

**National Consumers Electricity  
ADVOCACY PANEL**

**(The End User Advocacy Panel – ABN 18 073 942 775)**

**ANNUAL REPORT  
2002-2003**

**DECEMBER 2003**

**National Consumers Electricity  
ADVOCACY PANEL**

(The End User Advocacy Panel – ABN 18 073 942 775)

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**National Consumers Electricity  
ADVOCACY PANEL**

**ANNUAL REPORT 2002-2003**

This year the Advocacy Panel was fully constituted and the panel made its first five grants, totalling \$273,600, for electricity customer advocacy. This report reviews the panel's establishment and the start of operations in the novel field of funding advocacy of electricity customer issues in the national electricity market. The report includes details of funding under cl 8.10.3(b) of the National Electricity Code.

**Full establishment of the panel**

At the beginning of the year only the chairman of the panel, Ken Baxter, had been appointed. On 10 February 2003, his successor, Adam Bisits, appointed the other four, representative, members of the panel, namely Jim McLeod (representative of business customers), Denis Nelthorpe (domestic customers), Mark Williamson (generators) and Mark Landis (market participants for retailers). This completed the appointment of the members of the panel. Completion of these appointments was preceded by Mr Baxter's resignation due to pressure of other commitments, Mr Bisits' appointment by the National Electricity Code Administrator Limited on 6 December 2002 and Mr Bisits consulting over the summer on the appointment of the representative members with the Generators Forum, Energy Retailers Association of Australia (as they are now known), Energy Users Association of Australia, other representatives of business customers, sectors of the consumer movement and others. Criteria for choosing representative members had been made by Mr Baxter and these assisted in the making of the representative appointments.

Completing these appointments discharged the duty on respectively NECA and the chairman to establish the panel, as provided in cl 8.10.1(a)(1) and 8.11.2(a) of the National Electricity Code.

**The panel's constitution**

The panel is constituted and regulated by cl 8.10 of the National Electricity Code and rules made under the code.

Cl 8.10 of the code requires the panel to develop funding criteria in accordance with specified principles and develop guidelines for applicants for funds. Funding determinations are required to be made at least each quarter. Each year the panel is required to assess the provision that should be made for funds over the following three years. There is also provision for independent audit of accounts.

The code does not have general rules for meetings of the panel. Thus among the first tasks of the five panel members was to make rules for meetings. These provide for majority vote and, to reflect cl 8.10.2 (4)(2) of the code, the chairman also has a casting vote. The panel has also made rules for its funds under which funds may only be disbursed by decision of the panel or in accordance with a funding agreement (which itself would be entered into pursuant to a decision of the panel). The panel is unincorporated.

The largest constitutional activity of the panel was to develop criteria for allocating funds to applicants. This took from March to June with public consultation as required under cls 8.9 and 8.10 of the code. Three features of the criteria may be noted. First, they reflect the wide scope of electricity customer advocacy specified in cl 8.10.3(d)(2), in which advocacy must relate to the National Electricity Code, NECA or NEMMCO or "have implications for the national electricity market as a whole". The panel has not set an agenda or targeted specific customer interests for advocacy wishing instead to allow customer representative bodies to pursue customer interests as fully as possible.

Secondly an eligible applicant may be either an end user representative body or a company or natural person whose advocacy project is in the interests of a reasonable number of end users. This recognises that many end users, especially domestic, do not at present have a body to represent them in relation to the National Electricity Code or the panel.

Thirdly the specification that the applicant for funding must fund a share of the project costs from a source other than the panel (cl 8.10.3(d)(4)) has been adopted by specifying that applications be limited to 70% or less of budgeted costs. There is also provision, consistently with the specifications, for the co-funding to be waived in the panel's discretion.

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Cl 8.10 of the code, the panel's rules for meetings and for its funds and the criteria for allocating funds together make up the panel's constitution.

**Operations**

The first meeting of the panel was held on 17 February, a week after the representative members were appointed. This meeting and the next two were used to complete our constitution and at the last two meetings we began determining funding applications. To understand end user issues better the panel has also been briefed at meetings by representatives of the Essential Services Commissions of both Victoria and South Australia, the Independent Pricing and Regulatory Tribunal (NSW) and NECA and others.

