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Mr Lewis Owens
Chairperson
Essential Services Commission of South Australia
GPO Box 2605
ADELAIDE SA 5001

Dear Mr Owens

Thank you for your letter of 29 April 2004 attaching a copy of the Essential Service Commission of South Australia's (ESCOSA) Compliance Audit Framework for the Electricity Sector Discussion Paper. As suggested, I have passed on your request for comments to the Energy Consumer's Council, and will forward any feedback they may have in due course.

The Government agrees there is a need to ensure a high level of compliance within the electricity supply industry and supports the development of a more structured auditing framework.

In regards to the four-step framework to compliance auditing suggested by ESCOSA, the Government is generally satisfied with the approach suggested and with the application of the framework to all regulatory obligations, particularly those that have caused concerns for ESCOSA, such as the submission of inaccurate performance data.

Concerning the appointment of auditors, the Government is strongly of the view that the appointment by either ESCOSA directly or via a tripartite agreement is less likely to raise concerns with potential conflicts of interest than appointment of auditors by the licensee.

Thank you again for the opportunity to comment on this paper. I look forward to receiving further information on this topic.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Conlon'.

HON PATRICK CONLON MP
MINISTER FOR ENERGY

18 June 2004