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RESPONSE TO INVITATION FOR PUBLIC SUBMISSIONS – COMPLIANCE ENFORCEMENT POLICY (ELECTRICITY, GAS & WATER LICENCES)

On behalf of WA Gas Networks, thank you for the opportunity to provide comment on the Economic Regulation Authority's ('Authority') draft Compliance Enforcement Policy for Electricity, Gas and Water Licences ('Policy').

WA Gas Networks welcomes the development of this Policy, particularly in light of its recognition of the importance of adopting a culture of compliance, and one which is modelled on the *Australian Standard AS3806-2006 Compliance Programs ('Standard')*. WA Gas Networks is committed to the development and maintenance of a compliance framework, which is supported by a proactive compliance culture that supports effective governance and conformance with regulatory requirements to ensure:

- Healthy relationships with regulatory bodies;
- WA Gas Networks' values are preserved and promoted;
- Long-term sustainability;
- Ongoing compliance with obligations; and
- Actual or suspected compliance breaches are dealt with effectively.

To ensure that this compliance culture is achieved, WA Gas Networks' approach to compliance is to maintain a compliance framework based on the principles contained in the aforementioned Standard. This approach has enabled WA Gas Networks' to achieve a high level of legislative and regulatory compliance, most recently reflected in the 2010 Performance Audit of its Gas Distribution Licence, GDL 8.

With regards to the Authority's draft Policy, WA Gas Networks' has no objection to the content or intent of the Policy, however wishes to make the following comment:

- As identified in Appendix 1 of the Policy, Section 11ZC of the Energy Coordination Act 1994 ('Gas Act') stipulates that *the Authority is not to take any action under section 11ZB(2)(b) or (c) unless the Authority has notified the licensee of the proposed action and given the licensee a reasonable opportunity to make submissions on the matter*. Upon review of the draft Policy, it is the view of WA Gas Networks that this requirement is not made clear.

With reference to the '*Meeting with the licensee*' section of the Policy on page 10, and the '*Further legislative enforcement action*' section of the Policy on page 11, the current wording implies that any action (as identified in section 11ZB(2) of the Gas Act) can be taken by the Authority without providing the licensee with the opportunity to respond to the enforcement action to be imposed. WA Gas Networks' accepts that this is not the intention of the Authority, however is of the view that the wording does not reflect the Authority's intent or its obligations under the Gas Act.

Should you wish to discuss these comments any further, please do not hesitate to contact me.

Yours sincerely



Ben Johnson
Risk, Compliance & Internal Audit Manager
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