



CONSULTATIVE DRAFT
August 2015

 **City of
Kwinana**

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- The long-proposed Outer Harbour is considered the future **trade nexus** of container imports and freight movements in and throughout the state for the next half century.





Mayor's Foreword

On behalf of the City of Kwinana, following consultation with our local, state and national stakeholders, it is my privilege to introduce the Indian Ocean Gateway.



A 50 year vision for the State's premier industrial area.

Why should this new vision demand your attention?

At the centre of the Indian Ocean Gateway proposal is a need for a staged relocation of the Fremantle Inner Harbour to a new Outer Harbour in Cockburn Sound. That is the heart of the proposal, but its body is far greater and has far reaching benefits. The long term dividends to the State of Western Australia, and in fact the nation, in terms of economic output, environmental protection, social wellbeing and global reputation are significant. Read on and you will soon share our enthusiasm.

Rather than look at an isolated issue, the Indian Ocean Gateway provides an overarching solution to many of the burning questions around traffic congestion, freight movements, job creation and productivity that are leading community debate right now.

It ticks many important boxes; over the long term it's more sustainable and it's cheaper, it employs more people and it creates more wealth for all West Australians to share; it embraces modern land-use planning and it's a vision which meets the needs of industry and the diverse Perth community.

With the transition to the Outer Harbour, the revitalisation of Fremantle will be bolstered with the spotlight centred around cruise and navy ships as well as competitive racing and pleasure craft and a renewed focus on residential and commercial development, tourism and entertainment.

The Kwinana Industrial Area, which currently contributes \$11 billion to the WA economy each year, will be cemented as a powerhouse of employment and industrial innovation, and will be protected from urban encroachment.

State asset sales, such as the sale of the Fremantle Port, need to be structured to ensure optimal long term community benefits, with mandates for investment in further infrastructure that will build long term revenue streams.

Rather than rely on traditional thinking, we will be modern in our approach. The investment landscape is changing and it is no longer necessary for governments to automatically fund major infrastructure works. The private sector is not only capable of funding key projects, it is willing to do so.

The Indian Ocean Gateway proposal explores these opportunities and delivers a crucial solution; cementing Western Australia as a key trading partner with Asia and bringing wealth and prosperity for generations to come.

We firmly believe that WA faces a pivotal stage in its economic journey and we welcome any discussion and feedback on the Indian Ocean Gateway proposal. This represents a critical opportunity to influence important policy decisions that could either catalyse or constrain the long term future of our State.

City of Kwinana Mayor,
Carol Adams



The 50 Year Vision

► Introducing the global trade link into Western Australia. **The Indian Ocean Gateway.**

The Indian Ocean Gateway (IOG) represents the optimal, long-term solution to the infrastructure, transport, economic and environmental future of the State's premier industrial area, and at its core is the pressing need for investment in the Outer Harbour.

Geographically, the IOG includes the following precincts:

- Australian Marine Complex (AMC) – the advanced ship building area also servicing the expanding oil and gas industries;
- Kwinana Industrial Area (KIA) – the traditional heavy manufacturing and refining centre for the State;
- Rockingham Industry Zone (RIZ) – largely as yet undeveloped, this is an area for the expansion of industry;
- Latitude 32 - also largely undeveloped, although the Flinders Estate is well underway, offers a massive area for industrial expansion;
- All of the remaining land within the current Air Quality Buffer as identified in the draft South Metropolitan Peel Sub-regional Planning Framework; and
- A new Outer Harbour for bulk goods and container freight.

The long-proposed Outer Harbour is considered the future trade nexus of container imports and freight movements in and throughout the State for the next half century.

There is agreement across all political spectrums, within all associated industries and at all levels of government – the Outer Harbour is key to the future sustainability and overall success of Western Australia's port trade.

The key question has always been not 'if', but 'when'.

The answer to the question of 'when' is **immediately**.

