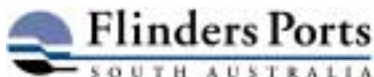
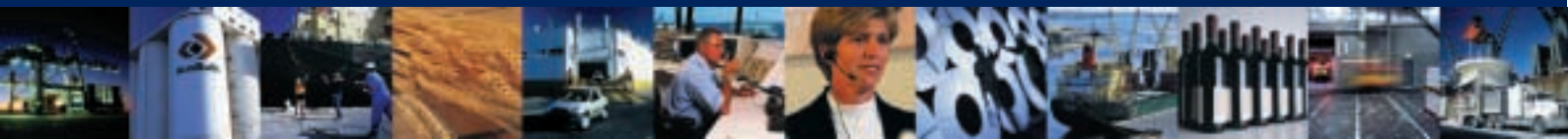


Flinders *Re*Port

Welcome to Edition 4 of the Flinders RePort, the quarterly newsletter from Flinders Ports. The Flinders RePort will continue to provide a means of informing our various interest groups about current activities in and around the ports of South Australia. Feedback or issues arising from any articles appearing in the newsletter should be addressed to flindersreport@flindersports.com.au



> *This Issue*

- > *Message from the CEO*
- > *Outer Harbor Concept Plan - Key Features*
- > *BRL Hardy to Consolidate Wine Export Facilities at Outer Harbor*
- > *Wind farm project cargo welcomed in Port Adelaide*
- > *Record Year of Trade Activity through South Australian Ports*
- > *Flinders Ports Customer Survey*

Message from the CEO

Key announcements and the recent release of trade activity results mark a sensational start to the New Year for Flinders Ports!

The announcement of State Government support for the development of the deep-sea grain wharf at Outer Harbor; the subsequent release of the Outer Harbor Concept Plan designed to guide future port development; and the announcement by BRL Hardy supporting the development of a wine export warehouse facility at Outer Harbor marks the culmination of what has been both a challenging and rewarding year for Flinders Ports.

A recently released trade performance report for financial year 2001/2002 confirms a record year of trade activity through South Australian ports, highlighting the growing strength of South Australian industry.

Outer Harbor Concept Plan – Growth into 2010

With a release timed to coincide with the State Government announcement supporting the development of the new grain terminal at Port Adelaide, the Outer Harbor Concept Plan provides a framework for future port development.

The 10-year expansion plan supports some of the most exciting shipping opportunities in decades. Forecast trade growth in key State industry sectors including motor vehicles and components, livestock, wine, grain and future woodchips and mineral sands, combined with the development of the new deep-sea grain terminal, necessitated a disciplined approach to future port planning.

The concept plan highlights the most fundamental improvements necessary in the next 10 years to maintain and drive South Australia's competitive edge nationally and internationally.

Providing Shipping Solutions. Redefining Port Service

PORT ADELAIDE PORT LINCOLN PORT PIRIE WALLAROO THEVENARD PORT GILES KLEIN POINT





Message from the CEO (cont'd)

Future berth and facilities development serves to underpin the attraction of direct shipping services into Adelaide, which would provide greater transport options to South Australian importers and exporters. This special edition of the Flinders RePort includes an illustrative diagram and detailed description of key features contained within the Concept Plan.

A major issue facing the Port of Adelaide into the future is the depth of the Outer Harbor channel given the trend toward increased sizing of container vessels worldwide. New generation vessels that are starting to appear on the Australian coastline require around 14m of water when fully laden. Both Melbourne and Adelaide are restricted in that depths are currently below this level.

The key issue of channel deepening will need to be addressed in the next 1-2 years to ensure that South Australia continues to attract direct shipping services to support the needs of industry. The cost of inaction on this issue would be greatly felt by South Australian importers and exporters should they have to bear increased freight charges in land bridging cargoes to ship out of alternative ports which are not draft restricted.

In developing the Outer Harbor Concept Plan, Flinders Ports has actively sought to accommodate and support future industry development within the State. The Plan is not a prescriptive document, rather an invitation to gain industry feedback to promote discussion about the future development of South Australia's key port.

Nor is it about an immediate capital expenditure program of \$400 million but defines the framework within which Outer Harbor can compete internationally through the gradual and controlled addition of new facilities relevant to users of this port.

Feedback in regards to the Concept Plan is welcomed and can be directed to; flindersreport@flindersports.com.au or contact Martin Byrne, General Manager Business Development on 8447 0627.



Vincent Tremaine
Chief Executive Officer

Outer Harbor Concept Plan - Key Features

(Please see Outer Harbor Concept Plan)

Berths 1-4

Currently used for livestock loading, general cargo and motor vehicles, in addition to accommodating cruise vessel calls with the location of the Passenger Terminal at Berth 2.

With South Australia facing a significant motor vehicle export expansion - predictions from Mitsubishi Motors Australia Limited (MMAL) and General Motors Holden (GMH) suggest a threefold increase from 40,000 units in 2001 to in excess of 120,000 in 2007 - the berths will be redeveloped primarily to support this industry.

