

# SEMAPHORE

NEWSLETTER OF THE SEA POWER CENTRE - AUSTRALIA

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## THE STRATEGIC IMPORTANCE OF AUSTRALIAN PORTS

Australia is fundamentally a maritime nation and its economy is absolutely dependent on shipping. Of its international trade, 99.9% by weight and 73.5% by value is carried by ship. Australia's ports are vital to this trade and their managers are constantly seeking to improve productivity and reduce overheads in the search for improved profitability.

Specific Australian ports are also crucial to Australia's defence. The geography of mainland Australia, and the proximity of our northern approaches to potential operations, necessitates core naval infrastructure and major fleet support bases be located in the south, close to Australia's industrial centres, augmented by operating bases in the north from which operations are mounted by locally based or forward deployed elements.

Consequently the RAN's major ships are located at Fleet Base East at Garden Island, Sydney and Fleet Base West at Garden Island, Rockingham, WA, which is also home to the submarine force. Smaller patrol, hydrographic and amphibious vessels are based in Darwin and Cairns. These locations are all close to important offshore training areas, and have dedicated naval fuel installations (NFI) that provide strategic fuel stockholdings to meet the varying operational demands of locally based and visiting warships. Major naval ship and submarine construction, refit and repair tasks are conducted at commercial facilities located in the industrial centres of Brisbane, Newcastle, Sydney, Melbourne, Adelaide and Fremantle.

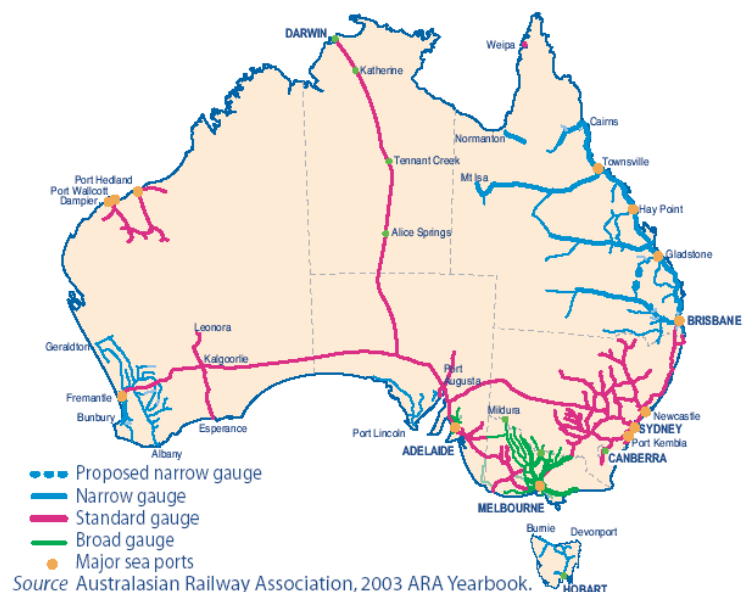
The relative importance of individual ports to the Australian Defence Force (ADF) will be determined by the location, nature and duration of each contingency, plus the nature and tempo of normal peacetime operations including activities supporting border protection in Australia's north. The RAN's strategic planning assumes continued access to those commercial ports that contain naval bases, and seeks to ensure access to other northern commercial port facilities needed to support forward-deployed assets. Most importantly, this includes Darwin, Cairns and Townsville which are key bases for maritime operations in Australia's northern approaches, plus Gladstone, close to Shoalwater Bay Training Area, Weipa and Gove in the Gulf of Carpentaria, and Broome, Dampier and Port Hedland on the north west coast.

The Department has already invested in Townsville and Darwin to meet specific Army amphibious load/offload requirements for the RAN's current major amphibious ships,<sup>1</sup> which require stern door Roll-on Roll-off (RoRo) loading facilities, plus associated berth space and vehicle marshalling areas. In Townsville, these requirements are met under a Deed of Licence with the Port Authority for access to its RoRo facility, which involved Defence-funded construction of an extension to the associated Berth 10. In Darwin, Defence has funded refurbishment of the RoRo facility at Fort Hill Wharf under a Deed of

Licence with the Port Corporation that also addresses access and berthing rights in the city wharf precinct. The requirement for Defence investment in port infrastructure in Cairns<sup>2</sup> and Dampier<sup>3</sup> is under active consideration.

Port infrastructure investment necessarily requires a long-term view, with trade projections and berth capacity uppermost in the minds of port and government planners. Planning lead times are typically in the 20 to 50 year scale. While investment in new infrastructure generally increases productivity and reduces ship turnaround times, the cost of these investments must be recovered. In addition, new infrastructure initially tends to have relatively low usage rates, but as trade increases so too does port congestion. Port authorities are inevitably faced with striking a balance between the costs of infrastructure expansion and those of port congestion. Ultimately, ports aim to ensure their berths lie idle for as little time as possible. This means that spare berth capacity for naval use will diminish over time, particularly if redundant wharf areas are not replaced.

Under Section 70C of the *Defence Act 1903*, RAN ships are exempt from payment of berthage fees in Australian ports, although they do pay for received services such as water, power, and telephones. Therefore while local communities benefit economically from RAN ship visits, port authorities themselves receive no direct revenue. This partly determines a commercial reality that naval ships do not enjoy the same priority for berthing as commercial shipping. Even so, Australian ports have generally been outstanding in their efforts to accommodate visiting warships around their busy commercial shipping schedules.



