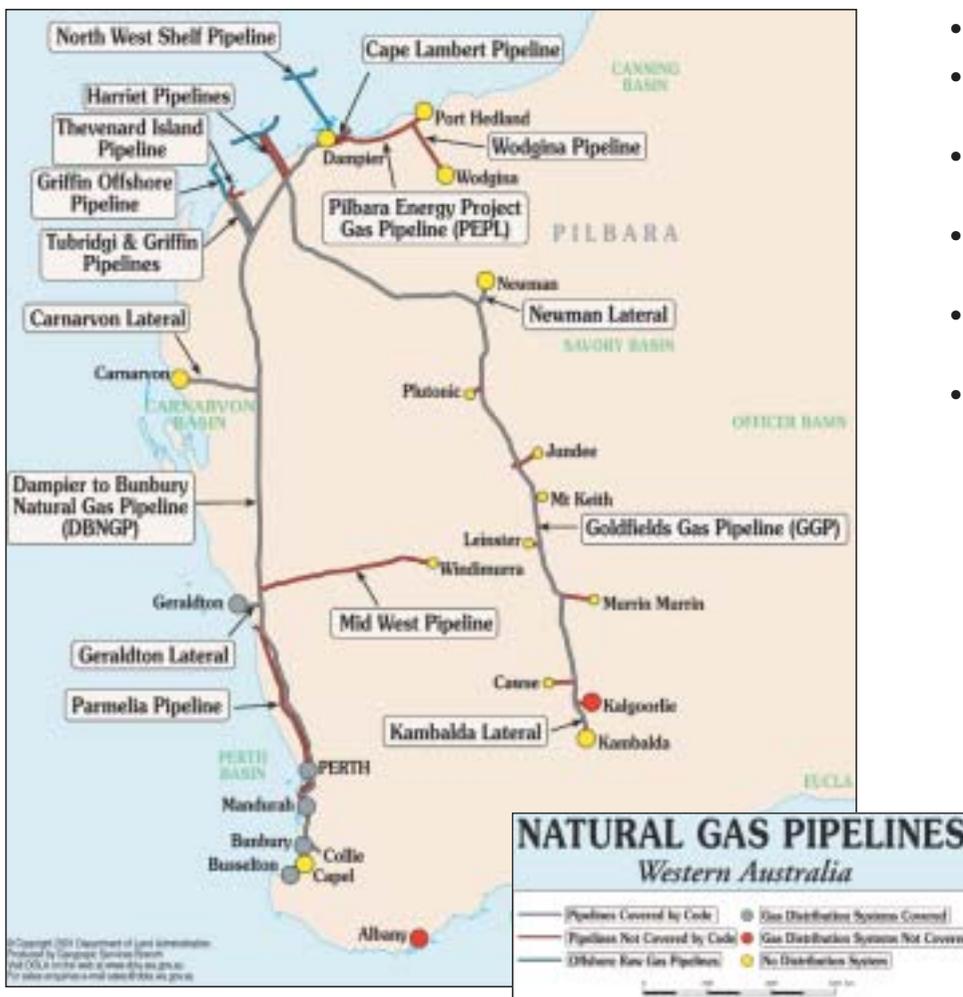
The clients of the Arbitrator are gas pipeline owners, pipeline users, consumers of gas and other interested parties.

Support

The Arbitrator does not employ staff. However, the Arbitrator may, by agreement, make use of Government staff and has made use of services provided by the Office of Gas Access Regulation (*OffGAR*), headed by the Regulator.

HIGHLIGHTS

2003



- No disputes were referred to the Arbitrator.
- A dispute between Western Power and Epic Energy was referred to the Arbitrator in his capacity as Gas Referee.
- One application for review was lodged, but was withdrawn before the Gas Review Board was established.
- Panels of legal practitioners and experts, from which members of the Gas Review Board are selected, remained in place.
- Legislation was introduced in Parliament on 4 December 2002, for the establishment of an Economic Regulation Authority.
- Mr James was reappointed as the Gas Disputes Arbitrator on 15 April 2003.

THE ARBITRATOR'S OVERVIEW

2003



My activities have again been largely confined to ensuring that procedures are in place to address disputes that fall within the jurisdiction of the Arbitrator and that services are available to the Gas Review Board in the event of a review of any decision under the National Third Party Access Code for Natural Gas Pipeline Systems (the Code).

Under the Code, I may be called upon to adjudicate as to the terms, conditions and/or charges that should apply when there is a dispute between someone who wishes to have access to a gas pipeline and the owner or operator of that pipeline. There are currently two approved Access Arrangements in place, namely for the Mid-West and South-West Gas Distribution Systems and the Tubridgi Pipeline System.

There were no disputes referred to me during the year in my capacity as Gas Disputes Arbitrator, although one dispute was referred to me in my capacity as Gas Referee. This dispute, between Western Power and Epic Energy was adjourned *sine die* at the request of both parties, in June 2003, in order to provide the parties with an opportunity to reach an agreed commercial settlement.

One application for review was lodged during the year, but this was withdrawn before the Gas Review Board was established.

To have had no actual disputes or reviews of decisions during the year is a desirable outcome as the gas access regime seeks to minimise such arbitrations and reviews.

Where an application for review of a decision arises, I am required to provide staff and support to the Board so that it may undertake its review. The Board, which is only established when required, operates as a tribunal chaired by a legal practitioner, and includes two persons from a panel of experts as members. The Governor has appointed panels of legal practitioners and experts from which the Board is drawn.

Finally, I would like to express my appreciation for the support that I have received from the Office of Gas Access Regulation and the Office of Energy.

A handwritten signature in dark ink, appearing to read 'L. James'.

LAURIE JAMES
GAS DISPUTES ARBITRATOR

ACHIEVEMENTS

2003

Achievements

There were no actual disputes or reviews of decisions during the year. This is a desirable outcome as the gas access regime seeks to minimise the need for arbitration and reviews of decisions. The Arbitrator's role for the year was therefore confined to ensuring that procedures were in place to address disputes that fall within the jurisdiction of the Arbitrator and reviews of decisions by the Gas Review Board.

