



DARWIN PORT CORPORATION

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Dr Bill Pender  
Inquiry Secretary  
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Dear Dr Pender

**Re: NEW INQUIRY – DEVELOPMENT OF NORTHERN AUSTRALIA**

Thank you for the opportunity for Darwin Port Corporation (DPC) to make a submission into the Development of Northern Australia Inquiry.

On behalf of the Northern Territory Government, the Darwin Port Corporation own and run Darwin's newest commercial wharf East Arm Wharf (EAW). The wharf was built on a green field site out of but close to the city's centre while linked to the Territories main road/rail transport corridor. The Port of Darwin is considered a critical enabler of the Northern Territory's economic development and today like the past, facilitates the majority of the Northern Territory's international trade.

The location has long suited trade between Australia and Asia countries and last year saw cargo exported through EAW to 17 different countries in Asia. As the gateway for the north-south trade route including the AustralAsia Railway, the port is the natural access point to Asian markets for our regional mining companies, cattle farms and other agricultural businesses as well as Darwin's local manufacturing and servicing businesses. Socially Darwin has also benefited as evidenced by Darwin's harmonious multicultural society.

In 2009, the Port of Darwin was identified federally as essential to nation building and a primary transport link to markets in the Asian region. The proposed development of Northern Australia provides an opportunity to improve this north-south trade route and create the economies of scale that can drive productivity to deliver economic growth and improve the welfare of northern Australians.

To outline the importance of EAW as the port at the end of the main north-south transport corridor and its critical role in the development of Northern Australia, I have provided below some brief remarks addressing the inquiry's Terms of Reference that were supplied with the submission's invite.

I look forward to providing further assistance the Committee may need with this inquiry.

Yours sincerely

TERRY O'CONNOR  
Chief Executive Officer

17 February 2014

## Attachment A- Submission by Darwin Port Corporation

### ***'Examine the potential development of the region's mineral, energy, agricultural, tourism, defence and other industries'***

A more efficient transport system for Northern Australia will offer cost, time and reliability advantages, allowing more goods to be transported through Darwin from further distances. This facilitates increased production through economies of scale meaning larger markets can be accessed. At present more than 90% of trade facilitated at Darwin's EAW is either for or from Asian markets and already includes minerals, energy, building products, livestock, machinery, electrical equipment, motor vehicles, fuels and chemicals.

Creating economies of scale in this established north-south trade route will provide northern as well as central Australia new economic opportunities by improving accessibility to more markets and reducing transport time and costs. For example:

- **Minerals** – In close proximity to the AustralAsia Railway there are approximately 40 mines within the NT and SA that potentially could export via Darwin to Asia. EAW has a dedicated dry bulk material loading facility which has the capacity to handle diverse materials. Darwin's comparative advantage over SA ports is 10 less days of sailing a return trip to China.
- **Energy** – Darwin Port is already home for two LNG plants, Conoco Phillips and INPEX's \$34 billion Ichthys facility. Darwin is perfectly positioned to service and supply the region's growing offshore and onshore oil and gas industries. This year will also see the completion of a \$10M world-class Marine Supply Base at EAW which will be able to service 1,000 vessels per annum and will increase Northern Australia's capacity to support the offshore oil and gas developments. A dedicated Marine Supply Base means the Port will play a pivotal role in the growth of Northern Australia.
- **Agriculture**- Policies such as developing the next stages of the Ord River Scheme to create the North as a food bowl will require increased frequency of shipping services that can only be supported if there is increased volume of cargo.
- **Tourism** – Darwin is proving to be an increasingly popular cruise ship destination with the Port's dedicated deep water berth and cruise ship terminal at Fort Hill, one of the few facilities in Australia able to receive mega liners. This facility compliments Darwin's strategic geographical location as Australia's closest port to Asia. 61 cruise ships visited Darwin last year and passenger numbers are also increasing with larger vessels adding Darwin to their cruise itineraries. This year will see the second visit of the Queen Mary 2 to Darwin.
- **Defence** - The port of Darwin has a long history of working with Defence and in particular the Navy. Currently Darwin is experiencing a significant increase in military presence including the deployment of USA troops in Darwin and is expected to continue. DPC provides facilities and access for the Australian Defence Force and ongoing support for major joint exercises with other countries. The Port of Darwin has been identified as one of two key strategic Defence Ports in the National Government Strategic Port Strategy Development Plan.

- **Others** – Northern Australia’s largest intermodal deep-water port with multi-user berths is capable of handling diverse cargoes simultaneously. EAW will need to remain flexible into the future to ensure all users have sufficient access to storage and cargo handling facilities. As the only multi-user port between Fremantle and Townsville, the port of Darwin is critical for many industries.

### **‘Provide recommendations to enhance trade and other investment links with Asia-Pacific’**

As Australia’s nearest port to Asia, Darwin has long been regarded as ‘Australia’s Gateway of Choice’ between Asia and Australia. While additional capacity exists in the short term at Darwin’s EAW, to facilitate future growth will require ongoing infrastructure investment to ensure future bottlenecks and barriers to entry are eliminated. It is recommended that Infrastructure Australia work with DPC and rail owners Geneses & Wyoming Australia to work with to identify infrastructure opportunities to increase capacity.

### **‘Provide recommendations to address impediments to growth’**

Without infrastructure investment, the north-south transport network will reach capacity then remain idle and lose efficiency. An inefficient transport system will increase supply chain costs for its current users and create a barrier to new potential entrants.

Potential bottlenecks for the network include:

- The AustralAsia Railway’s single rail network is reaching capacity for dedicated bulk services and to gain access potential mining companies will require significant capital investments to construct additional passing loops.
- Capacity increases at EAW such as the development of additional land to support increased cargo options and infrastructure improvements to increase cargo handling capacity for all users.
- The Port of Darwin may require maintenance of shipping channels and berth pockets to ensure large vessels have sufficient access in the future.
- EAW in the future may require a dedicated livestock facility including specialist cattle handling infrastructure that not only provide increased efficiencies but also ensure the welfare of the animals are catered for.

As well as addressing these bottlenecks before they arise, increasing the reliability of the north-south supply chain is critical for economic development of Northern Australia. Decreasing the vulnerability of the supply chain such as limiting rail wash outs provides certainty to importers and exporters. Reliability in the supply chain is critical to attract container liner services.

**'Identify critical economic infrastructure to support long term growth of the region'**

As previously identified, the north south trade route including EAW and the rail/road networks are critical economic infrastructure that will support the long term growth for Northern Australia. With efficiency it will provide both economic and social opportunities such as better accessibility to markets, employment and additional investments. If it becomes deficient in terms of capacity or reliability, then it can have an economic cost for Northern Australia such as reduced or missed opportunities. Efficient transportation reduces costs, while inefficient transportation increases costs.