

FOR IMMEDIATE RELEASE  
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## **\$400 MILLION PLAN TO REDEVELOP OUTER HARBOR**

Adelaide's Outer Harbor will be redeveloped into a globally competitive port under a \$400 million concept plan announced today by Flinders Ports Pty Limited.

Work on the redevelopment - planned over the next 10 years - will commence in the New Year with construction on a previous commitment for a new deep water grain berth and dredging of the main entrance channel.

At the heart of the rejuvenation of South Australia's flagship port and its surrounds are modern facilities for the State's rapidly growing wine, grain, automotive, livestock and container shipments.

"The concept plan represents the most fundamental improvements necessary in the next 10 years to maintain and drive South Australia's competitive edge nationally and internationally through an export port of significance," Flinders Ports' Chief Executive, Mr Vincent Tremaine, said today.

"This is a blueprint of the long-term interests of those key South Australian exporters and importers looking to value-add to Adelaide's unique pivotal position in southern Australia's trade zones," Mr Tremaine said.

"It is also one of the most exciting opportunities presented for the Port of Adelaide in 30 years."

Mr Tremaine said the plan fully accommodated the State Government's commitment today to support Outer Harbor as a future new deep sea grain port, and ensured that that facility was integrated with, not isolated from, the future evolution of the port as an export and import destination of choice in southern Australia.

The concept plan envisages that the main channel will be dredged to 14 metres by the fourth quarter of 2004 - "a realistic target to ensure that the Port of Melbourne, which is also looking at dredging, does not gain a timing advantage over Outer Harbor," Mr Tremaine said.

"We do however, need to secure the existing landbank in Outer Harbor for commercial port purposes, so that it services the future cargo handling needs of importers, exporters, shippers and cruise liners but in a manner more compatible with nearby residential areas."



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Flinders Ports plans to negotiate with the State Government to acquire a disused tract of land east of the main wharf area to ensure proposals within the concept plan can be met in the future.

"This plan is not 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," Mr Tremaine said.



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## **Vehicle exports to treble**

Mr Tremaine said a major expansion of South Australia's motor vehicle export market would occur over the next 3-4 years as a result of overseas sales commitments previously announced by Mitsubishi Motors Australia Limited and General Motors Holden.

"This will mean an increase in the number of vehicle exports through Outer Harbor from around 40,000 units in 2001 to in excess of 120,000 in 2007," he said.

"Wharf storage for vehicles prior to shipment will be significantly upgraded, necessitating the relocation of the existing livestock export trade, north to a new Berth 9 by early 2004.

"This will have the added benefit for local North Haven residents of reducing noise and odour issues from livestock."

## **Significant wine potential**

The concept plan also includes wine storage and containerisation facilities, a further three warehouses for containerised or bulk cargoes, a cold store and a mineral sands storage facility.

Flinders Ports, in conjunction with a major wine exporter, is currently finalising plans to build a new wine storage facility of 20,000 square metres adjacent to the container terminal and have it operable by the end of next year.

"A major opportunity exists at Outer Harbor to develop a South Australian wine logistics centre that comprises packing and storage facilities for large and small wine producers," Mr Tremaine said.

"Whilst not all of these facilities can be located at the wharf, there is provision for light industrial developments in the southeastern Outer Harbor area which would be ideal for the State's wine industry."

## **Upgraded liner and container facilities**

Mr Tremaine said Outer Harbor's cruise liner passenger terminal required significant maintenance expenditure in order to make it suitable for the 6-8 cruise vessels visiting Adelaide each year.

"These vessels generally berth at Berths 1 and 2 and Flinders Ports and the State Government plan to spend \$180,000 upgrading the terminal by March next year."

Mr Tremaine said Flinders Ports understood that CSX World Terminals Adelaide, the operator of the port's container terminal, was also preparing a multi-million dollar upgrade at Outer Harbor.

This is likely to include the gradual replacement of straddles and container cranes by 2010.

The concept plan also provides for an extension of Outer Harbor's container facilities.

## **Deep water grain berth and main channel dredging**

A joint State Government/CSX/Flinders Ports-commissioned feasibility study to deepen the main Outer Harbor channel from 12.2 metres to 14 metres, is near completion. This work will enable the channel to handle increased container traffic as well as new generation grain carriers.

