Exhibit Submission 30/01/06

SUBMISSION NO. 140

HUNTER VALLEY COAL CHAIN LOGISTICS TEAM

Planning for Performance

Standing Committee on Transport and Regional Services

Integration of Regional Rail and Road Networks and their Interface with Ports

Presentation, 31 January 2006

pacificnational QRNational ARTC RailCorp RAIL PWCS NEWCASTLE PORT CORPORATION

Key Messages

1. The Hunter Valley Coal Chain is critical to the economic health of Australia, NSW and the Newcastle region

2. Leadership by the private sector has seen substantial improvements in the operation of the coal chain to date
   - Coal exports have increased by 17% over the last three years with minimal additional infrastructure
   - Deadweight costs of demurrage (vessel queuing) have been dramatically reduced

3. More than 50% growth in thermal coal exports is forecast from the region over the next five to ten years

4. To ensure coal chain capacity is not a constraint to realising benefits of future export growth requires:
   - Continued universal commitment to the cooperative model so as to maximise asset utilisation and ensure efficient investment decision making
   - Coordinated timely investment in new track, train and port infrastructure

5. Government play a key role
   - As Federal and State Regulators (ACCC, this Committee, other Reviews, RLMC etc)
     - Facilitate Access Regimes that are supportive of timely investment in new infrastructure, and where required compel investment in critical infrastructure
     - Provide open and competitive access to monopoly infrastructure
     - Ensure critical land in the port is developed for new coal chain infrastructure in a timely fashion and in recognition of the rest of the coal chain
     - Facilitate timely evaluation and support of major projects (e.g EIS approval processes for port expansion)

   - As Shareholder (Fed - Track Owner, NSW - Port Owner, Qld - Train Company Owner)
     - Ensure investment planning is conducted in cooperation with all other coal chain participants
     - Deliver promised investment in new track infrastructure in a timely fashion

Hunter Valley Coal Chain: The Worlds Largest Coal Export Operation

- 30 Coal Mines
- 17 Major Owners
- 23 Load Points
- > 80 Different Brands of Coal

- 2 Above Rail Operators
- Approx. 29 Trains (750 trips/year/train)
- 2 Track Owner/Operators
- Haulage distances up to 350km

- 2 Coal Loading Terminals – KCT & CCT
- 5 Dump Stations
- 1.5Mt of Working Stockyard
- 5 Ship Berths and Loaders

- Approx. 1000 vessels per year
- Average vessel size is 84kt
- Multiple cargoes and coal types
- Tidal constrained river port

- Approx. 34 End Buyers
- 12 Countries
- Around 85% exports to Japan, Korea & Taiwan

- Random demand for capacity (vessel arrivals)
- Turn of Arrival loading port
- J.I.T cargo assembly process
- 16 independent organisations required to move each tonne of coal: ownership is a mix of State and Fed Govt, statutory authorities and private sector

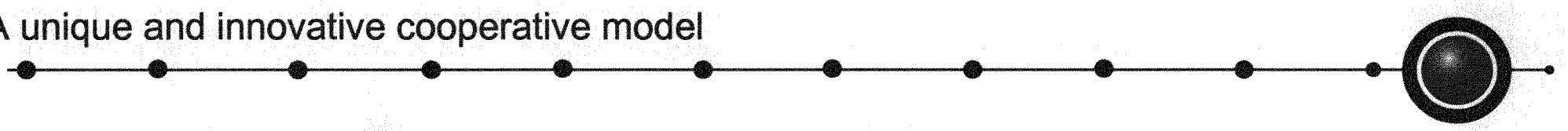
Q: How to maximise system throughput and drive efficient asset utilisation?

A: Plan and operate the system as though owned by a single shareholder

HUNTER VALLEY COAL CHAIN LOGISTICS TEAM

$5 billion in export earnings in 2005
10,000 employees

A unique and innovative cooperative model



QRNational
PWCS
NEWCASTLE PORT CORPORATION
HUNTER VALLEY COAL CHAIN LOGISTICS TEAM
pacificnational
RailCorp RAIL
ARTC

Objectives:

- Conduct coordinated planning and scheduling services
- Maximise throughput at minimum total logistics cost
- Implement improvements to existing operating practices
- Identify capacity constraints and evaluate, propose and encourage investments

