

Attachment 3.1

# Report of Factual Findings -Regulatory Operating and Capital Expenditure

---

January 2020

Chair of the Audit and Risk Committee  
DBNGP Holdings Pty Ltd as Trustee for the DBNGP Trust and DBP  
Level 6, 12-14 The Esplanade  
PERTH WA 6000

20 December 2019

Dear Chairperson,

## Report of Factual Findings

We have performed the procedures agreed with you to report factual findings for the purpose of assisting you with the inclusion of the Regulatory Operating and Capital Expenditure information in the Final Plan to the Economic Regulation Authority (the "Purpose"). The procedures performed are detailed in the terms of the engagement on the 20 December 2019 and described below with respect to Regulatory Operating and Capital Expenditure information for the 12 months period ended 31 December 2016, 12 months period ended 31 December 2017 and year ended 31 December 2018.

### *Director's Responsibility for the Procedures Agreed*

You are responsible for the adequacy or otherwise of the procedures agreed to be performed by us. You are responsible for determining whether the factual findings provided by us, in combination with any other information obtained, provide a reasonable basis for any conclusions which you wish to draw on the subject matter.

### *Our Responsibility*

Our responsibility is to report factual findings obtained from conducting the procedures agreed. We conducted the engagement in accordance with Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*. We have complied with ethical requirements equivalent to those applicable to Other Assurance Engagements, including independence.

The agreed-upon procedures do not constitute either a reasonable assurance (audit) or limited assurance (review) engagement in accordance with the Auditing and Assurance Standards Board (AUASB) standards, and as such, we do not express any conclusion and provide no assurance regarding the Regulatory Operating and Capital Expenditure. Had we performed additional procedures or had we performed a reasonable or limited assurance engagement in accordance with AUASB standards, other matters might have come to our attention that would have been reported to you.

### *Factual Findings*

The procedures were performed solely for the Purpose as specified above. The procedures performed and the factual findings obtained are as follows:

Procedures Performed	Exceptions Identified
<b>CAPITAL EXPENDITURE</b>	
<b>12 months period ended 31 December 2016</b>	
(i) We have obtained from DBNGP Holdings Pty Ltd management ("management") the schedule ("the CAPEX Schedule") showing the information below for the 12 month period ended 31 December 2016:	(i) None noted

<ul style="list-style-type: none"> <li>a. "Additions", "Transfers between class of asset" for Construction Work in Progress ("CWIP")</li> <li>b. "Additions" and "Transfers between class of asset" split between "Expansion", "Stay in Business", "GEA/Turbines", "Shipper" and "Government Contributions" categories.</li> <li>c. "Additions", "Transfers between class of asset" split between "Pipeline", "Compression", "Metering", "Other Depreciable" and "Non Depreciable" regulatory asset categories.</li> <li>d. "Additions" and "Transfers between class of asset" of Property, plant and equipment and Intangibles.</li> <li>e. "Disposals" split between "Pipeline", "Compression", "Metering", "Other Depreciable" and "Non Depreciable" regulatory asset categories.</li> <li>f. "Disposals" of Property, plant and equipment and Intangibles.</li> </ul>	
<p>(ii) We have compared "Additions" and "Transfers between class of assets" for CWIP from the CAPEX Schedule to CAPEX internal report for 12 month period ended 31 December 2016 and reported any exceptions.</p>	<p>(ii) None noted</p>
<p>(iii) We have compared "Additions" and "Transfers between class of asset" split between "Expansion", "Stay in Business", "GEA/Turbines", "Shipper" and "Government Contributions" categories from the CAPEX Schedule to internal worksheets for the 12 month period ended 31 December 2016 and reported any exceptions.</p>	<p>(iii) The "Additions" presents a total amount of \$25,615,966 and the internal worksheets present a total of \$25,592,912. The variance identified is \$23,054.</p>
<p>(iv) We have compared "Additions" and "Transfers between class of asset" split between "Pipeline", "Compression", "Metering", "Other Depreciable" and "Non Depreciable" regulatory asset category from the CAPEX Schedule to internal worksheets for the 12 month period ended 31 December 2016 and reported any exceptions.</p>	<p>(iv) None noted</p>
<p>(v) We have compared "Capitalisations" of Property, plant and equipment and Intangibles from the CAPEX Schedule to internal worksheets for the 12 month period ended 31 December 2016 and reported any exceptions.</p>	<p>(v) None noted</p>
<p>(vi) We have compared "disposals" of Property, plant and equipment and Intangibles from the CAPEX Schedule to internal worksheets for the for 12 month period ended 31 December 2016 and reported any exceptions.</p>	<p>(vi) None noted</p>