Our primary role is to determine applications for funding end user advocacy. We received the first applications on 8 April 2003 and by the end of the year had received nine. Our practice is for the respective customer representative to examine the application against all the funding criteria and report to the panel, which at its next meeting also considers and determines the application. Successful applicants are funded under an agreement which sets out milestones against which payment is made. If an application is unsuccessful the applicant is advised the reasons for this.

The panel has not commissioned advocacy except in the case of the first two applications which were for submissions to two ACCC reviews, one of Transend's revenue application and the other of the ACCC's own Regulatory Test, and which were received when the funding criteria had not yet been finalised. It was considered that as the applications were pressing and as they accorded with the draft criteria it was appropriate to commission the research proposed in the two applications. Given that the panel was dealing with a pent up demand for applications to be approved the need for commissioning did not arise during the year.

Meetings of the panel usually take a full day. Three have been held in Melbourne, one in Sydney and one in Adelaide. By the end of the year we were expecting to meet about every two months. We will as necessary meet by phone hook up and it was by such a meeting that the first two applications were considered.

Accounting and administrative support is provided by Axton Jones, chartered accountants, of Surrey Hills, Victoria. The panel is grateful for Mr Geoff Henstock, company secretary of NECA, updating the panel's website with our reports of operations. The panel has no executive staff.

**The importance of the advocacy function**

The panel is established for financing "end user advocacy", a term used repeatedly in cl 8.10 of the code. We have interpreted the term as advocacy of the interests of end users of the electricity traded and regulated in the electricity market, as those interests are affected by the National Electricity Code. By end users we understand electricity consumers. In this context advocacy involves putting a case to the ACCC or its state counterparts, or to NECA, NEMMCO or relevant ministers, both in response to invitations (hearings) and pro-actively. Funding criterion 3.1 d requires an applicant to set out the purpose to be achieved by the advocacy and "benefits to end users, quantified where applicable". We expect the advocacy to be practical. Pro-active advocacy needs to have a reasonable chance of engaging its target.

We do not see end user advocacy as including mere research for others to implement.

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**Applications**

The applications for funding and our decisions on the applications are summarised below.

<b>Applicant</b>	<b>Project</b>	<b>Amount sought</b>	<b>Result</b>
1 Energy Users Association of Australia/Energy Action Group	Submission to ACCC review of Regulatory Test	\$30,000	Research for \$28,000 commissioned 12.5.03. Work not yet carried out by applicant, and no payment made.
2 EUAA/EAG	Submission to ACCC review of revenue application of Transend	\$35,432	Research for \$28,000 commissioned 12.5.03. Submission to ACCC completed 6.03 and published by panel together with notes by 2 panel members
3 Bob Lim & Co Pty Ltd	Review of "Regulatory Risk" in relation to electricity transmission businesses.	\$45,000	Approved 18.6.03; first instalment of \$13,000 has been paid. Second instalment of \$13,000 payable after report on reality of regulatory risk, but such report has not been received.
4 Consumer Law Centre Victoria	Developing a network of domestic electricity consumer organisations; project to be conducted over 15 months	\$190,000	\$130,000 approved; first instalment of \$32,500 paid; progress report submitted for second instalment.
5 Headberry Partners Pty Ltd	Proposal for funding PhD research into electricity price volatility	\$48,000	Refused as the project did not involve advocacy or provide for specific end user benefits and it did not meet the co-funding requirement.
6 Headberry Partners Pty Ltd	Study to assess the levels of market risk premium and beta appropriate for regulated electricity businesses	\$52,000	\$41,600 approved; first instalment of \$12,000 paid; second instalment of \$12,000 is dependent on a report that MRP and beta are excessive, but such report has not been received..
7 Sustainability Centre Pty Ltd	Production of information paper and articles for lay persons about the national electricity market and the code, related public workshops, report on changes to code and market to better protect consumers and environment	\$61,000	Deferred by panel on 18.06.03 to enable revised application to be lodged.

