GrainCorp
Growing Solutions

Company announcement

GrainCorp Limited ABN 60 057 186 035

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PUBLIC ANNOUNCEMENT

Media Release

Contents for immediate release: (Market Update: Changes to Receival Network Progressing Well)

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Media Statement

GrainCorp Limited ABN 60 057 186 035

Immediate release **Thursday, 3 August 2006**

MARKET UPDATE: CHANGES TO RECEIVAL NETWORK PROGRESSING WELL

GrainCorp Limited today outlined further details of its three-year plan to strengthen its receival network, including a $25 million commitment to capital expenditure before the 2006/07 harvest.

While upgrading Company sites – which stretch across eastern Australia - is a key part of the program, GrainCorp is investing heavily in staff training, new technology and customer service programs.

Highlights:

- $10 million towards expanding intake storage capacity and bunker efficiency;
- $6 million towards in-loading bunker equipment, elevator upgrades, weighbridges and sample stands to improve intake capability;
- $1.3 million on state of the art grain quality testing equipment;
- $1.5 million on new IT stock management systems;
- $6m on port and country compliance projects;
- Appointment of 77 Grain Services Managers at key GrainCorp sites;
- Implementing rigorous key performance indicators (KPIs) at each site; and
- Retraining all operational employees to best practice grain management standards.

GrainCorp Managing Director, Mr Tom Keene, said the Company had made significant progress on its strategic plan to improve efficiencies and to better service growers and buyers across our network.

"Our grower customers have told us they prefer to use larger and faster sites to deliver their grain," Mr Keene said. "We have responded by making a strategic decision to improve our network while also extending opening hours and staffing levels at our larger facilities to maximize site intake capabilities."

"In practical terms, this means that growers can move their crops to market quicker and easier. We are committed to maintaining high service standards and efficient operations that benefit growers and their customers. Our goal is to be their first choice when it comes to grain storage and marketing options."

"The common theme in all of these initiatives is better productivity. This delivers results for our customers while also allowing GrainCorp to get the most out of our 286 sites around the country.

"We are confident this will lead to a more profitable GrainCorp business that also meets the needs of our all-important customers."

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The investment in new segregation and in-loading equipment continues to add to the extensive program of the last five years to lift operational productivity.

GrainCorp has moved to acquiring bunker in-load equipment that can achieve up to 500 tonnes per hour. This type of capability matched with improved management and operating hours has helped sites like Thallon in Queensland to receive up to 25,000 tonnes per day. More broadly the majority of GrainCorp's top 77 sites are each capable of daily receivals of 10-20,000 tonnes per day.

"Critical to the success of our local operations is our people," Mr Keene said. "We are well advanced in the appointment of 77 Grain Services Managers with superior skills in operations, sales and customer service management. Each manager will participate in an intensive training program to achieve consistent service delivery and productivity across our network. All operational employees will undergo a new training program on best practice grain management standards."

Also, GrainCorp has upgraded the on-site connectivity and performance reporting systems for its key 77 Primary Sites. The new systems allow for daily reporting of major productivity measures such as labor utilisation, direct and indirect cost management, stock management and intra-site turnaround times.

As part of its commitment to improving efficiencies, GrainCorp will for the first time monitor total turnaround times for trucks at some grain receival sites during this year's harvest. This will enable these sites to report on how they are meeting agreed service standards with local growers.

GrainCorp today provided an update on its site closure program. The company now operates:

- 77 'Primary Sites' that are permanently staffed and handle the majority of grain.
- 174 'Major Sites' which handle the variable grain crop
- 35 'Custom Sites' that are exclusively designated for particular grain commodities or specific domestic customers based on grower or buyer volume commitment

Seventy per cent of grain is received at the Company's top 100 sites.

After extensive consultation with customers, some sites earmarked for closure will remain open for the 2006/07 harvest. This will ensure that the company will meet this years harvest requirements whilst capital improvements are completed at adjacent sites.

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