

Sale of the Gas Corporation's Businesses

Report 1 – February 2001

Background

On December 24, 1999, the *Gas Corporation (Business Disposal) Act 1999* ("the Act") was assented to by the Governor.

The Act authorised the sale of the then state-owned gas distribution and gas trading and retail businesses conducted by the Gas Corporation under the trading name AlintaGas.

To assure the Parliament, and hence the people of Western Australia, about the nature and extent of the state's commitments arising from the transaction, section 37 of the Act directed the Auditor General to examine and report on certain matters relating to "any obligations, duties, or liabilities taken over by or imposed on the state", and "any indemnities or guarantees given by or on behalf of the state", within 60 days of the proclamation of Part 6, Division 3 of the Act, which occurred on December 16, 2000. The report has been prepared to satisfy Parliament's direction.

The report has been prepared on the basis that the intent underlying section 37 was for the Auditor General to ascertain whether there were any unusual or noteworthy commitments entered into in relation to the sale transaction.

The approach adopted for the examination primarily involved a review of the legislation, the minutes of the AlintaGas Sale Steering Committee (ASSC) meetings, contracts, agreements and related documents. Interviews were undertaken with key staff and consultants supporting the ASSC and relevant agencies. Written confirmations of oral statements were obtained where appropriate from each of these parties, and legal advice was obtained to confirm audit conclusions. A Glossary of Terms appears in Appendix A to this report.

The examination did not cover the process followed in the selection of the Cornerstone Investor, the preparation of the Public Offer Document, the price set for the Stapled Securities or costs incurred in the sale. These were covered in the "Report on the Sale of the Businesses of the Gas Corporation" by the ASSC, tabled in the Legislative Assembly on November 21, 2000.