

Australian Pipeline Trust

Annual Information Meeting

**George Bennett
Chairman**

Sydney, 21 October 2003

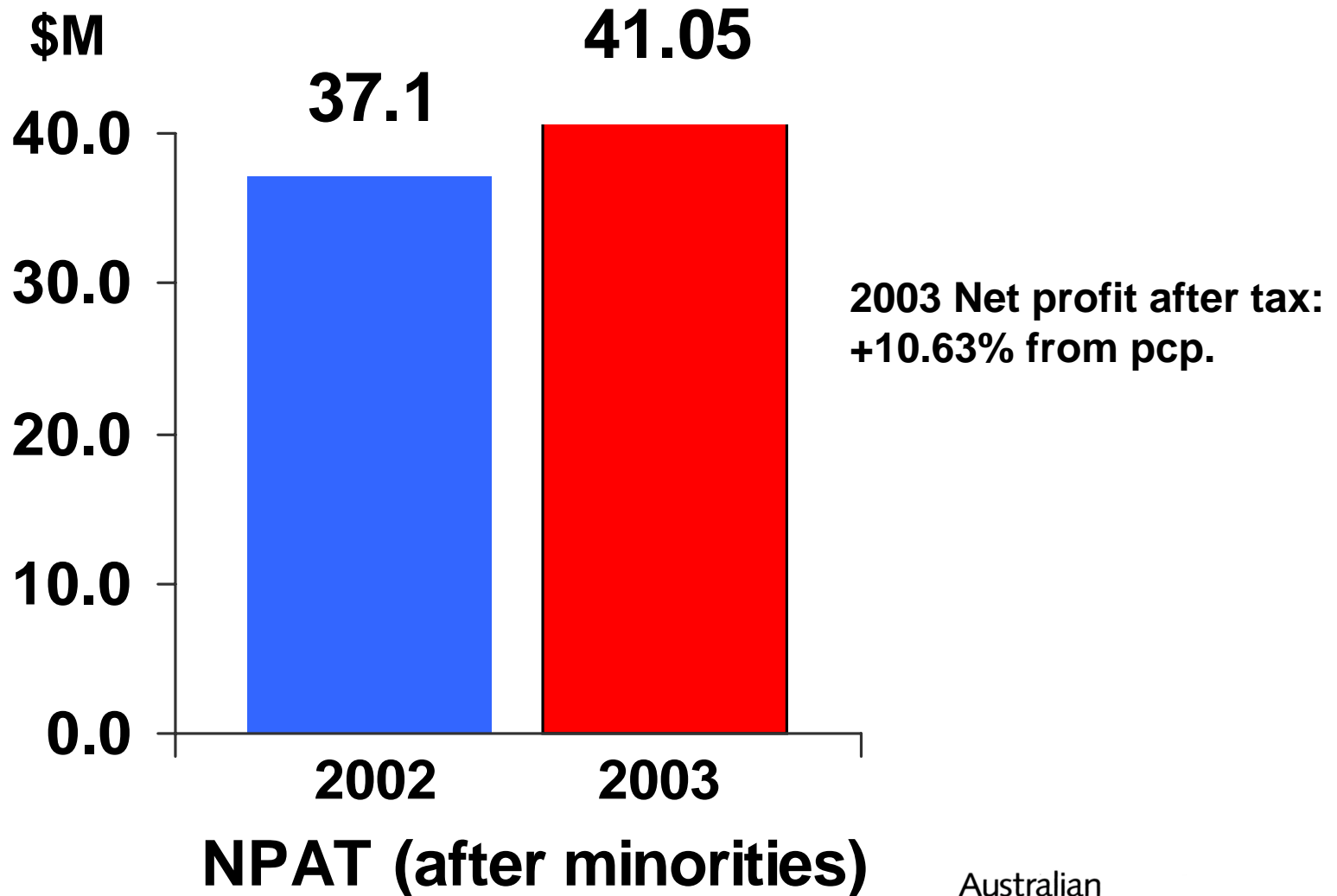


Agenda

- Results and Operating Review
- Strategic Issues
- Acquisition Opportunities
- Regulatory Environment
- Gas Supply to south east Australia
- Growth and industry rationalisation