Cruise vessels (approx. 6-8 per year) will continue to call and an injection of \$60K from the State Government (announced in the October edition of the Flinders RePort) has been matched by Flinders Ports spend of \$115K in improvements to the Passenger terminal facility to provide a more welcoming environment for visitors to the State.

Livestock loading areas will be relocated to another berth (proposed Berth 9) to make more land available for Motor Vehicle storage and to reduce noise and odour issues associated with the shipment of livestock, for the benefit of local residents.

Berths 6-7

Dedicated container berths.

CSX World Terminals currently operate the Container Terminal at Outer Harbor under a lease agreement with Flinders Ports. Dependent on the increase of shipping services into Adelaide in the future, it is likely that a third berth would be required. This may be accommodated by the proposed planning for future berths 8 and 9.

Berth 8 (Proposed)

As announced in late September 2002, the location of the deep-sea grain wharf at Outer Harbor has been given the full support of the State Government. The site for the new grain wharf will be at Berth 8 adjacent to the Container Terminal with conveyors running directly from the proposed grain terminal (Map Reference 26) to the berth. The intention of the design of this berth will be to facilitate a third container berth if necessary, with the grain berth then moving to Berth 9, also purpose designed.

Berth 9 (Proposed)

This berth would provide an opportunity to relocate the livestock trade from berths 1-4. The deep-sea berth would also accommodate future export volumes from the mineral sands industry scheduled to commence in 2004. A facility to support the mineral sands industry has been proposed in close proximity to the berth (Map Reference 20).



Map Reference 17

Great interest has been shown by major wine producers in developing packing and storage facilities at Outer Harbor, following on from the development of the SouthCorp facility in 2001 (Map Reference 15).

With State Government support, a major opportunity exists to develop an integrated wine logistics centre with packing and storage facilities for both major and smaller independent wine producers. Interest has also been expressed in locating bottling facilities at Outer Harbor, as well as storage for bottle manufacturers and packaging companies. In locating these facilities close to the container terminal, efficiencies are gained with less handling and transportation required.

Map Reference 19

In addition to potential facilities for the wine and mineral sands industry, opportunities also exist in developing cold storage and packing facilities for the produce industry.

Map Reference 28

Planting of blue gum for the future export of woodchips is currently underway in a number of areas across the State, both on the mainland and on Kangaroo Island, with production expected to commence in 2007. Facilities at Port Adelaide to support these projects could potentially include the storage of unprocessed logs at Outer Harbor for chipping. Woodchips could potentially be shipped out from Berths 9 or 10.

COSTINGS

Activity	Objective	Cost	Funding	Timing
Berth 1-4	Provide for motor vehicle growth Relocate livestock shipping away from residential areas	\$1.0m	FP & Stevedores	Q1 2004
	Upgrade passenger terminals	\$0.2m	FP & State Govt.	
Berth 6-7	Upgrade container terminal equipment	\$20m	Private	2003-2010
Berth 8 <i>(proposed)</i>	Grain berth	\$26m	FP	Q1 2004
Berth 9 <i>(proposed)</i>	Livestock berth Berth for bulk cargoes Provide for long term expansion of container trade	\$12m	FP	2007
Channel Dredging	Dredge channel to 14m	\$60m	Private sector and State Govt	Q4 2004
Outer Harbor Storage	Provide wine storage facilities to facilitate the movement of cargoes across the wharves	\$60m	FP/Private Sector	2003-2007
	Provide other storage facilities	\$100m	FP/Private Sector	2003-2007
Woodchip Facility	Retain land for woodchip export facilities Provide facilities for woodchip exports	\$20m		
Light Industrial	Retain land for port related activities	\$100m	Private Sector	2003-2007
Rail	Berth 8 siding	\$1m	FP & State Govt	2005
	Berth 10 siding	\$1m	FP & State Govt	2007
	Woodchip siding	\$1m	FP & State Govt	2007

Outer Harbor Concept Plan

Port Adelaide, South Australia



- 1 Existing berth
- 2 Existing berth
- 3 Existing berth
- 4 Existing berth
- 5 Royal South Australian Yacht Squadron
- 6 Existing container berth
- 7 Existing container berth
- 8 Proposed grain export berth
- 9 Proposed multipurpose berth for livestock and bulk trades
- 10 Proposed multipurpose berth for livestock and bulk trades (long term), including barge facility
- 11 Relocate livestock trade
- 12 Redevelop principally for motor vehicles

- 11 TDG Autocare motor vehicle centre (existing)
- 12 Flag Transport Systems motor vehicle centre (existing)
- 13 CSX World Terminals Adelaide container terminal (existing)
- 14 Intermodal rail link (existing)
- 15 Southcorp Wines export facility (existing)
- 16 MacKenzie Intermodal transport depot (existing)
- 17 Proposed expansion of wine facilities
- 18 * Proposed container terminal expansion
- 19 * Proposed cold store
- 20 * Proposed mineral sands export facility
- 21 * Proposed rail sidings
- 22 * Proposed expansion of container related/bulk trades

- 23 * Proposed warehouse and distribution centre
- 24 * Proposed expansion of container related trades
- 25 National Power power station (existing)
- 26 Proposed AusBulk grain terminal and conveyor
- 27 Proposed rail siding
- 28 Proposed woodchipping and storage terminal
- 29 Proposed environmental buffer
- 30 Proposed Light Industrial and warehousing development

* Proposed developments on Title C which is not currently available to Flinders Ports.



