



GrainCorp

Project Regeneration



Creating a more efficient and reliable network for all customers

In 2014, GrainCorp begins a \$200 million transformation of its storage and logistics network. Representing the single largest capital investment in rail loading capability in the company's history, Project Regeneration will deliver a more efficient and reliable network for all customers, unlocking lower transport rates and higher grain prices for growers across the network.

Project Regeneration is focused on investment and transformation in four key areas:

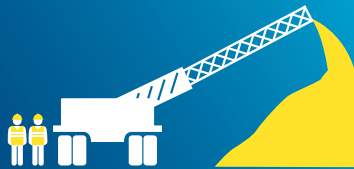
1. Re-shaping the country network
2. Localised cluster operations
3. End-to-end export logistics
4. Rail loading improvements

1. Re-shaping the country network

We are re-shaping our network to around 180 sites to simplify our operations and reduce operating costs. This consolidation will allow us to concentrate our investment at sites where it will have the broadest benefit. It will reduce complexity, operating costs and enable greater focus on local operations and service.

90%

The core 180 sites already receive **90% of all delivered grain**



Labour and mobile equipment concentrated to areas of peak demand

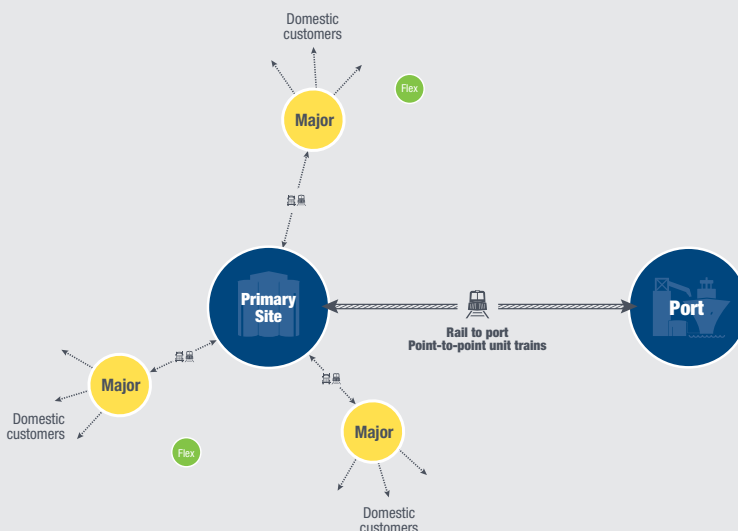
20 million tonnes

storage capacity

remains double our average intake – meaning plenty of room for your grain, including 8 million tonnes of permanent silo and shed storage

2. Localised cluster operations

Around 180 sites will be grouped into 34 geographical clusters, reducing management duplication and giving greater local autonomy. Export and domestic grain can be purchased from all sites but will be executed from the most suitable site.



Primary sites

Export focused, providing fast cycling rail services to ports and terminals with point-to-point unit trains (40+ wagons)

Major sites

Domestic focused, with road freight and point-to-point domestic and export shuttle trains (NSW only)

Flex sites

Special purpose sites, supporting the network by providing extra capacity where required (road only)

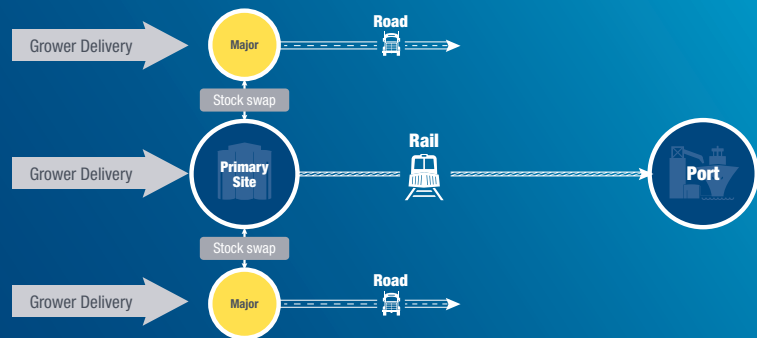
3. End-to-end export logistics

GrainCorp will offer bundled transport and handling of export grain under a simplified operating model known as ExportDirect. ExportDirect further simplifies the export logistics task by allowing GrainCorp to move grain from the most cost-effective site. Importantly this model:

- Maximises the volume of export rail from upgraded primary sites
- Allows the benefit of investment in Primary sites to be transmitted across all sites by allowing GrainCorp to offer competitive transport rates across the network.

ExportDirect

Transmits the benefit of GrainCorp's investment throughout all sites, by ensuring buyers compete for export or domestic grain at **any** site, but always executing out of the most suitable site



4. Rail loading improvements

GrainCorp is committing \$200 million to upgrade rail loading capacity to handle faster cycling point-to-point trains from our 68 Primary sites, including 3 new built-for-purpose sites. These improvements will:

- re-position grain with tripling of loading rates
- accommodate a unit train at a site
- reduce transport costs and improve reliability for customers.

In order to unlock the full potential uplift from our investment, government investment in government owned sidings and rail track will also be necessary.



Tripling rail loading rates to over 500 tonnes per hour

Installation or upgrade of single load points with over-rail garner bins, high speed elevators with pre-positioning bins with fumigation and blending capabilities



Unlocking substantial freight savings for growers and grain buyers alike

Delivered through faster and more reliable train cycle times



Potential to return up to 1 million tonnes to rail

Removing up to 25,000 heavy vehicle movements each year, improving road safety and reducing road maintenance, emissions and heavy vehicle noise

Your questions answered

When will changes take effect?

Network and operating model changes will largely be in place for the 2014 winter harvest, while capital works associated with rail loading improvements will take place over the next 3 years, subject to planning approvals and government co-investment in government owned rail sidings.

Why rail?

Modernised rail capability and simplified rail operations will deliver a faster, more efficient and reliable service for export grain. A consolidated and restructured site cluster model will allow for improved resource management. The streamlined rail operating model will support point-to-point trains and improve the cost effectiveness and capacity for export grain.

How many sites will be closed?

We are moving to a core of around 180 sites. The network has varied in size over the years, depending on the crop size. Last harvest we operated 252 sites. In other years it has been more or less depending on the circumstances in that year. Focusing on the core 180 sites that already receive 90% of all grain allows us to concentrate investment in those parts of the network that really need it.

Will I have to travel further to deliver grain?

We expect any impact from an individual site closure will be offset by higher prices bid for growers' grain as a result of a more efficient and reliable network following investment. In the final consolidated network, the average distance between our sites will be 30 kilometres.

Will there be job losses?

It is anticipated that there will be a reduction of around 80 full time roles across the network of both support and operating staff. We will seek to redeploy affected people within GrainCorp and provide assistance in finding new employment, along with full entitlements when this is not possible.

Will fewer sites increase turnaround times at sites?

One of the benefits of a consolidated network is allowing equipment resources and labour to be focused to areas of peak demand, when it is most needed. Waiting times under a consolidated network should generally be shorter compared to when resources are spread thinly across a less efficient network.

What will GrainCorp do with closed sites?

GrainCorp is considering its options and may also engage with growers and other interested parties, subject to conditions, to lease or buy closed sites.

Visit graincorp.com.au/regeneration

Find further details about Project Regeneration including site locations on our website.