

## **Media Release**

16 April 2003

### **DIRECT U.S. LINER SERVICE**

### **MAJOR EXPORT BOOST FOR SOUTH AUSTRALIA**

South Australia received a major export boost today with the announcement of the State's first direct container shipping service to North America.

The decision by VSA, an international shipping consortium comprising of Columbus Line, FESCO, CP Ships, Maersk and P&O Nedlloyd, will significantly increase trade through Port Adelaide, South Australia's flagship export port.

Most goods produced in South Australia and containerised for export to North America, are currently transported to Melbourne by road or rail, and shipped out through the Port of Melbourne.

In the breakthrough announced today, the VSA Consortium confirmed it will provide a weekly direct service from May for container freight from Adelaide to the USA, Canada & Mexico. Enroute to North America, the vessels will also call into New Zealand, Fiji and Tahiti.

The service announcement represents a major coup for Flinders Ports Pty Ltd, which took over ownership of seven South Australian ports - Port Adelaide, Port Pirie, Port Lincoln, Klein Point, Port Giles, Thevenard and Wallaroo - in November 2001.

It also builds on a recent announcement by Flinders Ports of a \$400 million redevelopment plan for Outer Harbor, including a 14 metre deep sea harbour, increased containerisation and wine storage facilities, three new warehouses for containerised or bulk cargoes, a cold store and a mineral sands storage facility.

The first major development, a \$13 million wine export facility for Hardy Wine Company, will be completed early in 2004, followed by a \$20 million grain berth in mid 2005.

Flinders Ports' Chief Executive, Mr Vincent Tremaine, said today the direct service was a "first for South Australia since the inception of containerisation more than 30 years ago".

"The significance of a direct container service from Adelaide to major ports of the United States cannot be overstated," Mr Tremaine said.

"The VSA Consortium's decision to include Outer Harbour on its Australian schedule is not only exciting news for us, but for every South Australian company that exports to or imports from North America," he said.



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"This is a substantial commitment in support of South Australian business.

### **20 per cent boost for port**

"In trade terms, South Australia generates in excess of 35,000 containers per annum between the United States and New Zealand.

"Most of these consignments are presently exiting the State not via our home port, but via Melbourne after being trucked or railed to Victoria.

"The new service has the potential to pull 25,000-30,000 containers out of Melbourne and back to Adelaide.

"The commencement of this new direct container service provides a significant boost for importers and exporters in the way of faster transits and later cut-offs, as well as benefits to South Australian transport and stevedoring industries.

"The flow-on effect to South Australian businesses will be significant as well as increasing total port container throughput by around 20 per cent."

Mr Tremaine said attracting additional shipping services to Adelaide, in particular helping establish a direct container service to the United States, had been a major priority for Flinders Ports since taking over ownership of the seven ports.

The Company has been working closely with CSX World Terminals, the operator of Adelaide's container terminal, to ensure the objective was met, he said.

"We believed a direct North American service was warranted due to the strong growth in cargo volumes between this market and South Australia," Mr Tremaine said.

"In particular, the success of major South Australian companies including GMH, Mitsubishi, Orlando, Southcorp and the Hardy Wine Company has pushed Adelaide's container volumes to the high levels necessary to attract new shipping services," he said.

In trade terms, the new service will also add significantly to the number of containers - currently about 140,000 TEUs (twenty foot equivalent units) a year - shipped from Port Adelaide to overseas destinations.

### **Deepen port**

"In the near future, the Outer Harbor will need to be deepened to accommodate the trend to larger container ships," Mr Tremaine said.

"Adelaide's resurgence as a container port will need to be supported with a deepening of the channel from 12.2 metres to 14 metres or we will see shipping lines withdrawing from Adelaide to deeper water ports, including a deepened Melbourne, from 2005," he said.

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

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