

**REFERENCE: The Australian Wednesday 05th September 2007
Page 25**

Ports gear up to clear bottlenecks

FLINDERS Ports is facing another surge of investment.

Fuelled by the powerhouse Chinese economy, the resources boom is showing no signs of slowing and financiers are lining up to pump money into infrastructure projects.

So far, Flinders Ports, a private ports operator, has pumped \$140 million into its Port Adelaide site to help ease the national capacity crisis.

Its major spending projects have included a \$45 million capital injection to deepen the main shipping channel and \$30 million on a new grain terminal.

On top of that, Flinders Ports has delegated \$45 million towards Port Adelaide's Inner Harbour infrastructure and an extra \$20 million to extend the Outer Harbour container terminal.

The group's chief executive Vincent Tremaine said the length of the resources boom had extended the time frame for Flinders to invest in its infrastructure.

The possibility of the main port being used for Olympic Dam products could bring on additional project spending.

Business investment has turned into the main driver of Australia's economic growth, surpassing the traditional household consumption as the number one contributor.

In the past year business investment grew 14.3 per cent and during the June quarter contributed 0.6 per cent to GDP growth.

The national accounts surprised the markets yesterday as the economy expanded by 0.9 per cent -- almost double the expectations of most economists.

The surge in business investment has been provided mainly by the big resources players, especially BHP, which is spending at least \$7 billion on three projects in Western Australia.

But Flinders Ports is seemingly typical of private and public companies cashing in on the resources cycle.

``The mining industry is part of it, particularly in funding the inner harbour," Mr Tremaine said. ``There will be flow-on benefits to other exports through projects like rail."

The spending will allow the port to accommodate larger ships in a bid to move exports offshore at a faster rate.

``Right now, because of the activity in China and the movement of resources to China, bulk shipping is in great demand," Mr Tremaine said.

Despite the recent market shake-up making the cost of finance more expensive, Mr Tremaine expects little problem in finding project backers.

The ports backlog has been blamed for acting as a bottleneck on export-led growth.