

Friday, 11 March 2005

## **NEW ECONOMIC ERA DAWNS FOR S.A. AS STATE GOVERNMENT COMMITS TO CHANNEL DEEPENING**

South Australia is on the threshold of a new era of economic prosperity following today's decision by the Rann Government to commit \$15 million towards the \$45 million deepening of the State's main shipping port.

Flinders Ports' Chief Executive Officer, Mr Vincent Tremaine, said the SA Government's announcement today meant work on the "project of State importance" could commence immediately.

"Today has the potential to be the beginning of a new era for South Australia's economic development," Mr Tremaine said today.

"Deepening the State's main port at Outer Harbor will make SA internationally competitive with its interstate rivals, and introduce significant economic benefits to the entire State," he said.

"The Rann Government's \$15 million commitment, together with the \$30 million contribution by Flinders Ports, means our priority project since taking over ownership of the State's main ports three years ago, can now become a reality."

However, Mr Tremaine warned the project had the potential to "stall before it started", if the State Government imposed a levy on the proposed Port River Expressway bridges.

"Businesses will be reluctant to pay the increased costs in getting their goods to and from Outer Harbor," Mr Tremaine said.

"Such an impost will impinge on every train and vehicle that uses the bridges to transport goods to and from the State's main shipping terminal at Outer Harbor."

Mr Tremaine said an independent study had estimated the economic benefits to the State of deepening the main channel were between \$500 million (freight, safety, environment and road maintenance savings) and \$1.9 billion (full economy wide impact) over a 20-year period.

This does not include the value of benefits to the State's grain industry resulting from the use of larger ships.

Under the project, the main channel at Outer Harbor will be deepened from its current depth of 12.2 metres to 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 plans to extend the container berth by 125 metres, at an additional cost of \$13 million, in order to handle the larger container ships that are expected to schedule Adelaide on their itinerary once the port has been deepened.

About 2.7 million cubic metres of spoil will be removed from the channel, and relocated at an environmentally acceptable site in St Vincent Gulf, 35km northeast of Port Adelaide.

The project is expected to be finished by the end of the year.

Under the terms of today's announcement, Flinders Ports will be able to recoup half of its \$30 million commitment by the introduction of a levy on all shipping containers, as well as grain handled through the Port of Adelaide.

"I congratulate the State Government for recognising the State-wide importance of this project, and for committing the necessary funds to ensure the project can proceed," Mr Tremaine said.

"Having a deeper channel will ensure SA is not kept off the international trade routes of these ships," he said.

"For far too long, this State has worn the 'poor cousin' tag to interstate ports due to the shallow depth of its main shipping channel.

"That tag could be a thing of the past if the State Government does not impose a levy for freight carriers who utilise the Port River Expressway."

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