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11 September 2015

Committee Secretary
Senate Rural and Regional Affairs & Transport References Committee
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CANBERRA ACT 2600

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Dear Committee Secretary

INQUIRY INTO THE DECISION TO COMMIT FUNDING TO THE PERTH FREIGHT LINK PROJECT

Context:

On 13 August 2015, the Senate referred the following matter to the Rural and Regional Affairs and Transport References Committee (the Committee) for inquiry and report by 26 November 2015:

The decision to commit funding to the Perth Freight Link project, with particular reference to:

- (a) the decision-making process that led to the announcement that the Perth Freight Link would receive Commonwealth funding,*
- (b) the information relied upon by state and Commonwealth governments informing the decision to fund this project,*
- (c) the importance of transparency of decision-making in relation to infrastructure decisions, evaluation of options for managing growth in the Perth freight task, and*
- (d) any related matters.*

The Committee invites you to make a submission addressing all or some of the issues identified in the terms of reference. The closing date for submissions to the inquiry is **13 September 2015**. While requests for extensions will be considered, please note that the inquiry is working to a tight timeframe.

Response:

The following paper is the Kwinana Industries Council (KIC) Submission to the Rural and Regional Affairs and Transport References Committee (the Committee), on the subject of the Perth Freight Link project.

This submission does not set out to make comment on questions (a) and (b) (above). It makes general comment in reference to the second part of (c), being around the "evaluation of options for managing growth in the Perth freight task", and (d).

By way of background the Kwinana Industries Council (KIC) is an incorporated business association with membership drawn from the Kwinana Industrial Area (KIA).

The current KIC membership is 11 full members, who include all the major industries found within the KIA, and 25 associate members covering the support and service sectors. KIC members employ approximately 5,000 workers directly and another 26,000 indirectly, and its economic activity contributes \$1.6 bn annually to the State economy.

The KIC was established in 1991 with its primary goals being to:

- promote a positive image of Kwinana industries;
- work towards the long-term viability of Kwinana industry;
- coordinate a range of intra-industry activities including water quality, air quality, monitoring and emergency management;
- highlight the contribution Kwinana industry makes to community; and
- liaise effectively with local communities, Government and Government agencies.

The KIC, as an industry association, is well respected for what it represents, how it operates and for what it has achieved. It pursues its goals through a range of formal committees set up to provide input on a range of issues of common interest to the KIC member companies.

Committee members are delegates with appropriate experience and authority drawn from the member companies. The output from the various committee activities is then used as the basis for communication to the KIC's stakeholders such that Kwinana industry is seen as speaking with one voice.

Over many years there has been bipartisan agreement over successive governments that there needs to be an Outer Harbour built in Cockburn Sound adjacent to the KIA, the State's premier industrial area. Delays for various reasons have led to the situation where there has been no progress toward a decision to build the Outer Harbour for years now, despite a decision on the "Outer Harbour" port being a key decision catalyst for the economic development of the State.

The Fremantle Inner Harbour can grow within its boundaries, but in the long term, the pressure the gentrification process is placing on the Port continues to make it more difficult for the freight task to and from the Port. In addition, community expectations around an improvement in air quality and greater product transfer safety will put further pressure on the strained freight network.

The KIA is the State's most significant and diversified industrial area. It is but one 'industrial suburb' in the major industrial area known as the Western Trade Coast (WTC). The WTC also includes the industrial areas of the Australian Marine Complex (which is full), the Rockingham Industrial Zone (largely undeveloped), and Latitude 23 (largely undeveloped).

Over three years ago the WA State government established a new committee to coordinate the planning of the WTC. The committee was called the Western Trade Coast Industries Committee (WTCIC). State Cabinet set the Committee the task of doubling the economic output and employment numbers for the WTC. Earlier this year the Committee was disbanded, as it had failed to get traction toward achieving the task set by the Cabinet. KIC, as an industrial representative member of the WTCIC, had tried (in vain) to get the Committee to carry out a high-level strategic visioning planning exercise for the WTC. Due in essence to member 'silos' the Committee was unable to get the traction it needed. Thankfully the City of Kwinana has subsequently completed the lion's share of this work.

In 2013 a major report entitled Western Trade Coast Integrated Assessment (SKM) was published under the auspices of the WTCIC, and was funded in part by industry and in the main by Landcorp. The report cost \$550,000 to produce and is regarded as a significant and respectable document.

The report listed the priority projects or decisions that had to be made in order for the WTC to grow towards achieving the targets set by the Cabinet. The construction of an Outer Harbour was listed as a top priority project and also as the key decision that needed to be made to unlock the latent potential of the WTC.

The Integrated Assessment Executive Summary is attached. The Integrated Assessment September 2014 report may be downloaded from the KIC website at www.kic.org.au under Library/ Reports & Submissions.

Following the dissolution of the WTCIC, a planning coordination vacuum re-emerged. There was no coordinating entity to create and pursue a long term plan for the WTC.

The City of Kwinana subsequently stepped up to the plate, and brought a small group of knowledgeable public servants, and people from commerce and industry together for a visioning process to create a long term strategic plan for the WTC. The result of that workshop is the City's draft consultation paper entitled Indian Ocean Gateway (IOG). The brand (WTC) was considered to be too politically damaged to warrant further investment, and so the new descriptor (or brand) IOG was devised.

The Board of the KIC resolved at its most recent meeting to endorse the IOG Plan (with one member abstaining). The Plan accurately reflects the key strategic issues previously identified by KIC's members, and it also lines up very closely to the priority issues to be resolved as identified in the 2013 Integrated Assessment report.

This submission does not set out to question the voracity of the planning for the Perth Freight Link. What it does set out to do is to raise awareness that at some time in the future the Inner Harbour could be closed to freight import and export, and possibly converted to some other activity such as an entertainment and tourism precinct revitalization for Fremantle City, servicing cruise and naval ships, and much new residential development. Further, that if it is understood the Inner Harbour might ultimately be closed to cargo freight, is it not then better to plan for the construction of the Outer Harbour in Kwinana in two stages. And do it soon?

Is it not better to invest that scarce infrastructure investment dollar potential toward the Outer Harbour in Kwinana, when it is known that the Kwinana investment will have a significant multiplier effect on the economic health and employment potential of the State?

Construction of the Outer Harbour in Kwinana will be a catalyst for unlocking latent demand from industry for port-related expansion and its accompanying service sector initiation. It is estimated in the City's IOG report that in excess of \$40 bn and some 25,000 new direct jobs will be created as an Outer Harbour develops. The Perth 3.5 Million WAPC report states that 70% of the Metro area's new population expansion will occur in the South West Metro corridor, and so a major new employment hub will be necessary. The economic expansion catalyzed by a new Kwinana Outer Harbour would provide that employment.

The private investment sector has made it clear it wants to fund and build a port in Kwinana, in association with a bid to purchase Fremantle Ports, if indeed it is to be sold. They also indicate that the development rights to the land currently occupied by the Fremantle Ports Inner Harbour operations would represent a significant addition to the value of a Port purchase bid.

The City of Kwinana Indian Ocean Gateway proposal is supported by significant cost estimation data, and this base document is available to anyone who wishes to obtain it from the City. Also included in the base document are the engineering and economic multiplier costings associated with the proposed transport corridors and economic development benefits of the IOG.

KIC is happy to have this submission published and to either provide further information to the Committee if requested, or to appear if this is regarded as beneficial to the Committee.

Yours sincerely

CHRIS OUGHTON
Director