



**Shipping Australia Limited**  
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**South Australian State Committee**  
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21<sup>st</sup> March 2007

Mr Nathan Petrus  
Manager  
Pricing and Access  
Essential Services Commission of SA  
GPO Box 2605  
ADELAIDE SA 5001

Dear Mr Petrus,

### **2007 PORTS PRICING AND ACCESS REVIEW**

Further to our letter to the Commission dated 2<sup>nd</sup> February 2004, and in response to your e-mail of 15<sup>th</sup> February 2007, after holding our State Committee Meeting on 7<sup>th</sup> March when the subject matter was discussed, we submit the following comments for your consideration:

#### **1. General Comments:**

- Trade continues to increase worldwide and to cater for this, larger ships are being built (now 11,000 plus TEUs). As all bulk and in excess of 98% of other cargoes is handled by ships, this high volume of container and bulk traffic requires specialised berths, channel deepening, and to cater for them, the necessary roads and rail leading to the ports, etc. Furthermore, when larger vessels are introduced into one service, they replace others which will then be deployed on other trades, as is now happening in Australia. However, it must be stressed that it takes one or more years to extend or construct a wharf!
- Shipping companies build vessels for global trading, and high productivity. Modern specialised vessels rely primarily on minimising the number of ports they serve and maximising the volume of cargo discharged and/or loaded at each port of call. They will call at a port providing: - It is economical; there is sufficient inducement; vessel can be handled twenty-four hours per day (arrive and depart without waiting for tide, tugs and labour) and port is safe/secure (ISPS July 2004). The emphasis must be on reliable and competitive services to attract cargo. The mismatch of hours of operation between various components of the freight logistics chain also has an affect on infrastructure capacity.
- Importers and exporters: - Require a shipping service to be reliable and to be cost competitive. For a shipping company to achieve these goals, it is important that vessels can maintain their schedule. Therefore, government at all levels (and the community at large) must be aware of the role shipping plays in the economy, not only at a State level but also nationally, plus the need for an efficient land transport infrastructure to ensure ports are viable.

#### **2. Access/pricing Regime:**

- Our Members support the continuance of ESCOSA maintaining its control and brief to watch and administer the ports and to maintain the current access/pricing regime for another three years.

(Contd.)

**3. CPI Increases:**

- Can we assume that Flinders Ports' (FPSA) pricing is at CPI levels, that this is endorsed by ESCOSA and, if FPSA seek an adjustment higher than the CPI, do they have to explain the reasons to ESCOSA?
- When FPSA present their calculations, do they isolate "one-off" charges, e.g., implementing international security arrangements in all ports (ISPS July 2004)?

**4. ESCOSA/SA Government to Monitor Infrastructure and Maintenance of Facilities:**

- With larger vessels now calling regularly at the container terminal, and as a result of FPSA not extending the berth at DPW Terminal to cater for two large vessel to berth and work at the same time, our Members are now placed at a financial disadvantage (Refer comments below) by either having to pay for their vessel to move along the wharf or incurring the cost of time lost waiting at anchor until a suitable berth becomes available. We seek your assistance in requesting that FPSA compensate vessel owners for these added costs until the berth can handle two large container vessels.
- There are only four general purpose berths and three sheds in the port. Members are concerned these sheds are not being maintained to a standard which will ensure their cargo is protected (Refer comments below).
- Outer Harbor berths 1-4 are used for cars, live sheep and cruise vessels. The shed at Berth 1 is also of concern in that it is not being maintained to a suitable standard. Furthermore, during the cruise season (priority berthing), there are often clashes with regular Pure Car Carriers (PCC) traffic, further complicated with the occasional livestock vessel calls where vehicle storage areas must be cleared. This situation can lead to warping of vessels along berths and/or vessels having to remain at anchor.

