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Dear Mr Watling

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

I refer to your email of 20 August 2015 to myself which invites the City of Fremantle to make a submission to the above noted inquiry. The City welcomes the inquiry and provides the attached submission for the Committee's consideration. Our key points are:

1. The wrong question has been asked and tested: it is not, does the proposed road resolve Perth's freight problem but rather, is this the best value solution to Perth's freight problem or put another way, does Perth's freight problem require this road?
2. The IA Assessment Brief clearly demonstrates that the lack of options, evaluated in a clear and transparent process, with the evaluation methodology being agreed and tested before it is applied, leads to poor outcomes.
3. If an open and transparent process had been adopted to look at Perth's freight needs, a very different suite of options, including the outer harbour, would have been under examination with potentially very different results and far better outcomes.

We look forward to learning the outcomes of this inquiry.

Yours sincerely

Dr Brad Pettitt
Mayor,
City of Fremantle

Inquiry into the decision to commit funding to the Perth Freight Link project

The City of Fremantle makes the following submission to the Senate inquiry:

The decision-making process that led to the announcement that the Perth Freight Link would receive Commonwealth funding

On 13 May 2014 the Minister for Infrastructure and Regional Development issued a Media Release titled *Perth Freight Link: Improving Capacity to the Port of Fremantle*. It is clear from the Media Release that substantial work had already been completed on this project: “The Link’s **final** scope and design will be determined in consultation with the Western Australian Government and the local community. Works are expected to include: • a five kilometre Roe Highway four-lane dual carriageway extension from the Kwinana Freeway to Stock Road in Coolbellup; and • improvements to Stock Road and High Street.” (Our emphasis)

This is the first time Council was made aware of the proposed project and was not party to any decision-making process associated with the proposed Perth Freight Link. As a result Council are not able to comment on the above noted issue. Further views are given below.

The information relied upon by State and Commonwealth governments informing the decision to fund this project

Given the Council’s exclusion from the decision making process, Council is not able to form a view on the information relied upon to in reaching a decision to support the proposed Perth Freight Link.

It is instructive to note that to the date of this submission supporting documentation is sparse. Main Roads WA’s website lists four documents with the most relevant to forming a decision being a *Business Case Summary*. Without the main report, as well as all appendices and footnotes, it is almost impossible to tell how robust the findings are – very often the choice of variables can have different outcomes. It is the Council’s view that the full business case should have been published and scrutinised before any decision was taken.

The importance of transparency of decision-making in relation to infrastructure decisions, evaluation of options for managing growth in the Perth freight task

The formation and examination of options, in an open and transparent forum, is critical to ensuring that the best outcome is achieved. Such an approach is standard practice throughout the world and is supported by various evaluation methodologies such as Multi-criteria Analysis. There are hundreds, if not thousands, of examples of poor outcomes where such an approach is not applied. Furthermore the transparent nature of the evaluation, when coupled with a process that includes stakeholders, very often leads to outcomes which are accepted and in turn reduces the adversarial outcomes compared to when not applied – this Senate inquiry could well have been avoided if an inclusive and transparent approach to considering Perth’s freight task built upon the *WA Regional Freight Transport Network Plan* and the as yet unpublished *Perth Freight Transport Network Plan*. In fact it is odd that the Perth Freight Link be proposed before, and outside the context of, a freight plan for Perth (Attachment 1 contains a summary of the scope of works for this study).