Indicators

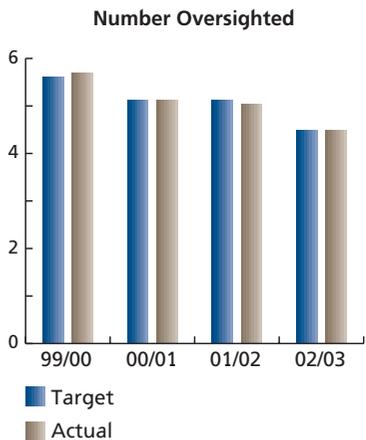
The Arbitrator has three outputs. These are the resolution of disputes, the provision of administrative services to the Gas Review Board, and the ability to address any matters relating to the Arbitrator's functions. In the time since the office of the Arbitrator was established, in 1999, there have been no disputes and the Board has only been called upon to review two decisions. These two reviews were conducted concurrently. Therefore, the only output for which comparative data is available is that for the Arbitrator's oversighting role.

In order to enable meaningful comparisons to be made between years, the concept of a standard \$500 million pipeline is used. This means that if two pipelines are oversighted for the duration of one year, with each pipeline being valued at \$250 million, then this would be reported as the equivalent of one standard pipeline having been oversighted for the year.

ACHIEVEMENTS (continued)

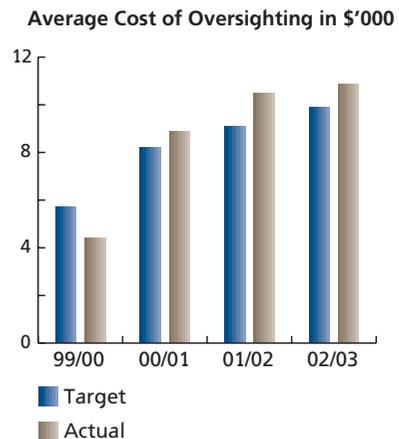
2003

Number of Regulated Pipelines Oversighted



The number of equivalent standard \$500 million pipelines overlooked has decreased slightly from 5.1 in 2001/02, to 4.5 in 2002/03 following the revocation of the Parmelia Pipeline on 1 April 2002. The Parmelia Pipeline ceased to be a regulated pipeline from that date.

Average Cost



The average cost of overlooking an equivalent standard \$500 million pipeline has increased marginally from \$10,500 in 2001/02, to \$10,900 in 2002/03.

While total expenditure decreased from \$53,000 in 2001/02, to \$49,000 in 2002/03, the number of covered pipelines also decreased resulting in the small increase in unit costs.

ISSUES AND TRENDS

2003

The main function of the Arbitrator is to hear and determine disputes between prospective users of regulated gas pipelines, and owners or operators of those pipelines, in relation to the terms and conditions for gas transportation services.

The role of the Arbitrator is part of a broader regulatory regime established under the *Gas Pipelines Access (Western Australia) Act 1998* (the Act) that also establishes the office of the Western Australian Independent Gas Pipelines Access Regulator.

The purpose of this regulatory regime is to ensure that the owners, or operators, of pipelines covered by the *National Third Party Access Code for Natural Gas Pipeline Systems* (the Code) provide gas transportation services on terms and conditions and at prices that are fair and reasonable.

Successful regulation ensures 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 Arbitrator also has the role of providing staff, services and support to meet the requirements of the Gas Review Board which functions as an appeals body under the Code and has a review function under the *Energy Coordination Act 1994*.

In addition, the Act provides for the Arbitrator to undertake functions relating to access and pricing in the transitional role of Gas Referee under regulations under Section 51 of the *Dampier to Bunbury Pipeline Act 1997*.

Information relating to the services of the Arbitrator is maintained on the Office of Gas Access Regulation web site www.offgar.wa.gov.au.

PLANNED ACHIEVEMENTS

The main challenge for the Arbitrator this year was to maintain a high state of readiness in the event that a dispute was lodged for arbitration or a review of a decision was sought.

In either event, administrative procedures need to be in place to deal with these matters, in the shortest possible time, consistent with a high degree of cost efficiency.

Administrative procedures are reviewed on an ongoing basis and improvements are made, including updating information on services through the OffGAR website.

ACTUAL ACHIEVEMENTS

The Arbitrator is only called upon if and when a matter requiring attention is raised. While there were no disputes referred to the Arbitrator during the year under the provisions of the Code, one dispute was referred to the Arbitrator under the provisions of the Gas Referee Regulations.

This dispute was adjourned *sine die* at the request of the parties in June 2003 in order to provide them with an opportunity to reach an agreed commercial settlement.

The Arbitrator's principal role during the reporting year was therefore mainly confined to ensuring that procedures were in place to address matters that fall within the jurisdiction of the Arbitrator.

ISSUES AND TRENDS (continued)

2003

OUTPUTS AND OUTCOMES

The desired outcomes for the Arbitrator are the effective and efficient:

- resolution of disputes;
- provision of administrative services to the Gas Review Board for the review of decisions; and
- ability to address any matters relating to the Arbitrator's functions for pipelines oversighted by the Arbitrator.

The outputs for the Arbitrator are arbitration of disputes, reviews by the Gas Review Board of specified decisions, and the oversighting of pipelines covered by the Code. The disputes to be arbitrated, if any, are between prospective users of gas pipeline services and gas pipeline service providers. The reviews of decisions by the Gas Review Board are of specified decisions made by the Treasurer, the Regulator or the Coordinator of Energy.

The effectiveness of adequate resolution of disputes, the review of decisions and the oversighting of pipelines can be assessed by reference to surveys of interested parties.

While there were no arbitrations or reviews of decisions during the reporting year, the Arbitrator maintained a readiness to address any matters in respect of the 4.5 equivalent standard pipelines oversighted by the Arbitrator.

Pipelines are measured in terms of their capital value, which for a standard pipeline is \$500 million. The weighting process used also takes into account the level of service estimated to be provided to the regulated pipelines.

The concept of equivalent units of output is used to include both completed and partly completed work. The use of equivalent units of measurement also recognises that pipelines may be regulated for only part of the year.

The Arbitrator's cost of oversighting a standard \$500 million gas pipeline in the reporting year was \$10,900 compared to \$10,500 in the 2001/02 financial year.

FINANCIAL ACHIEVEMENTS

The total cost of services of the Arbitrator in 2002/03 was \$49,000, which includes the Arbitrator's remuneration, engagement of consultants/contractors and other modest costs associated with office administration. This compares to total cost of services of \$53,000 in 2001/02.