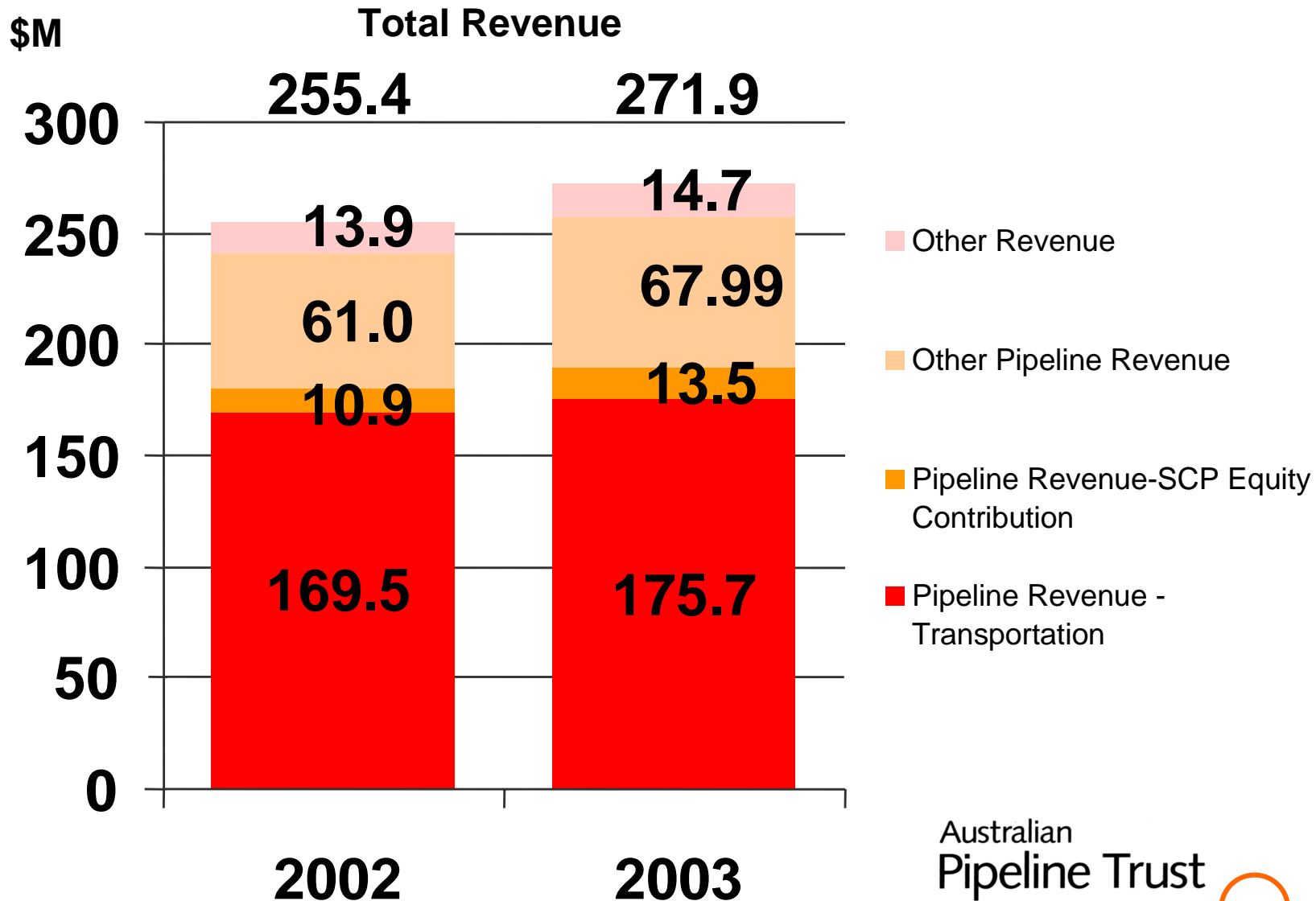


Full Year Results in Summary



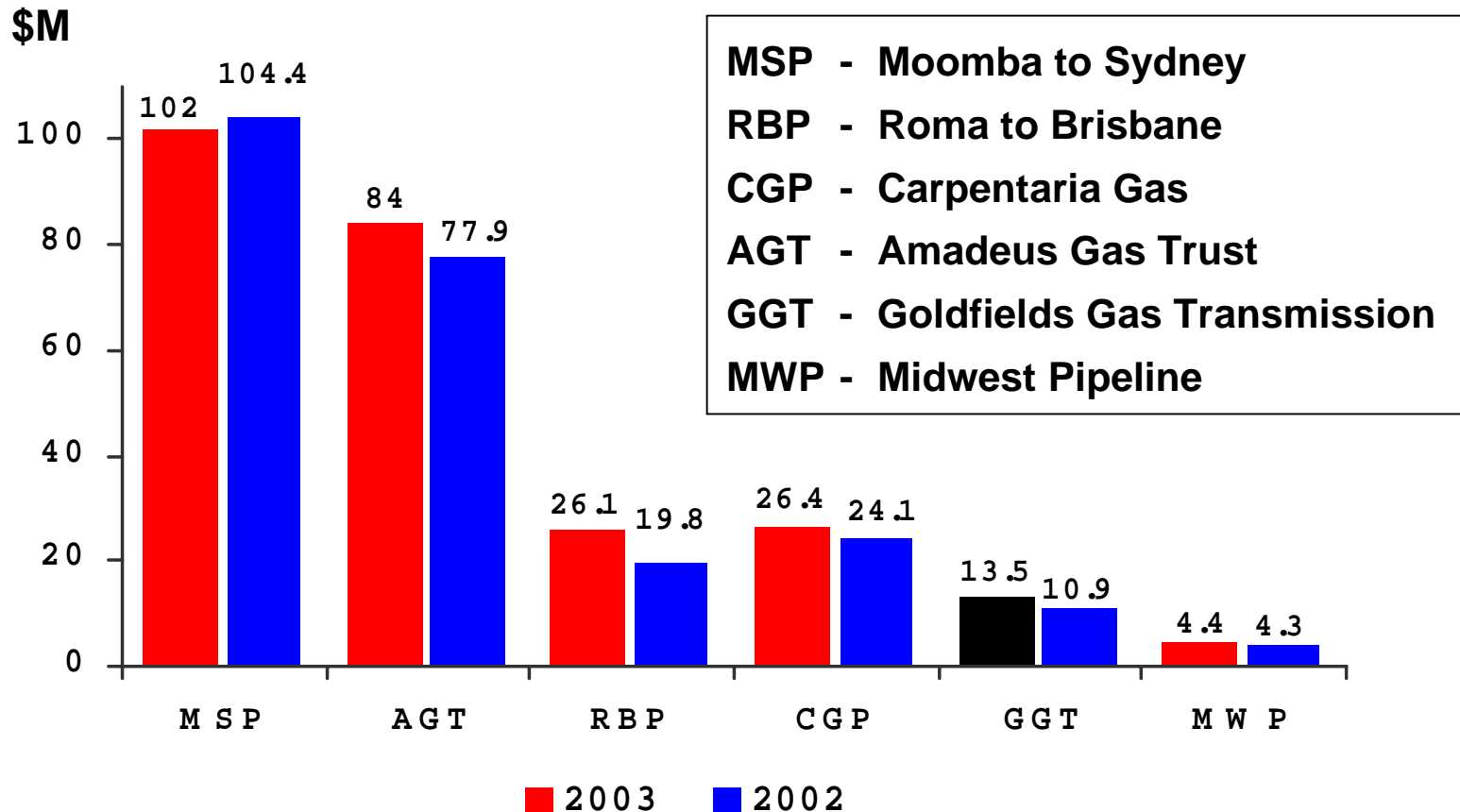
Results in Summary

Full Year Revenue Breakdown



Results in Summary

Revenue by Pipeline



■ GGT - is equity accounted contribution (not share of revenue)
- actual GGT revenue (+7.7% to \$85.6) in 2003.