**BERTH EXTENSION AND MAINTENANCE**

**Berth Extension:**

- On 1<sup>st</sup> May 1997, SAL, in those days known as Australian Chamber of Shipping, alerted Minister Laidlaw (and we have continued to alert, each subsequent Minister for Transport), and noted in our submission dated 31<sup>st</sup> July 2003 (South Australia's Draft Transport Plan), of the necessity to cater for larger (both in draught and capacity) container and grain vessels which will call at Australian ports in the future, by both deepening the channel and extending the wharf at the container terminal at Outer Harbour (refer attachment - SAL ACOS Submission 1997 which should be attached to and form part of this submission).
- In our submission 1<sup>st</sup> May 1997, we recommended that the berth be extended to include the requirements of a new grain berth, as well as catering for container vessels by laying tracks for the container cranes to move up and down the wharf. The same tracks would also be used to move the grain loading equipment up and down the wharf. The reasoning for this was, if a grain vessel was not being handled then the berth could cater, not only for larger vessels, but also act as a third berth to handle a container vessel. In addition, it could also be utilised to create a permanent third berth to cope for future terminal growth. When the grain berth was completed last year, we were more than surprised that there was a gap between the new berth and existing container wharf and no tracks for a container crane had been laid.
- At a meeting with SAL on 12<sup>th</sup> February 2004, FPSA advised "New Grain Terminal – currently on track to be completed by August 2005 and container terminal berth will be extended by 140m, together with the channel deepening project". Unfortunately, no time frame was, or ever has been, published.

### **Berth Extension (Contd.)**

- Grain Terminal (Berth 8) has been completed. However, it will not be operational to handle grain until the silos, etc., have been constructed and the Port River Expressway and associated work has been completed by 2007/2008, therefore gaining no revenue. If, on the other hand, instead of constructing the grain berth FPSA had concentrated on the berth extension, followed by the grain berth, it could still have been completed by 2007/2008.
- Furthermore, when channel deepening was completed last year, FPSA again advised the berth would be extended. However, it was only in March 2007 that SAL was informed FPSA has called for tenders to extend the berth from between 125 and 155m, work to be completed in twelve months – again no mention of a completion date. With anticipated additional services calling at Adelaide this year, any delays to the extension must surely add to congestion, resulting in extra costs to Shipowners.
- Whilst we appreciate FPSA is hoping to finalise with SA State Government and DPW/P&O cross ownership [Section 26 of the South Australian Ports (Disposal of Maritime Assets) Act 2001] the long term leasing and FPSA equity in the Terminal, it still does not alter the fact that the berth had to be extended no matter which organisation ran the terminal.
- It is hoped a settlement can be reached in the near future. Unfortunately, any new development, including lengthening of the berth and DPW purchasing new and/or upgrading any of the existing four container cranes, will not proceed until the long term lease of the Terminal has been resolved.
- With Melbourne being unable to deepen its channel for at least another year, and because Adelaide can accept deeper draught vessels, we might see an increase of exports through the Port of Adelaide!

### **Maintenance of Cargo Sheds and Wharves:**

- Currently, there are only four berths and three sheds, 18, 19, 20 and 29 Inner Harbour, to cater for bulk/breakbulk/general cargo. Including a ship-loader, 29 Berth is now being developed to cater for an increase in the export of mineral sands etc.
- Berth 18 is currently being upgraded to handle bulk sulphuric acid. This will further add to the congestion, bearing in mind that whilst there are three berths (18, 19 & 20), only two vessels can be accommodated at any given time due to the inadequate length of these berths. The shed at Berth 20 is currently on a long term lease, which leaves only two cargo sheds available.
- It is the opinion of our Members that these two sheds are deteriorating through lack of planned maintenance. During the 2006 palletised USA Fruit season, AQIS complained at the state of the shed at 18 Berth. In their opinion the shed was unsuitable to receive and store citrus fruit during loading operations.
- At a meeting with SAL on 12<sup>th</sup> February 2004, FPSA advised on the subject of availability, upgrade and construction of new sheds – “all a matter of utilisation and who will pay for more sheds”. Surely this is unacceptable. There is plenty of evidence where, in order to increase the bottom line, maintenance is neglected. Therefore, it must be questioned as to whether it is FPSA’s intention to let them rot and not replace them?
- Outer Harbor Berths 1-4 are also of concern as at best they appear to be receiving only “patchwork” maintenance. Berth 1 is used for livestock (the shed is also used for car storage) and the remainder for cars and passenger ships during cruise season. In addition the wharf surface may also require maintenance.
- It is equally important to meet the requirements of bulk/breakbulk/general cargo importers and exporters. There is often a chicken and egg situation when it comes to the question of whether trade follows ships or ships follow trade. In many cases there is a view that the establishment of a port with good facilities will somehow attract ships.