The Treasurer approves estimates of the Arbitrator each financial year and, although this sets the limit to which the Arbitrator can incur expenditure in the year, this does not necessarily reflect the level to which he can actually expend funds.

By regulation, the Arbitrator is able to recoup operating expenses from pipeline operators in Western Australia and seeks to break even each year. In the 2002/03 financial year, the net cost of services resulted in a deficit of \$3,000 after adding resources received free of charge from Government.

Full details of the operations of the Arbitrator are disclosed in the 2002/03 Financial Statements included as part of this report.

METHODS OF ACHIEVEMENT

With the functions of the Arbitrator being very specific, the methods used in performing these functions are substantially prescribed in the legislation. In particular, the arbitration function is carried out in accordance with good industry practice with the Arbitrator being very experienced in this field. Likewise, the review function of the Gas Review Board is carried out in accordance with normal court procedures, as provided for by the legislation.

ISSUES AND TRENDS (continued)

2003

The *OffGAR* web site www.offgar.wa.gov.au provides information on the processes involved and makes provision for the publication of information.

THE CHALLENGE AHEAD

The main challenge for the Arbitrator is to maintain a high state of readiness in the event that a dispute is lodged for arbitration or a review of a decision is sought.

In either event, administrative procedures need to be in place to deal with these matters in the shortest possible time consistent with a high degree of cost efficiency.

Administrative procedures are reviewed on an ongoing basis and improvements are made including updating information on services through the *OffGAR* web site www.offgar.wa.gov.au.

REPORT ON OPERATIONS

2003

In the time since the office of the Arbitrator was established in 1999, no disputes have been lodged for arbitration and only two decisions have been subject to review. Details of the decisions that were reviewed by the Gas Review Board, in December 2000, are presented in the Arbitrator's Annual Report for the year ending 30 June 2001.

The activities of the Arbitrator have therefore been largely confined to ensuring that procedures are in place to address matters that fall within his jurisdiction.

Covered Pipelines

The Arbitrator's functions relate to natural gas pipelines that are wholly located in Western Australia and that are regulated by the Code. At 30 June 2003 there were 5 covered pipelines in Western Australia as follows:

- Mid-West and South-West Gas Distribution Systems;
- Dampier to Bunbury Natural Gas Pipeline;
- Goldfields Gas Pipeline;
- Tubridgi Pipeline System; and
- Kalgoorlie to Kambalda Pipeline.

PERFORMANCE MEASURES

Treasurer's Instruction 904 requires information to be provided on the quantity, quality, timeliness and cost of the Arbitrator's outputs. The Arbitrator has three outputs:

- resolution of disputes;
- provision of administrative services to the Gas Review Board for the review of decisions; and
- ability to address any matters relating to the Arbitrator's functions for pipelines oversighted by the Arbitrator.

Pipelines oversighted by the Arbitrator are measured in terms of equivalent standard pipelines.

Equivalent Standard Pipelines

The need to adopt equivalent standard units of measurement arises because:

- the composition of pipelines under regulation varies from one year to the next; and
- the capital value of pipelines can vary from tens of millions of dollars to several billion dollars.

To achieve consistency over time, it has also been found necessary to adopt the concept of a standard \$500 million pipeline. This means that two pipelines, each valued at \$250 million would be reported as the equivalent of one standard \$500 million pipeline. The value of \$500 million is close to the current average value of the pipelines under regulation.

REPORT ON OPERATIONS (continued)

2003

Quantity

There were no applications for arbitration under the Code this year. The only application received by the Arbitrator during the reporting year was in his capacity as Gas Referee. This application was adjourned *sine die* at the request of the parties, in June 2003 in order to provide them with an opportunity to reach an agreed commercial settlement.

To have no arbitrations or disputes is a desired outcome, as the gas access regime seeks to minimise the need for these. The Arbitrator's only output for the year therefore is the oversighting of the equivalent of 4.5 standard \$500 million pipelines.

	2002/03		2001/02	
	Target	Actual	Target	Actual
Number of disputes resolved.	0	0	0	0
Number of reviews undertaken by the Gas Review Board.	0	0	0	0
Number of equivalent standard ⁽¹⁾ covered pipelines oversighted.	4.5	4.5	5.1	5.1

⁽¹⁾A standard pipeline is defined as one having a capital base value of \$500 million.

REPORT ON OPERATIONS (continued)

2003

Quality

This is measured by the proportion of clients that are satisfied/very satisfied with the arbitration or review processes implemented.

As there were no arbitration proceedings and no reviews by the Gas Review Board during the reporting year, it is not possible to establish a quality measure for the Arbitrator's outputs in this year.

	QUALITY			
	2002/03		2001/02	
	Target	Actual	Target	Actual
Proportion of interested parties satisfied or very satisfied with the arbitration or review processes implemented.	75%	n/a	75%	n/a
n/a: not applicable as there were no arbitrations or reviews.				

REPORT ON OPERATIONS (continued)

2003

Timeliness

As the amount of time required to undertake arbitrations and reviews of decisions varies considerably, depending on the complexity of the issues involved, it is not currently possible to establish benchmarks such as standard times.

The timeliness of the Arbitrator's support is therefore established through interviews with representatives of the parties to the disputes or reviews.

As there have not been any arbitrations or reviews during the reporting year, it is not possible to establish a timeliness measure for the Arbitrator's outputs.

TIMELINESS

	2002/03		2001/02	
	Target	Actual	Target	Actual
Proportion of representatives of the parties to disputes or reviews satisfied or very satisfied with the timeliness of the respective administrative processes.	75%	n/a	75%	n/a

n/a: not applicable as there were no arbitrations or reviews.

REPORT ON OPERATIONS (continued)

2003

Cost

Three performance indicators are defined for the cost of outputs. These are the average cost per arbitration, the average cost per review and the average cost per equivalent standard pipeline oversighted.

During the reporting year, the Arbitrator incurred costs only in relation to the oversighting of regulated pipelines.

The actual cost per equivalent standard pipeline oversighted was \$10,900 compared to a target of \$9,900.

There were no disputes to be arbitrated and no reviews of decisions referred to the Gas Review Board. Actual and target costs for these are shown as zero which is the desired outcome.

