



27 July 2017

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Freight and Supply Chain Inquiry  
Department of Infrastructure and Regional Development  
GPO Box 594  
CANBERRA CITY ACT 2601

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Brisbane Qld 4000  
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Dear Sir/Madam

## **NATIONAL FREIGHT AND SUPPLY CHAIN STRATEGY**

Thank you for the opportunity to make a submission to the National Freight and Supply Chain Inquiry.

Landbridge supports the critical initiative of developing a National Freight and Supply Chain Strategy and welcomes the Department of Infrastructure and Regional Development's commitment to the preparation of a genuinely "national" plan. A plan that not only focuses on the existing south eastern Australian paradigm, but also considers the development of a freight and supply chain framework which aligns with the Federal Government's white paper for the development of Northern Australia and which recognises the contribution that Darwin and the Northern Territory can make to the nation's long term prosperity and growth.

Darwin's geographical advantage is clear and represents a significant underdeveloped opportunity. It is closer to 6 or 7 major Asian cities than it is to any Australian capital – it is a hub of business, industry and culture in the north. The economies of south-east Asia and China are flourishing, and with an increase in the sophistication of the region and the rise in the global middle class population, the demand by our Asian neighbours for Australian resources and produce is increasing rapidly.

Landbridge believes strongly in the potential of Northern Australia as Australia's gateway to Asia and is investing in people, infrastructure and the community for the long term to make this vision a reality. Our business has grown through securing a 99-year lease of Darwin Port, the complimentary investment in the 34 hectare Landbridge Logistics and Industry Park and our development of a luxury hotel on Darwin's waterfront.

Darwin Port is well positioned for the future – it plays a pivotal role in the economic growth and prosperity of the Northern Territory, providing essential infrastructure, land and shipping services to the resources, agriculture, tourism, seafood and defence industries. A significant amount of product, including LNG, bulk-break cargo, containers, vehicles, cattle and bulk minerals for the Territory, is moved through Darwin Port's East Arm Wharf daily. Over time, the implementation of the Darwin Port development plan will improve efficiencies and maximise economic benefits for the industries it supports. With strong growth predicted for the Northern Territory over the longer term, there will be increased demand for shipping and logistics services in Darwin to support trade that focuses on supply chains between Northern Australia and Asia.

While much of the trade in and out of Australia will continue to flow through the ports of Brisbane, Sydney, Melbourne and (to a lesser degree) Adelaide, urban encroachment on key port facilities has the potential to develop choke points which could undermine supply chain efficiency and capacity to address increasing trade volumes over time.

Darwin on the other hand is unique in terms of its location, the integration of land and sea transport infrastructure, the markets it serves and its growth prospects. With strong and established road, rail, air and sea connections, it offers many advantages that make it an attractive proposition for increased trade activity. These include:

