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Dr Bill Pender
Inquiry Secretary
Joint Select Committee on Northern Australia
PO Box 6021
Parliament House
CANBERRA ACT 2600

By Email: jscna@aph.gov.au

Dear Dr Pender

PORTS NORTH'S SUBMISSION ON THE NEW INQUIRY - DEVELOPMENT OF NORTHERN AUSTRALIA

Please find attached Ports North's submission on the Development of Northern Australia.

If you have any questions regarding the attached, please feel free to contact either myself or Ports North's Chief Executive Officer, Chris Boland.

Yours faithfully

Brett Moller
CHAIRMAN

PORTS NORTH'S SUBMISSION ON THE DEVELOPMENT OF NORTHERN AUSTRALIA

Ports North appreciates the opportunity to make a submission into the enquiry into the Development of Northern Australia. Ports North is responsible for the operations and management of the Ports in Mourilyan, Cairns, Karumba, Thursday Island, Cape Flattery, Skardon River, Quintell Beach, Cooktown and Burketown. These Regional Ports are critical in enabling regional growth with an Economic Impact Study of the Ports in 2009 highlighting that they account for 17% of the gross regional product and 15% of its employment in the region. The gross value added exceeds \$1.7B for Port related operations and Port dependent industries.

Northern Australia and, particularly Northern Queensland, has significant opportunities for sustainable development that is not presently being realised. Development of Northern Queensland will drive the creation of wealth, export opportunities, employment, population growth and economic benefits both for the region and Australia. Growth opportunities exist across the region in mining, agriculture, tourism, Defence, education and natural resource management.

Ports North's submission will focus on eight key areas for the development of the region.

- Tourism and Cruise
- Defence
- Mining and Agriculture
- Transport Links
- Water, Energy and Communication
- Fishing
- Marine Industries
- Papua New Guinea Servicing

TOURISM AND CRUISE

Northern Australia and, in particular, Cairns and the region, have some of the unique natural attractions in the world. Tourism accounts for 20% of the local workforce in Tropical North Queensland and is directly linked to the Port of Cairns' marine business. Ports North invested in world class reef fleet facilities in 2004 which have the capacity to cater for growth in reef passengers into the future.

- **Government should have in place support mechanisms and efficient approval processes to encourage new tourism infrastructure and infrastructure renewal programs that enable the region to develop new offerings and quality experience for the region's visitors.**
- **A destination marketing and promotion funding arrangement should be established to guarantee the sustainability of the tourism industry.**

The Port of Cairns has a long history as an important cruise destination in Queensland. Cruise ship numbers in Australia and Queensland have significantly grown in recent times with the size of the ships increasing. The future growth of cruise shipping in Cairns is constrained by the limitations of the existing shipping channel. As cruise shipping is based on itineraries, the lack of alongside opportunities for the larger cruise ships in Cairns has a detrimental effect on cruise shipping throughout the whole of Queensland. Ports North has commenced an Environmental Impact Statement (EIS) to remove the existing cruise ship constraints by widening and deepening the Port of Cairns' shipping channel and upgrading wharf facilities. The completion of this project will deliver significant growth in mega cruise ship visits to the region with substantial economic returns. The attractions of Cairns and the Great Barrier Reef will support significant

cruise growth with the removal of infrastructure constraints. New cruise itineraries opportunities linking Cairns to the Pacific, Asia and Papua New Guinea, with Cairns being either a transit or turnaround Port utilising the Cairns International Airport, provides further growth and economic benefits to the region. This project will also provide opportunities for the expansion of HMAS Cairns. This project is an enabling project for economic growth. The Queensland Government have committed fully funding the EIS as part of its \$40M commitment to the project.

- **Support for the Cairns Shipping Development Project is required to ensure this critical infrastructure project is approved and a joint Federal and State Government funding package is agreed to allow the project to proceed.**

DEFENCE

The Port of Cairns is home to HMAS Cairns, the second largest Navy facility on the east coast of Australia. The Port of Cairns is critically located for future expansion of this Base being one of the closest Ports to South East Asia and the Pacific and the closest Seaport to the Manus Island Asylum Detention Centre. With Defence's focus northward the development of Cairns is a good strategic outcome for both Defence and Navy. HMAS Cairns is a popular posting for Navy personnel adding to the retention of Navy staff. The Port of Cairns has an established marine service industry built around providing quality service to the Cairns commercial vessels and the requirements of the Navy. This marine industry provides a quality, cost effective service to Defence.