	COST			
	2002/03		2001/02	
	Target	Actual	Target	Actual
Average cost ⁽¹⁾ per arbitration determined by the Arbitrator.	\$0	\$0	\$0	\$0
Average cost ⁽¹⁾ per review determined by the Gas Review Board.	\$0	\$0	\$0	\$0
Average cost ⁽¹⁾ per equivalent standard pipeline oversighted.	\$9,900	\$10,900	\$9,100	\$10,500

⁽¹⁾Financial figures are based on actual expenditure for the reporting period.

REPORT ON OPERATIONS (continued)

2003

Key Performance Indicators for 2002/03**Statement of Certification**

I hereby certify that the accompanying performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Western Australian Gas Disputes Arbitrator and fairly represent the performance of the Western Australian Gas Disputes Arbitrator for the year ended 30 June 2003.



LAURIE JAMES
GAS DISPUTES ARBITRATOR
29 August 2003

REPORT ON OPERATIONS (continued)

2003

Independent Audit Opinion

To the Parliament of Western Australia

WESTERN AUSTRALIAN GAS DISPUTES ARBITRATOR**PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2003****Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of the Western Australian Gas Disputes Arbitrator are relevant and appropriate to help users assess the Arbitrator's performance and fairly represent the indicated performance for the year ended 30 June 2003.

Scope***The Arbitrator's Role***

The Arbitrator is responsible for developing and maintaining proper records and systems for preparing performance indicators. The performance indicators consist of key indicators of effectiveness and efficiency.

Summary of my Role

As required by the *Financial Administration and Audit Act 1985*, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence. An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.



D D R PEARSON
AUDITOR GENERAL
31 October 2003

4th Floor Dumas House 2 Havelock Street
West Perth 6005 Western Australia
Tel: 08 9222 7500 Fax: 08 9322 5664

REPORT ON OPERATIONS (continued)

2003

Indicators for 2002/03

The Arbitrator's key performance indicators derive from the objectives set by the enabling legislation, 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 both service providers and users; and

(e) provides for resolution of disputes."

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

The desired outcomes for the Arbitrator are the effective and efficient:

- resolution of disputes;
- provision of administrative services to the Gas Review Board for the review of decisions; and
- ability to address any matters relating to the Arbitrator's functions for pipelines oversighted by the Arbitrator.

Effectiveness

The effectiveness indicators for the Arbitrator's outcomes are indicated by the percentage of those involved in arbitrations or reviews of decisions that are satisfied or very satisfied in the way the Arbitrator has helped to:

- provide for the resolution of disputes;
- provide administrative services to the Gas Review Board for the review of decisions; and
- provide rights of access to gas pipelines.

For the purposes of determining the effectiveness of the Arbitrator in achieving the desired outcomes, a survey of those involved in arbitrations or reviews of decisions would be undertaken. As there were no arbitrations or reviews during the year, no measure of the Arbitrator's effectiveness is available.

REPORT ON OPERATIONS (continued)

2003

Desired outcome	Effectiveness		
	Percentage of interested parties satisfied or very satisfied with:	Percentage 2002/03	Percentage 2001/02
To provide for the resolution of disputes.	The administration of arbitration processes.	n/a	n/a
To provide administrative services to the Gas Review Board for the review of decisions.	The administration of review processes.	n/a	n/a
To provide rights of access to gas pipelines on conditions that are fair and reasonable for pipeline service providers and users of pipeline services.	The Arbitrator's ability to address matters for pipelines oversight.	n/a	n/a

n/a: not applicable as there were no arbitrations or disputes.

REPORT ON OPERATIONS (continued)

2003

Efficiency

The efficiency indicators for the Arbitrator are:

- Output 1: Average cost per dispute.
- Output 2: Average cost per review.
- Output 3: Average cost per equivalent standard pipeline oversighted.

As there were no disputes to arbitrate or decisions to review in the 2002/03 financial year, the average cost per dispute is zero. The average cost per dispute was also zero in 2001/02.

The cost per equivalent standard pipeline oversighted for the 2002/03 financial year, which is that necessary to ensure that procedures are in place to address matters that fall within the jurisdiction of the Arbitrator, was \$10,900 compared with \$10,500 in the previous financial year.

Efficiency			
Output	Performance Indicator	2002/03	2001/02
Arbitration of disputes.	Average cost per dispute.	\$0 (no disputes)	\$0 (no disputes)
Review of decisions.	Average cost per review.	\$0 (no reviews)	\$0 (no reviews)
Oversighting of gas pipelines regulated by the Code.	Average cost per equivalent standard pipeline oversighted.	\$10,900	\$10,500

REPORT ON OPERATIONS (continued)

Equivalent Standard Units of Output

The concept of a standard pipeline is used to allow for the fact that the size, value and complexity of pipelines varies from one to another. For example, the demands placed on the Arbitrator by several smaller pipelines in one year may be equivalent to those of a single larger pipeline in another year. To ensure that the units of measurement are reasonably consistent from one year to the next, a standard pipeline has been defined as one having a capital base value of \$500 million. The value of \$500 million is close to the current average value of the pipelines under regulation.

While the capital base value of a pipeline is an indicator of the likely demands that will be placed on the Arbitrator by that pipeline, it is important to recognise that the relationship between value and the demands placed on the Arbitrator will not be directly proportional.

Precisely the same issue arises in relation to the Arbitrator's recovery of core function costs (eg overheads including the Arbitrator's remuneration) from providers of regulated pipeline services. In that case, a non-linear relationship has been established between the capital base value and the amount to be recovered from each provider of regulated

pipeline services that takes into account, as much as reasonably possible, the level of service expected to be provided to each regulated pipeline. This non-linear relationship is used to determine the proportion of core function costs to be contributed by each provider of regulated pipeline services. The resulting proportions are prescribed for each provider in the *Gas Pipelines Access (Western Australia) (Funding) Regulations 1999*.

The actual proportions given in the Funding Regulations are presented in the table below.

Pipeline	Percentage
AlintaGas Networks Pty Ltd	23.39%
Epic Energy (WA) Transmission Pty Ltd	49.90%
Goldfields Gas Transmission	20.66%
Sagasco SE Inc	3.30%
Southern Cross Pipelines Pty Ltd	2.75%

Gas Review Board Proceedings

There were no proceedings before the Gas Review Board in the reporting year.

GOVERNANCE

2003

ENABLING LEGISLATION

The office of the Gas Disputes Arbitrator (the Arbitrator) is established under Section 62 of the *Gas Pipelines Access (Western Australia) Act 1998* (the Act).

