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Defence White Paper Submission 2015



Submission

Port of Townsville Ltd

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PORT OF TOWNSVILLE LIMITED

DEFENCE WHITE PAPER SUBMISSION

1. *Defence and Townsville – a strategic role in Northern Australia*

Over its history until present day, Townsville has played a significant role in the Australian Defence Force's (ADF) strategic capability for Australia.

The city hosts major ADF establishments including Lavarack Barracks (Australia's largest Defence base), Ross Island Barracks (ADF's amphibious operations base) and the RAAF Base Townsville. The ADF maintains a very strong army presence in the city and is home to the 3rd Brigade and the 11th Brigade. Townsville currently has over 15,000 ADF personnel and dependents living in the region. ADF personnel and their families are a part of the city's fabric – they are neighbours, friends and relatives of the majority of the people living in Townsville. Townsville takes pride in its position as Australia's largest garrison city

The recent redevelopment of Lavarack Barracks allowed for the inclusion of the 3rd Battalion, Royal Australian Regiment (3 RAR) which was relocated from Sydney in early 2012. 3 RAR is identified as the ADF's Amphibious Ready Group and are trained to operate from the Royal Australian Navy's (RAN) new Canberra class Landing Helicopter Dock (LHD) ships which will commence operation in 2015 and 2016 – the largest vessels ever owned and operated by ADF.

RAN's historical use of Townsville Port (and that of allied navies) has been founded on a deep appreciation and recognition of the importance of strategic defence capabilities for regional, national and international interests.

The introduction of RAN's LHD vessels was the principal driver behind POTL's construction of a custom built berthing facility, Wharf 10, which was completed in October 2013. This facility has welcomed a number of RAN and allied navy vessel since opening, with the first LHD vessel visit scheduled for March 2015.

2. *Defence and Port of Townsville – a dedicated long-term partnership in the development and protection of Australia*

The Port of Townsville and ADF enjoy a partnership that initially and most prominently strengthened during WWII. The strategic location of Townsville Port saw it play a critical role for war supplies and fuel imports. The level of ADF activity at this time led to a number of port developments that would improve overall port capacity, notably channel deepening works to improve vessel access.

POTL's partnership with ADF has evolved and matured over time, reflective of recognition and appreciation of reciprocal benefits of ADF capability requirements and ongoing port developments and operations required to cater to a variety of commercial trading and tourism related activities.

Townsville Port provides a trading gateway for a population base of more than 700,000 people in North Queensland regions, handling around 10-12 million tonnes of trade. International trade is

valued at around \$8 billion each year. The Port of Townsville services catchment areas extending to the North West Minerals Province – a supply chain carrying more than \$15 billion worth of commodities each year – as well as valuable minerals and agricultural supply chains to the north and south of Townsville.

The Port of Townsville is already one of the most Asian-oriented Australian trading ports with over 74% of trade with Asian markets. Townsville Port has nine operational berths handling over 30 different commodities from high value minerals to much sort after agricultural products such as sugar, rice, seafood and beef. POTL's largest trading partners are China, Indonesia, Japan, the Republic of Korea, Singapore, Philippines and Malaysia. POTL is a location that offers supporting strategic stability in the wider Asia-Pacific region and is working closely with Asian countries to ensure continued strong economic growth and regional economic integration. To continue this trade with South East Asia nations, POTL recognises that the Australian Government, Defence and ADF are also working with the countries of Asia to address shared security challenges and common threats such as the crimes of people smuggling and terrorism.

Trade is fundamentally important to the Australian economy. With Australia continuously building strong economic and trade complementarities, POTL is conscious of the ADF's continual work to protect important domestic and global value trading chains which provide vast economic benefits to the Australian economy. POTL has and will continue to have strong trade links with South East Asia nations and the alliance structure forming in the regions is important to enable effective sea line communication to and from trading nations.

POTL appreciates the business diplomacy involved in creating these alliances and offers Defence and ADF strategic infrastructure and support to launch operations such as humanitarian assistance, disaster relief exercises and naval ship visits to foster open sea line communication and enhance cooperation with our trading nations.

Townsville is well suited geographically as air and sea point of embarkation in reasonable proximity to northern and eastern-Pacific regions. It has been the last port of call for many ADF personnel deploying on operations over the last decade. With the ADF adjusting towards multinational collaboration and the globalisation of the Defence industry sector, POTL provides a perfect location and facility to conduct operations closer to Asia-Pacific nations.

POTL is also cognisant of the force posture agreement with the US that will allow American forces greater access to Australian bases and facilities. Over many years Townsville has welcomed US Defence visits, and has been of interest to the US Defence due to its strategic location, facilities and land to perform training operations. The region has extensive and diverse training areas available for air, ground and maritime operations. With POTL's upgraded berthing and backing land facilities, the port has increased its capacity to handle and accommodate the largest foreign defence vessels. With the new force posture agreement, POTL recognises that there will be increases in frequency of exercises and training from foreign vessels and POTL welcome the opportunity to host these forces.

3. *Port of Townsville – strategic berthing capability for LHD vessels in Northern Australia*

POTL has underpinned its strong commitment to provide the ADF with a custom berth specifically designed for the LHD vessels and is working closing with Defence service partners, suppliers and local industry to provide the most efficient logistic and supply chain solution for LHD operations in Northern Australia.

