

30 July 2019

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Chairman
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Submission lodged online

South Australian State Government's 20-Year State Infrastructure Strategy - submission.

Flinders Port Holdings owns and manages the Flinders Ports, Flinders Adelaide Container Terminal and Flinders Logistics businesses comprising both ESCOSA regulated and unregulated assets.

The Board of Flinders Port Holdings is in total agreement with the views expressed by Infrastructure SA Chair, Anthony F Shepherd, that strategic and efficient infrastructure planning, delivery and management is fundamental to South Australia meeting the State Government's ambitious three per cent growth agenda.

However, Flinders Port Holdings is explicit that unless South Australia makes strategic infrastructure plans and decisions, there will be detrimental outcomes. In particular, there would be no way – especially with the current infrastructure base - that the State Government's ambitious plans for its economy and its community can ever be achieved.

Strategic infrastructure spend and timing of that spend is fundamental to the State's future.

Flinders Port Holdings, responsible as it is for the assets which provide the safe and efficient sea gateway to South Australia's economic growth, is integral to the State's future. This position is particularly critical in our export-led economy with the vast majority of exports being material goods and commodities.

As such Flinders Port Holdings recognises the responsibility it carries to make highly strategic investment decisions that can ensure a future in which it is both financially strong and has technologically sophisticated assets. Anything less is detrimental to South Australia.

The current Outer Harbor widening project, discussed below, is a prime example of how Flinders Port Holdings is building additional growth security into future operations. Our operations in 2019 account for \$25 billion in trade, strong support for the State's tourism sector, and the support of some 6000 jobs.

- Flinders Port Holdings' is making an \$80 million investment in widening the Outer Harbor shipping channel and swing basin. This investment will enable South Australia's key port to accommodate both the world's largest cruise vessels and the more efficient and much larger 'Post Panamax' container ships which are increasingly dominating global container cargo transport. *Note: This investment will leave Outer Harbor in line with ports in other Australian capital cities, all of which are already wide enough to cater for such vessels.*

In this Submission, Flinders Port Holdings will not address all factors canvassed in the Discussion Paper but will, at this stage, confine its points to those which are directly relevant to its operations.

1. 'The Port' can only meet SA's future economic needs if there are dynamic and symbiotic infrastructure upgrades linked to and within its Adelaide environs

The Discussion Paper makes the vital point that **the State must guard against infrastructure being developed in isolation. This is already a concern of Flinders Port Holdings.** Essential infrastructure development, such as that which Flinders Port has been undertaking, does require a cohesive public policy framework to ensure its freight and passenger corridors and services are also upgraded in tandem. The company is looking to the State's 20-Year Infrastructure Strategy to ensure this concern can be addressed.

Trade: the larger container vessels, which have required the Flinders Port Holdings' \$80 million investment to widen the shipping channel, will continue to grow trade through the Flinders Adelaide Container Terminal. The Terminal will attract the more efficient but larger tri-trailer container road trains to service those vessels. This requires an infrastructure emphasis to be placed on the quality and location of the most efficient and safe Port road links. It will also require further strategic investment in rail transport corridors. If this does not occur, an obvious impediment to the State's three per cent growth trajectory is immediately evident.

Tourism: The cruise sector is growing rapidly worldwide, and cruise ships are also increasing in size. The Cruise Industry News Annual Report stated in January 2019 that an additional 42,488 berths would come on line this year, representing 7.5 per cent of additional berth capacity across the industry.

Australia's 2019/20 cruise season will commence in October 2019 through to April 2020. In that time there will be 45 cruise ship visits into Flinders Port Holdings' Port Adelaide Passenger Terminal with a capacity of 182,052 passengers. In addition there will be 13 visits to the Flinders Ports Port Lincoln jetty and 3 visits to the Wallaroo wharf. Tourism SA has noted that the 2018/19 season experienced a 24 per cent growth from 2017/18.

Flinders Port Holdings therefore submits:

that trade and tourism capacity and growth through its infrastructure, and the potential growth that will come from the neighbouring Defence precinct, requires that there be strategic surrounding infrastructure upgrades – a road linking Coghlan Road and Pelican Point and the Defence Precinct is now critical to reduce the trucking delays which cause inefficiencies in trade movement to and from the Port.

***It should also be noted that there would be marked evidence-based environmental gains from reduced carbon output by "cleaning up" the length of time a significant number of trucks wait with their motors idling.**

Also sensible, to ensure integrated development delivers a prime return on investment for the State, would be the parallel grade separation from the train line into the Container Terminal to alleviate traffic congestion. Equally, Flinders Port Holdings recommends that linked to the above urgent upgrades, an integrated traffic plan with identified associated road upgrades to ensure 20 -year forward traffic movement be factored in so container cargo is not trapped queuing along Victoria Road, to the detriment of the export/import sectors and damaging to the productivity brand health of both the State and Flinders Port Holdings.

