

**Australian Pipeline Trust Unitholder Information Meeting
Chairman's Presentation**

George Bennett

GOOD MORNING LADIES AND GENTLEMEN AND WELCOME TO THE FIRST ANNUAL MEETING OF UNITHOLDERS, OF THE AUSTRALIAN PIPELINE TRUST.

MY NAME IS GEORGE BENNETT AND I AM THE CHAIRMAN OF AUSTRALIAN PIPELINE LIMITED, THE RESPONSIBLE ENTITY FOR AUSTRALIAN PIPELINE TRUST. IN ACCORDANCE WITH THE CORPORATIONS ACT, I HAVE BEEN APPOINTED IN WRITING BY AUSTRALIAN PIPELINE LIMITED TO CHAIR THIS MEETING. IT BEING THE APPOINTED TIME, I DECLARE THE MEETING OPEN.

BEFORE WE COMMENCE THIS MORNING'S PROCEEDINGS MAY I ASK THAT MOBILE PHONES AND PAGERS BE SWITCHED OFF DURING THE MEETING.

WITH ME ON THE PODIUM ARE MY FELLOW DIRECTORS - MR LES FISK, MR JOHN FLETCHER, MR ROBERT WRIGHT, MR TOM FORD AND NG CHONG WAH.

ALSO PRESENT ON THE PODIUM ARE TWO OF THE MANAGEMENT TEAM, MR JIM MCDONALD, CEO, AND MR AUSTIN JAMES, OUR COMPANY SECRETARY.

MR MURI MUHAMMAD, DIRECTOR AND REPRESENTATIVE OF PETRONAS NASIONAL BERHAD SUBMITS HIS APOLOGIES. MR NG CHONG WAH IS ATTENDING AS MR MURI MUHAMMAD'S ALTERNATE TODAY.

SENIOR MANAGEMENT AND STAFF OF AUSTRALIAN PIPELINE TRUST ARE ALSO WITH US TODAY AND WILL BE AVAILABLE TO ANSWER QUESTIONS AT THE CONCLUSION OF THESE PROCEEDINGS.

MR JAMES RIDDELL, PARTNER OF DELOITTE TOUCHE TOHMATSU, WILL REPRESENT APA'S FINANCIAL AUDITOR AND COMPLIANCE AUDITOR, DELOITTE TOUCHE TOHMATSU AT THIS MEETING.

WE HAVE ALSO INVITED THE MEDIA AND MEMBERS OF THE FINANCIAL COMMUNITY TO BE PRESENT .

THROUGHOUT THIS MEETING WE WILL REFER TO THE AUSTRALIAN PIPELINE TRUST AS APA
- THE ASX CODE FOR OUR BUSINESS.

COPIES OF TODAY'S PRESENTATIONS WILL BE AVAILABLE ON OUR WEBSITE, WWW.PIPELINETRUST.COM.AU, IMMEDIATELY FOLLOWING THE CONCLUSION OF THE MEETING.

OUR SITE CONTAINS A WIDE RANGE OF INFORMATION DESIGNED TO KEEP UNITHOLDERS INFORMED OF THE LATEST DEVELOPMENTS, INCLUDING ANNOUNCEMENTS AND FINANCIAL INFORMATION. IT PROVIDES ANSWERS FOR COMMON QUESTIONS ASKED BY UNITHOLDERS, AND A DOWNLOADABLE VERSION OF THE ANNUAL REPORT IS ALSO AVAILABLE ONLINE.

YOU WILL HAVE NOTED FROM THE NOTICE OF MEETING THAT THIS MEETING IS FOR INFORMATION PURPOSES ONLY. THERE ARE NO MATTERS THAT REQUIRE UNITHOLDERS' VOTE.

AS OUTLINED IN THE UNITHOLDERS SEPTEMBER 2001 NEWSLETTER AND 2001 ANNUAL REPORT, APA IS A LISTED INVESTMENT TRUST NOT A LISTED PUBLIC COMPANY. THEREFORE DIFFERENT CORPORATIONS ACT PROVISIONS APPLY TO DETERMINE THE RULES FOR HOLDING TRUST MEETINGS. THERE IS NO MATTER THAT REQUIRES UNITHOLDER RESOLUTION TO BE PUT AT THIS MEETING AND NO FINANCIAL ACCOUNTS OR OTHER MATTERS NEED TO BE ADOPTED BY UNITHOLDERS.