The \$85 million redevelopment of Wharf 10 was officially opened in October 2013. Wharf 10 works included the demolition of the existing wharf, construction of a 150-metre primary wharf with a 55-

metre secondary wharf extension, a 40-metre infill wharf, dredging of the existing wharf area to 12m draft and the construction of new infrastructure to the berth including a multi-user diesel fuel pipe as well as a terminal building.

Wharf 10 is an example of shared infrastructure with funding and operational use across multiple parties, ensuring that ADF has the strategic capability it requires without having to fully underwrite the costs of infrastructure. The Department of Defence contributed \$30 million to upgrade Wharf 10, which has been designed to cater for a range of navy ships, but with specific facilities for ADF's LHD vessels.

The extended berth provides valuable space for RAN and allied warships, enhancing the capacity of the port to support major ADF activities. Construction also included immediate backing land, marshalling, tanks transport and an AQIS approved wash down bay enabling immediate clearance of equipment on return from deployments.

The wharf upgrade has provided strategic port infrastructure to support ADF's operational requirements and capabilities in Northern Australia. Australian Defence and the Port of Townsville have partnered in a 25-year agreement which provides ADF with its required access capacity, and mechanisms to continuously review scheduling, access, usage and future requirement to enable coordination between ADF and other uses (e.g. commercial and cruise) and future capacity planning. Notwithstanding the magnitude of this current role and contribution, Townsville has significant scope and potential to support greater Defence operations and basing capability over the next decades.

4. Port of Townsville –support facilities for Defence operations

ADF capabilities at Townsville Port are further complemented by a staging area to accommodate ADF equipment when vessels are in port. The staging area is located within the Port of Townsville, only a few hundred meters from Wharf 10, and is used by Defence to store cargo, fenders and amphibious vehicles such as military cars, trucks, boats, tanks etc. This provides essential logistics capabilities for efficient assembly of equipment ready for deployment.

POTL and ADF have also invested in fuel supply capability in Townsville Port, including purpose built fuel pipelines to Berths 9 and 10 for high flow rate supply of diesel fuel to RAN and other vessels. This infrastructure substantially reduces the time required to fuel vessels, providing flexibility for ADF crews when in port and enabling strategic readiness for deployment.

In addition POTL also has a dedicated bulk liquids wharf used exclusively by tankers for bulk oil, gas, sulphuric acid and bitumen. POTL recently completed a ten year re-build of the entire Berth 1 facility. All of the domestic and commercial fuel for Townsville and the North-West Mineral Province comes in through Townsville Port. This includes diesel, Jet A1 fuel, Avgas and domestic unleaded products. Locally, Townsville airport and ADF are supplied with Jet A1 from the Townsville terminal. Major airlines such as Qantas and Virgin Australia refuel every 737 flight at Townsville with this Jet A1 fuel, using in the order of 15 million litres each month.

ADF fuel access to major fuel providers via POTL owned bunkering line and POTL dedicated bulk liquids berth can ensure adequate, price competitive and secure supplies of fuel for defence ships and amphibious vehicles for future operations.

5. Port of Townsville – the strategic logistic hub and direct transport link to Lavarack Barracks

POTL understands the ADF's needs for the creation of a strategic logistic hub for Defence service and supply chain providers which directly links Lavarack Barracks with the Port of Townsville.

In November 2012 the \$217 million Townsville Port Access Road was completed which directly connects Lavarack Barracks with the Port of Townsville. As a designated heavy vehicle route, this new road will provide trucks and type 2 road trains access to the port 24 hours a day, seven days a week, without the need for permits or manoeuvring through residential areas and inner city streets. The new 8km link between the Port and Lavarack Barracks will improve freight efficiency with direct transport connection for all heavy and light vehicles including tanks, trucks and oversize cargos carrying larger modules and equipment for ships and facilities.

The Port Access Road also links to the 4,900 hectare Queensland Government declared Townsville State Development Area. This strategic land is capable of providing greater growth capacity for internal or external logistics providers to support greater defence operations, distribution warehouses, assembly and maintenance areas as well as basing capability in the future.

6. *Future Defence Port Capability Planning*

ADF capability at Townsville Port has been facilitated through varying commercial and contractual agreements over recent decades.

POTL and ADF have most recently developed a unique infrastructure delivery and operation structure in Townsville that provides for shared use of economic infrastructure, whilst ensuring the strategic operational capabilities of ADF are protected, with ongoing mechanisms for operational coordination, scheduling and future planning.

POTL appreciates the role of ADF in protecting Australia's trade and shipping operations. POTL seeks to help build regional relationships that foster stability, security and prosperity across the region by assisting the ADF to strengthen its already important engagement with countries in the dynamic Asia-Pacific region.

Noting that Townsville is one principal staging base for amphibious operations, ADF logistic use of the port may grow beyond that so far developed at the commercial Wharf 10.

The Queensland Government has recognised the importance of the Port of Townsville as a Priority Port Development Area in its recently released Queensland Ports Strategy (QPS). Under this framework, POTL will develop long term master plans guiding the future development of the Port of Townsville to cater for growth in trade and operations over a 30 year horizon.

It is essential that ADF is actively engaged in the development of future Port Master Plans to ensure that port infrastructure is capable of supporting strategy ADF capabilities in the region. POTL and ADF have demonstrated a successful history of developing shared infrastructure that ensures operations are economically feasible, operationally sensible and strategically valuable.

POTL encourages a continued partnership approach to planning and delivering infrastructure and managing operations to support ADF strategic capability and efficiency, recognising the reciprocal benefits that a partnership approach and appreciation of respective operations brings.