Over the next half century, Western Australia, through the establishment of the Indian Ocean Gateway, will cater to demand from a myriad of local and foreign industries and investors, providing the economic foundation for WA's continued prosperity.

- Kwinana will remain the industrial heartland of the State, facilitating industrial growth eastward into Latitude 32 and beyond.
- Latitude 32, having been energised from increased activity via the Outer Harbour and the new intermodal facility will be confirmed as the in-land core of industrial trade for Western Australia.
- The legislated IOG protection zone will provide assurance to both community and commercial stakeholders that future land uses will be protected from residential encroachment – resulting in more certainty and more investment.
- An Intermodal Freight Terminal will be constructed south of the Australian Marine Complex, within the Outer Harbour.
- Existing and planned road and rail infrastructure will be bolstered and transformed into a fully integrated freight network, providing efficient linkages from the Outer Harbour through to the Kewdale Freight Hub and beyond, limiting environmental and social impacts.

The Indian Ocean Gateway is the answer to the complexities of competing planning, environmental, social and economic issues; issues which have been through a revolving door of debate for decades.

The Indian Ocean Gateway will align with complementary State and Federal transport and infrastructure strategies to cement Western Australia as a robust and sustainable international trade partner.

A true global competitor.

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The long term dividends to the State of Western Australia, and in fact the nation, in terms of economic output, environmental protection, social wellbeing and global reputation are significant.



The Benefits

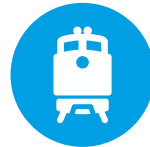
The Indian Ocean Gateway represents Western Australia's premier industrial region on the shores of the Indian Ocean with access to international trading partners throughout Asia and across the globe.

With approx 6,115 hectares of land available, and of this only 2,250 currently utilised, the industrial area provides for growth catering to national and international trade and is a place where industry will be protected from urban encroachment and has certainty to make investment decisions for the long term. The sheer size of the industrial area, the potential for modern infrastructure to exist and the maturity of resources already established in the area makes for the ideal location for business collaboration focusing on the Indian Ocean and throughout Asia.



Revenue

It is estimated that at full build out the annual revenue generated in the IOG would be in the order of \$42.4 billion with projected flow on effects in Australia of indirect sales/output of \$28 billion.



Freight transport links

There is an increasing demand for international container trade. The IOG already has in place the freight rail lines and road networks (already built or reserved) to accommodate the volume of trade projected.



Employment

Current direct employment of 13,757 people is expected to triple to 37,383 employees and generate indirect employment for a further 49,657 employees.



Protected from inappropriate land use

The IOG industry protection zone will be legislated. Residential, sensitive and incompatible land uses will be prevented from being approved within the zone.



Overall prosperity for WA

The IOG proposal will facilitate the diversification of the Western Australian economy, helping to move it away from being reliant on the mining and gas sectors, to a broader trade base including agribusiness, marine servicing, communications and technology.



Improved competitiveness

Once the Outer Harbour and associated infrastructure is built, business confidence will increase and industry will further invest in initiatives that will enable them to be more competitive in the international marketplace.



New industries

There are significant opportunities for new support industries. These include industries associated with science, innovation and technology.

“ annual
revenue
generated **42.4**
BILLION



Increased return on Government land holdings

Once key infrastructure is built and a commitment to protecting the land for industry is formalised, sales and land valuation increases will be realised.



Business development

In the IOG, and unlike the Inner Harbour, there is significant space to expand. Support industries will be attracted to the Outer Harbour activities, and will act as a catalyst for future growth.



Increased profit and lower unit costs

This IOG proposal will improve road and rail transport links and as a result for industry there will be greater efficiencies, lower unit costs and improved profit margins.



Benefits to congestion

Construction of the Outer Harbour is the best solution for addressing Perth's freight congestion issues.



Improved efficiency of port operations

A new modern, technologically competitive port is required to ensure the growth of the State into the future. This will be located at the Outer Harbour and will be built utilising modern technology to improve efficiencies and operating costs.