<p>(vii) We have compared "Disposals" split between "Pipeline", "Compression", "Metering", "Other Depreciable" and "Non Depreciable" regulatory asset category from the CAPEX Schedule to internal worksheets for the 12 month period ended 31 December 2016 and reported any exceptions.</p> <p>(viii) We have recalculated the mathematical accuracy of the total "Additions" and "Disposals" included in the CAPEX Schedule related to the information traced and agreed in the procedures (i) to (vii) above, and reported any exceptions.</p>	<p>(vii) <i>None noted</i></p> <p>(viii) <i>None noted</i></p>
<p><b>12 months period ended 31 December 2017</b></p>	
<p>(i) We have obtained from DBNGP Holdings Pty Ltd management ("management") the audited Special Purpose Financial Statements for the 18 month period ended December 2017.</p> <p>(ii) We have obtained from management the schedule prepared by management of DBNGP Holdings Pty Ltd ("the CAPEX Schedule") showing the information below for 12 month period ended 31 December 2017:</p> <ul style="list-style-type: none"> <li>a. "Additions", "Transfers between class of asset" for Construction Work in Progress ("CWIP")</li> <li>b. "Additions" and "Transfers between class of asset" split between "Expansion", "Stay in Business", "GEA/Turbines", "Shipper" and "Government Contributions" categories.</li> <li>c. "Additions", "Transfers between class of asset" split between "Pipeline", "Compression", "Metering", "Other Depreciable" and "Non Depreciable" regulatory asset categories.</li> <li>d. "Additions" and "Transfers between class of asset" of Property, plant and equipment and Intangibles.</li> <li>e. "Disposals" split between "Pipeline", "Compression", "Metering", "Other Depreciable" and "Non Depreciable" regulatory asset categories.</li> <li>f. "Disposals" of Property, plant and equipment and Intangibles.</li> </ul> <p>(iii) We have compared "Additions" and "Transfers between class of assets" for CWIP from the CAPEX Schedule to CAPEX internal report for the 12 month period ended 31 December 2017 and reported any exceptions.</p> <p>(iv) We have compared "Additions" and "Transfers between class of assets" for CWIP from the CAPEX Schedule to the audited Special Purpose Financial Statements for the 18 month period ended December 2017 and reported any exceptions.</p>	<p>(i) <i>None noted</i></p> <p>(ii) <i>None noted</i></p> <p>(iii) <i>The "Additions" presents a total amount of \$35,086,498 and the internal worksheets present a total of \$35,109,552. The variance identified is \$23,053.</i></p> <p>(iv) <i>None noted</i></p>