- MSP, AGT & GGT include passthrough revenue

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Results in Summary

Year ended 30 June	2003 \$M	2002 \$M	%Change
EBITDA	137.81	132.22	4.2
Depreciation & Amortisation	24.1	26.3	8.4
Net Interest Expense	48.6	46.8	3.8
Profit before Tax	65.13	59.1	10.21
Tax	23.8	21.7	9.58
Minorities	0.3	0.3	-
Net Profit after Tax	41.05	37.1	10.63
Earnings per unit (cents per unit)	16.82	15.21	10.63

Results in Summary

Cash Flow

Year ended 30 June	2003 \$M	2002 \$M
Net cash flow from operating activities	90.59	85.09
Net cash used in investing activities	41.04	48.78
Distributions to unitholders	52.46	51.63



Results in Summary

Full Year Distribution Maintained

Cents per unit	2003	2002	2001
Total Distribution	21.5	21.5	21.0
Income Distribution	17.0	15.5	12.5
- <i>Franked Component</i>	-	-	1.83
- <i>Unfranked Component</i>	17.0	15.5	10.6
Capital Distribution	4.5	6.0	8.5

- Income component steadily increasing - now 79% of distribution.
- Franking not anticipated until after 2004.

Operational Review

Moomba to Sydney Pipeline

- Agreement with AGL to transport increased volumes of gas in Moomba to Sydney (MSP), above those already contracted beyond 2006.



Operational Review

Queensland

- Roma to Brisbane Pipeline
 - Looping stage 6, commissioned October 2002.
 - Innovative and interruptible firm haulage contracts with existing customers.
- Carpentaria Gas Pipeline
 - Additional compressor, commissioned December 2002.



Operational Review

Western Australia

- Acquisition of minority interests in Goldfields Gas Transmission Pipeline in April 2003
 - now an effective 48.5%.
- Midwest Pipeline running on reduced throughput
 - temporary shutdown of the vanadium mine at Windamurra.



Governance Arrangements

- Currently unitholders do not have right to elect directors of Australian Pipeline Limited.
- Proposal to give unitholders power to elect directors other than:
 - two directors nominated by AGL
 - one director nominated by Petronas
- Best practice - enhances unitholders' rights.
- Process to give effect to these changes has commenced.



Strategic Issues

- To continue to grow profitability, APA needs to:
 - expand its asset base
 - increase capacity
 - diversify its business mix
- Northern gas to south east Australia.
- Regulatory reform.



Strategic Issues

Diversifying & Growing our Asset Base

- Moomba to Sydney Pipeline (MSP) provides 37% of total revenue of APA.
- Focus on strategies to improve the contracted position of the MSP beyond 2006.
- Continue to lift throughput in our Queensland and Western Australian pipelines.
- Acquire additional assets to maintain the current trend in profitability and growth.



Strategic Issues

Acquisition of new assets and minorities

- EPIC Energy - sales process commenced

Epic West

- Dampier to Bunbury Pipeline

Epic East

- South West Queensland Pipeline
- Moomba to Adelaide Pipeline
- South East Pipeline
- Pilbara Pipeline System

- Duke Energy pipeline assets may be up for sale.

- Goldfields Gas Transmission

- Minority interests keen to divest



Strategic Issues

Improving APA's Ability to Raise Equity

- Distribution Reinvestment Plan
 - New units issued at a 2.5% discount to market
 - No brokerage or other fees are payable.

- Equity Raising Options
 - Placement via bookbuild
 - Rights issue
 - Jumbo placement
 - Combination of any of the above.

- APA will consider all options to ensure the best method of raising capital.



Strategic Issues

Complementary Assets

- Power Generation
- Gas production infrastructure including compression metering and drying plants.
- Other pipeline transmission assets:
 - Oil pipelines
 - Water pipelines.