Improved efficiency and safety around heavy truck movements

Moving oversized plant and/or hazardous materials from the Inner Harbour to final destinations is problematic due to road size, dangerous goods loads and residential constraints. All of the heavy freight transport movements to and from the Outer Harbour would be via purpose built freight routes.



New development opportunities in Fremantle

Ultimately, if the IOG strategic vision is supported, the land around the Fremantle Inner Harbour will become available for residential and commercial development.

Major Components



Port Facility

Key Points

- Shipping channels are in place. Channels will be modified to facilitate the large 'Cape' class vessels.
- Private investors will be responsible for building the new Outer Harbour.
- The land backed Outer Harbour in Kwinana will be world standard, best-of-breed and prepare the State for the future, focusing on Indian Ocean and Asian trade.
- The majority of port operations are ultimately moved out of Fremantle and into one consolidated location.
- Efficient transport links and reservations already exist.
- Port and associated industry will be protected from residential encroachment by the legislation of an industry protection zone.

Vision for the Port

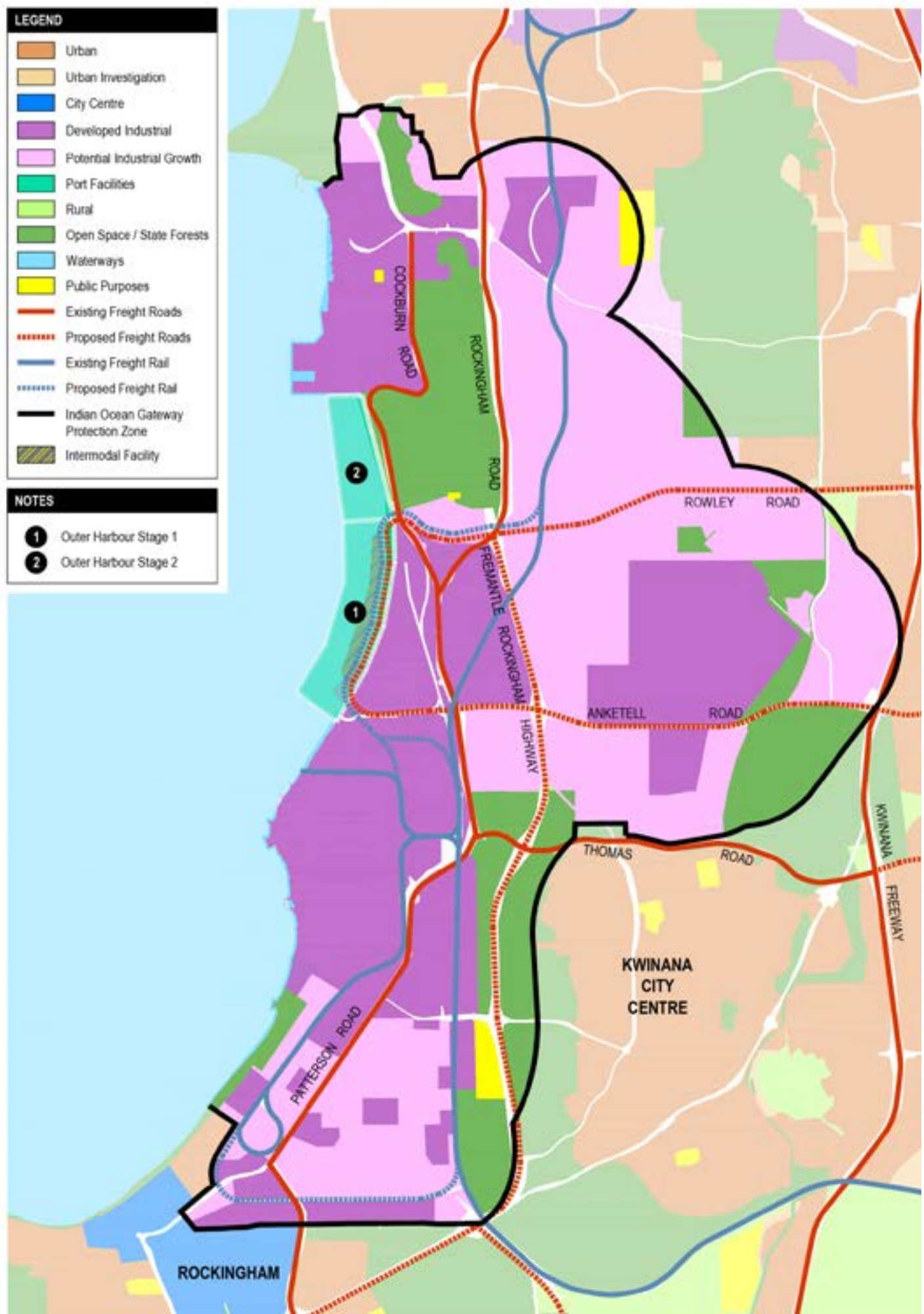
It has been recognised for many decades that a new facility for agribusiness, bulk materials, general cargo and containers will be required in the future. At the Outer Harbour, imports and exports would be managed with more efficiency. State-of-the-art rail and road freight facilities would be located alongside the new berths and directly adjacent to laydown facilities. In modern port facilities around the world, rail marshalling yards and spurs are directly connected to the berths and intermodal facilities, thus improving the efficiencies associated with freight handling. This is particularly relevant for container trade. A rail spur directly onto the berth with sufficient loading space for a complete train would increase efficiencies and reduce double handling. The proposal recommends that a modern, state-of-the-art land backed port be constructed and serviced by road and rail linkages to Rowley and Anketell Roads.