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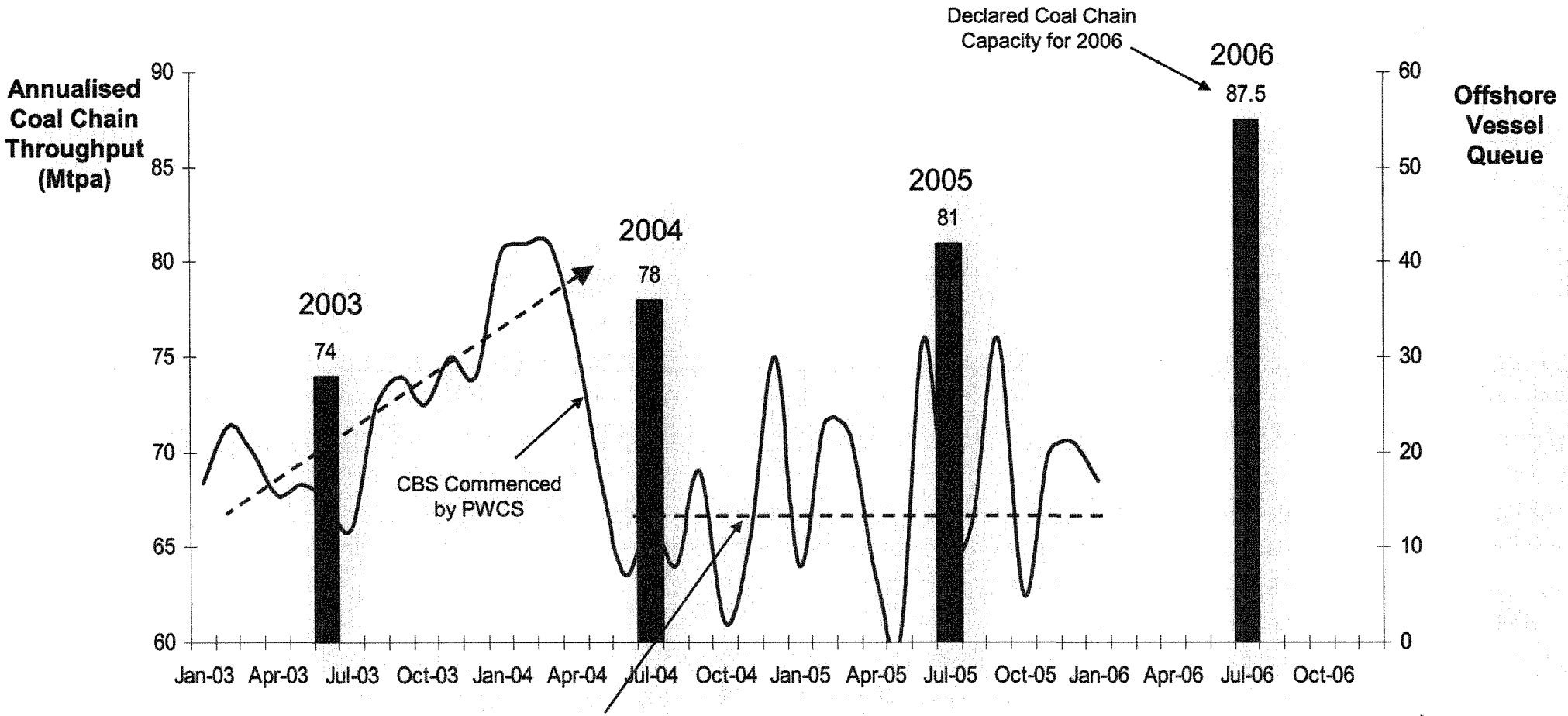
- Provides centralised planning services on behalf of its members:
  1. **Short term objective** – focus on maximising daily throughput
  2. **Long term objective** – assist members with coordinated investment planning
- Established on a 'handshake' in 2003 as a trial between PWCS and Pacific National. Evolved into a cooperative organisation with formalised governance arrangements
- Membership includes all transport asset owners in the Hunter Valley – and the newest operator, NCIG, have expressed intent to participate in the model
- 23 Employees seconded from member organisations
- $5 million investment in state-of-the-art constraint based planning technology and models

