

28 August 2003

Mr Tim Ryan
General Manager
Westnet Rail Pty Ltd
GPO Box S1422
PERTH WA 6845

Dear Sir

INDEPENDENT REVIEW REPORT

Scope

We have reviewed the Segregation Arrangements, as established by WestNet Rail Pty Ltd (“WestNet”) and agreed with the Office of the Rail Access Regulator (“Regulator”), for the year ended 30 June 2003. This review has been performed for the purposes of reporting to the Regulator and we understand that our report will be included in the Regulator’s Annual Report to Parliament.

The Management and Board of WestNet are responsible for the design, documentation, operation and monitoring of the Segregation Arrangements and the adequacy of compliance measures contained therein, including the relevant internal control systems, policies and procedures, and compliance therewith. We have conducted an independent review in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that WestNet has not complied with:-

- (i) the Segregation Arrangements;
- (ii) sections 7, 9, 12, 48 and Schedule 2 of the Railways (Access) Code 2000; and
- (iii) all of the segregation requirements, as approved by the regulator, under Division 3, Part 4 of the Railways (Access) Act 1998.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of entity personnel, inspection of evidence and observation of, and enquiry about, the operation of the control procedures for a small number of transactions or events.

Inherent Limitations

Because of the inherent limitations of any internal control structure surrounding the design and operation of the Segregation Arrangements it is possible that errors or irregularities may occur and not be detected. Similarly a review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis. Also, a review does not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that WestNet Rail Pty Ltd has for the year ended 30 June 2003 not complied with:-

- (i) the Segregation Arrangements;
- (ii) sections 7, 9, 12, 48 and Schedule 2 of the Railways (Access) Code 2000; and
- (iii) all of the segregation requirements, as approved by the regulator, under Division 3, Part 4 of the Railways (Access) Act 1998.

Our report is issued solely for the purpose set forth in the first paragraph of this report. We disclaim any assumption of responsibility for any reliance on this report or on the Segregation Arrangements to which it relates to any other person, or for any purpose other than that for which it was prepared.

Ernst & Young



Terry Larkan
Partner
Perth