FOLLOWING OUR PRESENTATIONS, WE WILL TAKE QUESTIONS FROM UNITHOLDERS AND ON CLOSING THE MEETING YOU ARE INVITED TO JOIN DIRECTORS AND MEMBERS OF THE MANAGEMENT TEAM FOR LIGHT REFRESHMENTS NEXT DOOR.

I WOULD LIKE TO BRIEFLY COVER THE RESULTS FOR THE PERIOD TO 30 JUNE 2001 AND DISCUSS THE CURRENT ENVIRONMENT IN WHICH WE OPERATE, THE ISSUES WE FACE, AS WELL AS OUR STRATEGIC DIRECTION. I WILL THEN ASK JIM MCDONALD, THE CEO, TO PROVIDE AN OVERVIEW OF THE TRUST'S OPERATIONS FOR THE YEAR AND COMMENT IN MORE DETAIL ON SOME OF THE OPPORTUNITIES AND CHALLENGES FOR THE TRUST IN THE MEDIUM TERM.

BUT FIRST IT IS PLEASING TO NOTE THAT WHEN WE LISTED IN JUNE LAST YEAR WE HAD INITIALLY OVER 30,000 UNITHOLDERS AND STILL HAVE A LITTLE OVER 30,000.

FINANCIAL RESULTS

OUR FIRST FINANCIAL PERIOD COVERS THE PERIOD FROM FORMATION, 17 MARCH 2000 UNTIL 30 JUNE 2001, SOME FIFTEEN AND ONE HALF MONTHS. DURING THIS PERIOD THE AUSTRALIAN STOCK EXCHANGE HAS REQUIRED APA TO PROVIDE AN APPENDIX 4B REPORT FOR EACH PERIOD TO 30 JUNE. THAT INCLUDES THE 18 DAYS OF OPERATION FROM THE APA FLOAT ON 13 JUNE 2000 TO 30 JUNE 2000, AND FROM 1 JULY 2000 UNTIL 30 JUNE 2001.

IN THE INFORMATION THAT FOLLOWS YOU WILL SEE THAT EACH PERIOD IS IDENTIFIED AS APPENDIX 4B FOR FINANCIAL YEAR 2000 OR 2001 AS APPROPRIATE. THE TOTAL AMOUNT OF THE TWO APPENDICES 4BS REPRESENTS THE TOTAL RESULTS FOR THE FINANCIAL PERIOD AND IS SET OUT UNDER THE COLUMN, FINANCIAL REPORT ACTUAL. UNITHOLDERS SHOULD NOTE THAT REFERENCES TO THE OFFER DOCUMENT REPRESENT BOTH PERIODS.

IT IS ONLY THE RESULT FOR THE FULL FINANCIAL PERIOD THAT IS INCLUDED IN THE ANNUAL REPORT AND OUR PRESENTATION TODAY.

[PIPELINE REVENUE]

PIPELINE REVENUE FOR THE PERIOD WAS \$182.5 MILLION, \$7.1 MILLION (OR 4%) ABOVE THE OFFER DOCUMENT FORECAST. THIS HIGHER REVENUE WAS AS A RESULT OF HIGHER SALES. PIPELINE REVENUE ALSO INCLUDES EQUITY PROFITS FROM ITS INVESTMENT IN THE GOLDFIELDS GAS TRANSMISSION PIPELINE AND CONSOLIDATED PROFITS FROM AMADEUS GAS TRUST.

WHEN ANALYSING THIS RESULT, PIPELINE REVENUE WAS ASSISTED BY THE INCLUSION OF A NON-RECURRING INCOME AMOUNT OF \$1.3 MILLION RELATING TO THE COMMENCEMENT OF THE GAS TRANSPORTATION DEED

BETWEEN APA AND AGL WHOLESALE GAS LIMITED BEING LATER THAN ANTICIPATED.

GAS THROUGHPUT FOR THE PERIOD, EXCLUDING AMADEUS GAS TRUST WAS 192.6 PETAJOULES AND WAS IN LINE WITH THE OFFER DOCUMENT FORECAST.

[OTHER PIPELINE REVENUE]

ALL OF THIS REVENUE IS IN THE NATURE OF A PASSTHROUGH – WITH AN OFFSETTING EXPENSE AS DISCLOSED IN NOTE 2 OF THE ACCOUNTS. FOR EXAMPLE, THE LEASE INCOME FOR THE AMADEUS GAS TRUST (SOME \$20 MILLION) IS INCLUDED HERE. IT DELIVERS NO MARGIN TO APA.

[OTHER REVENUE]

OTHER REVENUE OF \$15.3 MILLION CONSISTED OF INTEREST INCOME AND WAS 19.5% HIGHER THAN THE OFFER DOCUMENT FORECAST OF \$12.8 MILLION.