## **Maintenance (Contd.)**

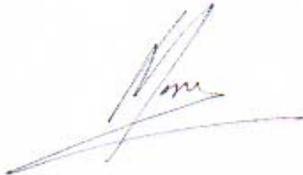
- The answer lies in an incremental approach, where certain inducement cargoes are captured because they meet the requirements of shippers. This in turn can provide the foundation for the building up of shipping services.
- If Adelaide has a poor reputation for the standard of it's sheds to protect cargo, then this fact may well deter shipping companies from utilising the port.

## **Recommendation:**

- SAL believes that all Governments must give due consideration to our nation's most valuable asset – PORTS. Ports are the major economic gateway for the nation's cargo activities. Whilst we accept an organisation sees the assets of a port(s) in the light of it's shareholders and expects to make a return on their investment, it must go beyond this for, as a whole, the assets also belong to Australia. Port operators must accept the added responsibility and, no matter who operates them, by consulting with industry make sure they are monitored to ensure they keep ahead of progress and demand.
- ESCOSA to arrange for an independent audit to be carried out on the sheds and facilities at Berths 18, 19, 20 Inner Harbour and the shed and facilities at Outer Harbor 1 - 4 . If the audit shows they do require work, ensure this is carried out and that there is a planned maintenance programme put in place for all berths and sheds.
- To monitor progress/development, both the State Government and FPSA should publish a long-term (fifteen-twenty years) plan to attract shipping to SA Ports, by which means we can ensure we have the infrastructure to cope for increased trade. Currently, we are concerned there is no method of ensuring that both government and FPSA are preparing for growth before the event rather than after.
- It should be noted that in "The Advertiser" dated Friday 9<sup>th</sup> March 2007, State Opposition stated they will publish a twenty year State infrastructure plan, which in essence would detail the work and include dates to start and finish, etc. It is SAL's view a similar timetable should be expected from all governments and port operators, including the State Government and FPSA. Refer attachment below.
- It is vital the Government keeps control of land earmarked for port development, without yielding to pressure from retail and residential developers. The State Government must provide a framework which ensures that ports are operated in a safe and environmentally responsible manner, but does not introduce unnecessary barriers due to the way in which shipping and related businesses are conducted.
- Governments must retain port related land for the future growth of port operations.

If required, Shipping Australia Limited (SAL) would be happy to elaborate upon this submission.

Yours sincerely,



D V BOURNE-JONES

SA STATE SECRETARY

For and on behalf of the, SAL SA State Committee

Attachments (2) "The Advertiser" clip and SAL ACOS Submission 1997

Cc Sydney

## Liberals to plan for next 20 years

A 20-YEAR state infrastructure plan will be outlined well before the next election, the Liberals have pledged.

Transport spokesman Martin Hamilton-Smith said there would be a clear policy difference between the Government and the Liberals in the lead-up to the poll.

"A Liberal government will tell SA what is to be built, when it will be done, how it will be done, in what sequence and how much will be invested to deliver it," he told Parliament.

Mr Hamilton-Smith moved two motions in the Assembly on infrastructure and development of a transport plan for the state.

He said the Rann Government's two infrastructure plans for the state and regional SA were nothing more than discussion papers, with no program of work or funding specified.

He said the Liberals' plan would be developed with stakeholders and the community and comprise five four-year stages, aligned with the election cycle.

However, Mr Hamilton-Smith said the fine detail of the plan could not be delivered by an Opposition - only a government had the departmental and financial resources to deliver this.



The Hon. Diana Laidlaw MLC

REFERENCE:  
MOT1098.97

mt/ns

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Mr D V Bourne-Jones  
SA State Secretary  
Australian Chamber of Shipping  
PO Box 171  
PORT ADELAIDE SA 5015

Dear Doug,

I refer to your letter of 1 May 1997 submitting comments on the Deep Sea Port Investigation.