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8 Institute of Public Affairs	Examination of policy approaches for transmission under the Victorian gas arrangements and the National Electricity Market	\$91,529	Refused as this appeared to be a supply side project with only indirect benefit to end users
9 South Australian Council of Social Service	Research and advocacy on the impact of the national electricity market and retail contestability on low income domestic electricity consumers	\$227,717	It was considered the application did not meet any of the funding criteria.

**Income of the panel**

The Panel's revenue requirement is collected from Code participants by the National Electricity Market Management Company Limited (NEMMCO) in accordance with the National Electricity Code. The income is remitted to the Panel by NEMMCO. For the present financial year that revenue requirement was \$1,000,000. The sum of \$1,000,000 was a "provisional allocation" in NECA's Final Report on End-user Advocacy of December 2000.

The funds collected were held by NECA in a separate account for the panel which at the commencement of the year held \$645,356. The control of this account was transferred to the panel during April 2003 and at the end of March immediately before taking over control the funds in this account stood at \$1,391,823. At the end of the year income stood at \$993,003.

**CI 8.10.3(b) of the code**

The following information is provided for the purpose of this clause of the code.

**(1) Provisional three year funding requirements**

On 11 December 2003 the panel determined that its provisional funding requirements for end user advocacy for the next three financial years will be: for 2004 - 2005 \$1.1 million; for 2005-2006 \$1.2 million; and for 2006-2007 \$1.2 million. Further details of this determination will be in the panel's draft report on these requirements to be published under the code consultation procedures.

**(2) Submissions on funding requirements**

After the draft report on provisional funding requirements is published submissions have may be received on the draft. As yet there are no submissions.

**(3) Expenditure in the current financial year**

During the year we approved \$273,000 for grants and commissions although none of this was paid during the current year. We also incurred \$76,615 in administrative expenses. The expenses form two groups. Those of the chairman for his work in selecting the other panel members and then those of the panel in sitting fees, travel to meetings, and preparation for meetings by the customer representatives and the chairman, including reports on applications. The industry representatives are entitled to but have not taken any sitting fees or associated costs.

The individual projects to which funding was allocated are described in the table above. Grants and commissions varied from \$28,000 to \$130,000, the average being \$54,720.

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**(4) Extent to which allocation of funding in the current financial year satisfies the principles in cl 8.10.3(d)**

The panel believes that the funding it allocated this financial year fully satisfied the principles in cl 8.10.3(d).

- (i) *diversity in allocation principle.*** The diverse interests for which allocation of funds were made were: business end users (applications 1 and 2), domestic end users (application 4), structural issues concerning the market (3 and 6), capacity building to enable domestic end users to participate in end user advocacy (4).
- (ii) *advocacy to relate to code or market etc.*** Applications 1, 3 and 6 related to design or policy behind the market or code and all the applications had implications for the market as a whole. The panel considered that the grant for domestic capacity building had implications for the market as a whole because it should produce informed domestic submissions or views on activities in the market which affect domestic consumers.
- (iii) *applicants to represent a reasonable number of end users.*** Two of the five grants were to long established representative bodies with customer members, namely EUAA and EAG. A third was to a consumer organisation, CLCV, working with other consumer organisations who between them had the capacity to represent masses of domestic customers. The other two applicants, Bob Lim & Co Pty Ltd and Headberry Partners Pty Ltd are consultants in the electricity market with many years of experience, and whose work has often been in the interests of electricity consumers generally.
- (iv) *co-funding.*** The applicant must fund a share of project costs which, under our funding criteria, must be at least 30% unless waived by the panel. The following table summarises the position as to co-funding:

App No.	Project Cost	Amount of grant	Applicant's share	Applicant's share as percentage
1.	\$39,806	\$28,000	\$11,806	29.6
2.	\$35,432	\$28,000	\$7,432	20.9
3.	\$70,000	\$45,000	\$25,000	41.4
4.	\$270,000	\$130,000	\$140,000	51.5
5.	\$64,000	\$41,600	\$10,400	35

The second application involved a waiver. The fourth application was a modified form of a capacity building project for which the applicant originally sought \$190,000 as opposed to the \$130,000 granted. The modification of the funded part of the project might involve some diminution of the applicant's contribution from the 51.5% shown.