The activities of the Arbitrator fall within a national regulatory framework that ensures consistency in regulation across all Australian jurisdictions. The national regulatory framework is established by uniform legislation enacted by Australian governments and referred to as the Gas Pipelines Access Law (included as schedules 1 and 2 of the Act).

The National Third Party Access Code for Natural Gas Pipeline Systems (the Code), which is schedule 2 of the Act, establishes the regulatory regime. Section 6 of the Code specifies many of the functions of the Arbitrator.

Section 75 of the Act specifies that the Arbitrator is independent of direction or control by the Crown, or any Minister or officer of the Crown, in the performance of the Arbitrator's functions.

The Minister can only direct the Arbitrator in respect of general policies to be followed by the Arbitrator in matters of administration, including financial administration, and may not constrain the Arbitrator with respect to the performance of the Arbitrator's functions.

The Act also provides for the Arbitrator to undertake functions (relating to access and pricing) in the transitional role of Gas Referee through regulations made under Section 100 of the *Gas Corporation Act 1994* and Section 51 of the *Dampier to Bunbury Pipeline Act 1997*.

The Arbitrator's transitional role of Gas Referee under Section 100 of the *Gas Corporation Act 1994* ceased on 18 July 2000 when the Western Australian Independent Gas Pipelines Access Regulator approved the Access Arrangement for the AlintaGas Mid-West and South-West Gas Distribution Systems.

Section 50(1) of the Act establishes the Gas Review Board as an appeals body. The Gas Review Board constitutes:

- a presiding member, chosen by the Attorney General from a panel of legal practitioners; and
- two experts, chosen by the presiding member from a panel of experts.

The Board may be separately constituted to hear and determine different appeals. Section 56 of the Act requires the Arbitrator to provide the Board with its requirements for staff, services and support.

Responsible Minister

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

Impacting Legislation

The following written laws impact on the Arbitrator.

Anti-Corruption Commission Act 1988;
Disability Services Act 1993;
Electoral Act 1907;
Energy Co-ordination Act 1994;
Equal Opportunity Act 1984;
Financial Administration and Audit Act 1985;
Industrial Relations Act 1979;
Library Board of Western Australia Act 1951;
Minimum Conditions of Employment Act 1993;

GOVERNANCE (continued)

2003

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

In some cases, provisions of the *Gas Pipelines Access (Western Australia) Act 1998* may affect application of the above legislation.

The *Freedom of Information Act 1992* has effect on the Arbitrator only in relation to administrative functions.

ORGANISATIONAL ARRANGEMENTS

The office of the Gas Disputes Arbitrator was established in February 1999.

The Arbitrator has no supporting organisation, but may make use of staff of other government departments and agencies, other than Western Power and the Gas Corporation. In practice, the Arbitrator has drawn on the staff of the Office of Gas Access Regulation (*OffGAR*) for support.

OffGAR is the public sector body that provides support to the Western Australian Independent Gas Pipelines Access Regulator whose position, like that of the Arbitrator, is established by the *Gas Pipelines Access (Western Australia) Act 1998*. If a conflict of interest were to arise from using *OffGAR* staff, the Arbitrator is able to obtain support elsewhere.

The Arbitrator may also, by instrument, delegate the performance of some functions to a person who is, in the Arbitrator's opinion, competent to perform these functions.

By agreement with the Western Australian Independent Gas Pipelines Access Regulator, the Executive Director of *OffGAR* acts in the position of Registrar of the Western Australian Gas Review Board. In accordance with Treasurer's Instructions, the Arbitrator has also appointed a Principal Accounting Officer, Certifying Officers and Incurring Officers. The persons appointed are employees of either *OffGAR* or the Office of Energy.

The organisational structure for the Arbitrator and the Gas Review Board as at 30 June 2003 is shown on the next page.

