

**LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY****WRITTEN QUESTION**

Ms J Carney

to Minister for Infrastructure and Transport  
(originally directed to Chief Minister)

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**Territory Development - East Arm Port Performance**

1. From a strategic perspective, how would you view the performance of Darwin Port as a competitive port in establishing Darwin as the gateway to Asia? What is the cost per container across the port?
2. How does the East Arm port benchmark competitively if you were looking to ship through Darwin Port?
3. What are the extent of the problems at the East Arm port which result in closing of an extended section recently?

**ANSWER**

1. The Northern Territory Government has made a substantial commitment to developing the Port of Darwin and the AustralAsia Railway as critical nodal points in the development of an alternative trade route for Territory and Australian trade with Asia. The AustralAsia trade route is in the embryonic stage of development and provides an alternative to the traditional logistics channels for importers and exporters that can realise the value of the transit time savings possible by utilising the Port of Darwin as the gateway. From a strategic perspective the Port of Darwin is an integral link in the strategic development of the AustralAsia trade route. It is one of the few greenfields port developments being undertaken in Australia. It provides a congestion free alternative to the southern Australian ports.

NTG representatives are working in conjunction with FreightLink and other stakeholders to increase shipping services into Darwin and encourage 3rd party logistics providers to consider Darwin as a gateway for their Australian businesses. This all goes to building critical mass and momentum in the development and recognition of the Port of Darwin as Australia's Asia gateway.

2. Importers and exporters negotiate container freight rates with individual shipping companies.

The container freight rates are constructed by shipping companies after taking into consideration fixed and variable costs for running the service including vessel charter costs, bunkers, equipment hire, wages and insurances as well as port costs and finally a commercial consideration on what the trade will pay. A recent exercise conducted by the DPC and Chief Ministers Department benchmarked the Port of Darwin port costs against Adelaide, Fremantle, Melbourne and Brisbane for the import of standard twenty foot shipping containers from Asia to Darwin.

The port comparison survey revealed a total cost differential of only \$31 / standard container between the most competitive port being Melbourne and the 4th ranked Darwin, with Fremantle

being the highest cost. The total port costs as a percentage of the sea freight rate revealed Melbourne was 8% with Darwin contributing 10% behind the highest being Adelaide contributing 11%.

Currently importers and exporters using the southern capital ports are enjoying the lowest prevailing sea freight rates available, due to shipping lines over tonnage the major trades servicing Australia and the collapsing northbound trade and a booming southbound trade.

The anticipated growth in trade from the operation of the AustralAsia railway and oil and gas developments may see trade levels attain a critical mass that attracts expanded regional shipping services and affords greater economies of scale which should put greater downward pressure on local freight rates.

3. The current structural issues at East Arm Wharf apply to Stage 1 that was completed in December 1999. On the 3 June 05, DPC isolated Chainage 0 to 50m of wharf, following the discovery of a broken tie rod. This area was limited to light loads. GHD, design engineers, were consulted and BMT JV advised the broken tie rod was to be shipped interstate for metallurgical testing.

On the 14 June 05, a limited inspection by DPI identified a further 5 tie rods may have failed.

DPI advised DPC to remove all vessels and operations from Stage 1.

On 17<sup>th</sup> June 2005, DPC established a precautionary closure of the 490m Stage 1 Wharf whilst investigations and the appropriate course of action is determined.

Stage 1 will be re-opened in mid-October (subject to certain loading requirements) as engineering assessments are completed.