[OPERATING EXPENSES]

OPERATING EXPENSES FOR THE PERIOD EXCLUDING DEPRECIATION AND INTEREST WERE BROADLY IN LINE WITH THE OFFER DOCUMENT FORECAST WHILE EBIT FOR

THE PERIOD WAS \$109.4 MILLION, 6.7% ABOVE OFFER DOCUMENT FORECAST OF \$102.5 MILLION.

DEPRECIATION AND AMORTISATION WERE BROADLY IN LINE WITH FORECASTS.

[INCOME TAX EXPENSE]

THE EFFECTIVE INCOME TAX EXPENSE RATE OF 41.7% WAS SLIGHTLY LOWER THAN FORECAST IN THE OFFER DOCUMENT AND REPRESENTS A COMBINATION OF HIGHER PRE TAX PROFIT AND THE REDUCED EFFECT THAT THE FIXED PERMANENT DIFFERENCE HAS IN PERCENTAGE TERMS.

THE MAJOR CONTRIBUTIONS TO THE EFFECTIVE TAX RATE BEING GREATER THAN 34% ARE THE NON-DEDUCTIBILITY FOR TAXATION PURPOSES OF INFRASTRUCTURE BOND INTEREST OF \$6.3 MILLION AND CERTAIN DEPRECIATION AND AMORTISATION CHARGES OF \$6.7 MILLION ARISING FROM THE FAIR VALUING OF ASSETS ON ACQUISITION.

[OPERATING PROFIT AFTER TAX AND MINORITIES]

OPERATING PROFIT AFTER TAX AND MINORITIES OF \$33.0 MILLION EXCEEDED THE OFFER DOCUMENT FORECAST BY \$7.5 MILLION OR 29.4%.

THE BASIC EARNINGS PER UNIT OF 13.5 CENTS WAS 28.6% BETTER THAN THE OFFER DOCUMENT FORECAST.

SUMMARISING THE MAJOR CONTRIBUTIONS TO THIS RESULT:

- WE HAD HIGHER TOTAL REVENUE;
- LOWER NET BORROWING COST, AND
- A LOWER EFFECTIVE INCOME TAX EXPENSE RATE.

THE NEXT SLIDE DEMONSTRATES SOME OF THE IMPORTANT KPI'S FOR OUR BUSINESS.

YOU WILL NOTE THAT OUR MARGINS SHOW THE POSITIVE IMPACT OF HIGHER SALES. .

INTEREST COVER IS ALSO COMFORTABLY SUPPORTED BY CASH FLOW FROM OUR HAULAGE CONTRACTS.

THE REDUCTION IN NET TANGIBLE ASSETS REFLECTS THE CAPITAL DISTRIBUTIONS MADE TO DATE.

THE BOARD IS PLEASED WITH OUR FINANCIAL RESULT. IMPORTANTLY, THE STRONG FINANCIAL PERFORMANCE OF APA HAS CONTINUED INTO THE NEW YEAR AND I AM PLEASED TO REPORT THAT WE ARE ON TARGET TO, AT A MINIMUM, MEET THE OFFER DOCUMENT FORECAST FOR YEJ 2002.

DISTRIBUTIONS

DISTRIBUTIONS PAID OR PAYABLE FOR THE PERIOD TOTAL 22 CENTS PER UNIT. THE TOTAL DISTRIBUTION PER UNIT FOR THE PERIOD IS MADE UP OF A CAPITAL DISTRIBUTION COMPONENT OF 9.1 CENTS PER UNIT AND AN INCOME COMPONENT OF 12.9 CENTS PER UNIT. THE INCOME COMPONENT WAS FRANKED TO THE EXTENT OF 28%.

AS INDICATED IN THE OFFER DOCUMENT, IT IS NOT EXPECTED THAT APA WILL GENERATE FURTHER SIGNIFICANT FRANKING CREDITS UNTIL AT LEAST 2004. THIS IS DUE TO THE FACT THAT WE HAVE ACCELERATED TAX DEPRECIATION ON CERTAIN PIPELINE ASSETS, WHICH CEASES IN 2004.