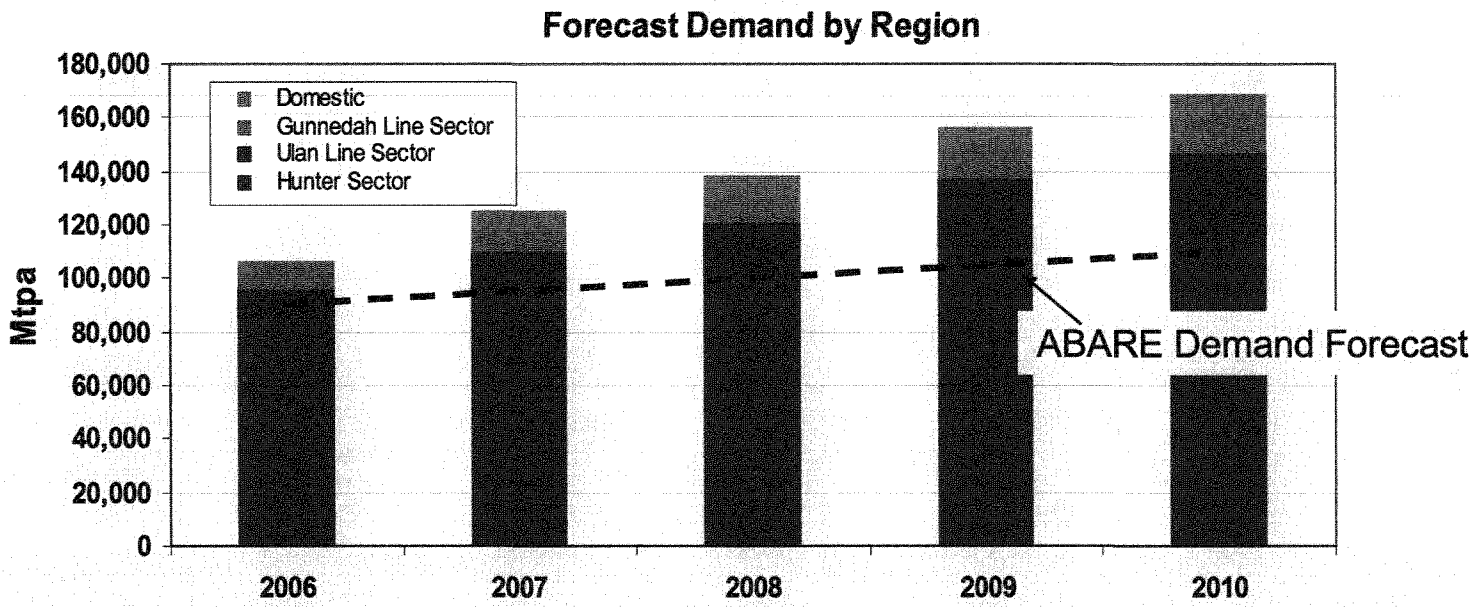
Success – Exports Up, Queues Down

Annual Coal Chain Throughput and End of Month Vessel Queue
2003 to 2006



Vessel queue sustained at operational levels since establishment of Capacity Balancing System – estimated demurrage savings > $200m in 18 months