The preferred design runs northward until it intersects with the Australian Marine Complex (AMC). This will allow for expansion of the constrained AMC. The AMC is limited in its ability to grow and expansion is critical to its ability to deliver competitive services to its customers, which include the defence industry, major resource companies and the marine industry.

The Kwinana Bulk Terminal is Perth's main import and export facility for bulk commodities. As part of the new Outer Harbour development, the Kwinana Bulk Terminal would be redeveloped to be a modern world class facility that could cater for an increase in import and export capacity for the State's growing resources and agribusiness industries, who are currently constrained in their supply due to the Kwinana Bulk Terminal's capacity. There is a positive multiplier effect to the development of local businesses when the Outer Harbour facilities are built and associated trade increases.



FIGURE 1: Indian Ocean Gateway Detailed Plan



Funding and Construction

Privately funding the Outer Harbour reduces the funding requirements by the State Government, especially if demand is underwritten by usage contracts taking a normal project financing approach. Building in multiple stages further reduces development risk.

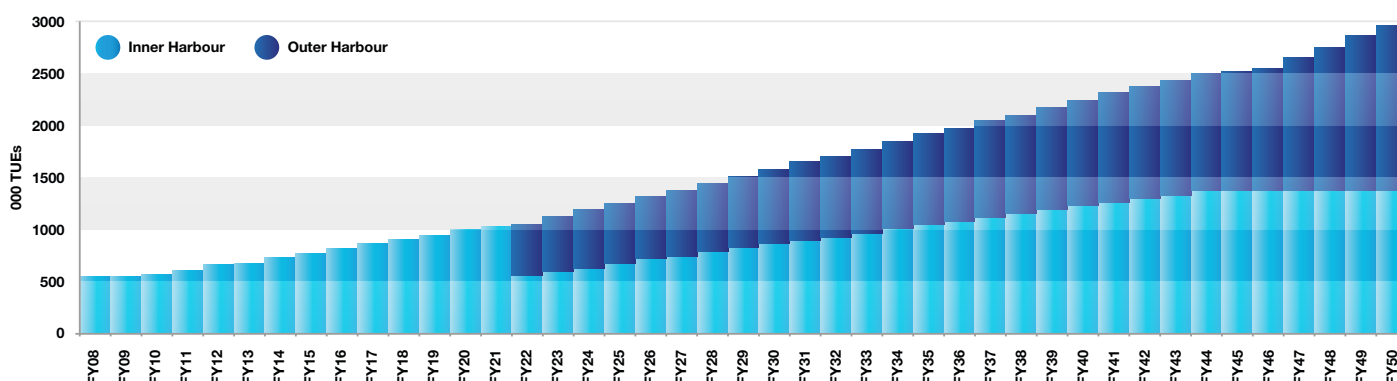
Stage 1 – total estimated cost \$2 billion