I requested Ports Corp to respond to your comments.

Ports Corp has advised that it is aware of the situation at the Container Terminal, particularly in regard to ship queuing, and is monitoring the situation. It is possible that the extension of the existing berths may be justified within the next few years. In assessing the justification, Ports Corp would also consider the opportunity to cater for other users and cargoes, in addition to container trades.

However, the Deep Sea Port Investigation Committee, in considering the option of grain export facilities at Outer Harbor, found that there are greater benefits from continuing to load from upgraded facilities at the existing grain terminals in Inner Harbor and at Port Giles. The construction of a multi-purpose wharf at Outer Harbor would involve the grain industry in considerable additional expenditure for both shipping facilities and land transport.

As you are aware, your letter has been forwarded to the Deep Sea Port Investigation Committee for consideration along with other comments that may have been received.

Thank you for your interest in this matter - and for responding to my invitation to submit your comments.

Yours sincerely

Diana Laidlaw, MLC  
MINISTER FOR TRANSPORT

20.5.97

Copy to Committee  
CO PCOS  
22/05/97



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# DEEP SEA PORT INVESTIGATION COMMITTEE

c/- South Australian Farmers Federation  
122 Frome Street, Adelaide SA 5000  
PO Box 6014, Halifax Street, Adelaide SA 5000  
Telephone (08) 8232 5555 Facsimile (08) 8232 2222

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Thursday, 19 June 1997

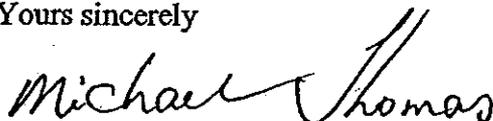
Mr Bourne-Jones  
SA State Secretary  
Australian Chamber of Shipping  
PO Box 171  
PORT ADELAIDE SA 5015

Dear Mr Bourne-Jones

Thank you for your letter of 1<sup>st</sup> May 1997 via the Minister for Transport, the Honourable Diana Laidlaw.

The Deep Sea Port Investigation Committee has read your letter and will endeavour to address the issues raised by the Australian Chamber of Shipping in the final report. The final report is envisaged to be released in last August/early September-1997.

Yours sincerely



**Michael Thomas**  
**Executive Officer**  
**Deep Sea Port Investigation Committee**

*Copy ACOS Committee*

1 May 1997

The Hon Diana Laidlaw, MLC,  
Minister for Transport  
PO Box 8242  
Hindley Street  
ADELAIDE SA 5000

Dear Minister,

**DEEP SEA PORT INVESTIGATION**

Thank you for affording Ian McDonald, Daryl Phillips and me time to call on you on Wednesday 12 March 1997. Following that meeting we received copies of the Deep Sea Port Investigation Report and your invitation for the Chamber to submit comments.

A committee has been formed consisting of:

- Ian McDonald - ADSTEAM AGENCY (Chair)
- Kevin Hales - Patrick Sleigh Shipping Agencies Pty Ltd
- Debra Ireland - Hetherington Kingsbury Shipping Agency
- Alan Christie - Wilhelmsen Lines Australia Pty Ltd
- Douglas Bourne-Jones - ACOS State Secretary

We submit the following for your consideration.

**OVERALL COMMENTS:**

- It is disturbing that groups will put forward proposals to government without inviting to submit comment from all parties/groups who will eventually have a part to play in an operation. In this case shipping companies (ACOS), tug operators and stevedores were not invited (although we understand the stevedores were asked for comment by the Wheat Board). Surely all participating parties should be identified and asked to respond.
- Increasing productivity by upgrading loading facilities at existing terminals, eg., self-trimming spouts, greater delivery rates, should be encouraged/assisted even if the restructuring of a port and/or ports is not forthcoming.

**GENERAL COMMENTS:**

- Most vessels trading to and from Australia are owned by overseas operators. Shipping companies will call at any port in the world providing it is safe to exchange cargo and is cost effective. They do not generally comment on port development unless it is for a specific type of cargo and/or vessel.