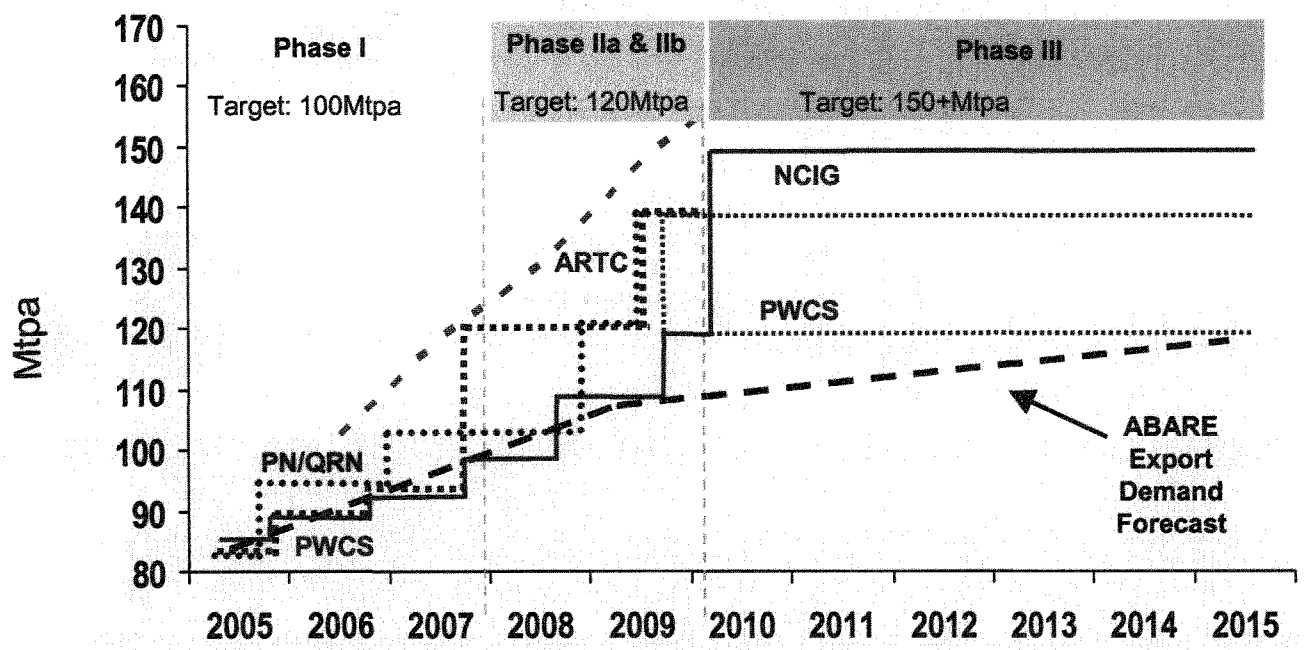
The Challenge - > 50% Export Growth Forecast over Next 5 Years



	2006	2007	2008	2009	2010
Hunter Sector	85,850	95,880	101,377	112,072	116,999
Ulan Line Sector	10,310	14,400	19,200	25,190	30,223
Gunnedah Line Sector	6,251	7,956	9,550	10,286	12,881
Total Export	**102,411**	**118,236**	**130,127**	**147,548**	**160,103**
Domestic	3650	6350	8350	8500	8500
TOTAL	**106061**	**124586**	**138477**	**156048**	**168603**
Hunter (Below M-A)	85,850	95,880	101,377	112,072	116,999
Upper Hunter (Above M-A)	20,211	28,706	37,100	43,976	51,604
TOTAL	**106,061**	**124,586**	**138,477**	**156,048**	**168,603**

Capacity Master Plan Overview

- Every component of the coal chain is required to deliver new infrastructure if capacity is to increase.
- Investment is dependent upon commercial arrangements underwriting the necessary expenditure
- The five to ten year plan is currently being remodelled given new developments in port and track infrastructure



- Up to $1.5 billion in investment to deliver >70Mtpa increase in capacity has been identified
- Additional exports valued at >$3billion per annum are at stake

- Additional track capacity to manage increased coal demand and support geographic diversification of mines, maintenance strategies
- Additional PWCS inbound capacity; stockpile capacity; outbound ship loading/berth capacity; maintenance strategies. NCIG 3rd Port
- More rolling stock, more efficient train configurations