Australia's Navy Fleet Base Sydney has constraints to development and pressures for alternative infrastructure and land use. This, coupled with the high cost of operating this facility in Sydney, supports arguments for the repositioning all or part of this Base to HMAS Cairns. This relocation would not only provide significant regional economic boost but would also contribute to the further development of the maritime industry enabling it to, potentially, develop capacity to expand its role in maritime servicing for the wider Asian/Pacific area.

The Port of Cairns has the capacity to allow for significant expansion of Navy presence.

- **A detailed assessment of opportunities to expand HMAS Cairns in the Port of Cairns to cater for an expanded presence of Defence in Cairns should be undertaken.**

MINING AND AGRICULTURE

Northern Australia has the opportunity for significant economic growth and sustainable development. This growth will be led by the further development of the mining and agriculture industries. Ports North's Ports support the development of the region's exports from future mining and agriculture development. The Ports of Cairns, Mourilyan and Karumba have the capacity for expansion to cater for future growth.

In order to realise the potential of these industries, issues of land tenure, transport links, water and energy will need to be resolved.

- **Government needs to resolve land tenure arrangements in Northern Australia to allow for the investment in new mining and agricultural developments.**

TRANSPORT LINKS

Transport links and supply chains are critical to the development of the regional economy and providing efficient links between producers and the market. It is critical for Northern Australia that there is an efficient supply chain that includes road, rail, sea freight and Port infrastructure. To develop the region it is critical that efficient and cost effective transport links are available between the northern regions and the southern States, across Northern Australia and between the export producers and the Regional Ports.

The Port of Cairns is of strategic importance for tourism, agriculture, fishing and marine industries and its trades include sugar, petroleum, fertiliser, molasses, as well as a supply hub to the north with mining cargo supplies to Indonesia and Northern Australia. Cairns is the northern most Port on the east coast of Australia with links to the road and rail network. Cargo shipping links to Papua New Guinea, across Northern Australia and to the South Pacific provide future capacity for the Port and important transport links for Australia. The Port of Mourilyan is a developing Port expanding from its traditional sugar and molasses exports with new products of timber and minerals from the North East Mineral Province. The Port of Karumba's export value exceeds \$500M per year sourcing minerals 350 kms away and is an ideal alternative export option for the North West Mineral Province. The development of the Port of Karumba, including channel expansion, should be supported if required to meet market demands. It is critical for the development of Northern Australia that transport links to the Ports are developed and that Port expansion is encouraged and supported to allow efficient development of the available resources.

Cairns is home to the largest private shipping company in Australia with a well established coastal shipping service linking the east coast road and rail transport supply chains via a coastal shipping service to Thursday Island, Weipa and mining projects. The development of coastal shipping in Northern Australia linked back to the east coast road and rail transport would significantly open up transport and economic benefits to Northern Australia. Direct shipping links between Cairns, Darwin and Western Australia, with links to Weipa, Karumba and other intermediate Ports, will support the development of these regions.

Developing regional maritime freight infrastructure to overcome existing Port based freight blockages has been identified as an important growth strategy for increased trade development. Cairns, as the nearest Australian Port to the Papua New Guinea and Pacific markets, has opportunities to grow exports to these markets. Ports North has investment ready infrastructure projects to expand cargo facilities and construction of a new barge ramp to support the increase in Papua New Guinea trade.

- **Governments should recognise the strategic importance of Regional Ports and their role in driving and enabling economic growth.**
- **Governments should have in place mechanisms that allow the long term planning of supply chains and Ports and regulatory arrangements that allow approval for the development of transport and Port infrastructure, including channels, transport hubs to ensure capacity to enable exports efficient access to the market.**
- **Governments should fund critical transport links to Northern Australia and internal links from mining and agricultural centres to the Regional Ports including Karumba, Cairns and Mourilyan.**
- **Governments should support the development of coastal shipping across Northern Australia.**
- **Support for the Cairns Shipping Development Project is required to ensure this critical infrastructure project is approved and a joint Federal and State Government funding package is agreed to allow the project to proceed.**

- **Commit funding to upgrade critical marine infrastructure in the Port of Cairns including wharf expansion, barge ramp facilities and heavy lift crane to enable increased trade with Papua New Guinea and the Pacific nations.**

WATER, ENERGY AND COMMUNICATION

The availability of water to develop the Northern Australia agricultural industry will see regional growth and increased export opportunities.

