



Our ref RPF E6326  
Your ref

Enquiries Patrick Quirk  
Telephone +61 7 32277620  
Facsimile +61 7 32379691

Queensland Transport

13 DEC 2002

Mr Grant Harrison  
Secretary  
Joint Standing Committee on Foreign Affairs, Defence and Trade  
Parliament House  
Canberra ACT 2600

Dear Mr Harrison

**Inquiry into Australia's Maritime Strategy**

I have attached the Queensland Government's submission in relation to your inquiry.

I would appreciate if you could forward to me a copy of your final report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bruce Wilson'.

Bruce Wilson  
Director-General

Enc (1)



## **MARITIME STRATEGY IN AUSTRALIA'S DEFENCE POLICY**

The Queensland government welcomes the opportunity to contribute to this inquiry into the role of Maritime Strategy in Australia's Defence Policy being conducted by the Joint Standing Committee on Foreign Affairs, Defence and Trade.

As outlined in the associated inquiry documentation, the term "maritime strategy" has a broad range of meanings within the context of Australia's strategic defence planning. This submission will address the issues of (1) security of the Australia's sealanes, (2) border security issues and (3) the potential for increased industrial and research input to enhancing force capability.

### Security of Australia's sealanes

Australia relies on the proper functioning of open and safe sealanes for access to and from its trading partners and product markets. Specifically, Queensland's economy is heavily dependent on sea transport to service the markets for its raw material exports and to meet the increasing demand for its manufactured goods. In 2001/2002 the total tonnage of goods handled in the state's ports exceeded 189.5 million tonnes with an estimated value in excess of \$18 billion.

A prime objective of Australia's maritime strategy should be the monitoring, surveillance and protection of Australia's sealanes within the reasonable constraints of international law. These sealanes are critical to the safe and reliable movements of shipping to and from our ports.

Any maritime strategies focussed on sealane protection have a clear link to aspects of Australia's national interests and objectives. It is these interests and objectives that define Australia's place in the world and the intent of our international relationships. These are long-term strategic interests and must include actions focussed on growing, developing and maintaining our overseas trading links.

In addition these defence activities need to be conducted in a flexible and sustainable manner. This reflects directly on funding and force capability matters. The ability of our forces to undertake sustained independent action in pursuit of our national interests should be a cornerstone of our defence objectives. This need is even more pronounced given recent cases where our forces have acted in, and in cases led, UN sanctioned peacekeeping missions.

The current tension in a number of nations in our immediate vicinity highlights the potential instability in parts of our region and the need for our forces to be able to respond to peace keeping and other emergent tasks given to it by government.

Given the geography of our region, many of the sealanes to our Asian markets pass near and/or through the coastal waters of our near northern neighbours. The United Nations Convention on the Law of the Sea (UNCLOS) provides a robust yet largely untested legal framework for nations in managing their emerging rights and responsibilities in relation to the resources and uses of the coastal and offshore waters.

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For example in the late 1990s a close regional neighbour announced that it planned to declare a set of prescribed archipelagic sealanes through its territorial waters. Such a declaration needs to be closely managed in such a way so as to ensure the continued passage of naval and civilian shipping on recognised and frequently used sealanes.

The proposal highlighted the strategic importance of our sealanes and the need to ensure that their integrity is preserved. In addition to the sealanes, there are a number of choke points in our immediate region which if blocked could result in serious economic consequences. The primary area of shipping concentration is the Straits of Malacca through which a high proportion of the region's marine traffic passes. Protection and monitoring of this area should be, in conjunction with our regional neighbours, a high priority task.

In addition, the Commonwealth should further explore the mechanisms available to it to ensure the continued safe passage of vessels through this area and other similar choke points in our region.

There is a growing realisation that the traditional rights afforded to trading nations (such as the right of innocent passage) must be matched by an appropriate accountability and responsibility framework by both the littoral states and the users of the sealanes.

There is a separate but related matter in relation to the role of Australia's merchant fleet in achieving the objectives outlined in the maritime strategy concept. The national interest can be substantially served by an efficient and modern Australian merchant fleet. Not only does the merchant fleet provide the nation with a physical presence in the sealanes but it also provides substantial strategic leverage. This leverage can be used in both the diplomatic and commercial arenas to further our national goals. This is a practice often used by successful trading nations.

Unfortunately current government policy fails to recognise the importance of our national merchant fleet. This policy framework is not in the national interest.

Australia's maritime strategy must respond to allow for a changing global and regional dynamic, particularly in how the sealanes can continue to be used safely within the context of international agreements.

### Border security issues

It is not the aim of this submission to canvas the arguments focussed on the extent to which the current maritime strategy should include national border protection issues. However in an ever more complex and volatile global security environment, the distinction between traditional security / defence issues and border / national protection issues is becoming increasingly blurred.

The use of capital intensive and operationally expensive naval and air force assets in near coastal surveillance duties is not the most effective or efficient use of scarce resources. These assets can be better used in traditional defence activities to meet Australia's strategic defence needs.

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However the comprehensive protection of our national interests in terms of quarantine controls, people smuggling and the interdiction of illegal drug cargoes is critical to our national interest. Australia's border security task is substantial with over 37,000 kilometres of coastline and over 9 million square kilometres in the offshore economic zone.

In addition to these tasks, there is a concern with the monitoring and interception of foreign vessels fishing in our waters. Foreign fishing vessels operating illegally in our waters pose a high quarantine risk to the nation, particularly in close-in areas such as the western approaches to the Torres Straits and the Gulf of Carpentaria.