1. Reclamation and construction of approximately 110ha land backed Outer Harbour.
2. Construction of rail linkages north and south to the Outer Harbour for an intermodal facility located on the Harbour, and duplication of freight rail.
3. Extension of Rowley Road and Anketell Road to provide road access to the Outer Harbour.
4. Construction and upgrade of Anketell Road to Tonkin Highway.
5. Construction and upgrade of Rowley Road to Kwinana Freeway.
6. Accommodation of intake and outfalls for existing industry.

Stage 2 – total estimated cost \$1.2 billion

1. Reclamation and construction of approximately 85ha land backed Outer Harbour to join Australian Marine Complex.
2. Construction and upgrade of Rowley Road from the Kwinana Freeway to Tonkin Highway.
3. Construction of Fremantle Rockingham Controlled Access Highway from Rowley Road to Kulija Road.

According to the Fremantle Port Authority 2014 Annual Report, the Inner Harbour was expected to reach its optimal capacity of 1 million TEUs by 2021 with a need to transition to a new Outer Harbour in 2022.



Once the new Outer Harbour is constructed and in operation it will immediately take half of the containers from the Fremantle Port. It is proposed that over time the IOG will take more containers than projected by the Fremantle Port Authority as a result of the infrastructure improvements around the new Outer Harbour in road and rail which makes the freight movements more attractive to industry and ultimately will take all container trade. This will enable Fremantle to focus on urban renewal and redevelop the Inner Harbour to a more high value residential and commercial precinct. The Fremantle Inner Harbour can become the home for cruise and navy ships as well as competitive racing and pleasure craft, while other trade is moved to the new Kwinana Outer Harbour.

By including the Outer Harbour and a timeframe for its construction in the current tender for the sale of Fremantle Port, the sales price will increase and be more attractive to potential buyers. Attractions include providing additional land for expansion and new business opportunities as well as the ability to build a modern, efficient and freight-interconnected port. These new opportunities, especially agribusiness, can increase revenues and therefore the port asset sale's price. As the Outer Harbour would be developed by private investors, the development premium inherent in the project will also increase the returns to investors, which again incentivises a higher selling price for Fremantle Port. The maximum sales price will be achieved through clearly defining what assets are being sold, the approvals required for the future and more importantly the future expansion options only available at the Indian Ocean Gateway.

Recommendation:

That the tender specification for the sale of Fremantle Port includes a requirement to have completed full construction of a land-backed Outer Harbour in Kwinana by 2025 and commence relocation of the operation of the container and bulk break trade from the Inner Harbour.

By including the Outer Harbour and a timeframe for its construction in the current tender for the sale of Fremantle Port, the sales price will increase and be more attractive to potential buyers.





Intermodal Facility

Key Points

- The Intermodal facility is located on the reclamation adjacent to the new Port.
- Intermodal land will be ready to use when the Outer Harbour opens as it would be part of the construction project.
- The facility will cater for the rail marshalling yards to run the full length of stage one of the Outer Harbour reclamation, with adequate room for container storage on site.
- Land size is appropriate to the Port operation.
- When compared to the currently planned Wattleup location, double handling and duplication is eliminated.
- Land in Wattleup can be re-allocated for industrial development.