SEVERAL UNITHOLDERS HAVE ASKED ABOUT THE CAPITAL DISTRIBUTION AND ITS IMPACT ON THEIR INVESTMENT. THE CAPITAL DISTRIBUTION IS MADE TO UNITHOLDERS FROM THE FREE CASH GENERATED IN EXCESS OF ACCOUNTING PROFIT, DUE TO CHARGES SUCH AS DEPRECIATION AND AMORTISATION. NOTWITHSTANDING THIS, ALL CASH AMOUNTS DISTRIBUTED TO UNITHOLDERS (WHETHER INCOME OR CAPITAL) ARE COVERED BY OPERATING CASH FLOW WITH SUFFICIENT LEFT OVER TO PAY DOWN DEBT AND COVER FORECAST CAPITAL EXPENDITURE.

AS FORECAST IN THE OFFER DOCUMENT, IT IS LIKELY THAT THE CAPITAL DISTRIBUTION COMPONENT WILL CONTINUE FOR SEVERAL YEARS. IT SHOULD BE NOTED THAT THE CAPITAL COMPONENT OF THE DISTRIBUTION WILL DECREASE AS PROFITABILITY INCREASES NEW ASSETS ACQUIRED OR BUILT WILL INCREASE THE DEPRECIATION AND AMORTISATION CHARGE AND THIS MAY BE REFLECTED IN THE CAPITAL/INCOME MIX OF DISTRIBUTIONS IN THE FUTURE.

I REMIND UNITHOLDERS THAT THE TRUST IS A PUBLICLY LISTED TRADING TRUST FOR TAX PURPOSES. AS SUCH, DISTRIBUTIONS ARE TREATED IN THE SAME WAY AS CORPORATE DIVIDENDS. DISTRIBUTION INCOME SHOULD BE INCLUDED AS ASSESSABLE INCOME UPON RECEIPT OF THE DISTRIBUTION, NOT IN THE YEAR OF INCOME UPON WHICH THE PROFITS ARE DERIVED.

OPERATING HIGHLIGHTS

AS YOU CAN SEE FROM THIS SLIDE, APA HAS HAD A PRODUCTIVE YEAR. APA HAS DEMONSTRATED THAT IT HAS A STRONG ROLE TO PLAY AS AN AUSTRALIAN OWNED ENTITY.

- WE HAVE BEDDED DOWN THE NEW BUSINESS AND THE MANAGEMENT TEAM ARE DEVELOPING A STRONG WORKING RELATIONSHIP WITH AGL'S SUBSIDIARY, AGILITY THROUGH THE PIPELINE MANAGEMENT

AGREEMENT AND THE PIPELINE DEVELOPMENT AGREEMENT.

- AS WELL AS ACHIEVING A STRONG FIRST YEAR PERFORMANCE, WE ACQUIRED THE 15% MINORITY INTEREST IN THE ROMA TO BRISBANE PIPELINE;
- WE COMPLETED THE PEAT LATERAL PIPELINE WHICH WILL BRING COAL SEAM METHANE FROM THE PEAT AND SCOTIA FIELDS INTO BP BULWER ISLAND CLEAN FUEL FACILITY JUST OUTSIDE OF BRISBANE;
- WE HAVE FAST-TRACKED AGREEMENTS TO DELIVER GAS TO CS ENERGY FOR A PLANNED 385 MEGAWATT, GAS-FIRED, COMBINED CYCLE ELECTRICITY GENERATION PLANT AT SWANBANK, NEAR BRISBANE; AND
- WE BUILT A 15KM LATERAL NEAR MT MAGNET IN WESTERN AUSTRALIA THAT WILL BRING GAS TO THE MT MAGNET POWER STATION.

OTHER INVESTMENT OPPORTUNITIES CO-EXIST WITH THE DEVELOPMENT OF RESOURCE PROJECTS. HOWEVER, A FRAGMENTED REGULATORY ENVIRONMENT WITHIN AUSTRALIA AND THE LACK OF A NATIONAL ENERGY STRATEGY ON GAS ARE MAJOR IMPEDIMENTS IN LONG-TERM PLANNING AND THE FINANCIAL ASSESSMENT OF LONG-TERM PROJECTS. MR MCDONALD WILL BE COMMENTING FURTHER ON THIS AREA. IT IS PLEASING TO NOTE THAT THE CURRENT FEDERAL GOVERNMENT IS CONTEMPLATING A REVIEW OF THE APPLICATION OF THE THIRD PARTY ACCESS CODE TO TRANSMISSION PIPELINES.

THE NATURAL GAS INDUSTRY IN AUSTRALIA IS IN AN EXCITING PHASE OF ITS HISTORY AND IN MANY WAYS IT IS AT A CROSSROADS. DECISIONS THAT NEED TO BE MADE WITHIN THE INDUSTRY AND BY THE FEDERAL AND STATE GOVERNMENTS OVER THE NEXT FEW YEARS WILL DETERMINE THE FUTURE OF NATURAL GAS AS A FUEL AND NATURAL GAS TRANSMISSION.