(v)	We have compared "Additions" and "Transfers between class of asset" split between "Expansion", "Stay in Business", "GEA/Turbines", "Shipper" and "Government Contributions" categories from the CAPEX Schedule to CAPEX internal report for the 12 month period ended 31 December 2017 and reported any exceptions.	(v) <i>None noted</i>
(vi)	We have compared "Additions" and "Transfers between class of asset" split between "Pipeline", "Compression", "Metering", "Other Depreciable" and "Non Depreciable" regulatory asset category from the CAPEX Schedule to CAPEX internal report for the 12 month period ended 31 December 2017 and reported any exceptions.	(vi) <i>None noted</i>
(vii)	We have compared "Capitalisations" of Property, plant and equipment and Intangibles from the CAPEX Schedule to CAPEX internal report for the 12 month period ended 31 December 2017 and reported any exceptions.	(vii) <i>None noted</i>
(viii)	We have compared "disposals" of Property, plant and equipment and Intangibles from the CAPEX Schedule to CAPEX internal report for the for 12 month period ended 31 December 2017 and reported any exceptions.	(viii) <i>None noted</i>
(ix)	We have compared "disposals" of Property, plant and equipment and Intangibles from the CAPEX Schedule to the audited Special Purpose Financial Statements for the 18 month period ended December 2017 and reported any exceptions.	(ix) The "diposals" presents a total amount of \$1,164 thousands and audited Special Purpose Financial Statements for the 18 month period ended December 2017 \$2,299 thousands. The variance identified is \$1,134 thousands.
(x)	We have compared "Disposals" split between "Pipeline", "Compression", "Metering", "Other Depreciable" and "Non Depreciable" regulatory asset category from the CAPEX Schedule to CAPEX internal report for the 12 month period ended 31 December 2017 and reported any exceptions.	(x) <i>None noted</i>
(xi)	We have recalculated the mathematical accuracy of the total "Additions" and "Disposals" included in the CAPEX Schedule related to the information traced and agreed in the procedures (i) to (x) above, and reported any exceptions.	(xi) <i>None noted</i>
<b>Year ended 31 December 2018</b>		
(i)	We have obtained from management the audited General Purpose Financial Statements for the year ended December 2018.	(i) <i>None noted</i>

(ii)	<p>We have obtained from DBNGP Holdings Pty Ltd management the schedule ("the CAPEX Schedule") showing the information below for the year ended 31 December 2018:</p> <ul style="list-style-type: none"> <li>a. "Additions", "Transfers between class of asset" for Construction Work in Progress ("CWIP")</li> <li>b. "Additions" and "Transfers between class of asset" split between "Expansion", "Stay in Business", "GEA/Turbines", "Shipper" and "Government Contributions" categories.</li> <li>c. "Additions", "Transfers between class of asset" split between "Pipeline", "Compression", "Metering", "Other Depreciable" and "Non Depreciable" regulatory asset categories.</li> <li>d. "Additions" and "Transfers between class of asset" of Property, plant and equipment and Intangibles.</li> <li>e. "Disposals" split between "Pipeline", "Compression", "Metering", "Other Depreciable" and "Non Depreciable" regulatory asset categories.</li> <li>f. "Disposals" of Property, plant and equipment and Intangibles.</li> </ul>	(ii) None noted
(iii)	<p>We have compared "Additions" and "Transfers between class of assets" for CWIP from the CAPEX Schedule to the audited General Purpose Financial Statements for the year ended December 2018 and reported any exceptions.</p>	(iii) None noted
(iv)	<p>We have compared "Additions" and "Transfers between class of asset" split between "Expansion", "Stay in Business", "GEA/Turbines", "Shipper" and "Government Contributions" categories from the CAPEX Schedule to CAPEX internal report for the year ended 31 December 2018 and reported any exceptions.</p>	(iv) None noted
(v)	<p>We have compared "Additions" and "Transfers between class of asset" split between "Pipeline", "Compression", "Metering", "Other Depreciable" and "Non Depreciable" regulatory asset category from the CAPEX Schedule to CAPEX internal report for the year ended 31 December 2018 and reported any exceptions.</p>	(v) None noted
(vi)	<p>We have compared "Capitalisations" of Property, plant and equipment and Intangibles from the CAPEX Schedule to CAPEX internal report for the year ended 31 December 2018 and reported any exceptions.</p>	(vi) None noted

