

Senator, the Honorable Matthew Canavan
Minister for Resources and Northern Australia
Senate Chambers
Parliament House
Canberra ACT

15 August 2018.

Dear Senator Canavan,

Re: Admiralty Island Freight Park Cairns

I write to introduce you to the staged development concept of the Admiralty Island Freight Park which forms part of the expanded Cairns Port operational area. There are several files attached to this submission.

Background:

The issue of the development of Admiralty Island for port uses servicing the growing city of Cairns has been around pretty well since the Second World War when the northern part was used for successful allied catalina air operations deep into Asia. Since then it has languished largely unused within our port boundaries. There have been various iterations of plans for the use of parts of the island for some port services over the intervening years, but nothing of any consequence as there was no serious consideration for it's use. Nor indeed was there any coherent plan for using this island as part of a growing city and region. It was always too hard, politically difficult and no one wanted to put their hand up. Until now.

Much of the documentation attached has emanated from Sea Swift P/L, who operate from the Cairns and Darwin Ports. Sea Swift is Australia's largest privately owned shipping company servicing currently some 42 communities across Northern Australia utilising some 28 vessels. Further details on them can be found at www.seaswift.com.au . Sea Swift have found an ally in the prosecution of their case for the planned expansion of the Cairns Port in Enterprise North, who see this project as vital to growing the City of Cairns and Northern Australia more generally.

The Strategic Issues:

There is little doubt we are approaching a period of uncertain international relationships with our neighbours to the North. The One Belt, One Road initiative of the PRC along with their activities in the South China Sea and the skittish behaviour of our Melanesian neighbours points to the need to develop infrastructure commensurate with the current and future strategic demands that might lie ahead of us. They therefore include our northern seaport, rail and the national highway that will service a growing services dominated city with a growing population projected to grow the city from current population levels of a city of 170K and a region of 260K

to 300K and 500K by 2045 respectively. This is a considerable jump. Also Cairns is continuing to play an increasingly important Defence role with a growing HMAS Cairns servicing a growing number of home port based vessels. This will only increase into the future in line with the previously announced Defence plans to grow the HMAS Cairns base and the home porting of an increasing number of ships including the soon to be introduced OPVs .

This region has the largest marine service sector in northern Australia that currently services existing Navy vessels from HMAS Cairns, Darwin and the Pacific Islands. This sector employs over 4,500 personnel, across 270 organisations, and includes three major slipways with capacity to service vessels up to 100M in length and 3,000 tonnes with opportunities to expand. These marine services provide a cost advantage compared to other Australian ship repair centres as they are close to source markets. Defence can save time and money whilst reducing risk because of the efficiency of the slipways, the compact marine district and a skilled workforce on hand. This provides a compelling case to build on these strengths to create a centre of excellence in servicing particular classes of navy vessels.

The region also has a significant aviation support and service industry with over 2,300 employed in this sector including specialist areas such as avionics and composites.

The Need:

The presentations attached present what is available currently, the maritime industry demand and further figures substantiating the important role currently played by the Cairns Port. What is now needed is a recognition by Governments at every level of the strategic necessity to plan appropriately for a phased redevelopment of the Cairns Port to accommodate growth. Given the future users of the port will increasingly include Defence elements and that the rail head and the national highway ideally need to terminate together at a convenient logistic point, and there will be issues across both Federal and State environment legislation, we are requesting the Commonwealth to take the lead on commissioning a detailed planning study for the Cairns Port. This then would lead to an agreed Port Development Plan. Major parties to this activity would include Ports North (previously the Cairns Port Authority), the Queensland Dept of State Development , the Cairns Regional Council, Defence and the three major marine maintenance businesses operating in the Cairns Port along with Sea Swift and other major port users. Whilst it is acknowledged that ports generally are the responsibility of State jurisdictions, the reality of Cairns is the strategic nature of the port and the importance of getting the planning right from the outset given the limiting geographic options. The current inability to progress the previous Commonwealth Government announced Marine Maintenance Facility development is evidence enough of the need for the Commonwealth government to drive this process as part of the Northern Australia development initiative. A proper functioning marine services hub utilising Commonwealth funded common user facilities needs rigorous planning which currently is lacking.

Investment Options:

This is strategic infrastructure with an element of over the horizon thinking attached to it, hence the port development needs to be done in a planned fashion with certain elements being brought forward as required. Nevertheless given some of the activities previously described, plus the positioning of Cairns at the end of the National Highway and the east coast rail route, then the development should attract private sector participation. Additionally should the development of an appropriate plan lead to an acceptable business case with an acceptable level of risk, then there is every opportunity for the NAIF to be involved in the development along with the private sector. With increasing competition for port facilities from a reinvigoration of resource sector expansion, along with regional trade expansion opportunities, Cairns is one of only a few ports that can offer Defence significant expansion opportunities. Therefore any investment can be seen as an investment in the future as a result of the capacity of the region to accommodate expansion of the port facilities to meet ADF requirements well into the 21st century.

The ask :

The Federal Government commits immediately to an initial funding tranche of \$10M for studies to provide a master plan to develop the Port of Cairns to meet the City of Cairns and regional growth targets of 2050 and to incorporate options or the growth of Defence capability within the region.

Yours sincerely,



Kevin Byrne
Executive Manager.