



TWU

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Toll

TOLL HOLDINGS LIMITED

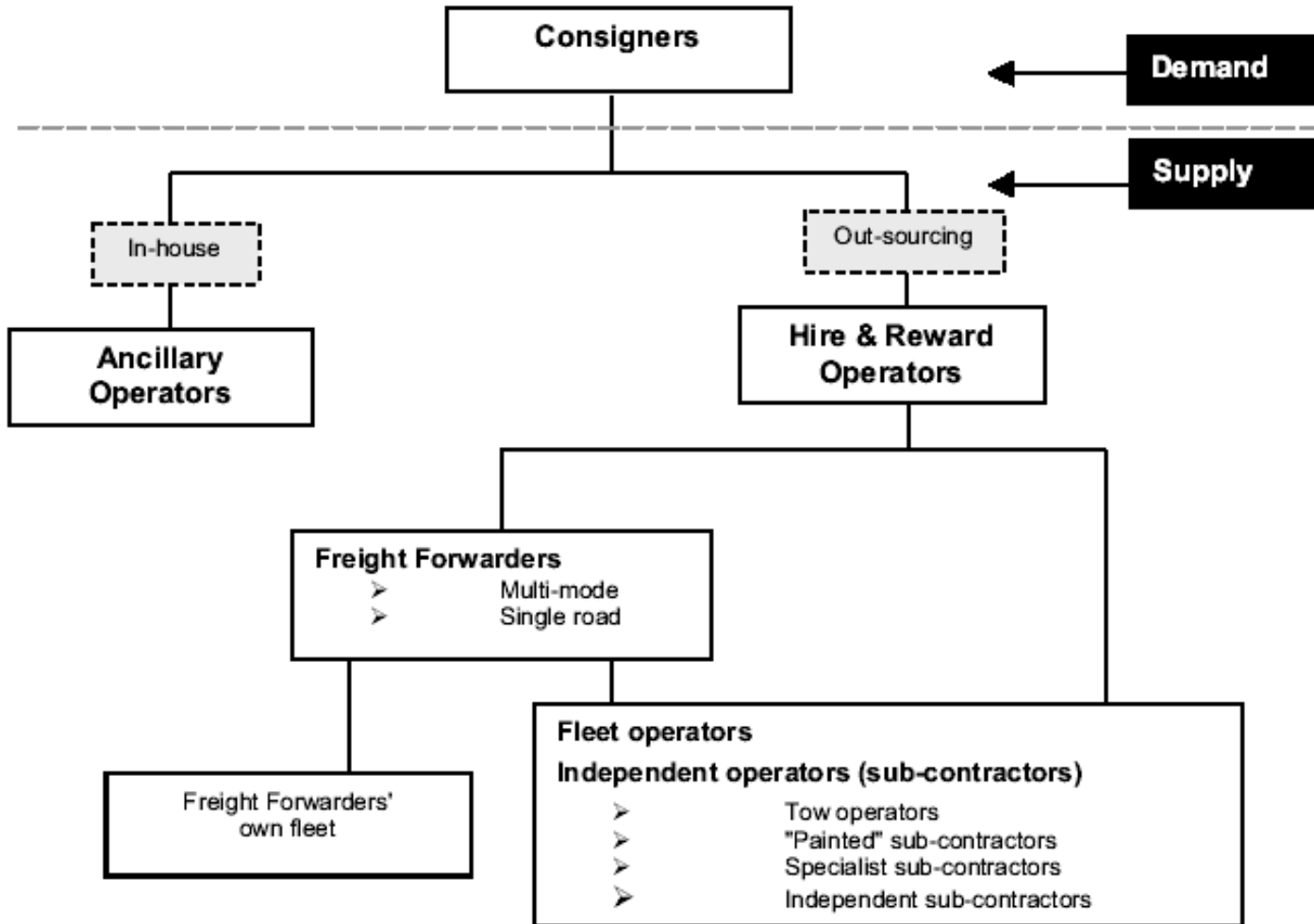
The majority of TWU members work in the road transport and logistics industry

The sectors of industry are:

- general freight
- long distance
- couriers
- distribution facilities
- oil and gas
- building materials
- retail / food
- waste and recycling
- owner drivers



Structure of the Industry



Key Issues for Toll

- The ancillary sector is still outsourcing transport to Hire and Reward operators
- Competition remains the dominant feature of the industry (the largest four firms have a combined market share of only 15%)
- Owner Drivers/small fleets account for less than 12% of the industry's operating income, but they represent nearly two thirds of the industry
- Trucks are becoming larger, specialised fleets and technology are giving larger fleets competitive advantage



Road Transport Trends

- Total road freight task will double by 2020
- Road freight cartage rates have fallen over 44.4% since 1971
- Major players are now Tolls, Linfox, Patricks and Scotts (including K & S)
- Technology employed by the road freight industry is rapidly changing
- Financial performance has deteriorated in the last 15 years, however large to mid size are still profitable and Owner Drivers face financial difficulties
- Productivity is affected by an increase in empty running
- According to ATSB data the number of fatalities involving a truck has declined over the last 10 years

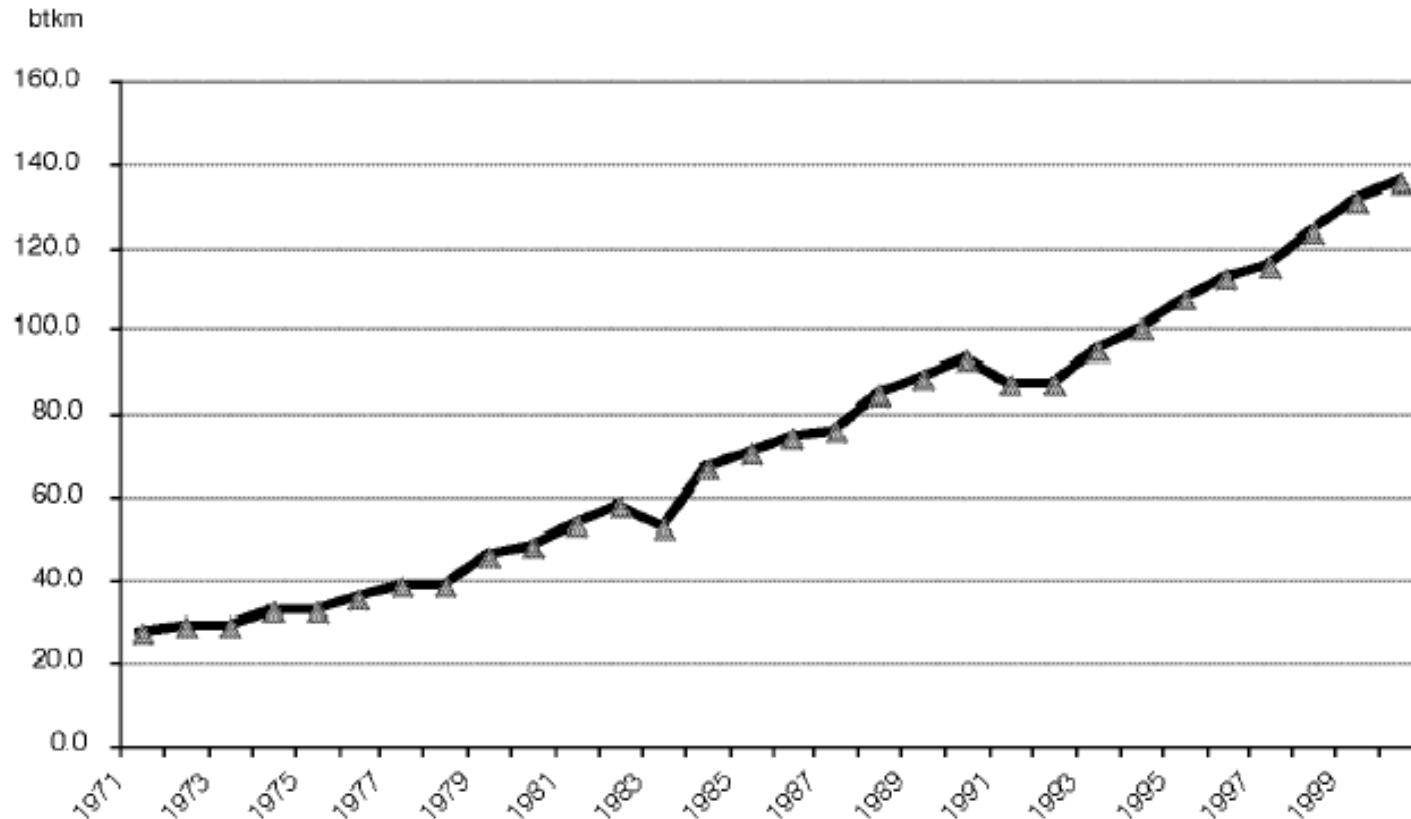


Road Transport Trends cont.

- Regulatory reform, managed by the NRTC, has become nationally driven over the last 10 years
- Competition is extensive as there is no economic regulation covering industry entry/exit and freight rates
- Performance Based System designs will provide scope to further improve productivity
- Externalities associated with road freight i.e. safety, congestion, noise, emissions and road damage will assume a greater importance for industry accountability



Total Road Freight Task



- The road freight task is defined to comprise that performed by LCVs, rigid and articulated trucks
- The non-urban has been growing faster than its urban counterpart

Number of Road Freight Vehicles