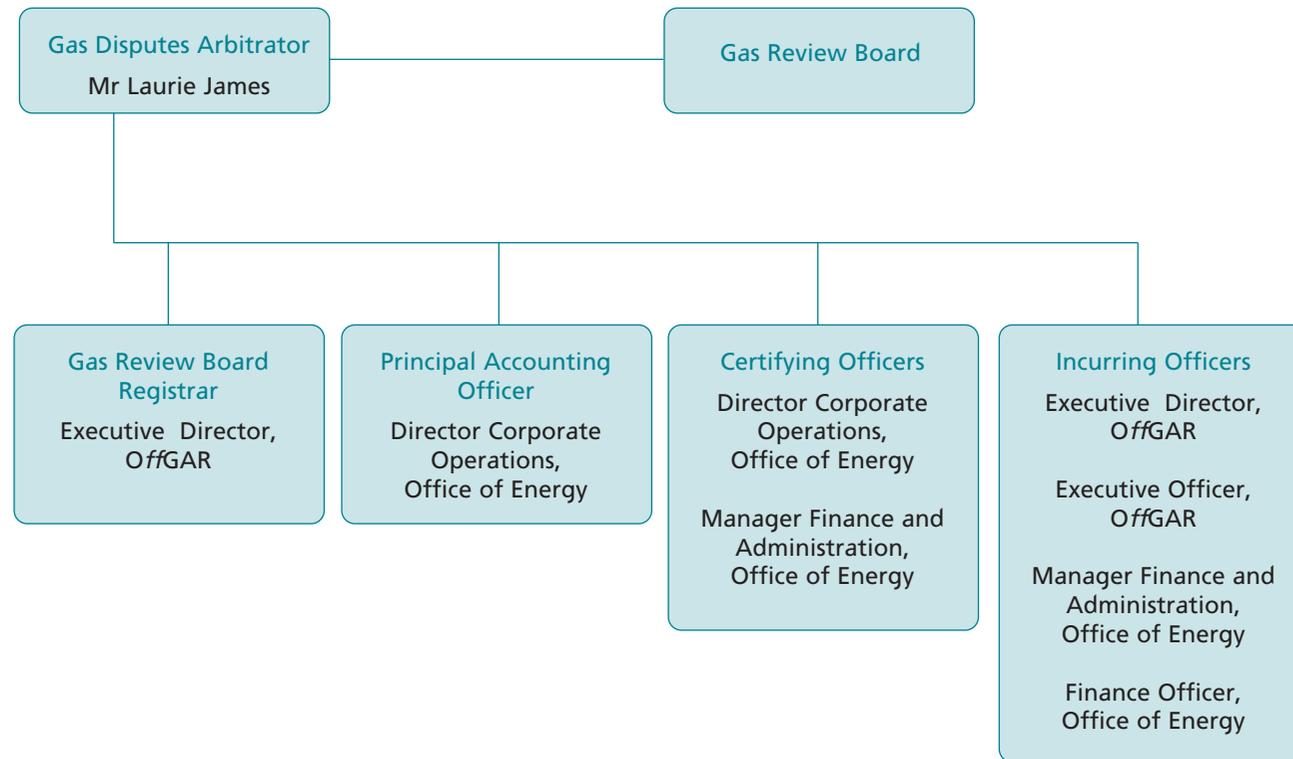
Senior Officers

Mr Laurie James was appointed to the position of Gas Disputes Arbitrator in a part-time capacity on 10 September 1999 for a period of 3 years. He remained in the position from September 2002, in an acting capacity, and was reappointed in April 2003 for a further 5 years.

Mr James is a Supreme Court barrister and solicitor and chairman of the Western Australian law firm Kott Gunning. He was chairman of the Western Australian Chapter of the Institute of Arbitrators and Mediators Australia between 1990 and 1997, and is currently a national councillor of that Institute and vice chairman of the Western Australian Chapter. He was also senior vice president of the Law Society of Western Australia from 1995 to 1996, and is currently national chairman of the Construction and Infrastructure Law Committee of the Business Law Section of the Law Council of Australia.

2003

ORGANISATIONAL STRUCTURE AND APPOINTMENTS
at 30 June 2003



GOVERNANCE (continued)

2003

Gas Review Board Panels

The Gas Review Board constitutes:

- a presiding member, chosen by the Attorney General from a panel of legal practitioners; and
- two experts, chosen by the presiding member from a panel of experts.

The Board may be separately constituted to review separate decisions.

The Governor appointed a panel of legal practitioners and a panel of experts on 4 April 2000 for a period of five years.

The panels are:

Panel of Legal Practitioners

Mr Stewart Bogle
 Mr Jon Carson
 Mr Chris Humphry
 Mr Charles Kennedy Scott Merriam
 Mr Rohan Skea
 Mr Chris Stevenson

Panel of Experts

Mr Malcolm Clark
 Mr Barry Ellis
 Mr Andy Gilmour
 Mr Ken Hodgkin
 Mr Stuart Hohnen
 Mr Dennis Kirk-Burnnand
 Mr Murray Meaton
 Mr Garry O'Meally
 Mr David Pack
 Mr Ashley Renney
 Mr Michael Soltyk

Code of Conduct

All public sector officers and consultants providing services to the Arbitrator are bound by the Western Australian Public Sector Code of Ethics.

OffGAR has established a Code of Conduct that applies to all employees, including those employees and consultants providing services to the Arbitrator. 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.

Human Resource Policies

The Arbitrator does not employ staff. Officers of other public service agencies providing services to the Arbitrator are employed in accordance with the human resource policies of the employing agencies.

State Records Act 2000

Section 19 of the *State Records Act 2000* requires a record keeping plan to be prepared which sets out how records are to be created and maintained. The records of the Arbitrator and Gas Review Board are managed by *OffGAR*. At the close of the financial year, a compliance check list had been completed and a plan formulated on how the record keeping plan is to be developed.

GOVERNANCE (continued)

2003

Consultants

Section 81 of the *Gas Pipelines Access (Western Australia) Act 1998* provides for the Arbitrator to engage consultants.

Expenditure on consultancies during 2002/03 is summarised in the following table.

Expenditure on Consultants for the year ended 30 June 2003		
Value of Consultancy	Number of Consultancies Commissioned	Expenditure in 2002/03
Up to \$50,000	2	\$7,571
TOTAL	2	\$7,571

Complaints Handling

There are three main areas that may be the source of complaints in the case of the Arbitrator. These relate to administration, matters relating to reviews carried out by the Gas Review Board, and matters relating to the arbitration of disputes.

Complaints handling relating to administration are dealt with under the Office of Gas Access Regulation Code of Conduct. The Code of Conduct, which is available in both hard copy form at reception and on the *OffGAR* website, advises that anyone having a serious concern about the actions of any *OffGAR* member, in relation to their observance of the Code of Conduct, should contact the Executive Director or the Chief Executive Officer of *OffGAR*.

Staff and consultants to *OffGAR* are also provided with documentation that expands on the Code of Conduct and sets out relevant policies in some detail including the handling of complaints on administrative matters.

There were no complaints lodged on administrative matters during the reporting period.

Complaints relating to the review of decisions and the arbitration of disputes are matters dealt with through the formal review and arbitration processes. As there were no reviews or arbitrations, there were also no complaints lodged.

GOVERNANCE (continued)

2003

FUNDING

Expenditure, other than that directly associated with the hearing of arbitrations by the Arbitrator and reviews undertaken by the Gas Review Board, is funded by charges payable by the operators of covered pipelines in accordance with provisions of the *Gas Pipelines Access (Western Australia) (Funding) Regulations 1999* (Funding Regulations), gazetted 14 January 2000.

Payments to the Arbitrator by operators of covered pipelines comprise standing charges determined in accordance with Regulation 3 of the Funding Regulations. Standing charges

are levied on operators of pipelines in respect of costs incurred by the Arbitrator, including any costs that relate to the Gas Review Board, that are not directly attributable to 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 Funding Regulations. The Western Australian Independent Gas Pipelines Access Regulator collects the standing charges on behalf of the Arbitrator.

The total amount of standing charges paid by pipeline operators, in respect of the costs of the Arbitrator in the year ending 30 June 2003, are presented in the table below left.

In accordance with Regulation 4 of the Funding Regulations, standing charges are assessed at the end of each calendar quarter for each pipeline operator.

In December 2002 the *Gas Pipelines Access (Western Australia) (Funding) Amendment Regulations 2002* were gazetted which allowed minor administrative changes to the Funding Regulations and re-allocated percentage ratios following the revocation of the Parmelia Pipeline. This change did not occur until 8 months after the Parmelia Pipeline was revoked and the changes were not retrospective. Consequently, an amount of \$1,600 for the Parmelia Pipeline could not be recovered.