- (v) *project plan.*** Each of the five applications approved provided a project plan as described in cl 8.10.3(d)(5) of the code.
- (vi) *making available appropriate records, accounts and reports.*** One project was substantially completed, namely EUAA/EAG's submission to the ACCC on Transend (no2). The submission was made available to the panel and the panel was also invited to comment on the submission. Both the submission and the comments have been published on our website. Appropriate reports will be sought for the balance of the projects which at present are substantially incomplete. In the case of nos 3, 4 and 6 first instalments have been paid and further instalments are related to reports set out in the funding agreements.
- (vii) *completion report.*** This stage has not yet been reached with any of the grants.

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**Likely Developments**

In the period July to November 2003 over thirty further applications for funding have been received. This rate of applications may well continue or grow given the enduring economic, social and political interest in the energy market.

Areas of likely developments in the second half of the coming financial year for the panel include: analysis of the trends in the applications we have received, analysis of effectiveness of advocacy funded by the panel, consideration of customer interests not adequately represented in inquiries or reviews (for example those of small and medium business), action to be taken in respect of grants not taken up or projects which are incomplete and promotion of both funded projects and the opportunity for customers or their representatives to apply for funds.

A Bisits, J McLeod, D Nelthorpe, M Williamson and M Landis  
**Advocacy Panel**

11 December 2003

**The End User Advocacy Panel**  
**Statement of financial performance**  
For the year ended 30 June 2003

	Notes	2003 \$	2002 \$
<b>Revenue from ordinary activities</b>	3	<b>1,037,228</b>	720,793
Panel member benefits expense		<b>(58,840)</b>	(27,600)
Administration expenses		<b>(21,427)</b>	(6,306)
		-----	-----
<b>Surplus from ordinary activities before income tax expense</b>		<b>956,961</b>	686,887
Income tax expense		--	--
		-----	-----
<b>Surplus from ordinary activities after income tax expense</b>		<b>956,961</b>	686,887
		=====	=====

The above statement of financial performance should be read in conjunction with the accompanying notes

**The End User Advocacy Panel**  
**Statement of financial position**  
As at 30 June 2003

	Notes	2003 \$	2002 \$
<b>Current assets</b>			
Cash	4,6	1,622,770	645,356
Receivables	5,6	85,907	111,690
Total current assets		<u>1,708,677</u>	<u>757,046</u>
 <b>Total assets</b>		 <u>1,708,677</u>	 <u>757,046</u>
 <b>Current liabilities</b>			
Payables		31,128	2,000
GST payable		33,701	68,159
Total current liabilities		<u>64,829</u>	<u>70,159</u>
 <b>Total Liabilities</b>		 <u>64,829</u>	 <u>757,046</u>
 <b>Net assets</b>		 <u>1,643,848</u>	 <u>686,887</u>
 <b>Panel's funds</b>			
Accumulated surplus		1,643,848	686,887
 <b>Total Panel funds</b>		 <u>1,643,848</u>	 <u>686,887</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

**The End User Advocacy Panel**  
**Statements of cash flows**  
As at 30 June 2003

	<b>2003</b>	<b>2002</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from market participants (inclusive of goods and services tax)	<b>1,115,169</b>	669,322
Payments to suppliers and employees (inclusive of goods and service tax)	<b>184,633</b>	(31,906)
	-----	-----
	<b>930,536</b>	637,416
Interest received	<b>46,878</b>	7,940
	-----	-----
<b>Net cash inflow (outflow) from operating activities</b>	<b>977,414</b>	645,356
	-----	-----
<b>Net increase in cash held</b>	<b>977,414</b>	645,356
Cash at the beginning of the financial year	<b>645,356</b>	--
	-----	-----
<b>Cash at the end of the financial year</b>	<b>1,622,770</b>	645,356
	=====	=====

The above statements of cash flows should be read in conjunction with the accompanying notes.