Roads

Key Points

- Protection along Rowley and Anketell Road that are proposed heavy haulage road links to IOG.
- Reduce traffic, congestion and associated pollution in Melville, East Fremantle, Fremantle and North Fremantle.
- Heavy freight transport routes eastwards from the IOG already exist, or at least are reserved.
- East/West transport routes connect the Outer Harbour with the Kwinana Freeway, with the Tonkin Highway and with the South West Highway.
- Heavy rail reserves exist to support the Outer Harbour and IOG.
- Heavy Vehicle User Charges could be applied on the Rowley Road, Anketell Road and Fremantle Controlled Access Highway which will pay for the State Government's initial investment in the construction of these road networks to a four lane dual carriageway.
- Provides a critical high quality road and rail transport link to the north (to Kewdale and Welshpool).

Fremantle-Rockingham Controlled Access highway

Current planning proposes that Fremantle-Rockingham Controlled Access Highway (FRACH) is a six lane freeway standard and is planned to follow the Rockingham Road corridor from Russell Road to the proposed Rowley Road extension. It is intended that interchanges would be at Russell Road, Rowley Road and Anketell Road. FRACH is intended to directly connect to Kulija Road which in turn connects to the Kwinana Freeway.

Rowley Road

Rowley Road will extend west of Frankland Avenue all the way to the Outer Harbour. It will be expanded to a four lane highway. It is anticipated Rowley Road will become a critical link in any Outer Harbour development.

Anketell Road

Anketell Road is a future designated freight route for high and wide loads from the Outer Harbour to Tonkin Highway (Main Roads WA Corridor 2) and will be upgraded to a dual divided carriageway. The road will facilitate movement of large dimensional loads up to 8 metres high, 8 metres wide, 24 metres long and 200 tonnes mass. A clearance envelope of 10 metres high by 10 metres wide is required to accommodate the movement of a high wide load.

Anketell Road will be extended west of Rockingham Road and bridged over the rail line to provide a more direct route to the southern end of the Outer Harbour and the Kwinana Industrial Area.



IOG Protection Zone

Key Points

- Legislate the IOG Industry Protection Zone (formerly the Western Trade Coast Industry Protection Zone).
- Certainty needed by industry to invest.
- Sensitive land use (residential) encroachment creates investment uncertainty.
- Aggrieved residents can close an industry down.

The IOG Protection Zone extends from the Rockingham light industrial area on Dixon Road in the south, east to the border of residential suburbs of Medina and future Mandogalup, north to Munster and west to the Indian Ocean, along the alignment of the current Air Quality Buffer.



Heavy Freight Rail

Key Points

- Reinstate the Kwinana Loop Railway reserve.
- Increase axel capacity limit.
- Construct dual freight rail from Beeliar Drive south to Rockingham Road (11.6km).
- Commit to regional Tier 3 rail infrastructure remaining.
- Ensure a buffer exists around proposed rail infrastructure to protect links into the IOG.
- Construct the intermodal marshalling yards immediately adjacent to the Outer Harbour.
- Remove user charges for use of rail easements for infrastructure corridors.

The shift in freight trade from the Inner Harbour to the Outer Harbour will set the tone for an urban and economic renaissance for the City of Fremantle in keeping with trends worldwide in Cities such as Stockholm, Vancouver, Melbourne, Sydney and London. It will set the stage for the redevelopment of the port precincts such as Rouse Head Precinct, North Quay and East Victoria Quay. The development potential of these land parcels is an enormous opportunity centred around the retention of the port for commercial liners and tourism related port activities.



Utilities

Key Points

- Assist with the negotiation for adequate and affordable supplies of water for industry, domestic gas for energy and industrial processes, electricity, and access to pipeline corridors.
- Assist potential new entrant companies to understand the issues associated with the provision of utility services.
- Assist to increase the capacity for additional utility services within the Indian Ocean Gateway area.