Section 30 of Schedule 1 of the *Gas Pipelines Access (Western Australia) Act 1998* makes provision for the Arbitrator to recover costs incurred in arbitration of an access dispute. As there were no access disputes referred to the Arbitrator in 2002/03, no costs were incurred.

**CHARGES PAID BY PIPELINE OPERATORS
for the year ended 30 June 2003**

Service Provider	Standing Charges
AlintaGas	\$8,722
Epic Energy (WA) Nominees Pty Ltd	\$20,305
Goldfields Gas Transmission	\$7,758
Sagasco SE Inc	\$1,543
Southern Cross Pipelines Pty Ltd	\$1,301
Total	\$39,629

Note: Figures are based on actual payments received from pipeline operators by the Regulator and transferred to the Arbitrator.

GOVERNANCE (continued)

The Funding Regulations enable the Arbitrator to recover the cost and expenses of the Gas Review Board in connection with the hearing and determination of proceedings before the Board. Regulation 9 provides for the Board to fix an amount that represents the costs and expenses incurred by the Board in connection with the hearing and determination of particular proceedings before it, and to assign costs to the parties to the relevant proceedings. As there were no such hearings of the Board during the reporting year, no costs were incurred.

COMPLIANCE

The Arbitrator has no supporting organisation as such. Details of compliance relate solely to the office of the Arbitrator.

Shares in Subsidiary Bodies

Treasurer's Instruction 903 requires details of shares in any subsidiary body of the statutory authority held as a nominee or held beneficially by a Senior Officer of the statutory authority. There are no such shares.

Interest in Existing or Proposed Contracts

Treasurer's Instruction 903 requires 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 statutory authority 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.

No expenditure was incurred by the Arbitrator during the period 1 July 2002 to 30 June 2003.

Directions Given

Section 75(2) of the *Gas Pipelines Access (Western Australia) Act 1998* provides for the Minister to give directions in writing to the Arbitrator in relation to general policies to be followed by the Arbitrator in matters of administration, including financial administration. The text of any such direction is required to be included in the Arbitrator's annual report.

No directions under Section 75(2) of the *Gas Pipelines Access (Western Australia) Act 1998* were given to the Arbitrator during the year.

PUBLICATIONS

The following public document was issued by the Arbitrator during the reporting year:

[Annual Report 2001/02](#)

This publication has been placed on the Offgar website www.offgar.wa.gov.au and is available for downloading.

BOARDS AND COMMITTEES

The Arbitrator did not participate on any Boards or Committees during the year.

FINANCIAL STATEMENTS

2003

Statement of Certification

The accompanying financial statements of the Western Australian Gas Disputes Arbitrator 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 financial year ending 30 June 2003 and the financial position as at 30 June 2003.

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



LAURIE JAMES
ACCOUNTABLE AUTHORITY
15 August 2003



GEOFF GILBERT
PRINCIPAL ACCOUNTING OFFICER
15 August 2003

FINANCIAL STATEMENTS (continued)

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

WESTERN AUSTRALIAN GAS DISPUTES ARBITRATOR**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003****Audit Opinion**

In my opinion,

- (i) the controls exercised by the Western Australian Gas Disputes Arbitrator provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Arbitrator at 30 June 2003 and its financial performance and cash flows for the year ended on that date.

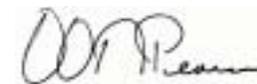
Scope***The Arbitrator's Role***

The Arbitrator is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the *Financial Administration and Audit Act 1985* (the Act) and other relevant written law. The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.



D D R PEARSON
AUDITOR GENERAL

31 October 2003

4th Floor Dumas House, 2 Havelock Street
West Perth 6005 Western Australia
Tel: 08 9222 7500 Fax: 08 9322 5664

Western Australian Gas Disputes Arbitrator

Statement of Financial Performance for the year ended 30 June 2003

2003

	Note	2002/03 \$'000	2001/02 \$'000
COST OF SERVICES			
Expenses from Ordinary Activities			
Employee Expenses	2	28	28
Supplies and Services	3	19	24
Administration Expenses	4	2	1
Total Cost of Services		49	53
Revenues from Ordinary Activities			
User Charges and Fees	5	47	51
Other Revenues from Ordinary Activities	6	1	1
Total Revenues from Ordinary Activities		48	52
NET COST OF SERVICES		1	1
REVENUES FROM STATE GOVERNMENT			
Resources Received Free of Charge	7	5	7
Total Revenues From State Government		5	7
CHANGE IN NET ASSETS		4	6
Total Changes in equity other than those resulting from transactions with WA State Government as owners		4	6

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

Western Australian Gas Disputes Arbitrator

Statement of Financial Position as at 30 June 2003

2003

	Note	2002/03 \$'000	2001/02 \$'000
CURRENT ASSETS			
Cash Assets	8	34	38
Receivables	9	16	9
Total Current Assets		50	47
Total Assets		50	47
CURRENT LIABILITIES			
Payables	10	2	3
Other Liabilities	11	1	1
Total Current Liabilities		3	4
Total Liabilities		3	4
NET ASSETS		47	43
EQUITY			
Accumulated Surplus	12	47	43
TOTAL EQUITY		47	43

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

Western Australian Gas Disputes Arbitrator

Statement of Cash Flows for the year ended 30 June 2003

2003

	Note	2002/03 \$'000	2001/02 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee Costs		(25)	(25)
Superannuation		(3)	(3)
Supplies, Services and Administration Payments		(17)	(18)
Receipts			
Recoup of Costs and Interest on Account Balances		41	43
Net Cash Provided by/(Used in) Operating Activities	13(b)	(4)	(3)
Net Increase/(Decrease) in Cash Held			
Cash Assets at the Beginning of the Financial Year		38	41
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	13(a)	34	38

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

Western Australian Gas Disputes Arbitrator

Notes to the Financial Statements: 30 June 2003

2003

1. SIGNIFICANT 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.

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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 Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, 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 is disclosed in individual notes to these financial statements.

The statements have been prepared on the accrual basis of reporting using the historical cost convention.

a. Accrued Salaries

Accrued salaries (refer note 11) represent the amount due to the Arbitrator but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Arbitrator considers the carrying amount to be the net fair value.

b. Receivables

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

c. Payables

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

d. Employee Benefits**Annual Leave**

The Arbitrator has no entitlement of Annual Leave.