Gas Supply to South East Australia

- Do we have the appropriate settings?
- Why isn't there more gas producer on producer competition?
- The nation needs a cohesive national energy policy and workable regulatory regime.



Regulatory Review

- ACCC final decision on our Moomba to Sydney Pipeline disappointing.
- Minister's decision on revocation still pending.
- Review of the National Gas Access Code due June 2004.



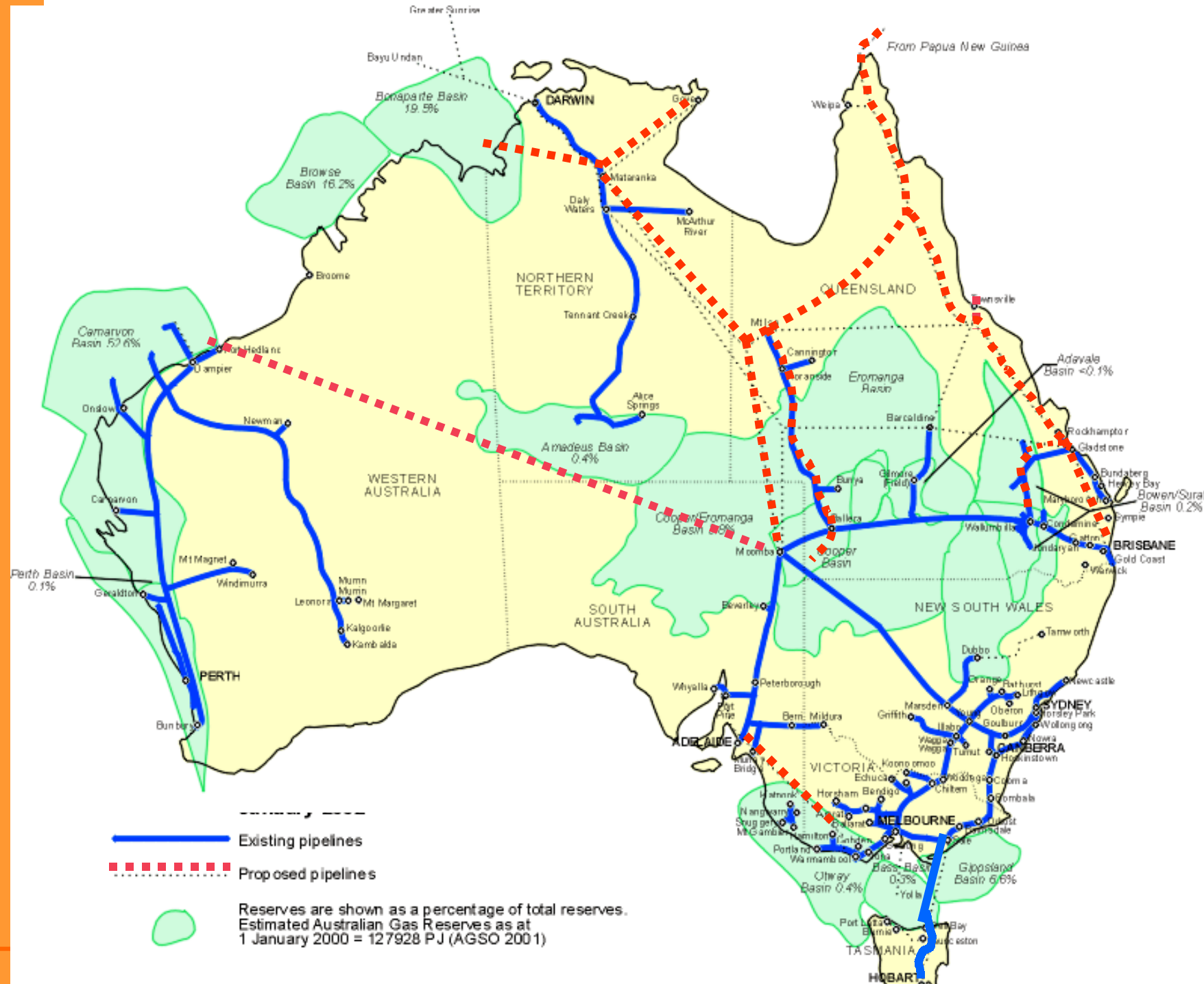
Australia's Leading Transporter of Natural Gas