SA tourism was in July 2019 stated to have been worth an all-time high of \$7 billion in the latest International and National Visitor Survey. The State Government aims to have that lift to \$8 billion by 2020. Adelaide's Passenger Terminal with its fast-increasing cruise sector is critical infrastructure in this

regard. In the cruise season it urgently requires more frequent trains and bus services for our visitors. The basic requirement of a carpark across from the Cruise Terminal (even if only for Cruise season) is also an essential that has not been factored into tourism growth statistics; required for the many visits to and from those ships by passenger friends and relatives and, also because of the interest from members of the public these massive ships create.

Flinders Port Holdings submits that it cannot afford to be isolated in terms of recognising when development is required. The success of the State's ambitious growth strategy requires a team approach with the State recognising and problem solving when there is a misalignment occurring.

2. The Community – it is a Flinders Port Holdings' ethos that together with Government we are responsible for ensuring our growth and development minimises adverse effects on life and living.

The Discussion Paper makes the vital point that **the right infrastructure can ensure the liveability of our communities**. It is always a Flinders Port Holdings' objective to do zero harm. This is therefore linked to Point 1.

The most beneficial infrastructure to the communities surrounding Outer Harbor is that which has the minimum impact possible. It is not the place of Flinders Port Holdings to enter into any debate about there being such large residential development so close to the burgeoning industrial developments of the Port and its environs.

However, the company does see it as its responsibility to advise where it considers strategic decisions could improve, or at least minimise, impact for the community. This leads Flinders Port Holdings to urge strongly that the road and rail upgrades set out in Point 1, and the carpark which would alleviate the cruise season crowded street parking which is currently to the detriment and safety of residents and commuters, should not be ignored.

There are also the environmental concerns for the environs that are created by the additional emissions that come from waiting and idling trucks near homes; a situation that cannot improve without changes to infrastructure. Flinders Port Holdings has not abrogated responsibility. The company is working through truck marshalling strategies to help alleviate traffic congestion. However, that is a band-aid measure at best. It cannot be taken to be a solution when the State has such an ambitious growth strategy.

Flinders Port Holdings therefore submits that the Community deserves that what can be done to minimise the impact of growth in the environs on lives, should be done when possible to do so. Infrastructure upgrades as set out above and in Point 1 are most definitely strong points of mitigation. Flinders Port Holdings desires an ongoing positive relationship with the Community and the State's 20-Year Infrastructure Strategy is an important facilitator in this.

3. The Regions: Flinders Port Holdings is far from city-centric in its views and its planning. Considering a regional port overlay to a 20-year strategic infrastructure plan is essential.

The Discussion Paper delivers regional SA the emphasis it deserves. Flinders Port Holdings has responsibility for six of South Australia's regional ports. This is often forgotten.

This provides the company with a powerful whole of state focus and overview. The company is committed to ensuring that the State can receive the best return possible from its operational ports supporting its economy.

When regional SA delivers such economic worth, its future growth must be protected. Assets such as regional ports cannot be ignored in planning future regional infrastructure.

Flinders Port Holdings is not suggesting new is best as it relates to ports. Responsible spend with an obvious return on investment is what is required. In fact, it is the view of Flinders Port Holdings – ascertained from significant work undertaken by our employees – that it is not in the State’s best interests to consider additional capital-intensive ports in the regions.

Flinders Port Holdings therefore submits that it is in the State’s best long-term interests, and to meet the State Government’s ambitious growth plan, that any 20-year infrastructure strategy consider how best to develop infrastructure in the environs and in the surrounding districts to where regional ports are currently located.

Having roads that are developed for the future – roads which accept the implications of regional growth plus the much larger and more economic trucks rather than ignore them - and rail that is better developed and maintained or even resurrected for the future, would bring a far greater economic and whole of community (and quality of lifestyle) return for South Australia. New big and shiny may have a surface lure but strategic infrastructure expenditure in the regions to ensure improved regional utilisation for the State from its existing ports is economically sound.

The above three points set out for Infrastructure SA, areas where South Australia could achieve the most cost-effective long-term results in terms of infrastructure spend which could assist Flinders Port Holdings to achieve above and beyond on behalf of South Australia over the next two decades.

Flinders Port Holdings is proud of what it currently achieves, and keen to embrace the State Government’s ambitious growth target and ensure that it succeeds.

Strategic infrastructure commitment as set out above is a critical, solid, foundation for such success.

Yours sincerely

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Stewart Lammin
Chief Executive Officer