**Note 1. Summary of significant accounting policies**

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

It is prepared in accordance with the historical cost convention except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

- (a) **Income Tax**  
The entity is exempt from the payment of Federal income tax.
  
- (b) **Receivables**  
Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The present report contains no instances of either such debt.
  
- (c) **Trade and other creditors**  
These amounts represent liabilities for goods and services provided to the panel prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.
  
- (d) **Cash**  
For purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.
  
- (e) **Going concern**  
The ability of the Panel to continue as a going concern is dependent upon the continuation of the present arrangements per the national electricity market.

**Note 2. Segment information**

The Panel is an administrative body operating in the electricity market within Australia.

**Note 3. Revenue**

	<b>2003</b>	<b>2002</b>
	\$	\$
<b>Revenue from operating activities</b>		
Participant fees	<b>990,350</b>	712,853
Interest	<b>46,878</b>	7,940
	<b>1,037,228</b>	720,793
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Revenue from ordinary activities	<b>1,037,228</b>	720,793
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

**Note 4. Current assets - cash assets**

	2003	2002
	\$	\$
Cash at bank	418,082	645,356
Billflex investment account	1,204,688	
	1,622,770	645,356

**Note 5. Current assets - receivables**

	2003	2002
	\$	\$
Trade debtors	85,907	111,690
	85,907	111,690

**Note 6. Financial instruments**

**(a) Credit risk exposures**

The credit risk on financial assets which have been recognised on the balance sheet, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

**(b) Interest rate risk exposures**

The Panel's exposure to interest rate risk and the effective weighted average rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

**Fixed interest maturing in:**

		Weighted average interest rate	Floating interest rate	Non interest bearing	Total
2003	Notes	\$	\$	\$	\$
<b>Financial assets</b>					
Cash and deposits	4	4.55	1,622,770	--	1,622,770
Receivables	5		--	85,907	85,907
			1,622,770	85,907	1,708,677
<b>Financial liabilities</b>					
Trade and other creditors			--	64,829	64,829
			--	64,829	64,829
Net financial assets (liabilities)			1,622,770	21,078	1,643,848

<b>Fixed interest maturing in:</b>					
<b>2002</b>	<b>Notes</b>	<b>Weighted average interest rate \$</b>	<b>Floating interest rate \$</b>	<b>Non interest bearing \$</b>	<b>Total \$</b>
<b>Financial assets</b>					
Cash and deposits	4	4.55	645,356	--	645,356
Receivables	5		--	111,690	111,690
			-----	-----	-----
			645,356	111,690	757,046
			=====	=====	=====
<b>Financial liabilities</b>					
Trade and other creditors			--	70,159	70,159
			-----	-----	-----
			--	70,159	70,159
			-----	-----	-----
Net financial assets (liabilities)			645,356	41,531	686,887
			=====	=====	=====

**(c) Net fair value of financial assets and liabilities**

**(i) On-balance sheet**

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

**Note.7 Contingencies**

	<b>2003</b>	<b>2002</b>
	<b>\$</b>	<b>\$</b>
The Panel had contingent liabilities at 30 June 2003 in respect of:		
Funding grants:		
Within one year	<b>265,210</b>	nil
Within one to three years	<b>35,750</b>	nil
Later than three years	<b>nil</b>	nil
	-----	-----
	<b>300,960</b>	nil
	=====	=====

**Note 8. Remuneration of the Panel**

Income paid or payable, or otherwise made available, to the chairman of the Panel by the Panel and related parties in connection with the management of affairs of the Panel.	<b>38,040</b>	27,600
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Income paid or payable, or otherwise made available, to the panel members by the Panel and related parties in connection with the management of affairs of the Panel.	<b>20,800</b>	-
	=====	=====

**Note 9. Remuneration of auditors**

	<b>2003</b>	<b>2002</b>
	<b>\$</b>	<b>\$</b>
Remuneration for audit or review of the financial reports of the Panel:		
Auditor of the company - PricewaterhouseCoopers Australian firm	<b>2,500</b>	2,000
	=====	=====