Long Service Leave

The Arbitrator has no entitlement of Long Service Leave.

Superannuation

The Arbitrator has an amount, included as part of his remuneration, which is deducted from each payment and remitted to a complying superannuation fund. The Government has no unfunded superannuation liability in respect of the Arbitrator.

Western Australian Gas Disputes Arbitrator

Notes to the Financial Statements: 30 June 2003

2003

e. 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.

f. Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

g. Rounding

Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

h. Revenue Recognition

Revenue from the recovery of costs is recognised quarterly when the WA Independent Gas Pipelines Access Regulator charges pipeline operators on behalf of the Arbitrator.

Western Australian Gas Disputes Arbitrator

Notes to the Financial Statements: 30 June 2003

2003

	2002/03 \$'000	2001/02 \$'000
2. EMPLOYEE EXPENSES		
Wages and Salaries	25	25
Superannuation	3	3
	28	28
3. SUPPLIES AND SERVICES		
Services and Contracts	9	14
Travel	2	3
Other	8	7
	19	24
4. ADMINISTRATION EXPENSES		
Consumables	2	1
	2	1
5. USER CHARGES AND FEES		
Recoup of Costs - Arbitrator	47	51
	47	51
6. OTHER REVENUES FROM ORDINARY ACTIVITIES		
Interest on Account Balances	1	1
	1	1
7. RESOURCES RECEIVED FREE OF CHARGE		
Resources received free of charge determined on the basis of the following estimates provided by agencies:		
Office of the Auditor General	4	3
Crown Solicitor's Office	1	4
	5	7
8. CASH ASSETS		
Operating Account	34	38
	34	38

Western Australian Gas Disputes Arbitrator

Notes to the Financial Statements: 30 June 2003

2003

	2002/03 \$'000	2001/02 \$'000
9. RECEIVABLES		
Accrued Income	16	9
	16	9
10. PAYABLES		
Amounts Payable for Goods and Services Received	2	3
	2	3
11. OTHER LIABILITIES		
Accrued Salaries Owing for the 7 Working Days From 20 to 30 June 2003 (2002: 6 days)	1	1
	1	1
12. EQUITY		
Accumulated Surplus		
Opening Balance	43	37
Change in Net Assets	4	6
Closing Balance	47	43
13. NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled the related items in the Statement of Financial Position as follows:		
Cash Assets	34	38
	34	38

Western Australian Gas Disputes Arbitrator

Notes to the Financial Statements: 30 June 2003

2003

	2002/03 \$'000	2001/02 \$'000
(b) Reconciliation of Net Cost of Services to Net Cash Flows Provided by/(Used in) Operating Activities		
Net Cost of Services	(1)	(1)
Non-Cash Items		
Resources Received Free of Charge	5	7
(Increase)/Decrease in Assets:		
Receivables	(7)	(9)
Increase/(Decrease) in Liabilities:		
Accounts Payable	(1)	0
Net Cash Used in Operating Activities	(4)	(3)

14. CONTINGENT LIABILITIES

The Arbitrator has no contingent liabilities as at 30 June 2003.

15. EVENTS OCCURRING AFTER REPORTING DATE

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

Western Australian Gas Disputes Arbitrator

Notes to the Financial Statements: 30 June 2003

2003

16. FINANCIAL INSTRUMENTS**(a) Interest Rate Risk Exposure**

The following table details the Authority's exposure to interest rate risk as at the reporting date:

	2003			2002				
	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
Assets								
Cash Assets	4.25	34	0	34	4.36	38	0	38
Receivables	n/a	0	16	16	n/a	0	9	9
Total Financial Assets		34	16	50		38	9	47
Liabilities								
Payables	n/a	0	2	2	n/a	0	3	3
Total Financial Liabilities		0	2	2		0	3	3
Net Financial Assets		34	14	48		38	6	44

(b) Credit Risk

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Arbitrator's maximum exposure to credit risk without taking account of any collateral or other security obtained.

(c) Net Fair Value of Financial Instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from the net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

Western Australian Gas Disputes Arbitrator

Notes to the Financial Statements: 30 June 2003

2003

	2002/03 \$'000	2001/02 \$'000
17.REMUNERATION OF ACCOUNTABLE AUTHORITY		
The Accountable Authority whose total of fees, salaries, superannuation and other benefits received, or due and receivable, for the financial year, who fall within the following bands is:		
\$20,000 - \$30,000	1	1
Total remuneration of the Accountable Authority is:	<u>28</u>	<u>25</u>

The superannuation included here represents the superannuation expense incurred by the Arbitrator in respect of the Accountable Authority. The Accountable Authority is not a member of the Pension Scheme.

18.SUPPLEMENTARY INFORMATION

There have been no assets or other public property written off during the financial year, neither have there been instances of losses through theft, default or other causes during the financial year

Western Australian Gas Disputes Arbitrator

Notes to the Financial Statements: 30 June 2003

2003

	Estimate \$'000	2002/03 Actual \$'000	Variance \$'000
19. EXPLANATORY STATEMENTS			
i) Significant Variances Between Estimates and Actual Results for the Financial Year			
Total Cost of Operations of the Arbitrator	40	49	9
The reasons for costs being higher than budgeted include the need to be informed on energy reform and regulatory development particularly given the circumstances relating to the DBNGP and GGP proposed Access Arrangements.			
ii) Significant Variances Between Actual and Prior Year Actual Results			
	2002/03 Actual \$'000	2001/02 Actual \$'000	Variance \$'000
Total Cost of Operations of the Arbitrator	49	53	(4)
There was no significant variance between the actual results of 2002/03 and those of the previous year.			

TERMINOLOGY AND ABBREVIATIONS

2003

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 Arbitrator. 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.

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.

Equivalent Standard Pipeline: a gas pipeline measured on the basis of capital value that is set at \$500 million and:

- is weighted to take into account the level of service estimated to be provided to such a regulated pipeline;
- takes into account completed and partly completed work in terms of fully completed work; and
- recognises that pipelines may be regulated for part of the year only.

Funding Regulations: Gas Pipelines Access (Western Australia) (Funding) Regulations 1999

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

Pipeline: a gas pipeline or pipeline system.

Regulator: Western Australian Independent Gas Pipelines Access Regulator.

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

OffGAR: Office of Gas Access Regulation