Once a proposal is open to transparent evaluation, issues and opportunities that may not have been apparent to the authors of the proposal often become apparent and in turn can lead to improved outcomes. In the case of the proposed Perth Freight Link there are four reports already available which highlight this

Infrastructure Australia 2014-2015 Assessment Brief ~ Perth Freight Link

This document is dated 7 May 2015 and comes a full year after the Minister for Infrastructure and Regional Development issued a Media Release titled *Perth Freight Link: Improving Capacity to the Port of Fremantle*. Although the Assessment Brief concludes that there is "... good evidence that access to port gateways in Perth is a nationally significant problem" and that "... the proposed solution will deliver net economic benefits", the Brief raises a significant number of issues that call into question the proposed solution:

1. The Assessment Brief relies on "the Business Case" for much of its commentary but without this Business Case being published it is impossible to tell how robust the findings are. At a broad level it would be fair to say that stakeholders do agree there is "... good evidence that access to port gateways in Perth is a nationally significant problem" or at the very least will become so in the not too distant future.
2. The Brief notes eight significant State documents, none of which includes reference to the proposed Perth Freight Link. This is not surprising given that there is general support for an alternative approach to Perth's freight task – namely the construction of the Outer Harbour. This is given context by noting that the first container and general cargo plan for the Outer Harbour was put forward in the 1960s, and that the idea was considered again by State Governments in 1982 and 1989. In 1996, following *Future Port Options* studies in 1991 and 1994 Cabinet endorsed the appropriateness of Naval Base / Kwinana for the development of additional port facilities to handle container and general cargo trade expansion beyond the capacity of the existing Fremantle Inner Harbour. On this basis, planning proceeded to examine the possible port options that could be developed within the Cabinet endorsed location.
3. The Assessment Brief states that there were "12 shortlisted options" and that these "were assessed against the selection criteria". This raises a number of questions: what were the options, were they realistic, were they internally consistent, what were the selection criteria, were the criteria weighted and if so were they biased in a certain direction. In the absence of any supporting documentation it is impossible to tell if all relevant options were identified and if the top four actually deserved that outcome.
4. The Brief is explicit that the "options did not include consideration of the Outer Harbour at Cockburn Sound". This is an extraordinary omission given that for over fifty years successive State governments have considered the Outer Harbour as the appropriate place to handle Perth's growing freight task.
 - a. The reason given for not including the Outer Harbour ("accommodating freight at the Outer Harbour was considered to be part of the likely future for all options") demonstrates the immense risks and potentially poor outcomes of closed and opaque process. There are two substantive fallacies associated with this assumption: first, as will be demonstrated below, there are options that address Perth's freight task and do not rely on the proposed Perth Freight Link; and second the inter-play of freight volumes between the inner and outer harbours can also address Perth's freight task and not rely on the Perth Freight Link as currently proposed.
 - b. The wrong question has been asked and tested: it is not, does the proposed road resolve Perth's freight problem but rather is this the best

value solution to Perth's freight problem or put another way, does Perth's freight problem require this road?

5. The Assessment Brief clearly states "a rapid BCR was completed for the preferred option only, assessed against the Base Case" and that "a rapid BCR was not completed for additional options to determine if the preferred option provided the greatest net benefits." Given that 12 options were narrowed to four and that a "rapid BCR" was applied (what does "rapid" mean) it is very difficult to understand why a "rapid" assessment was not applied to the top four options. If this were done a different outcome may have eventuated.
6. The Assessment Brief clearly recognises a major flaw in the assessment process: "the options identification and assessment for this project could have been improved by undertaking quantitative modelling of traffic and economic impacts for multiple shortlisted options. The multi-criteria assessment used has significant weaknesses. In particular, criteria weights used allocate 80% of the weight to benefits and only 20% to costs. This is likely to bias assessment against low cost options and in favour of high cost options. Further, the assessment of options has had limited reliance on objective quantitative evidence."
 - a. Again the paucity of information leads to a number of questions: what are the benefits and costs being measured: are they simply defined in relation to the three challenges outlined in the Business Case Executive Summary of December 2014 or are they something more? If the former, then benefits are solely measured in terms of "growth in freight traffic on mixed use routes", "reduced freight efficiency and productivity" and "fiscal constraints". Were impacts (in particular economic) on Fremantle's CBD included, were costs associated with the proposed road being primarily for private car traffic included (it would seem not)?
 - b. The Assessment Brief states that the "BCR excludes costs associated with the heavy vehicle tolling system thereby underestimating capital costs ..." At \$67.1m for "heavy vehicle charging infrastructure" (see pg. 28 of the Executive Summary Business Case) this is a significant cost and should have been included in order to give strength and credence to the BCR. What this "infrastructure" looks like is not clear, nor is it clear if there are additional costs for the private sector (say in fitting trucks with GPS or other devices to trigger the charge). The Assessment Brief notes that the CPI adjustments for capital costs offset the charging system – this may be so but in the absence of any detailed information it is not possible to probe this point.
7. The *Perth Freight Link, Business Case Executive Summary*, at page 29, sets-out the proponent's economic appraisal and lists numerous benefits relating to travel time, operating costs and the like. Given the title of this document, and that it focuses almost entirely on freight transport, it is not clear whether these purported benefits relate solely to freight traffic or to all road users.
 - a. The Assessment Brief indicates that the proponent's economic appraisal relates to all traffic by stating that "only a small part of the benefits (9%) accrue to heavy commercial vehicles."
 - b. In other words the proposal is not for a freight link but a new freeway: it is misleading to call this proposal the Perth Freight Link – it would be better termed the West Coast Freeway. Articulating the proposal in these terms may result in a very different assessment and outcomes and possibly very different options. If the majority of benefit falls to private cars and the like