- Key load point upgrades by Producers

Capacity Master Plan - Status

Key Initiatives – Phases I	Estimated Capacity	Avail' By	Status as 1 December 2005
• Additional train consists (PN & QRN) • Integrated Planning System (HVCCLT) • Additional effective path combinations for M-A Sector (ARTC) • Minimbah and Nundah Bank headway reduction - 80 km/h (ARTC)	**87 Mtpa**	**Q1 2006**	• Actions identified to access additional wagons and paths. • 80 km/h speed requirements being assessed by ARTC
All of 87Mtpa plus; • Sandgate Grade Separation (ARTC) • Full track duplication Antiene - Muswellbrook & Yard rationalisation (ARTC) • Ulan CTC (ARTC) • Part Gunnedah and Ulan Section track upgrades (ARTC) • Lower Hunter Signal Box Rationalisation (ARTC) • Construct Half Pad D and Stacker at KCT, Stage 3D (PWCS) • Wambo Coal Terminal (Wambo Mine) • Key load point upgrades (RTCA & Xstrata)	**100 Mtpa**	**Q4 2007**	• Sandgate construction commenced • ARTC reviewing its Hunter Valley Corridor Strategy • PWCS Stage 3D expansion commenced April 2005 • Wambo Coal Terminal commenced February 2005 • RTCA and Xstrata LP upgrades approved.
Key Initiatives – Phases II	**Estimated Capacity**	**Avail' By**	**Status as 1 December 2005**
All of 100Mtpa plus; • Minimbah/Nundah Bank headway – re-signalling and/or 3rd track (ARTC) • Complete Gunnedah and Ulan Section track upgrades (ARTC) • Full Bi-Di signalling Maitland to Minimbah (ARTC) • Upgrade all inbound streams and construct 4th Berth at KCT (PWCS) • 3 to 4 additional train consists • Further key load point upgrades	**110 Mtpa**	**Q4 2008**	• ARTC reviewing its Hunter Valley Corridor Strategy • Further expansion at KCT has PWCS Board concept endorsement, detail design studies have commenced. • Preliminary modelling by HVCCLT commenced
All of 110Mtpa plus; • Extend Pads C & D at KCT to full length (PWCS) • 3 to 4 additional train consists • Further key load point upgrades	**120 Mtpa**	**Q3 2009**	• Further expansion at KCT has PWCS Board concept endorsement, detail design studies have commenced.
Key Initiatives – Phase III	**Estimated Capacity**	**Avail' By**	**Status as 1 December 2005**
All of 120Mtpa plus; • Construct 3rd Port expansion (NCIG) • Whittingham Branch line grade separation (ARTC) • Full mainline Bi-Di signalling • 4 additional train consists • Key load point upgrades	**150 Mtpa**	**2010/11**	• Detail design study commenced by NCIG • ARTC reviewing its Hunter Valley Corridor Strategy • Preliminary modelling by HVCCLT commenced

A coordinated commitment to investment is required

Infrastructure	Investment Status	Commercial Drivers / Incentives to Act	Role of Government
Shiploading	• PWCS running to time on delivery of 102Mtpa shiploading capacity by late 2007. Spending $6 million in planning 120Mtpa expansion • NCIG mobilising construction of 30Mtpa, $500m investment in new terminal	PWCS is industry owned. Natural incentive for shareholders to invest to meet their needs as customers – I.e. incentives of shareholders and exporters is aligned NCIG also industry owned	• Ensure timely approval processes to support investment in new infrastructure. E.g. development consents, EIS approval processes • Ensure govt land around Newcastle Harbour is developed for use by the coal industry (in process with NCIG)
Trains	• New competitor (QRNational) commenced in 2005 adding 4 train consists • Pacific National delivered additional locomotives and wagons in 2005 in response to customer demand	Above Rail is a competitive market with both participants responding to customer demands for additional capacity.	• Ensure fair and equitable access to track infrastructure
Track	• Flyover to separate passenger and coal trains at Sandgate commenced • Hunter Valley Investment Strategy under internal review by ARTC	Monopoly government owned infrastructure provider	• Deliver on commitments to ensure track is not a constraint to the 2007 capacity being constructed by other participants • Finalise Hunter Valley strategy and invest in coordination with other coal chain participants to support capacity increases beyond 2007

Government's Role – as Submitted to DoTaRS Investigation in March 2005

HVCCLT is supportive of developing a policy regime that encourages investment in a coordinated fashion. We have identified the following areas where Government policy decisions and actions may be supportive of achieving future goals:

- Involve the Coal Industry in the development of recommendations and policy decisions.

State Government:

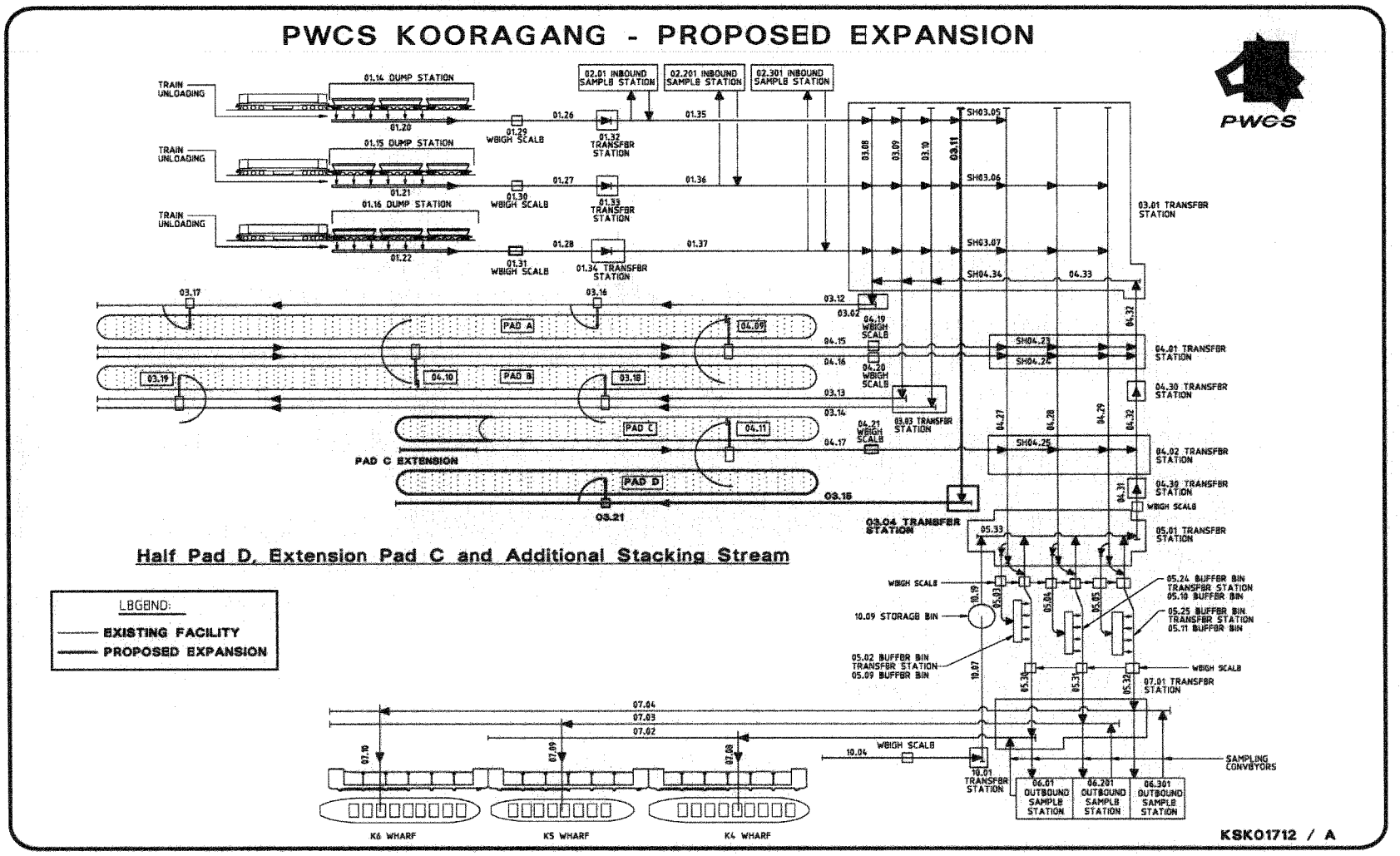
- Facilitate EIS approval processes to enable more timely investment decisions.
- Ensure Kooragang Island land is reserved for use by the coal industry and that any decision to award a contract takes into account the coal chain capacity impacts of the successful bid.
- Ensure any operator of a third terminal utilises the planning services of HVCCLT for coordination of rail, train and port planning. A single point of coordination for planning Hunter Valley coal transport operations is fundamental and critical to maximizing capacity of the infrastructure.

Federal Government:

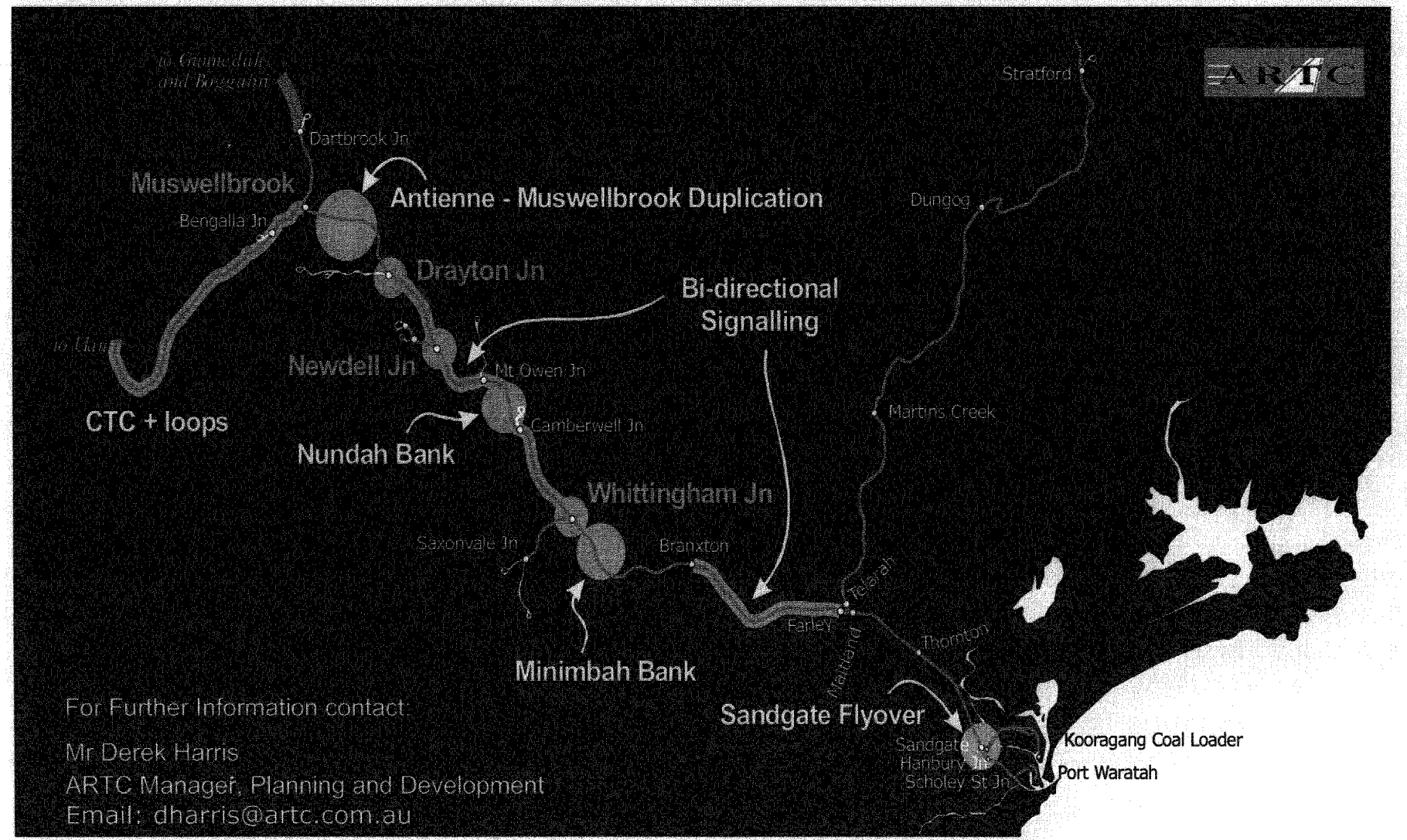
- Develop supportive Access Regimes that promote rapid investment and positive coal chain capacity outcomes. Future access regimes must:
  - Ensure pricing outcomes do not constrain investment decisions.
  - Encourage monopoly providers to operate their assets in a manner that is consistent with maximising system capacity and throughput by working with the HVCCLT. This includes recognising the Hunter Valley rail network as primarily a coal transport network as opposed to a passenger network.
  - Encourage, and if required, mandate, investment in new capacity that is essential to achievement of the integrated capital plan and meeting industry demand.
- Provide shareholder support to investment plans in rail infrastructure identified by ARTC and RIC. Work with the coal industry to minimise the temporary impact of construction.
- Ensure continued operation of the CBS consistent with the findings and Draft Determination of the ACCC.
- Support the introduction of fair and equitable system rules to encourage behaviours aimed at maximising system capacity.
- Assist to facilitate dialogue between Australia's major trading partners to improve coal chain logistics.

Supplementary Material

Capacity Master Plan – PWCS 102Mt Phase I Expansion



Capacity Master Plan – ARTC Corridor Strategy Overview



Capacity Master Plan – ARTC Corridor Strategy Capacity Estimates