

29 February 2000

Mr Mike Jansen
Office of Gas Access Regulation
Level 6, Governor Stirling Tower
197 St Georges Tce
PERTH WA 6000

Dear Sir

Re: Proposed Access Arrangement - Goldfields Gas Transmission Pty Ltd

Wesfarmers CSBP Limited ("CSBP") would like to make the following comments regarding the proposed Access Agreement for the Goldfields Gas Pipeline submitted by Goldfields Gas Transmission Pty Ltd ("GGT").

Background

CSBP is not currently a customer of the Goldfields Gas Pipeline. However, it holds the rights to a substantial phosphate deposit at Mt Weld near Laverton in the north eastern Goldfields and is investigating the development of this resource, with Anaconda Nickel Limited, to produce fertilisers for Western Australian and export markets.

Mt Weld Phosphate Project

A scoping study for the development of a fully integrated ammonium phosphate fertiliser production facility in the north eastern goldfields was completed in late 1998. The results of this were sufficiently encouraging to commence a programme of work to address a number of key technical issues. This study is in progress.

A modern fertiliser production facility requires access to cost competitive raw materials, including ammonia. Consequently the development of this project is dependent on being able to achieve a delivered price of natural gas for ammonia production in the region that will allow the project to compete with existing overseas suppliers of ammonium phosphate fertilisers.

Natural Gas Requirements

The scale of the proposed Mt Weld fertiliser production facility is subject to economic evaluation. However, as a broad indication, based on the scale of operation currently under consideration, the fertiliser project could require approximately 15TJ/day of natural gas.

Submission

It would appear that the highly pessimistic view of future project development in the area served by the GGT is likely to become a self-fulfilling prophecy if used as the basis for calculating tariffs. While any individual development project under study has a clear risk of not proceeding, this is not justification for assuming that no such projects will succeed. A probability-based approach may be more reasonable, and avoid having to make pre-judgements regarding exactly which development projects will proceed.

Conclusion

Wesfarmers CSBP has not reviewed the detail of the proposed asset valuation or depreciation methodology and therefore offers no comments on these details. However, we emphasise that third party access to the GGT on terms that ensure a world competitive delivered gas price is critical to the development of value adding projects in the region.

Yours faithfully
Wesfarmers CSBP Limited

PW Knowles
Managing Director