surely it would be more appropriate to compare the proposed Perth Freight Link with an improved public transport system.

8. The Assessment Brief states the proponent's Benefit Cost Ratio as 2.5:1, which is a good return on investment. Yet the conclusion IA reach is that they "... have a high degree of confidence that the BCR is greater than 1.0:1 for the project." In other words a closer examination shows that the actual BCR could be as much as two and half times lower than claimed by the proponent. This raises serious questions as to whether or not the remaining top three options, as well as those not even considered, would have a BCR better than the proposed Perth Freight Link.
 - a. These results also ignore the fact that the Perth Freight Link has no proposal for crossing the Swan River and entering the Inner Harbour at Rous Head. It is very easy to imagine that without substantial further capital costs for extensive interchange works, a new bridge and substantial changes to the road pattern (\$500m???), the purported time saving benefits could easily disappear and fundamentally alter the BCR outcome. The converse is also true: if these capital works are included then the BCR would also most likely substantially change.
9. In summary the IA Assessment Brief clearly demonstrates that the lack of options, evaluated in a clear and transparent process, with the evaluation methodology being agreed and tested before it is applied, leads to poor outcomes.

Perth Freight Link: Making the right investment in Perth's Freight Task

Given the paucity of information on the proposed Perth Freight Link the City of Fremantle commissioned its own study from Curtin University Sustainability Policy (CUSP) Institute. The report is dated 8 June 2015 and titled *Perth Freight Link: making the right investment in Perth's freight task*. A full copy can be found on Council's website - <http://www.fremantle.wa.gov.au>

The scope of this report is illustrated by the Contents page while the Abstract summarises a considerable amount of inter-related information (see Attachment 2).

This report adopts a far more robust and appropriate position in that it articulates the issue as one of dealing with Perth's freight task and then identifies a variety of options which are examined. The conclusion is that there is an entirely suitable option to deal with Perth's freight task that does not require the construction of the Perth Freight Link – namely capping the Inner Harbour's capacity at 700,000 TEUs (containers) per annum and moving quickly to establish the Outer Harbour.

Clearly if an open and transparent process had been adopted to look at Perth's freight needs, a very different suite of options would have been under examination with potentially very different results.

Keep WA Growing

This report was prepared by Urbis for the Property Council of Australia and was published in July 2015 – copies of the Summary Report and the full Technical Report can be downloaded at <https://www.propertyoz.com.au>.

This report "... identifies the infrastructure and property developments that will keep WA growing as the mining boom fades", and "...demonstrates how \$4.5 billion of infrastructure investment and \$2.4billion of unlocked property development would enable a further \$27 billion of economic activity for WA, generating 32,500 new jobs. The landmark study introduces a new framework to independently identify and prioritise major projects according to economic and community benefits.

