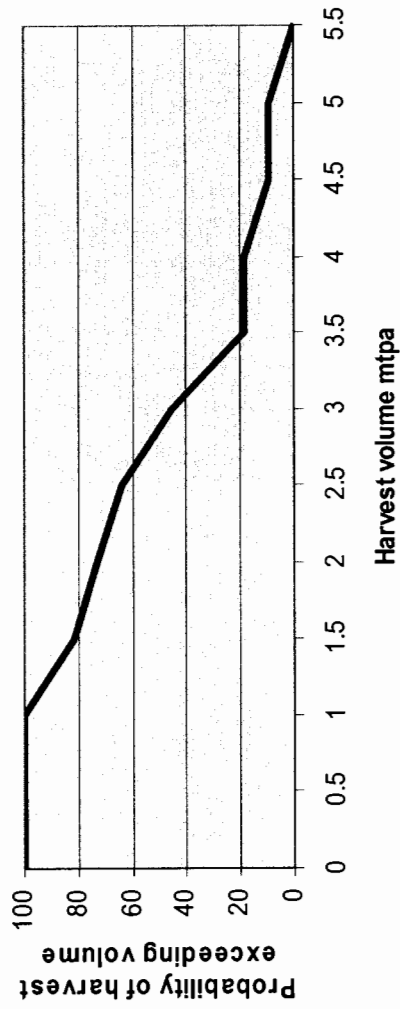


pacific

Potential Issues

- Optimisation of supply chain
 - JV only covers rail freight not storage/handling or port charges
 - Requirements for sharing of commercial information with a potential competitor
- Fair tendering and on going task allocation process
- Potential for one or more owners of EGL to provide rail haulage services at less than full cost
- Transparency of allocation of rail freight charges across the silo network to ensure no geographic bias at the expenses of other storage facilities

**Victorian Grain Harvest
11 Yr summary**



Max harvest has been 5.1 mtpa

Expected equipment utilisation

	Incremental	Cumulative
0 – 1.0 mtpa	100%	100%
1.0 – 2.0 mtpa	81%	91%
2.0 – 3.0 mtpa	62%	81%
3.0 – 4.0 mtpa	25%	67%
4.0 – 5.0 mtpa	7%	55%

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Competition Issues

- Much of the PN locomotives fleet requires recapitalisation. Lack of clarity on the processes used by EGL will lead to uncertainty and hence lack of investment
- Business needs certainty and sustainable base

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Proposed Restrictions

- Clear tender process defining task (eg. Tonnages, market share, priority in task allocation process, geography) and how task will be managed/allocated over the period
- Audit of tendering, task allocation process and freight allocation process on an annual basis
- Review of JV ACCC conditions post removal of NSW CSO at end of 2007

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Notwithstanding the above, Pacific National does not believe this J/V will lead to reduced supply chain costs. It will not be able to replicate the success of the Hunter Valley Coal Chain industry group.