APA RECOGNISES THE IMPORTANCE OF PLAYING A LEADERSHIP ROLE IN THESE DECISIONS AND MR MCDONALD AND OTHER EXECUTIVE STAFF ARE ACTIVELY INVOLVED IN BOTH THE INDUSTRY AND GOVERNMENT DISCUSSIONS.

WE KNOW THAT NEW GAS SUPPLIES NEED TO BE PROVIDED TO THE MARKETS IN SOUTHERN AND EASTERN AUSTRALIA BY THE LATTER PART OF THIS DECADE. SIGNIFICANT INVESTMENT DECISIONS ALSO NEED TO BE MADE IN THE NEXT FEW YEARS REGARDING THE DEVELOPMENT OF GAS RESERVES IN THE TIMOR SEA, PAPUA NEW GUINEA, THE OTWAY AND GIPPSLAND BASINS. INVESTMENTS IN GAS TRANSPORTATION HAVE LONG LEAD TIMES. AND HOPEFULLY, THESE DECISIONS WILL BE TAKEN SOON. THESE DECISIONS WILL DETERMINE THE POSITIONING OF NATURAL GAS IN THE PRIMARY ENERGY MIX IN AUSTRALIA.

THE FURTHER DECISION TO BRING GAS TO MARKET WILL THEN NEED TO BE MADE. HOWEVER, BEFORE THAT CAN BE ACHIEVED, WE NEED TO CHANGE THE REGULATORY ENVIRONMENT.

IF THIS COUNTRY WISHES TO CONTINUE TO DEVELOP ITS GAS INDUSTRY IT IS ESSENTIAL THAT REGULATORS IMPLEMENT POLICY THAT IS CONDUCIVE TO AND ENCOURAGES INFRASTRUCTURE DEVELOPMENT. WITHOUT REGULATORY CERTAINTY, NEITHER THE PIPELINE OPERATORS NOR INVESTORS WILL HAVE SUFFICIENT CONFIDENCE TO PURSUE THE VITAL PROJECTS NECESSARY TO ENSURE THE SUPPLY OF GAS TO EASTERN AUSTRALIA.

THESE ISSUES WILL BE CRITICAL TO THE FUTURE GROWTH OF THE TRUST AND THE INTEGRITY OF ITS PIPELINE ASSET BASE.

UNIT PRICES

THE PUBLIC OFFER WAS WELL RECEIVED IN THE MARKET WITH UNITS TRADING AT A 12.5 PER CENT PREMIUM TO THE SUBSCRIPTION PRICE ON OUR ADMISSION TO THE AUSTRALIAN STOCK EXCHANGE IN JUNE LAST YEAR.

CURRENT MOVEMENTS ARE DOMINATED BY GLOBAL FACTORS EFFECTING CAPITAL MARKETS. DESPITE TURBULENT TIMES IN THE CAPITAL MARKETS OUR UNIT

PRICE HAS MAINTAINED A HEALTHY PREMIUM TO THE ISSUE PRICE WHICH IS GOOD NEWS FOR INVESTORS.

OVERALL, APA HAS RECEIVED STRONG INTEREST FROM ANALYSTS, EAGER TO LEARN ABOUT APA AS AN INVESTMENT RECOMMENDATION FOR THEIR CLIENTS. THE BOARD IS OF THE VIEW THAT APA REPRESENTS A LOW-RISK YIELD INVESTMENT, WITH THE MAJORITY OF REVENUE OVER THE NEXT FIVE YEARS SECURED UNDER EXISTING CONTRACTS, MAKING IT AN ATTRACTIVE OPTION IN THE CURRENT BUSINESS CLIMATE.

I TAKE THIS OPPORTUNITY TO CONGRATULATE APA MANAGEMENT AND STAFF WHO HAVE ALL WORKED EXTREMELY HARD TO SET UP AND BED DOWN THE BUSINESS.

WRAP UP

IN CONCLUSION, WE ARE ENCOURAGED BY APA'S STRONG FIRST YEAR OF BUSINESS, ITS INCREASING PROFILE AS A LEADER IN THE GAS TRANSMISSION INDUSTRY AND THE POTENTIAL TO CONTINUE TO BUILD THIS SUBSTANTIAL BUSINESS.

LET ME NOW INTRODUCE JIM MCDONALD, TO DISCUSS YOUR TRUST'S PERFORMANCE AND OPERATIONS OVER THE FIRST FINANCIAL PERIOD.

****The End****