The framework prioritised three major projects around Perth that would deliver the greatest benefit: MAX Light Rail, Western Trade Coast and the Peel Economic and Environmental Initiative.”

The Western Trade Coast project is relevant – see Attachment 3 – as it effectively provides an alternative to the proposed Perth Freight Link. The proposed Perth Freight Link delivers 91% of its benefit to private cars and only 9% to commercial vehicles: it is hard to understand how this would outweigh the creation of 20,000 jobs and stimulate \$13.1 billion in economic activity. If the Western Trade Coast had been canvassed and tested, the \$2.3 billion price tag (see table below) may well have delivered a very different BCR to that delivered by the proposed Perth Freight Link and thus a very different outcome. (It should not be forgotten that the price tag of the proposed Perth Freight Link is likely to be very close, if not above, the \$2.3 billion figure once costs associated with crossing the Swan River and accessing the port are added in).

Western Trade Coast expansion	\$740 million in development unlocked (primarily industrial).
Est. Capital cost - \$2.3bn	\$13.7 billion in economic activity enabled (NPV over 20 years – 2021 through 2041) generating significant new trade activity, for example processed agricultural goods to expanding Asian and African markets.
Includes roads and services, Outer Harbour and Intermodal terminal	Employment – Peak of 20,000. Agglomeration – results in productivity gains through interlinkages across precinct supply chain. Land value uplift potential (n/a). Underpins diversified growth path for WA economy.

Furthermore it is interesting to note that the Property Council’s report identified, as one of its three key projects, the MAX Light Rail proposition, which is about public transport provision. Although not directly relevant to transport needs in the southern part of Perth, this outcome does raise the question of whether or not a public transport proposition would yield a better outcome than the new freeway that is masquerading as the proposed Perth Freight Link.

In summary the Property Council report demonstrates that transparency of decision-making in relation to infrastructure decisions can lead to much different and far better outcomes.

Indian Ocean Gateway

This consultative draft report from the City of Kwinana is dated August 2015 and sets-out their case for the development of the Indian Ocean Gateway – the full report can be found at <http://www.kwinana.wa.gov.au> while Attachment 4 outlines the core elements of the proposal.

This proposal is very similar to that of the Western Trade Coast outlined by the Property Council and clearly demonstrates that there are more options to address Perth’s freight task than building the proposed Perth Freight Link. Again this report demonstrates that transparency of process, when coupled with key stakeholders, can give rise to a wider suite of options that may well yield far better outcomes.

Any related matters

Unnecessary imposts on Council: Given the paucity of information available through the State government, the City of Fremantle has taken a pro-active role in seeking evidence upon which to take a view on the proposed Perth Freight Link. This has resulted in the City committing a substantial amount of staff and Councillor time, as well as substantial ratepayer dollars, to preparing an evidential base upon which to base any decision. In the City's view this impost is unnecessary and counterproductive as the relevant information should have been readily available through an inclusive and transparent decision making process focussed on resolving Perth's freight task.

Council position: At its June 2015, based on the material in *Perth Freight Link: making the right investment in Perth's freight task*, Council adopted the following position:

That Council:

1. Rejects the State Government proposals for Sections 1 and 2 of the Perth Freight Link as there is insufficient planning and analysis of the many serious and negative implications associated with these proposals, and as it contradicts the planning that has been in place for many years.
2. Notes that analysis of the proposed Perth Freight Link shows it suffers from a number of clear and serious faults, including but not limited to the fact that the project:
 - a) Is contrary to many decades of accepted planning for freight transport in the Metropolitan region;
 - b) Undermines the development of Latitude 32 and the Kwinana Intermodal Terminal as key parts of Perth's freight strategy and the Outer Harbour;
 - c) Raises questions that have not been adequately answered in relation to the proposed sale of the Port of Fremantle;
 - d) Has severe impacts on the Beeliar Wetland and Banksia Woodlands;
 - e) Negatively impacts the urban renewal of both the City of Fremantle and the Town of East Fremantle by undermining their economic development through the creation of an effective "by-pass";
 - f) Severing communities within Fremantle from the CBD and essential facilities including schools;
 - g) Creates uncertainty as to how the proposed river crossing might affect claimed travel-time benefits and the resulting cost/benefit assessment;
 - h) Undermines the viability of achieving the long-held aspirational target of putting 30% of freight on rail;
 - i) Puts additional pressure on failing intersections;
 - j) Substantially increases diesel particulates with damaging long term health effects;
 - k) Increases truck flows down Curtin Avenue;
 - l) Fractures North Fremantle and causes congestion at the port's entrance;
 - m) Interdicts access by tourists and local beach users from access to and through North Fremantle; and
 - n) Involves poorly examined construction logistics with little or no analysis of their community and local economic impacts.
3. Supports the planning and development of the Outer Harbour as a freight planning and infrastructure priority that is in keeping with many decades of settled freight transport and urban planning.
4. Commits to working collaboratively with other local governments, community groups and stakeholders to oppose State Government proposals for Sections 1 and 2 of the Perth Freight Link.
5. Requests the CEO develop a community engagement and advocacy plan.

6. Request the State government put the current Perth Freight Link Request for Proposals process on hold, including the demolition of any homes, while long term freight planning is given due regard, and demonstrably better freight options are considered and developed, including through consultation with all relevant stakeholders.

As can be seen from resolution three (3) above Council's position is entirely consistent with that promoted by the three WA studies noted above and consistent with over 50 years of planning for Perth's freight task.

Public funds benefiting private firms?: The whole question of whether or not the proposed Perth Freight Link is the right response to Perth's freight task (it is not) has been clouded and obfuscated by the State Government's recent announcement that they wish to sell Fremantle Port into the private sector. Many of the Perth Freight Link process stakeholders, Council included, are operating in an information vacuum and have no way of taking an evidential based decision on the best option for Perth's freight needs. At present it looks like the State and federal governments will be paying some \$2 billion plus to create a transport network to benefit a private port operator and recover perhaps \$3 to \$4 billion from the sale – this would certainly seem a questionable financial proposition give the opportunity cost of, say, the Western Trade Coast. It may be that the intended sale of the toll revenue stream to the private sector would recover the capital outlays over time but in the absence of information this can only be speculation.

A workable option: Although not endorsed Council policy a workable option is evident that addresses Perth's freight needs, meets expectations of brother Councils, allows the State to sell the port, removes the need for the Perth Freight Link, enhances the renaissance of the City of Fremantle and may well generate far more income and jobs:

- Cap the inner harbour's container movements to 500,000 TEUs per annum.
- Require the tender specification for the sale of Fremantle Port to include a requirement to have completed full construction of a land-back Outer Harbour by 2025 and commence relocation of the operation of the container and break bulk trade from the Inner Harbour. Require that cruise and naval ship docking remain at the Inner Harbour.
- Do moderate intersection upgrades along existing routes to improve traffic efficiency and implement Traffic Demand Management measures to cater for the growth in truck traffic from the Inner Harbour in the period to 2025 and enable efficient connection of the Inner and Outer Harbours.
- Incorporate Victoria Quay (the southern wharf and directly adjacent to the CBD) into the City and enable urban development.

Council's request: Council are seeking the following outcome:

- The Federal Government make the \$925m funding offer conditional on the State government instituting a transparent process with stakeholders to identify and evaluate options for Perth's freight task including the outer harbour.

**Attachment 1:
Metro Freight Study – outline of scope**

METRO FREIGHT STUDY

The Perth Freight Transport Network Plan will identify the principal road, rail, port and intermodal centres which form the strategic component of Perth freight transport network to which other freight corridors and freight centres, including local government roads, connect. The Plan will provide guidance and a coordinated approach to the ongoing integration and development of the future freight transport network for metropolitan Perth to 2031.