Providing Shipping Solutions. Redefining Port Service.



BRL Hardy to Consolidate Wine Export Facilities at Outer Harbor

Flinders Ports is delighted to welcome BRL Hardy to Port Adelaide, following the announcement of company plans to consolidate its export distribution facilities at Outer Harbor, with the development of a major warehousing facility.

The Flinders Ports commissioned construction of a 20,000m² export warehouse facility located adjacent to the CSX Container Terminal is expected to be completed this year.



Mick Scammell
Manager Corporate Services
BRL Hardy

"The consolidation of current transport and logistics arrangements, including the consolidation of a number of houses to the one location at Outer Harbor in Port Adelaide will provide significant

benefits and reduce handling costs", said BRL Hardy Group Manager Corporate Services, Mick Scammell.

"The new facility will support our current exports and will provide for the continuing growth we expect into the future"

Expected volume growth may necessitate the development of a second warehouse in the short to medium term.

"The development will follow the success of the Southcorp facility which was constructed in 2001, and will consolidate Outer Harbor's position as a central hub for South Australia's wine industry," said Flinders Ports CEO, Vincent Tremaine.

"Our Concept Plan for the future development of Outer Harbor recognises that a major opportunity exists to develop an integrated export wine logistics centre with facilities extending from warehousing to bottling and packaging."

"We are delighted to welcome BRL Hardy to our first major development in Port Adelaide," he said.

Wind farm project cargo welcomed in Port Adelaide

In December 2002, Port Adelaide welcomed the arrival of special project cargo comprising equipment destined for South Australia's first wind farm at Tarong Energy's Starfish Hill site at Cape Jervis.

Arriving on board the vessel Aleksandrov which set sail from Denmark, via Southampton in October, the \$20m equipment comprises;

- 69 blades that are approximately 32m long including the tips. The blades are made of a fibre-glass/epoxy composite and are about 2.6m across at their widest point and weigh about 7 tonnes.
- 23 nacelles which is the major plant component to be located on the top of the towers and contain the gearbox, generator, breaks and yaw gear. These weigh about 45 tonnes.
- 23 rotors which will mount on to the front of the Nacelle. The three blades are connected to the rotors.

Responsible for the import of the project cargo, freight company OBM International Trade Services commended the efficient discharge of the equipment at Port Adelaide.

"Flinders Ports and Patrick Stevedores in South Australia have offered excellent facilities for discharging the equipment in a timely manner - 3.5 days as compared to the total loading time of 5 days, and we hope to be able to use these facilities for future windmill projects to South Australia," said Stig Bonnichsen, Manager OBM International Trade Services.

Together with Rex J. Andrews Heavy Haulage, OBM have designed a purpose-designed trailer in accordance with Transport SA regulations to transport the equipment to the Starfish Hill site in March.

The Starfish Hill wind farm project will give SA its first taste of wind generated electricity. It will generate up to 34.5 megawatts of electricity which is enough to power 18,000 South Australian homes.

The \$65m project is expected to be completed by July 2003.

Record Year of Trade Activity through South Australian Ports

Flinders Ports confirmed a 12.5% increase in cargo tonnage with the release of a trade performance report for the 2001/02 financial year, setting a new annual record throughput of 16.7 million tonnes.

Container trade was up 8.2% (full and empty), setting a new record; grain exports, totalling 6.5 million tonnes, were 30% up on the previous record; and limestone and cement volumes were the highest on record.

Results indicate growth levels in some export trades that are running above state and national GDP, highlighting the growing strength of South Australian industry.



"Results from the past financial year indicate a strengthening of South Australia's trading performance," said Flinders Ports CEO, Vincent Tremaine.

"The challenge for Flinders Ports is to ensure that our service capacity and infrastructure are maintained and developed in line with this continuing growth."

"To this end, the release of the Outer Harbor Concept Plan, timed to coincide with the State Government announcement of support for the development of a deep-sea grain berth at Outer Harbor, will serve to guide future development at the Port of Adelaide," he said.

"Of paramount importance is the deepening of the Outer Harbor channel to meet the needs of the larger container vessels now operating on the Australian coast and to provide for the trend toward larger vessels in bulk trades including grain."

"In addition, we have a committed upgrade program in the key grain ports of Port Giles and Wallaroo and continue to look for opportunities in our other regional ports," he said.

"Whilst we approach the near future with some caution, due to the possible impacts of drought conditions on successive financial years, Flinders Ports could not have wished for a better result in its first year of operation. The signs for South Australia are very positive. We look forward to expanding our role in providing port services and infrastructure to ensure the momentum continues."

Flinders Ports Customer Survey

We would like to thank all those clients who took the time to complete our Customer Survey in December. We have been delighted by the number of responses that we have received, and the information obtained will further assist our planning efforts.