- We applaud the industry for looking ahead and providing facilities for future/larger vessels.
- We understand the necessity of minimising costs and eliminating development which would be either unnecessary or prohibitive, as grain is seasonal and Panamax type vessels cannot discharge at all ports in the world. The decision not to consider further study of the ports of Wallaroo, Port Pirie and Ardrossan in this or any future report is accepted.
- The selection, if any, is therefore down to Port Giles and the Port of Adelaide.
- The Committee's understanding of a Panamax grain vessel is:- Length 225.0m, Beam 32.2m, Loaded Draft 12.75m, loading 63,670 tonnes (mv "TOP YIELD" at Port Lincoln - 28/04/97). The reason for this study is to provide for a Panamax type vessel to load grain in more than one South Australian port (Port Lincoln).

#### **SPECIFIC COMMENTS:**

##### **PORT GILES:**

- This is only a grain loading berth and can handle no other cargo or provide other ancillary facilities. As the berth is exposed to weather (wind and sea), this often entails vessels having to wait to berth and/or depart. Delays can also be experienced waiting for tugs from Port Adelaide. Any delay is costly.
- Catering for Panamax vessels would increase the cost by having to provide extra tugs.
- Road construction to cater for increased heavy road traffic would be an added community cost which must ultimately be passed on to all users.

##### **PORT ADELAIDE:**

- Constructing/developing a berth and dredging up-river near existing facilities (27 Berth) for a Panamax vessel would be expensive.
- We note an amount of \$70m was estimated to install new facilities at Outer Harbor. However, as the statement did not go into any detail, we submit for consideration our Alternative Proposal which would compliment existing facilities at 27 Berth.

##### **ALTERNATIVE PROPOSAL (Refer attached plans "A" & "B")**

- Sea-Land Container Terminal is running out of berth length to cater for two of the newer and larger container vessels calling at Adelaide to be alongside and working at the same time. In the near future Ports Corp SA will have to extend the berth.
- When this is being carried out, continue using the same "construction labour" to add on to the extension and develop No 7 Berth - a multipurpose wharf - "value for money".
- The berth could be designed primarily to load Panamax vessels with grain. When berth is vacant, Ro/Ro vessels, container vessels using their own gear and a container vessel could also lie alongside to await vacancy at the terminal (speed up changeover time and save money). In addition it could be used for other cargo.
- Dredging up-river of No 6 Berth to 13.00m has already been completed - any additional dredging (if any) would be minimal.

- In this day and age engineers could surely design a berth with an efficient grain loading system which may be moved along the wharf when not in use. They could also include rails to cater for a container crane and the grain spouts, ie., wharf would have to be constructed in similar manner to No 6 Berth.
- Grain can be supplied to the new berth/terminal by using rail. Rail will eliminate use/wear and tear of roads. Rail already exists to Outer Harbor. It would also assist ailing AN.
- Grain storage is always short - construct storage areas either adjacent to berth or in an area behind container berth.
- Silos should have a capacity of at least 60,000 tonnes. As berth will be seasonal and used infrequently (not every vessel calling into South Australia will be Panamax), there should be sufficient time between loadings to top up silo. Grain would be conveyed from selected rail discharge area to silos and to ship by using conveyor belts.
- There are two alternatives for supplying grain to silos:
  - a) From existing facilities in Port Adelaide (27 Berth) - a special train can be employed utilising 30 to 40 x 50 tonne wagons. This train could possibly do three journeys a day and would only require a spur into new grain berth to discharge over a receival area (Plan "A").
  - b) Upgrade existing rail marshalling area behind Container Terminal to cater for larger trains. A small locomotive could be used to break up trains and shunt wagons over discharge/receival area. This alternative would not require rail to be laid up to new berth. Silos could be located in same area (Plan "B").
- Or a combination of both a) & b).
- Our proposal for Outer Harbor is in a very simple form. The Committee would be willing to discuss it should you wish to proceed further.

Thank you for allowing us to submit comments and in future we would appreciate being advised on this and other projects as they come to hand.