The Plan has five key focus areas including:

- Metropolitan port growth plans including Inner and Outer Harbour transition arrangements
- Integrated infrastructure and non-infrastructure solutions that will facilitate the movement of more of Perth's future freight task by rail
- Planning and development priorities to increase the capacity, geographic reach and viability of Perth's intermodal terminal network
- A metropolitan-wide road freight network development strategy to 2031 that will define the strategic freight corridors of the future, including the heavy vehicle access regime and road investment priorities to support network capacity to 2031. This road freight network vision will be jurisdictional neutral and cut across both local and state roads
- Integrated land use and transport planning measures needed to protect freight transport infrastructure and manage freight impacts on the community

The Plan is being developed by the Department of Transport in conjunction with portfolio partners and the Fremantle Ports Authority with input from Brookfield Rail.

Source: <http://www.westerntreacoast.wa.gov.au/news-resources/projects-studies/metropolitan-freight-study/>

**Attachment 2:
Abstract from Perth Freight Link: Making the right investment in Perth's Freight Task**

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I. ABSTRACT

The Perth Freight Link (PFL) is designed to speed trucks carrying containerised freight to the Port of Fremantle's Inner Harbour. In reality it seems mostly to be designed to take trucks off Leach Highway in the City of Melville and the seat of Riverton. As a tollway it is likely to undermine rail (now 14% of total containers) and the development of the Outer Harbour in the Kwinana area of Cockburn Sound. Both an increase in rail (to 30%) and an Outer Harbour have been long term bipartisan plans for freight movements.

The paper has calculated a potential fourfold increase in truck traffic through the City of Fremantle leading to severe impacts such as: the potential planned freight system in the Kwinana area such as Latitude 32; the economy of Fremantle as an activity centre; the liveability of people along the proposed cutting as well as businesses such as D'Orsogna; the flow of traffic at intersections with the PFL; the environment and attraction of East Fremantle and North Fremantle where there will be a significant increase in trucks idling in the bottleneck created; the Western Suburbs as there will be many more trucks that take Curtin Avenue and Stirling Highway coming from the north; the environmental qualities of the Beeliar Wetlands; and, the health of people in adjacent suburbs through an increase in diesel particulate pollution along the route.

The PFL will also hasten the capacity issues in the Inner Harbour within 5 years and if built could undermine the value of privatising the Port of Fremantle when the PFL should have been providing access to the Outer Harbour in Kwinana.

Alternative options are considered including: **Transport Demand Management** (which should be an ongoing practice) to help the freight transport operate in non-peak times, a **road tunnel** under White Gum Valley as an expensive option to a harbour nearing capacity; a **rail tunnel** under Fremantle to the Inner Harbour also an expensive option to a harbour reaching capacity; and **increasing rail's** capacity through electrification and double stacking via a second freight rail bridge which will require significant added costs to build the required intermodal hubs to accommodate an increase from 5 trains per day to possibly over 100.

An option for freight rail improvements combined with road based Transport Demand Management will offer gains in logistics in the short term, but the issue of freight movements encircling and invading Fremantle - by road or rail - is a challenging position for a city and suburbs trying to develop as a people-oriented activity centre. An investment in a long term strategy is required.

