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\$70m pulp deal signed for Port

OWNERS of the controversial Penola Pulp Mill yesterday signed a \$70 million deal to transport 750,000 tonnes of pulp a year via Port Adelaide.

The agreement will also include a major upgrade to the South East rail-line, despite the pulp mill yet to receive final approval by Parliament.

It is expected to create about 100 new rail and port jobs.

Mill operator Protavia had originally planned to take the pulp - destined for South Korea, China and Europe - to Portland or Port Melbourne.

Flinders Ports CEO Vincent Tremaine says the deal, which would result in a 20 per cent increase in container exports from Outer Harbor, has major ramifications.

``This is huge for us, not just in terms of the cargo coming through the port, but with 40,000 containers a year going out, there's a possibility of attracting some new shipping lines," Mr Tremaine said.

It also corresponds with a major redevelopment of the Outer Harbor container terminal - including deepening of the shipping channel, extending the berth and the purchase of two \$10-million cranes.

Peter Gaffney, commercial manager of DP World, which operates the container terminal, said that if the volumes they're talking about materialise, ``it's a massive increase for the Port".

Under the plan, a 150km branch line from Penola to Wolseley would be converted from broad to standard gauge to link with the Adelaide corridor.

Protavia says the line would open up the South-East for other industries, while taking pressure off the roads.

Protavia development manager John Roche said it would provide an opportunity for the wine industry `` and anybody else whose exporting to piggyback on to it".

`` There is a lot of timber and wine that comes out of that region by truck, so the opportunity is to put it on rail," Mr Roche said.

While Infrastructure Minister Pat Conlon welcomed the move, opponents of the mill were critical of the deal, which comes within weeks of Parliament debating an Indenture Bill which will decide whether or not the mill will be approved.

No Pulp Mill Alliance spokesman Duan Butler was critical of yesterday's announcement.

`` To announce a deal with the Port of Adelaide days before Parliament debates it is merely an attempt to influence the vote of politicians," he said.