Yours sincerely



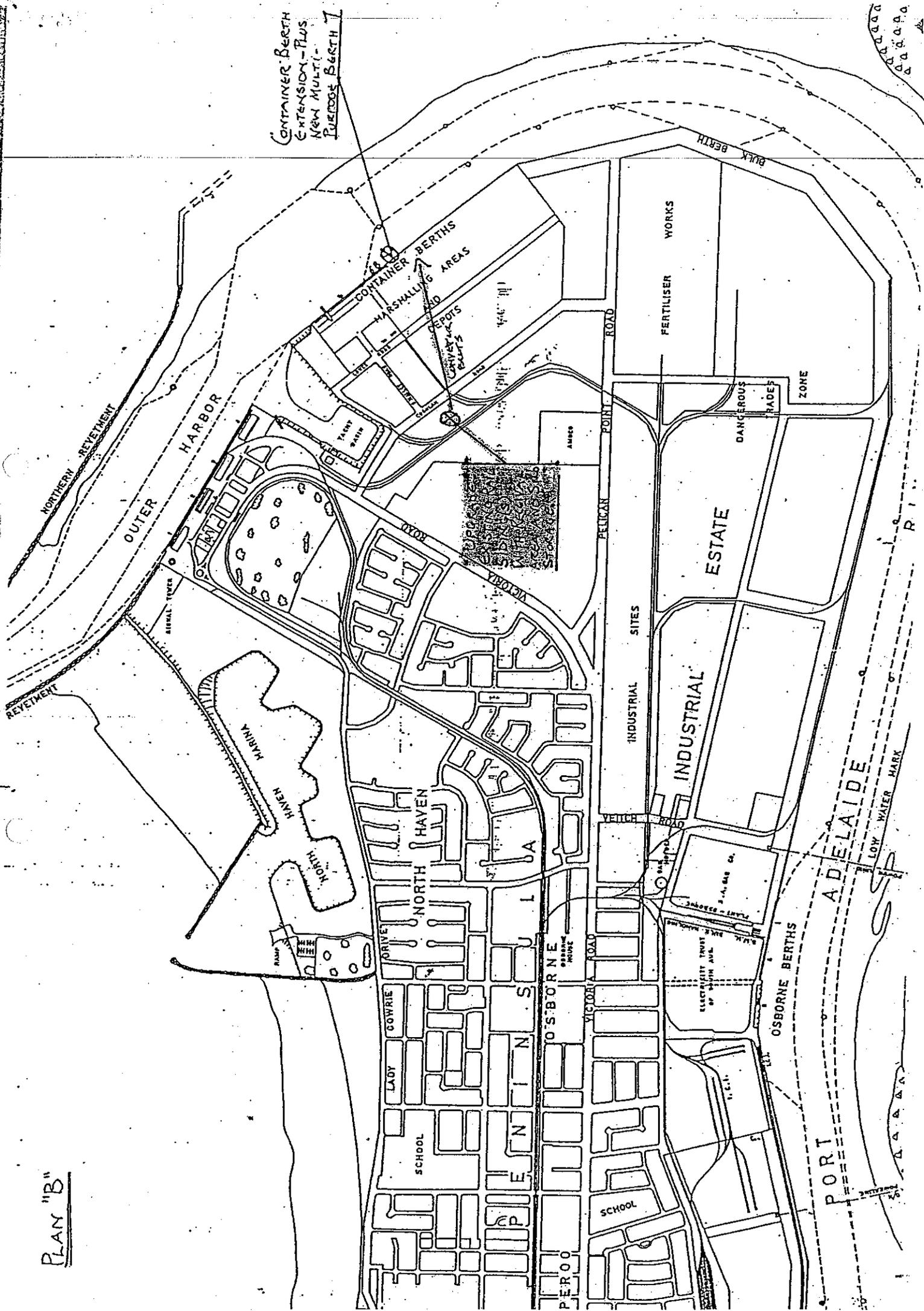
**D V BOURNE-JONES**  
**SA STATE SECRETARY**  
On behalf of the Deep Sea Port Committee.

Attachments (2)  
cc ACOS Sydney



PLAN "B"

CONTAINER BERTH  
EXTENSION - PLUS  
NEW MULTI-  
PURPOSE BERTH



PORT ADELAIDE

PORT ADELAIDE