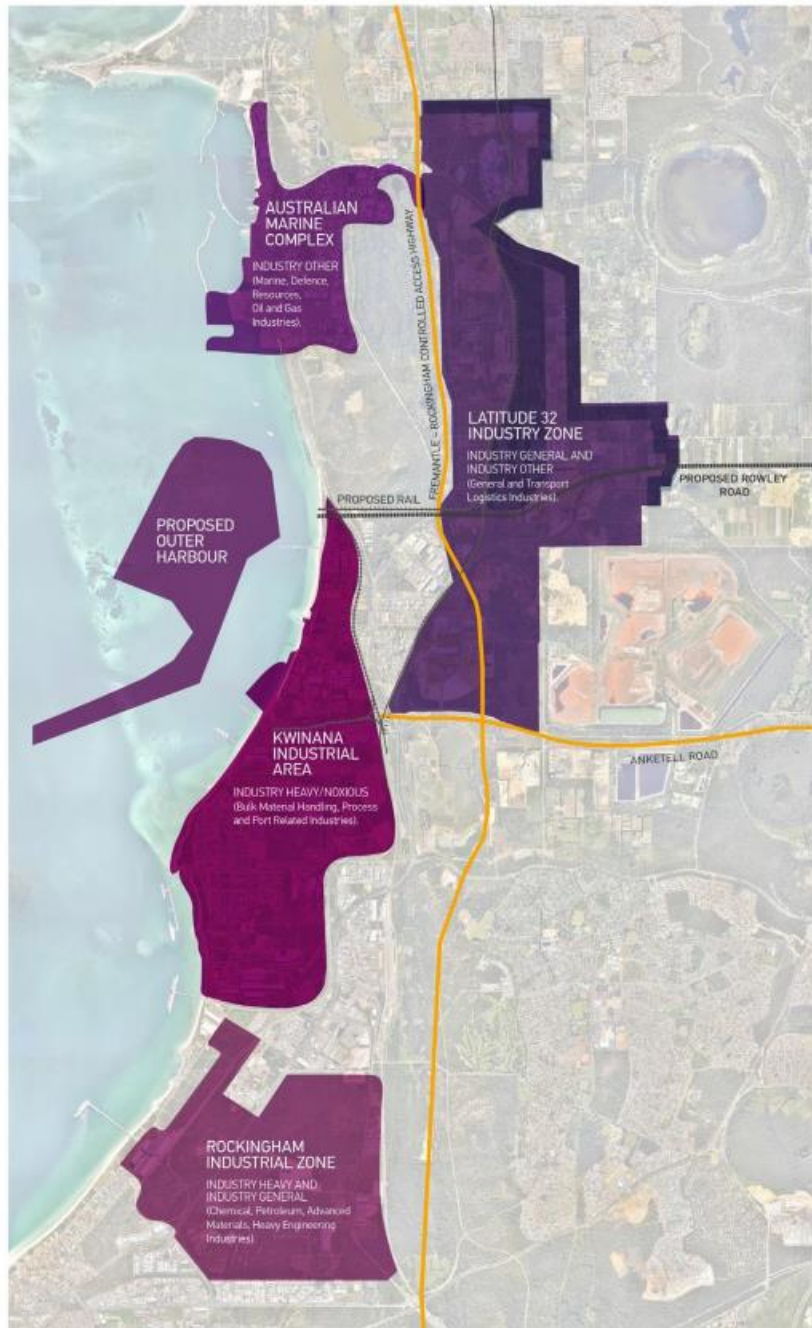
The best option is to redirect the PFL to Kwinana and use the Cap and Transition scenario to enable the building of the Outer Harbour as originally planned. The privatisation of the Port of Fremantle can include this requirement and the value of the sale would be considerably improved by having access provided to the long term container port. It generates various benefits: it removes the need for the PFL and shifts the capital investment where it is most beneficial for the next 50 years of growth as road and rail connections to the Outer Harbour; it saves North Fremantle and the Western Suburbs from 'bottlenecks' created by an influx of heavy trucks; it allows the urban areas of Fremantle, East Fremantle and Melville to continue to grow into their envisaged promise of human-oriented, knowledge-economy based, higher-density urban areas; it removes pollution such as harmful diesel particulates and noise from the populated urbanised area; it maintains the access to the highly popular Port and Leighton beaches inclusive of the anticipated real-estate properties; and, it creates the potential for the Outer Harbour to become an asset to be leased as a part of the freight transport logistics long into the future.