Mr Tremaine said the State Government's selection of Outer Harbor and Berth 8 as the State's new grain export outlet, was the early catalyst needed to start bringing the plan into reality.

"We support the new Government's choice of Berth 8 rather than the area in front of the power station at Pelican Point as was originally envisaged. Berth 8 reduces dredging and provides a number of operational benefits.

"Flinders Ports also welcomes the Government's support for this proposal and looks forward to the grain berth being completed by the end of the first quarter in 2004," Mr Tremaine said.

This work would include dredging in front of the wharf in work distinct from the main capital works proposal of dredging the entire channel entrance to 14 metres depth.

The deep water grain berth and near wharf dredging is estimated to cost a total of \$26 million.

The concept plan also envisages dredging in front of a new Berth 9, giving the port a deep water berth for the handling of bulk cargoes such as fertiliser and potentially woodchip and mineral sands exports.

In the longer term, a \$12 million new Berth 10 is envisaged by 2007 to handle livestock and bulk cargoes, as well as providing a berth for barge operations from Kangaroo Island.

On potential woodchip exports, Mr Tremaine said planting of blue gum plantations suitable for the production of woodchips for the export market is currently underway in a number of areas on the South Australian mainland and Kangaroo Island.

"At this stage, it appears woodchip exports from South Australia will commence around 2007, with Outer Harbor the logical choice for such an export facility," Mr Tremaine said.

"Our business strategy since the acquisition of the ports late last year has been to identify and nurture new business from within South Australia which can generate import and export movements across our wharves, as well as attracting trade to South Australia which may have gone through other southern Australian ports."

### **Background on Flinders Ports**

In a transaction which was Australia's largest ports sale, Flinders Ports assumed ownership of seven ports in South Australia on November 2 last year after paying \$186 million to acquire the assets and leases for Outer Harbor/Port Adelaide, Port Pirie, Port Lincoln, Klein Point, Port Giles, Thevenard and Wallaroo from the South Australian Government.

The owners of Flinders Ports comprise some of Australia and Europe's most experienced infrastructure financiers and developers, including Adsteam Marine Ltd (14.3%) and Egis Projects Asia Pacific (7.15%), the Motor Trades Association of Australia Superannuation Fund Pty Limited (35.7%), Galaxy S.à.r.l (35.7%) and Equisuper (7.15%).

### **FOR FURTHER INFORMATION: Please contact**

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## CONCEPT PLAN FOR OUTER HARBOUR

Flinders Ports' concept plan for Outer Harbour in South Australia provides for the following developments over the next 10 years:

Activity	Objective	Cost	Funding	Timing
Berth 1-4	Provide for motor vehicle growth Relocate livestock shipping away from residential areas	\$1.0m	Flinders Ports (FP) & Stevedores	1 <sup>st</sup> Q 2004
	Upgrade passenger terminals	\$0.2m	FP & State Govt	
Berth 6-7	Upgrade container terminal equipment	\$20.0m	Private	2003-2010
New Berth 8	Berth and dredging for Panamax grain ships	\$26.0m	FP	1 <sup>st</sup> Q 2004
New Berth 9	Environmentally friendly livestock berth Berth for bulk cargoes Provide for long term expansion of container trade by freeing up Berth 8	\$12.0m	FP	1 <sup>st</sup> Q 2004
New Berth 10	Provide for cargoes displaced from Berth 9 by container growth Provide for bulk cargo growth	\$12.0m	FP	2007
Channel Dredging	Provide a deep water container facility to cater for the long term needs of SA Protect SA as a viable business location	\$60.0m	Private Sector and Government	4 <sup>th</sup> Q 2004
Outer Harbor Storage	Provide wine storage facilities to facilitate the movement of cargoes across the wharves	\$60.0m	FP/Private Sector	2003-2007
	Provide other storage facilities	\$100.0m	FP/Private Sector	2003-2007
Woodchip Facility	Retain land for woodchip export facilities Provide facilities for woodchip exports			2007
		\$20.0m	Private Sector	
Light Industrial	Retain land for port related activities	\$100.0m	Private Sector	2003-2007
Rail	Berth 8 siding	\$1.0m	FP & Govt	2005
	Berth 10 siding	\$1.0m	FP & Govt	2007
	Woodchip siding	\$1.0m	FP & Govt	2007