Jim McDonald
Managing Director

Gas supply to south east Australia



Gas Supply to South East Australia

The Debate

- Australia has an abundance of natural gas, but not close to existing markets.
- ABARE study indicates shortfalls in supply from existing gas fields by early next decade.
- Customers are concerned about availability and prices from existing gas supplies.
- Work on alternative supplies is required now to address future shortfall.



Gas Supply to South East Australia Options

- Coal Bed Methane is an emerging viable alternative - provides short term relief.
- Gas from the Otway basin and Gippsland - only part of the solution.
- Timor Sea gas development - unlikely to have sufficient commercial gas supplies for domestic Australian markets.
- Papua New Guinea gas - still possible but difficult.



Gas Supply to South East Australia Papua New Guinea Pipeline Project

- PNG producers continue to aggregate a market for their gas.
- Proposed pipeline to services south east Australian markets via Mt Isa, Moomba and Central Queensland markets.
- Potential delays due to complexity of project.
- The PNG project could proceed if:
 - there are appropriate policy settings
 - the right foundation load.



North West Shelf Gas

- W.A Producers and Government beginning to canvass this option.
- Trans-continental pipeline will have focus should PNG Project not proceed.



Regulatory Environment

Review of existing Regulatory Issues

- APA is still awaiting Minister's determination on coverage of the Moomba to Sydney Pipeline.
- ACCC final determination has little impact on Moomba to Sydney Pipeline until after 2006.
- ACCC final determination differs from APA submission. These differences need to be resolved.
- Confident that the Productivity Commission review will lead to a better and fairer regulatory system.



Regulatory Environment

Review of existing Regulatory Issues

- National Competition Council recommends that Queensland State Agreement is “not effective”.
- QLD tariffs regulated by State Agreement.
- Existing contracted arrangements on Queensland pipelines at risk.
- Both the Queensland Government and APA oppose the recommendation.
- Goldfields Gas Transmission Pipeline awaiting a further draft determination from OffGAR.



Productivity Commission Review

- Regulatory regime is affecting the gas industry and dampening the development of “greenfields” projects.
- Review of the Gas Access Regime by the Productivity Commission is welcome.
- APA and industry representatives will be lodging submissions.
- Final report is due in June 2004.



Growth Strategy

- APA seeks growth from four areas:-
 - incremental growth on our existing pipelines.
 - acquisitions of minority interests in our pipelines.
 - acquisition of other pipelines through industry rationalisation.
 - investment in complementary businesses.



Growth Strategy

Incremental Growth

- Natural gas demand continues to grow at over 3% annually.
- APA actively markets in Queensland, Western Australia, Northern Territory and on the Moomba to Sydney Pipeline.
- APA seeks opportunities to position natural gas as an alternative to coal-fired power.



Growth Strategy

Acquisitions

- Minority Interests
 - Minority interests in Goldfields Gas Transmission considering a sale.
- Industry rationalisation - Epic “first cab on the rank”.
- Greenfields - Australia requires a major new pipeline to bring northern gas to the south east.
- New pipelines mitigates future MSP risk.
- Complementary business opportunities
 - non gas pipeline investments will be considered.



Summary

- APA has major challenges in the future.
- Gas supply to south east Australia must be addressed.
- Productivity Commission Review is important.
- APA is actively involved in the emerging industry rationalisation.
- APA focused on profitability and growth strategy.
- APA will continue to be the leading natural gas transporter in Australia.



A vibrant yellow field of flowers, likely rapeseed, stretches across the foreground under a clear blue sky with wispy white clouds. The field is in sharp focus, and the sky is a deep, clear blue. The overall scene is bright and cheerful.

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