The final costs of the PFL will be much higher than the initial phases as it will necessitate further investments in bridges, interchanges and improvements in other parts of the logistics chain, especially in the final route through East Fremantle and North Fremantle. At what price-point does a different strategy, such as a Cap and Transition strategy make more social, economic and logistics sense?

Attachment 3 Extract from Keep WA Growing

2.4 WESTERN TRADE COAST

PICTURE 3 – WESTERN TRADE COAST INDUSTRIAL ZONE



THE INVESTMENT

Latitude 32 represents the next stage of development for the Western Trade Coast (WTC), the largest industrial zone in WA, which comprises a range of activities. Alongside Latitude 32, the WTC encompasses the Kwinana Industrial Area, Rockingham industrial estate, and the Australian Marine Complex at Henderson.

The establishment of the Outer Harbour in the Cockburn Sound provides the opportunity for synergies with existing port operations at the Australian Marine Complex and is integral to the optimisation of the development, supported by an intermodal terminal and an increase in industrial land.

WA already delivers almost half of Australia's exports, and on its current growth path the Port at Fremantle is expected to reach capacity within the next decade. Given the long development lags, planning to ease future capacity constraints should occur at the earliest possible time.

Singapore provides an excellent example of the potential benefits of early investment

In order to achieve development of the regions' full potential, investment is required in significant infrastructure as outlined in Table 2-7.

TABLE 2-7 – WESTERN TRADE COAST: THE INVESTMENT

INFRASTRUCTURE	ESTIMATED COST	COMMENT
Services including roads	\$225 million	Construction occurs from 2017 to 2019.
Intermodal terminal	\$500 million	Expected throughout of 1 million TEU per annum at full capacity. Construction occurs from 2020 to 2026.
Outer Harbour	\$1. 3 billion	Essential to activate full capacity of intermodal terminal and optimise synergies/agglomeration benefits across the industrial park. Construction occurs from 2019 to 2026.

Construction of the intermodal terminal, Outer Harbour and services results in average employment of 1,450 per annum from 2019 through 2026, reaching 2,600 in peak construction years.

This is a major development that will take many years to fully develop. In modelling the economic activity and social benefits that expansion of the Western Trade could unlock, Urbis has assumed the timeline of development as described in Table 2-7 above.

ECONOMIC AND COMMUNITY BENEFITS

TABLE 2-8 – WESTERN TRADE COAST: SUMMARY OF ECONOMIC AND SOCIAL BENEFITS

OUTCOME	VALUE	COMMENT
Economic Activity	Economic activity enabled: \$13.7 billion (NPV over 20 years – 2021 through 2041)	Fosters trade activity and diversified economic growth, in particular in raw and processed agricultural products, to expanding Asian and African markets. Provides additional capacity over time as existing ports reach limits.
Employment	6,500 per annum jobs at 2028	20,800 jobs per annum at full build out (2040).
Productivity	n/a	Agglomeration results in productivity gains through interlinkages across precinct supply chain.
Land value uplift	n/a	Benchmarks are difficult to apply, but as the productive capacity of the land increases, it is reasonable to expect a degree of uplift.

Outer Harbour Development

There is some potential for debate around the optimal path of timing and delivery mechanism of the Outer Harbour, given the proposed privatisation of Fremantle Port (which will reach capacity in the coming decade).

The WA Government has the ability to negotiate terms with the potential purchaser to ensure that an Outer Harbour comes on stream before Fremantle reaches capacity.

Analysis by Curtin University¹⁴ suggests that the development of the Outer Harbour will in fact increase the potential value to be realised from the sale of Fremantle Port and it may also unlock improved residential development potential near the Inner Harbour.

¹⁴ Newman, P and Hendrigan, C, 2015, Perth Freight Link: Making the right investment in Perth's Freight task, Curtin University

Attachment 4
Extract from Indian Ocean Gateway

FIGURE 2: Indian Ocean Gateway in context



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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.