**Note 10. Reconciliation of surplus from ordinary activities after income tax to net cash from operating activities**

	<b>2003</b>	2002
	\$	\$
Surplus from ordinary activities after income tax	<b>960,614</b>	686,887
Change in operating assets and liabilities		
Decrease (increase) in trade debtors	<b>25,783</b>	(111,690)
Increase (decrease) in trade creditors	<b>25,474</b>	2,000
Increase (decrease) in GST payable	<b>(34,457)</b>	68,159
Net cash inflow from operating activities	<b>977,414</b>	645,356

**Trading Income and Expenditure Statement**  
For year ended 30 June 2003

	<b>2003</b>	2002
	\$	\$
<b>Market Fees Received</b>		
Fees Received	<b>993,003</b>	712,853
Fees 2002 Over Accrued	<b>(2,652)</b>	--
	<b>990,351</b>	712,853
<b>Expenditure</b>		
Audit & Accountancy Fees	<b>12,303</b>	2,000
Advertising	<b>1,886</b>	3,112
Bank Charges	<b>102</b>	29
Conference Expenses	<b>772</b>	--
Consultancy Fees	<b>900</b>	--
General Expenses	<b>20</b>	--
Internet Expenses	<b>886</b>	--
Motor Vehicle Reimbursements	<b>48</b>	--
Panel Fees	<b>50,140</b>	27,600
Panel Members Fees	<b>7,800</b>	--
Post, Printing & Stationery	<b>238</b>	552
Superannuation Contributions	<b>900</b>	--
Telephone	<b>341</b>	--
Travelling Expenses	<b>3,932</b>	613
	<b>80,268</b>	33,906
	<b>910,083</b>	678,947
<b>Other Income</b>		
Interest Received	<b>46,878</b>	7,940
	<b>46,878</b>	7,940
<b>Net Profit from Ordinary Activities before Income Tax</b>	<b>956,961</b>	686,887

**Note 11. Related Parties**

**Panel**

The chairman of The Panel during the latter part of the financial year Adam Bisits, and panel members Jim McLeod and Denis Nelthorpe.

**Note 12. Entity Structure**

The Panel is established under the National Electricity Code. Its chairman is appointed by NECA. The four members of the Panel are appointed by the chairman in accordance with procedures set out in the Code.

The members of the panel are:

- ❖ Mark Williamson, General Manager Marketing and Strategy NRG Flinders, representing generators;
- ❖ Denis Nelthorpe, consumer lawyer, representing domestic electricity consumers;
- ❖ James McLeod, with a background in electricity purchasing for industry, representing business consumers;
- ❖ Mark Landis, Manager Wholesale Victoria, Origin Energy, representing electricity retailers; and
- ❖ Adam Bisits, a lawyer, the chairman.

The financial statements and notes set out on pages 9 to 15 have been approved and adopted.

Chairman

.....  
..... December 2003

## Independent audit report to the members of The Advocacy Panel

### Audit opinion

In our opinion, the financial report set out on pages 9 to 16 presents fairly, in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of The Advocacy Panel as at 30 June 2003 and the results of its operations and its cash flows for the period ended on that date.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

### Scope and summary of our role

#### The financial report – responsibility and content

The preparation of the financial report for the period ended 30 June 2003 is the responsibility of The Advocacy Panel. It includes the financial statements for The Advocacy Panel.

#### The auditor's role and work

We conducted an independent audit of the financial report in order to express an opinion on it to the Panel. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the committee or management.

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, which is consistent with our understanding of the Panel's financial position and the results of its operations and its cash flows.

The procedures included:

- selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence
- evaluating the accounting policies applied and significant accounting estimates made by the committee in its preparation of the financial report
- obtaining written confirmation regarding material representations made to us in connection with the audit
- reviewing the overall presentation of information in the financial report.

Our audit opinion was formed on the basis of these procedures.

**Independence**

As auditor, we are required to be independent of the Panel and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia and the Auditing and Assurance Standards Board.

PricewaterhouseCoopers

[SIGNED]

Andrew Forman  
Partner

Adelaide  
19<sup>th</sup> December 2003