The adverse economic and social impact of an imported disease such as foot and mouth on our primary industry sector would create serious and long-term issues for the country. These potential breaches of our national borders are an essential part of the risk management challenge confronting the nation

This issue clearly highlights the need for any revised defence strategy to adequately provide for the monitoring and protection of the nation's environmental heritage and values and the resources within the offshore economic zones.

While the current Coastwatch program provides reasonable coverage, there have been a number of high profile incidents where the existing surveillance and monitoring programs have found to be wanting. It is understandable that defence officials view these border programs as outside the scope of their traditionally accepted role. However, in light of the current global security situation, this view needs to be reassessed.

This review of Australia's maritime strategy should not exclude the national interest issues of border security and integrity. Today's real politic does not provide the comfort of the easy differentiation of domestic and international security concerns. Our reliance on shipping for the majority of the volume of Australia's foreign trade requires a comprehensive analysis of the security and defence needs to protect the searoutes. This implies protection both close to our shores and in distant waters.

An associated issue focuses on the emerging security requirements being developed for the maritime and port industries. Whilst the port sector will avail itself of experience gained in the established and successful programs in the airport sectors the traditional maritime trading sector has little exposure to threat assessment and security preparedness.

The threat to both merchant shipping and naval vessels shipping is considered to be real in areas such as the Persian Gulf and the Singapore Straits. Australia is lucky in having relatively clear and uncongested shipping lanes. However there are a number of areas where navigation requirements require shipping to focus on narrow passages often in environmentally sensitive areas. A prime example of this is the Prince of Wales Channel in the Torres Strait.

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Australia's national security and defence priorities require that our maritime strategy fully recognises the threats close to our shores and has capability to respond to any identified risk situations which fall outside the normal jurisdiction and ability of the state police. While the legal issues associated with jurisdiction in the coastal and near offshore areas are complex, this is no reason why security arrangements cannot be developed to the level required to adequately address the nation's security requirements.

### Enhancing force capability

This section will concentrate on Queensland's ship building capabilities and infrastructure in relation to the "integration of Australian Defence Industry into capability development to support a maritime strategy."

Ship building capability in Queensland is now primarily centred on commercial and luxury builds. The Cairns-based ship builder, NQEA, will be exiting the naval market as it was not short listed for the replacement patrol boat tender. This is discussed in more detail below. However, Queensland's marine industries also have an enormous range of support infrastructure, manufacturing, repair, and services capabilities which could assist defence and its prime contractors, to engage in more collaborative and alliance based contracting and help ensure greater integration with industry, especially in regional locations.

Queensland's marine industries are estimated to employ nearly 6500 people directly and generate \$1.2 billion in annual turnover. The state's Marine Industries Task Force has established a database of 465 firms in marine industries located across Queensland's coastal regions.

The boat-building segment of the industry is Australia's largest with turnover of \$228 million and a compound growth rate of 9 per cent per annum over ten years. Queensland's turnover in 1999/2000 represented 43 per cent of the national total. More strikingly, boat-building exports have grown at 19 per cent per annum in the same 10 years to reach \$107 million. This represented 58 per cent of national boat exports and 47 per cent of the Queensland industry turnover, making it one of the most export intensive industries in the State.

NQEA has been a long-term defence supplier. However, with the announcement by the Minister for Defence in June that NQEA had not been short listed for the replacement patrol boat tender, the company has subsequently announced that it would be shifting its development strategy into the construction, maintenance and refit of super-yachts. The company will continue to build commercial ships which include ferries and specialist products such as hydrographic ships and other research vessels.

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NQEA will be maintaining its slipways with plans for a super-yacht construction facility. The company already refits up to four super-yachts per year and is planning for a capacity to refit up to 20 vessels at its peak. The company has announced it will be winding back its existing engineering division which will reduce employment numbers in the short term. It has set a two-year time frame for its proposed move into super-yachts. At peak capacity it is forecasting that employee numbers could move to approximately 500 persons.

Other major ship building capacity exists at Shipworks Brisbane located at Brisbane Marine Industry Park, Hemmant. This private company was established in November 2001 and already has a 44-metre super-yacht under construction. The company has existing plans to further expand its capabilities through the imminent completion of two construction halls on site which allow the build or refit of luxury ships up to 100 metres in length. Current designs range from the 44-metre ship with 220 tonne displacement to a 64-metre ship at 850 tonne displacement

Other ship building capabilities include Byron Shipyards at Bulimba, Brisbane with a 300 tonne slipway for access and builds to 75 metres and Norman R Wright and Sons at Bulimba for the design and build of vessels to 38 metres in composites, timber and alloy.

Queensland has extensive port facilities along its coastline and hosts 14 modern and efficient trading ports, two community ports, and a number of non-trading ports located at regular intervals from Brisbane in the southeast to Karumba in the northwest. Details of the geographical coverage, capacities and administration of Queensland's port infrastructure can be found at [www.queenslandtransport.qld.gov.au](http://www.queenslandtransport.qld.gov.au) and related sites.

Complementing the port infrastructure, Queensland has extensive facilities and infrastructure for marine industries at nearly every significant coastal community throughout the length of the State. This includes commercial marinas, with wet berths and hard stands and related service industries for repair and maintenance, docking facilities, boat and ship building facilities including slipways and dry docks and ship lifts both travel and synchro, with varying capacities up to 2000 tonnes.

The Marine Industries Task Force through its marine industries capability register has detailed information on these manufacturers, facilities and services. Further information can be sourced from [marine@sd.qld.gov.au](mailto:marine@sd.qld.gov.au).