

MEDIA RELEASE

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NEW VICTORIAN THREAT TO BEAT SOUTH AUSTRALIA TO CHANNEL DREDGING 'FIRST'

South Australia is under renewed pressure not to lose out to Victoria in the race to dredge a deeper export harbour to win a greater share of Australia's maritime trade.

The warning has been issued by the State's major ports owner, Flinders Ports, after what it described were "very loud shots across our bow" this week from the Victorian Government.

Flinders Ports said today that statements by the Victorian Government had clearly "upped the ante" in ensuring the entrance to the Port of Melbourne was deepened as a matter of great urgency - at the expense of losing traffic to similar plans for South Australia's Outer Harbor.

Proposals to approve the deepening of Outer Harbor are currently before State Cabinet, with industry expecting a decision on the project's approval and financing, including government contribution, within weeks.

In Melbourne this week, Victoria's Minister for Manufacturing and Export, Mr Tim Holding, said the deepening of Port Phillip Bay's channel could be undertaken in an environmentally acceptable way, impacts would be localised and short-term, no explosives would have to be used to remove rock at the Bay's entrance, and an independent panel's assessment of all submissions about the project was due early this year.

Victoria's Deputy Premier, Mr John Thwaites, also said this week the Port of Melbourne was the best site in that State to expand Victoria's multi-billion shipping trade.

"Following an extensive Environmental Impact Assessment, South Australia is ready to go immediately with the deepening of Outer Harbor to ensure a measurable lead time on equivalent actions in Port Phillip Bay," Flinders Ports' Chief Executive Officer, Mr Vincent Tremaine, said today.

"Clearly, however, South Australian industry has interpreted the Victorian Government's remarks this week as a sign the interstate channel project is moving rapidly up the ladder, while funding issues and final approvals are pending on the deepening of Adelaide's Outer Harbor," Mr Tremaine said.

"Local industry has been buoyed by the South Australian Government's support for the deepening and is hopeful that this month's State Cabinet meeting will approve the essential Government funding necessary to get the project started in March this year. Dredging contractors are on standby awaiting final approvals.

"By being able to proceed with the joint venture government and private sector financing and construction of this project, SA can head off any potential loss of competitive advantage."

Late last year, the SA Government made a firm “in principle” commitment to the channel deepening as part of the Government’s \$300 million “major infrastructure plan” for the Port Adelaide-Outer Harbor area.

Up to \$30 million of the Outer Harbor project will be provided by the private sector, with industry and Flinders Ports looking for State Government input of around \$15 million under a partnership to eliminate, through dredging, current draft limitations on the new era of container ships able to visit South Australia’s flagship port.

South Australian Premier, Mr Mike Rann, said in December that deepening the main channel at Outer Harbor from 12.2 metres to 14.2 metres “was at the heart” of the \$300 million plan to integrate road, rail and shipping infrastructure in the Port Adelaide precinct.

The deepening is expected to take about 9 months to complete, and if finished by the end of 2005, “provides an unchallengeable market lead over the much longer time expected for the dredging of Port Phillip Bay”, Mr Tremaine said.

The drive to lift Outer Harbor’s capability reflects increases in container ship sizes in recent years – up more than 50% in size over the past eight years.

Under the project, the main channel at Outer Harbor will be deepened to a depth of 14.2 metres, and extended from its current length of nine kilometres to 11.7 kilometres, to enable it to accept fully laden post-panamax size vessels.

The new channel will start about 8.5 kilometres west of the main breakwater entrance, extending through the main passenger and freight wharves, and ending about 400 metres north of the main container terminal at Outer Harbor.

In conjunction with the dredging, Flinders Ports will extend the container berth by 125 metres at a cost of \$13 million in order to handle the larger container ships.

Mr Tremaine said South Australian industry was eagerly anticipating a positive announcement from State Cabinet.

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CHANNEL DEEPENING AT OUTER HARBOUR

- SA's economy will benefit by between \$500 million and \$1.9 billion over 20 years – not counting grain industry benefits in using larger ships
- Flinders Ports has already pledged financial support for the project from savings made from relocating the new Outer Harbour grain berth
- About 2.7 million cubic metres of spoil will be dredged and relocated at an environmentally acceptable site in St Vincent Gulf, 35km northeast of Port Adelaide.
- As the scale of shipping service grows, Adelaide will come under increasing pressure to keep the shipping services it already has, let alone attract new, more efficient services to new and current destinations.
- The State needs to provide reliable container services in order to cater for the growing needs of South Australia's importers and exporters.
- If shipping lines take Adelaide off their schedules, SA-based importers and exporters will be forced to move their goods by rail and road to other ports – at significant extra cost, and taking away associated business from SA.
- The Port of Melbourne, South Australia's major port competitor through rail and road freight transfers from Adelaide, has also announced plans to deepen its main channel in Port Phillip Bay – at a cost of up to \$450 million.
- A battle between SA and Victoria to see who can deepen its port first is underway, with the victor in the front seat to attract the additional economic benefits that will flow from the project.

IMPLICATIONS BY 2013, IF THE CHANNEL IS NOT DEEPENED

- ***\$2.8 billion a year of SA trade will be at risk.***
- ***150,000 containers per year will move by road or rail to Melbourne.***
- ***Road and rail transport accident costs will be higher by \$850,000 a year.***
- ***Greenhouse gas emission damage will be higher by \$650,000 a year.***
- ***Road damage will be higher by \$1.8 million a year.***
- ***Employment will fall by 2172 jobs.***