- In 2001 there were around 2.17 million road freight vehicles comprising of LCVs 81.5%, rigid 15.6% and articulated 2.9%
- In 2000 there was outstanding growth of 63.5% in articulated trucks greater than 6 axles and 38.2% increase in B doubles
- In 2000 articulated road freight accounted for only 3% of all road freight though they represented 78% of all tonne – kilometer delivered



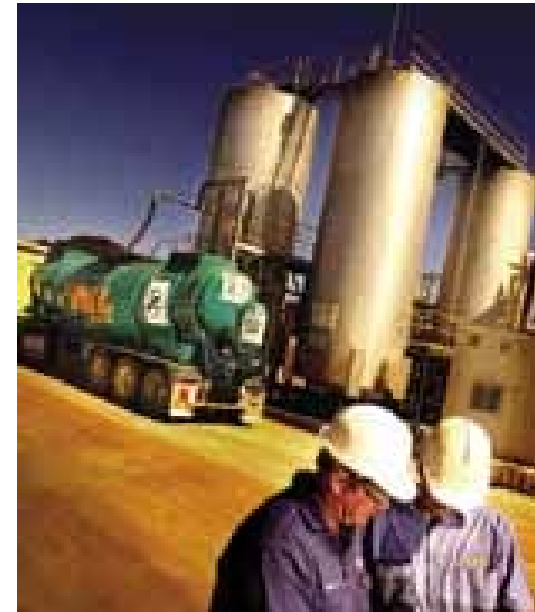
Number of Business Establishments in Road Freight Industry

Hire and Reward

1982/83	1994/95	2002
32,680	44,310	47,021

- Owner Drivers are approx. 50% of established Hire and Reward businesses
- Freight Forwarders are approx. 1.5% of established Hire and Reward businesses

Source: BTRE Report 60



Number of Employees in Road Freight Industry

1985	1990	1995	2000	2002
100,000	128,000	121,000	147,000	153,000

- In 2002 road freight employment (153,000) amounted to 65.4% of the total of 234,300 transport jobs
- Growth of employment in road freight for 1990 - 2002 was 1.5% p.a. whilst road freight increased by 3.9% reflecting increased labour productivity

Source: BTRE Report 60



Looming Driver Shortage

- A shortage of truck drivers is one of the biggest issues facing the industry
- By 2011 nearly 70% of truck drivers will be aged over 45 and only 10% will be under 35
- An increasing driver shortage is more acute in the long distance sector and rural regions



Industry Profitability

- The average gross profit margin for road freight industry in 1999/2000 was 6.8%
- The average all industries profit margin 7.0%
- Companies with \$100,000 - \$500,000 turnover achieve the highest profit of 9.3%
- Companies with \$500,000 + turnover are much lower

Source: BTRE Report 60



Projections of the Road Freight Task

- The road freight task is projected to grow at 3.6% between 2000 and 2020 (doubling over this period)
- Average projected economic growth over this period is 2.75% p.a.
- Inter capital corridors projected growth over this period is 4% p.a.