<p>(vii) We have compared "disposals" of Property, plant and equipment and Intangibles from the CAPEX Schedule to the audited General Purpose Financial Statements for the year ended December 2018 and reported any exceptions.</p> <p>(viii) We have compared "Disposals" split between "Pipeline", "Compression", "Metering", "Other Depreciable" and "Non Depreciable" regulatory asset category from the CAPEX Schedule to CAPEX internal report for the year ended 31 December 2018 and reported any exceptions.</p> <p>(ix) We have recalculated the mathematical accuracy of the total "Additions" and "Disposals" included in the CAPEX Schedule related to the information traced and agreed in the procedures (i) to (viii) above, and reported any exceptions.</p>	<p>(vii) None noted</p> <p>(viii) None noted</p> <p>(ix) None noted</p>
<b>OPERATING EXPENDITURES</b>	
<b>12 months period ended 30 June 2016</b>	
<p>(i) We have obtained from management the schedule (the "OPEX Schedule") showing the information below for the 12 month period ended 31 December 2016:</p> <p>a. "Expenses"</p> <p>b. "Operating Expenditure" split between "Salaries", "Salaries – Contractors", "Employee Expenses", "Advertising", "Consulting", "Entertainment", "IT", "Insurance", "Motor Vehicle", "Office &amp; Admin", "OHS", "Repairs &amp; Maintenance", "Training &amp; Development", "Travel &amp; Accommodation", "Utilities Rates &amp; Taxes", "Self-insurance", "Regulatory", "Reactive Opex", "GEA/Turbines" and "Fuel Gas" regulatory opex categories.</p> <p>(ii) We have compared "Expenses" from the OPEX Schedule to OPEX internal report for the 12 month period ended 31 December 2016 and reported any exceptions.</p> <p>(iii) We have compared "Operating Expenditure" split between "Salaries", "Salaries – Contractors", "Employee Expenses", "Advertising", "Consulting", "Entertainment", "IT", "Insurance", "Motor Vehicle", "Office &amp; Admin", "OHS", "Repairs &amp; Maintenance", "Training &amp; Development", "Travel &amp; Accommodation", "Utilities Rates &amp; Taxes", "Self-insurance", "Regulatory", "Reactive Opex", "GEA/Turbines" and "Fuel Gas" regulatory opex categories from the OPEX Schedule to OPEX internal report for the 12 month period ended 31 December 2016 and reported any exceptions.</p>	<p>(i) None noted</p> <p>(ii) None noted</p> <p>(iii) None noted</p>

<p>(iv) We have recalculated the mathematical accuracy of the "Expenses" in the OPEX Schedule related to the information traced and agreed in the procedures (i) to (iii) above and reported any exceptions.</p>	<p>(iv) None noted</p>
<p><b>12 months period ended 31 December 2017</b></p>	
<p>(i) We have obtained from management the audited Special Purpose Financial Statements for the 18 month period ended December 2017.</p>	<p>(i) None noted</p>
<p>(ii) We have obtained from management the schedule (the "OPEX Schedule") showing the information below for the 12 month period ended 31 December 2017:</p> <p>a. "Expenses"</p> <p>b. "Operating Expenditure" split between "Salaries", "Salaries – Contractors", "Employee Expenses", "Advertising", "Consulting", "Entertainment", "IT", "Insurance", "Motor Vehicle", "Office &amp; Admin", "OHS", "Repairs &amp; Maintenance", "Training &amp; Development", "Travel &amp; Accommodation", "Utilities Rates &amp; Taxes", "Self-insurance", "Regulatory", "Reactive Opex", "GEA/Turbines" and "Fuel Gas" regulatory opex categories.</p>	<p>(ii) None noted</p>
<p>(iii) We have compared "Expenses" from the OPEX Schedule to OPEX internal report for the 12 month period ended 31 December 2017 and reported any exceptions.</p>	<p>(iii) None noted</p>
<p>(iv) We have compared "Expenses" from the OPEX Schedule to the audited Special Purpose Financial Statements for the 18 month period ended December 2017 and reported any exceptions.</p>	<p>(iv) The "Expenses" presents a total amount of \$132,792 thousands and audited Special Purpose Financial Statements for the 18 month period ended December 2017 \$133,097 thousands. The variance identified is \$307 thousands</p>
<p>(v) We have compared "Operating Expenditure" split between "Salaries", "Salaries – Contractors", "Employee Expenses", "Advertising", "Consulting", "Entertainment", "IT", "Insurance", "Motor Vehicle", "Office &amp; Admin", "OHS", "Repairs &amp; Maintenance", "Training &amp; Development", "Travel &amp; Accommodation", "Utilities Rates &amp; Taxes", "Self-insurance", "Regulatory", "Reactive Opex", "GEA/Turbines" and "Fuel Gas" regulatory opex categories from the OPEX Schedule to OPEX internal report for the 12 month period ended 31 December 2017 and reported any exceptions.</p>	<p>(v) None noted</p>
	<p>(vi) None noted</p>