Australia's Major Ports and Rail Links



Sea Power Centre - Australia  
Department of Defence  
CANBERRA ACT 2600  
seapower.centre@defence.gov.au  
<http://www.navy.gov.au/spc/>



In looking to the future, the key question is whether existing arrangements will be sufficient to provide RAN and other ADF elements with the port access necessary to carry out assigned national security tasks. Arguably a port system that is unable to respond to the support and surge demands of Defence during contingencies will quickly become a bottleneck and impede operations.

Present liaison links between the Navy and the chief executives of key ports certainly seem capable of dealing with future contingencies where the Department may require priority access to a port for a specific task attracting high national priority. This liaison has occurred successfully in the past to accommodate various regional contingencies, under the principle that commercial shipping may be held off a berth while a higher priority Defence task is undertaken. In most contingent situations, Defence will need access to general cargo and RoRo berths, plus refuelling and intermodal links.

Short term but high naval demands are also placed on ports during major exercises such as the recent *Kakadu 7* off Darwin and *Talisman Sabre 05* off the Queensland coast. In the latter case, the Department established liaison cells in key ports to assist with the significant additional RAN and US Navy requests for alongside berth space, often at short notice.

Access to dedicated naval F76 diesel fuel supplies remains a key issue. Although some uncertainties exist over naval fuel offload arrangements in Darwin beyond 2010, fuel storage capacity at that port's NFI remains adequate for the foreseeable future. Limitations on commercial fuel storage capacity and re-supply in Townsville, particularly during major Defence exercises, suggests the need to consider establishing a dedicated Navy fuel storage facility in that port, noting that access to the nearby NFI storage in Cairns may not be possible for larger ships due to channel limitations in that port.

Present and future Defence needs for access to Australian ports are best facilitated through an ongoing liaison and dialogue process. Prominent in this is the Australian Maritime Defence Council (AMDC), established in 1982 in recognition of the need to develop and maintain sound working relationships between the Department and key maritime industry players. Chaired by the Deputy Chief of Navy, the biannual AMDC meetings provide a valuable forum in which senior Defence and industry stakeholders can exchange information and keep each other informed of trends and key matters of national maritime interest.

The commercialisation and privatisation of Australian ports has seen a steady shift from Defence dealing with State governments as the owners and operators of ports, to dealing with port operators singularly and collectively. How Defence communicates and interacts with ports has a significant influence on its capability. To address this, Defence has established a close relationship with the Australian Association of Ports and Marine Authorities (AAPMA) which represents the majority of ports. This relationship is further supported by the documented '*Guiding Principles for Defence Access to National Ports*' which provide a clear and agreed understanding between the Department and the ports of their shared obligations for Defence access to, and use of, Australian ports.

A new factor in this strategic relationship has been Australia's enactment of the *Maritime Transport and Offshore Facilities Security Act 2003* (MTOFSA). This legislation provides a framework for the deterrence and detection of acts that pose a threat to maritime transport and associated facilities, and applies to approximately 70 ports, 300 port facilities and 70 Australian ships involved in international and interstate trade, plus various offshore facilities. The MTOFSA does not apply to military vessels, ports, or parts of ports under the exclusive control of the ADF. However the RAN has agreed to work closely with all ports to ensure the force protection measures adopted by its ships dovetail with the MTOFSA security levels and measures that ports are necessarily obliged to implement, and thus avoid compromise of port security arrangements.<sup>4</sup>

The new focus on port security around Australia has also drawn attention to apparent inconsistencies between the ambitions of development planners who seek to place high return residential accommodation at the waters' edge in working ports, versus port authorities who seek to protect the security of their waterfront from urban encroachment. RAN policy is to obtain a minimum of 50 metres and ideally at least 100 metres of clear space around any ship alongside a commercial berth. US Navy requirements for ships visiting Australian ports are comparable. As a consequence, the RAN has decided that its ships will no longer berth at the innermost berths in Port Adelaide, where new townhouses are now located close to the wharf edge - a situation which could well be replicated in other ports under similar circumstances.

In summary, despite the current modest levels of commercial port infrastructure investment by Defence under Deeds of Licence in key ports, and the good working relationship that the Department enjoys with ports and the maritime industry, these arrangements need constant attention to ensure they continue to meet the operational support needs of visiting RAN and foreign warships. With anticipated trade growth in ports like Townsville and Darwin increasingly constraining berth availability, there is likely to be added pressure on Defence to invest in port infrastructure to meet its specific needs. Unless directed by their governments under community service obligation provisions, ports will not invest in facilities from which they gain no revenue.

These issues are uppermost in present deliberations over future Defence refurbishment and retention of the Iron Ore Wharf in Darwin, and the adequacy of various port facilities - notably in Darwin, Townsville and Gladstone - to accommodate future RAN amphibious ships and their load/offload requirements.<sup>5</sup> Meanwhile, the RAN's access to key Australian commercial ports will remain vital to conduct of operations and exercises in Australia's northern region, and will continue to be determined largely by the quality and effectiveness of its relations with individual ports and their representative national body.

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<sup>1</sup> HMA Ships *Kanimbla*, *Manoora* and *Tobruk*.

<sup>2</sup> The planned redevelopment of HMAS *Cairns* from 2007-10 seeks to incorporate use of the Sugar Wharf to overcome berth shortfalls.

<sup>3</sup> The Minister for Defence has announced that Dampier is the preferred operating port for *Armidale* Class Patrol Boats conducting patrols in the North West Shelf area.

<sup>4</sup> RAN force protection policies and the regulations under the MTOFSA are not directly linked.

<sup>5</sup> Current planning is to replace *Kanimbla*, *Manoora* and *Tobruk* with two larger amphibious ships and a sea lift capability from 2010.