Projections of the Road Freight Task cont.

- The trend towards larger trucks will continue
- The hire and reward sector will increase as outsourcing of ancillary fleets continues
- Technology and e business will expand at expense of Owner Drivers and small fleets



Projections of the Road Freight Task cont.

- Competition will continue to be fierce and will intensify when rail becomes efficient
- Large road freight companies will concentrate on freight forwarding and outsource the road freight task
- Profit margins will become tighter and decline further for Owner Drivers



TWU History with Toll

- The TWU has had a relationship with Toll since the transport business was established in Newcastle, NSW by Albert Toll in 1888.
- In 1986, the TWU was involved in the negotiations of the sale of Toll to a management buyout team led by current managing director Paul Little.



Key Toll acquisitions the TWU has been involved with include;

ARN Logistics (2001)

Brambles (1996)

Finemores (2001)

Maynes (2002)

TNT (1997)

Wesfarmers (2001)



Award conditions (98, DF, TI NSW State)

The work performed by Toll is regulated by the following 3 awards;

- Transport Workers' Award 1998 (Federal);
- Transport Workers' (Distribution Facilities) Award 2004 (Federal); and
- Transport Industry (NSW) Award (State)



Enterprise Bargaining

The Transport Workers' Union and Toll have a national Heads of Agreement - a framework agreement which sets the parameters for further enterprise bargaining, including the extension of existing agreements, between the company and the TWU at the level of a state, a combination of states, a business and/or a site. The TWU and Toll currently have 29 site specific federal Enterprise Bargaining Agreement's.



Key highlights of the 2005 – 2007
TWU and Toll Heads of Agreement
include;

Clause 4 - Wage Rates

From 1 January 2005 – 5%

From 1 January 2006 – 5%

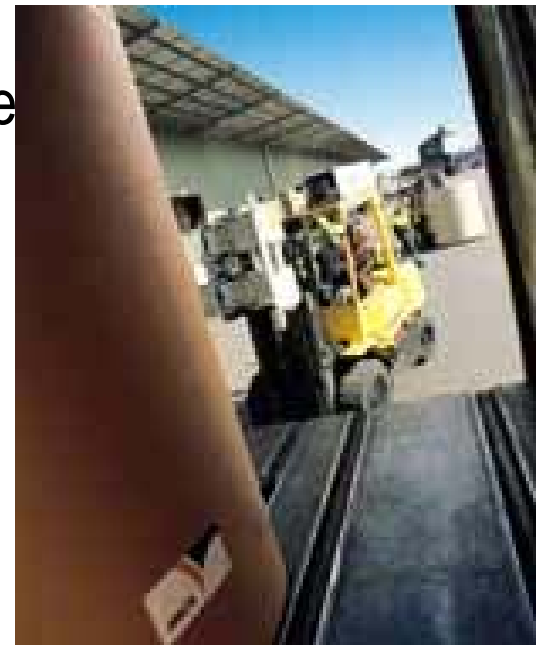
From 1 January 2007 – 5%



Clause 6 - Contracting Out

Where Toll decides to use labour hire companies to provide supplementary labour at local workplaces, then Toll will ensure that wages and conditions of labour hire personnel are no less than those of employees covered by the local workplace agreement.

Casual employees that have been employed directly by Toll or engaged through a labour hire company on a regular basis for 12 months or longer, will be provided by with the option of becoming a permanent employee of Toll.



Clause 11.2 - Union Representation

Delegates

Toll recognises the Delegates who are elected by the employees as the on-site representative of the union.

Delegates Business

Delegates will be allowed reasonable paid time to conduct legitimate union business/recruitment with company employees.

Right of Entry

An authorised representative of the TWU is entitled to enter at all reasonable times upon the premises and interview and/or meet any employee(s).



Clause 11.3 - Union Membership

The TWU will be given a reasonable opportunity, including at inductions, to recruit new workers as members and introduce this agreement and, where it exists, the local agreement, including the terms and conditions of employment.