<p>(vi) We have recalculated the mathematical accuracy of the "Expenses" in the OPEX Schedule related to the information traced and agreed in the procedures (i) to (v) above and reported any exceptions.</p>	
<p><b>Year ended 31 December 2018</b></p> <p>(i) We have obtained from management the audited General Purpose Financial Statements for the year ended December 2018.</p> <p>(ii) We have obtained from management the schedule (the "OPEX Schedule") showing the information below for the year ended 31 December 2018:</p> <p>a. "Expenses"</p> <p>b. "Operating Expenditure" split between "Salaries", "Salaries – Contractors", "Employee Expenses", "Advertising", "Consulting", "Entertainment", "IT", "Insurance", "Motor Vehicle", "Office &amp; Admin", "OHS", "Repairs &amp; Maintenance", "Training &amp; Development", "Travel &amp; Accommodation", "Utilities Rates &amp; Taxes", "Self-insurance", "Regulatory", "Reactive Opex", "GEA/Turbines" and "Fuel Gas" regulatory opex categories.</p> <p>(iii) We have compared "Expenses" from the OPEX Schedule to the audited General Purpose Financial Statements for the year ended December 2018 and reported any exceptions.</p> <p>(iv) We have compared "Operating Expenditure" split between "Salaries", "Salaries – Contractors", "Employee Expenses", "Advertising", "Consulting", "Entertainment", "IT", "Insurance", "Motor Vehicle", "Office &amp; Admin", "OHS", "Repairs &amp; Maintenance", "Training &amp; Development", "Travel &amp; Accommodation", "Utilities Rates &amp; Taxes", "Self-insurance", "Regulatory", "Reactive Opex", "GEA/Turbines" and "Fuel Gas" regulatory opex categories from the OPEX Schedule to OPEX internal report for the year ended 31 December 2018 and reported any exceptions.</p>	<p>(i) None noted</p> <p>(ii) None noted</p> <p>(iii) A variance of \$277 thousands was identified between \$33,229 thousands of the OPEX Schedule and \$33,505 thousands of the audited General Purpose Financial Statements.</p> <p>(iv) None noted</p>

(v) We have recalculated the mathematical accuracy of the "Expenses" in the OPEX Schedule related to the information traced and agreed in the procedures (i) to (iv) above, and reported any exceptions.	(v) None noted
--	----------------

## *Restriction on Distribution and Use of the Report*

This report is intended solely for the use of DBNGP Holdings Pty Ltd for the purpose set out above. As the intended user of our report, it is for you to assess both the procedures and our factual findings to determine whether they provide, in combination with any other information you have obtained, a reasonable basis for any conclusions which you wish to draw on the subject matter. As required by ASRS 4400, distribution of this report is restricted to those parties that have agreed the procedures to be performed with us and have been identified in the terms of the engagement (since others, unaware of the reasons for the procedures, may misinterpret the results). Accordingly, we expressly disclaim and do not accept any responsibility or liability to any party other than DBNGP Holdings Pty Ltd for any consequences of reliance on this report for any purpose.

We understand that a copy of the report will be provided to Economic Regulation Authority (ERA) for the purpose of their information relating to their role as the regulator. We agree that a copy of the report may be provided to ERA for their information in connection with this purpose but, as will be made clear in the report, only on the basis that we accept no duty, liability or responsibility to the ERA in relation to the report.

We accept no duty, responsibility or liability to any party, other than you, in connection with the report or this engagement.

DELOITTE TOUCHE TOHMATSU

**DELOITTE TOUCHE TOHMATSU**



**Vincent Snijders**

Partner

Chartered Accountants

Perth, 20 December 2019