

Not Relevant

622 EXPORT COLD STORE FACILITY AT ADELAIDE AIRPORT (Kevin Foley) -
NOTED

Not Relevant

CABINET NOTE

TO: PREMIER FOR CABINET TO NOTE

RE: EXPORT COLD STORE FACILITY AT ADELAIDE AIRPORT

1. PROPOSAL

- 1.1 For Cabinet to note that I intend to provide assistance to Australian Air Express Ltd (AaE) of \$100,000 for the year ended 30 June 2007, \$50,000 for the year ended 30 June 2008 and \$50,000 for the year ended 30 June 2009 subject to AaE entering into a three year lease to operate the export cold store facility at the Adelaide Airport.

2. BACKGROUND

- 2.1 A cabinet submission was presented by the Minister for Infrastructure in August 2006 in relation to the Export Cold Store Facility at the Adelaide Airport.
- 2.2 The cabinet submission recommended that the viability of the export cold store lies with the private sector and that the State Government not provide any financial support at this stage.
- 2.3 The Premier requested Mr Ray Garrard, Chief Executive of the Department of Trade and Economic Development (DTED) to chair a meeting of the relevant stakeholders to see what could be done to ensure the continued operation of a Cold Store at the Adelaide Airport.

3. DISCUSSION

- 3.1 AaE entered into a six month lease commencing March 2006 to operate the Export Cold Store Facility at the Adelaide Airport. AaE continue to operate the cold store on a monthly tenancy until a decision is made by the board of AaE on a longer term lease. It is understood that a decision on the future of the facility is expected to be made at the December 2006 board meeting.
- 3.2 AaE has advised that they are requesting Government assistance to ensure the continued operation of the Export Cold Store Facility at the Adelaide Airport.
- 3.3 It is noted that the long term solution to the continued operation of the Export Cold Store Facility lies with the private sector. However, the continued operation of the facility is important to South Australia for the following reasons:
- It is essential infrastructure for a best practice export focused economy.
 - It is an essential part of the cold chain for an economy that deals with perishable food.

- Brisbane is building an airport cold store in order to get a competitive edge and Melbourne is currently upgrading its infrastructure.
 - The likely loss of the Singapore Airlines freighters that currently operate twice a week out of Adelaide.
 - The ability to control perishable export food quality is significantly enhanced by having the airport cold store.
- 3.5 On the recommendation of the Chief Executive of DTED, I have approved the provision of assistance to AaE comprising:
- an initial \$100,000 grant in 2006-07, to be funded from expected salary savings within DTED's 2006-07 budget;
 - a \$50,000 per annum grant in 2007-08 and 2008-09 to be funded from the Strategic Industry Support Fund (SISF). Since capacity currently exists in the SISF to support the grants to be provided in 2007-08 and 2008-09, the proposal will not impact on the budget.
- 3.6 The approval will be subject to AaE entering into a 3 year lease to operate the export cold store facility at Adelaide Airport. Ceasing operation would create a repayment event.
- 3.7 The contract will be signed by the Treasurer and administered by SAFA (which administers SISF funds).
- 3.8 Securing AaE as a tenant for three (3) years will allow an opportunity for Government to work with Adelaide Airport Limited, AaE and Belgravia (the building owner) to find a long term solution to the problem.

4. RECOMMENDATIONS

That Cabinet note:

- 4.1 I intend to provide assistance to Australian Air Express Ltd (AaE) of \$100,000 for the year ended 30 June 2007, \$50,000 for the year ended 30 June 2008 and \$50,000 for the year ended 30 June 2009 subject to AaE entering into a three (3) year lease with the Treasurer to operate the export cold store facility at the Adelaide Airport
- 4.2 Funds for the assistance will be drawn from existing Department of Trade and Economic Development funds.


 Kevin Foley MP
DEPUTY PREMIER
MINISTER FOR INDUSTRY AND TRADE

In Cabinet

11 DEC 2006

