

To South Australian Grain Growers



Dear Grain Growers,
As many of you may be aware, Flinders Ports is working on a number of significant grain related projects at the ports of Wallaroo and Port Giles on the Yorke Peninsula and the Outer Harbor in Adelaide. This letter provides you with a progress report with respect to these developments as well as the proposal to deepen the Outer Harbor channel.

Wallaroo

Wallaroo and the surrounding areas will benefit significantly from an estimated \$6 million upgrade to improve berthing facilities at the Port. In particular, Flinders Ports current work will enable the Wallaroo Port to accommodate considerably larger Panamax size ships. We are currently driving piles under the berth to support a berthing system strong enough to support these much larger ships. Flinders Ports is also building new line mooring points to take the powerful strain of the mooring lines associated with Panamax vessels.

The overall result will be a substantial berthing and mooring system, totally independent of the Wallaroo pier, but expanding the Port's loading capacity. Whilst the larger Panamax vessels will still be able to berth at the pier, the limited depth will prevent them from fully loading. The cost of deepening to allow full loading has been estimated at a prohibitive \$60 million. Depending on weather conditions and seabed obstacles we hope to complete the project by November this year, at an expected final cost of about \$6 million.

Port Giles

Work is due to commence on the \$9.5 million Port Giles upgrade on schedule in September this year, and be completed by December 2004. As with Wallaroo, the aim of this project is to provide infrastructure suitable for the safe berthing, and greater loading potential, of Panamax ships. However, at Port Giles, we also will be dredging the berth and the channel to allow for *fully loaded* Panamax ships. The berth will be dredged to 14.7m at low tide and the channel to 13.5m. With an allowance for a margin between the hull and the sea floor (under keel clearance) the ships will be able to load to a 14m draft. Flinders Ports is currently assessing the response to competitive bids for the Port Giles project.

Outer Harbor Grain Berth

As part of our commitment to improving port facilities in South Australia, Flinders Ports is about to embark on a \$25 million upgrade at Outer Harbor.

Work will include;

- > Building a new Outer Harbor grain berth;
- > Providing a depth of 14.2 metres at the berth (the berth pocket), and;
- > Extending the existing 12.2 metre channel to the new Grain Berth. The extra depth at the berth will allow ships to load during any tide, and then move into the channel to take advantage of higher tides.

The project has been delayed by nine months as a result of the decision to relocate the berth downstream to the site adjacent to, and north of, the Container Terminal. The move has reduced the original cost of the project from \$45 million to approximately \$25 million - a saving of \$20 million. Activities currently underway include approvals, particularly relating to dredging, and design works associated with the berth infrastructure and dredging processes. Approvals and design are expected to be finalised by August this year, with works due to commence in January 2004 for completion by August 2005.

Outer Harbor Channel Deepening

There has been some confusion between the dredging associated with the Outer Harbor Grain Berth and the proposed deepening of the Outer Harbor channel. The Outer Harbor shipping channel is currently 12.2 metres deep at zero tide. Flinders Ports has proposed that the channel be deepened by two metres to 14.2 metres in order to provide for the larger container ships now operating on the Australian coast. In the event that the channel is deepened to 14.2 metres, it is expected that the channel extension to the new Grain Berth will also be deepened from 12.2 metres to 14.2 metres. This will provide for larger grain ships and/or remove the need to wait for higher tides before departure.

The State Government is believed to be considering the substantial economic benefits to the State of deepening this main channel. The cost of dredging the main channel has been estimated at \$55 million. Flinders Ports has proposed that our saving of approximately \$20 million associated with the relocation of the Grain Berth be allocated to the deepening, however we do not have access to funding to cover the \$35 million balance. The source of the additional funding will be subject to further consideration before a decision to dredge can be made. In conjunction with any channel deepening, Flinders Ports would extend the current container wharf by 140 metres to provide for the larger ships at a cost of \$10 million.

Should you have any queries regarding the projects please contact Flinders Ports on 08 8447 0611. In the meantime, we at Flinders Ports wish you a high yield, high quality season.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Vincent Tremaine".

Vincent Tremaine
Chief Executive Officer

Providing Shipping Solutions. Redefining Port Service.