The cost and availability of reliable energy are critical in supporting regional industrial growth. With ongoing deregulation of the electrical industry and electrical line loss between southern power generators and the northern region will see significant growth in electrical costs in the future and this will have an impact on the general population and will severely impact the competitiveness of northern industries. A number of potential mining operations, particularly in the North West Mineral Province, require cost effective energy to develop.

Improved communication will support the development of the region, in particular in education, training and business support.

- **Governments should support the development of a long term water strategy and water allocation and infrastructure to allow for the expansion of agricultural production and exports from the region.**
- **Governments should support the development of long term energy strategy and energy infrastructure to support regional industrial and mining growth and ensure competitiveness of industries in Northern Australia.**
- **Governments should develop a communication strategy identifying opportunities for improved infrastructure to achieve appropriate communication services.**

FISHING

The Port of Cairns is home to one of Australia's largest fishing fleet and the Port of Karumba services the Gulf's prawn and barramundi fishery. This diverse industry includes prawns, live coral trout, aquarium fish, tuna, barramundi and a diverse range of other fishermen that operate both in Cairns and Karumba. Over a number of years increased restrictions on the fishing resources has significantly reduced the industry including the proclamation of the marine reserve network around the Australian coast. The impact on the fishing industry has had a flow on effect on the whole marine industry and the regional economy.

- **Restrictions to the fishing industry should be based on science and should be implemented in a transparent, consultative process to deliver a sustainable fishing industry for Northern Australia.**
- **Compensation arrangements should recognise the flow on effects to other support industries.**

MARINE INDUSTRIES

The marine industry in Cairns is the largest and most diverse marine industry across Northern Australia. It employs more than 2,000 employees and represents 40% of the marine employment between Darwin and Rockhampton. The marine industry supports both the local commercial fleet, fishing industry, Navy facilities, superyachts and national and international ship owners. Cairns is home to three slipway/shipyards with Tropical Reef Shipyard (up to 3,000 tonnes), Cairns Slipway (up to 1,200 tonnes) and Norship Marine (up to 400 tonnes). These slipways are supported by a diverse range of contractors and small businesses involved in marine industry support and maintenance. International expertise has been

developed to service the superyacht/white boat industry which demands very high standards of service. The capacity of the industry, the experience of the sector's staff and management and the location of this industry in the region set up the Cairns marine services for future growth. The marine industry is also supported by high level training and skill development delivered by the Great Barrier Reef International Marine College.

Cairns is one of the most popular superyacht destinations in Australia due to the quality of the marine berthing infrastructure at Ports North's Cairns Marlin Marina, the quality of the repair facilities at the shipyards and the attractiveness of the destination as a base to cruise the Great Barrier Reef.

The potential revenues from superyachts to the Australia economy is \$200M and Cairns attracts between 35-50 superyachts per year. One of the restrictions to the growth of this industry, in particular for superyacht chartering, is restrictions by the Federal Government associated with import requirements.

- **Governments should initiate steps to remove restrictions on superyachts wishing to undertake chartering activities in Australia.**
- **Governments should support the development of the marine industry in Cairns.**

PAPUA NEW GUINEA SERVICING

There is considerable business activities between Cairns and Papua New Guinea which will further increase as Papua New Guinea continues to undertake significant growth. Facilitating pre-clearance arrangements for immigration and Customs into Cairns will ensure a more efficient service for Papua New Guinea, particularly for point to point transport links. Pre-clearance will enable economic travel between Cairns and Papua New Guinea by providing flexibility to airlines and shipping to have services into areas aside from Port Moresby.

- **Undertake a full feasibility study into options for immigration and customs pre-clearance process for travel and trade between Cairns and Papua New Guinea.**
- **Enhance trade and investment links with Papua New Guinea.**