1. Darwin Harbour is a naturally deep-water harbor that can accommodate large cargo and LNG vessels, and is Australia's closest port to South-East Asia;
2. There are significant mineral and energy resource precincts onshore and off-shore in the Northern Territory which will continue to be developed. There are also significant areas devoted to agricultural products such as meat, seafood, fruit, vegetables, crops and forestry and ornamental plants. With more investment it will open up these new development areas increasing trade opportunities into Asia;
3. Given Darwin's strategic proximity to Asia and its huge population centres, there is the prospect of developing a regional "hub and spoke" model like that developed in Singapore. Darwin could serve as a central exchange terminal where product is loaded from one transport mode to another before delivering it to various destinations both domestically and international – countries such as PNG, Timor-Leste, Indonesia, Philippines, Singapore and southern China are a short shipping distance from Darwin;
4. Increased direct volumes of trade in and out of Darwin will help reduce living costs in Northern Australia while simultaneously alleviating road network congestion around southern ports. Some southern ports are more constrained than others and their options for growth are limited due to the capacity of landside transport infrastructure and urban encroachment. This is not the case for land surrounding Darwin Port which has significant capacity for future expansion. The greenfield site adjacent to the new East Arm Wharf encompasses the new Darwin Business Park, as well as large tracts of industrial-zoned land ideal for developers seeking to establish port related export-based industries. Road and rail corridors have been preserved and the adjacent precincts are largely undeveloped enabling growth to occur in a planned manner.
5. The existing Darwin to Adelaide rail infrastructure is a key intermodal and bulk freight route and is currently underutilised in both directions. With an increase in volumes in and out of the Port, long distance freight will be carried at a far lower cost, in comparable timeframes and in a more environmentally friendly manner than by road transport, thereby reducing the number of trucks that contribute to highway maintenance and road safety issues. The railway provides importers and exporters with a seamless transport system between Australia and Asia which will further cement Darwin's position as a viable trade hub option;
6. To safely manage increasing volumes of cargo, the expansion of Darwin Port will enable the early adoption of new technologies and modern infrastructure that drive increased efficiency, reduce turnaround time, improve security and revenue, and assist to manage port tenants. This could include wireless mobility, automated machinery and the introduction of 'intelligent vehicle' technology to support the world's largest cargo ships (including future unmanned ships) and driverless road transport. The Darwin Port precinct presents a unique opportunity to run a pilot project to develop and test new technological investment in a location that is unconstrained and with low traffic volumes.
7. Redirecting greater levels of trade in and out of Darwin will result in reduced environmental exposure for the Great Barrier Reef, through reduced shipping traffic up and down the eastern seaboard. The average size of ships, the volume of cargo and the projected increase in ship numbers is all contributing



to raising the chances of a potentially catastrophic incident occurring on the reef. More ships moving through the Reef is escalating the likelihood of vessel strike on already threatened marine life. Increased vessel traffic also presents a risk of collision with smaller boats, such as yachts and fishing vessels, which are vital to the local tourism and fishing industries.

8. Trade through Darwin has the potential to reduce shipping turnaround and transit times for goods in and out of Australia to meet customer expectations in an age of just in time logistics. With the growth in demand for trade, Darwin represents an alternative supply chain for import shippers looking for high speed connectivity to southern markets and for exporters looking to meet precise land bridging deliveries into Asia. The increase in demand for high value consumer goods will only serve to further the attractiveness of high speed sea and rail hubbing through Darwin. An example of the difference in shipping times between China and Australian Ports, and the time advantage to Darwin, is detailed in the table below.

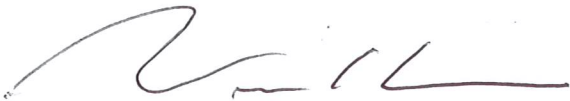
Shanghai to Australian Ports (Speed 15 knots)			
Darwin – 8.5 days	Melbourne – 16.2 days	Sydney – 14.5 days	Brisbane – 13.2 days

9. Darwin also provides an alternative for freight services in the case of other southern state port emergencies. In this time of increased security alertness, particularly in the maritime industry, it is beneficial to have alternative freight routes rather than being reliant on several key container ports in Australia should there be any incidents and/ or supply chain disruptions. Darwin provides this additional 'gateway' security to the world in terms of flexibility.

With the population of Australia expected to reach 28 million by 2030 and a commensurate surge in the volume of freight into and out of Australia, Darwin needs to be given serious consideration when examining options for new and adaptive capacity to both meet and 'future-proof' the forecast growth in nationwide trade. The expansion of Darwin Port has the opportunity to not just open up the next stage of regional development in Northern Australia, but to add to the capability and capacity of a truly National Freight and Supply Chain Strategy.

We look forward to working with the Department and all stakeholders to assist in the formulation of the Strategy, and would welcome further discussions on the matter should the opportunity be available.

Yours sincerely,



**Matthew Wallach**  
Chief Commercial Officer

Landbridge Infrastructure Australia Pty Ltd