Land Use Planning

Key Points

- A graduation of industrial uses will exist from heavy industrial precincts at the core of the IOG adjacent to the Outer Harbour, through to new science and innovation precincts on the outer boundaries interfacing with urban areas.
- Land will be reserved for lay down areas in the core industrial zone.
- Review land prices to ensure they are reflective of current state, national and world markets.
- Relocated non-conforming land uses from other areas in the State that are being encroached by urban development will be located in the IOG according to a detailed land use plan.
- Stage one of a land-backed Outer Harbour will include key linkages to Anketell and Rowley Roads and to new rail spurs.
- Stage two will further increase the capacity of the Australian Marine Complex precinct which is currently constrained.



Governance

Key Points

- Kwinana Industries Coordinating Committee was replaced by Western Trade Coast Industries Committee (WTCIC).
- WTCIC disbanded after three years.
- Currently no single entity with governance responsibility for the State's premier industrial area.

The City of Kwinana is prepared to manage the governance role for the IOG area which is within its local government jurisdiction. It is clear that some form of governance entity needs to be present if there is to be a coordinated and comprehensive approach to growing the IOG.

The strategic issues facing the Kwinana Industrial Area (KIA) are largely the same issues facing the other parts of the IOG, so at this time, the City is keen to continue to develop the IOG concept. The Outer Harbour and essentially all of the main industrial companies reside in the KIA.

The City has recognised that business development and land use planning is critical to the success of the IOG and is committed to establishing a dedicated business unit that will be given delegated power to facilitate the implementation of the IOG project and to facilitate new business entrants into the region. There will be a focus on removing red tape for industry.

This proposal has been prepared on an apolitical basis and is consistent with the broad State Government bipartisan support for the Outer Harbour at Kwinana which has been developed over decades.

FIGURE 2: Indian Ocean Gateway in context





KEY

-  Industrial Precinct
-  Indian Ocean Gateway
-  Harbour
-  Intermodal Facility
-  Arterial Road Infrastructure
-  Freight Rail Infrastructure

Proposed Implementation Plan

| | Proposal | Timeframe |
|---|--|--------------|
| 1 | Ports | |
| | Sale of Inner Harbour and the proposed land backed Outer Harbour lease, conditional upon 'cap and full transition' (capped 500,000 TEU's for Inner Harbour by 2025 and full transition by 2030). | 2015 to 2020 |
| | Construction of land backed Outer Harbour Stage 1 by 2025, including Port based intermodal facility. | 2020 to 2025 |
| | Construction of land backed Outer Harbour Stage 2 and extension to Australian Marine Complex. | 2035 to 2045 |
| | Redevelopment of surplus Inner Harbour government owned land | 2025 to 2035 |
| 2 | Road infrastructure upgrades | |
| | Anketell Road connection to Outer Harbour Stage 1. Anketell Rd to be used for initial connection to Kwinana Freeway. | 2020 to 2025 |
| | Anketell Road ultimate upgrade – Kwinana Freeway to Tonkin Highway (including Thomas Rd portion) | 2020 to 2025 |
| | Rowley Road construction – Outer Harbour to Kwinana Freeway | 2020 to 2025 |
| | Rowley Road construction – Kwinana Freeway to Tonkin Highway | 2025 to 2035 |
| | Portion of Fremantle Rockingham Controlled Access Highway from Rowley Road to Kulija Road | 2025 to 2035 |
| | Freight tolls for the above roads at ultimate construction (user pays) | 2035 to 2045 |
| 3 | Rail upgrades | |
| | Duplication of rail line to existing Kwinana intermodal terminal and to Kewdale line | 2020 to 2025 |
| | Rail lines to Outer Harbour from north and south | 2020 to 2025 |
| 4 | Governance and Land Use Planning | |
| | Single entity for planning and advocacy for Indian Ocean Gateway | 2015 to 2020 |
| | Statutory planning recognition of IOG Protection Zone (MRS amendments) | 2015 to 2020 |

Feedback

Thank you for reviewing the Indian Ocean Gateway Consultative Draft.
We welcome and encourage all feedback and discussion.
Please forward all correspondence to:

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