

The Senate

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Rural and Regional Affairs  
and Transport  
References Committee

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Decision to commit funding to the Perth  
Freight Link project

May 2016

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# Membership of the committee

## Members

Senator Glenn Sterle, Chair	Western Australia, ALP
Senator the Hon Bill Heffernan, Deputy Chair	New South Wales, LP
Senator Joe Bullock (to 13 April 2016)	Western Australia, ALP
Senator Alex Gallacher (from 18 April 2016)	South Australia, ALP
Senator Sue Lines	Western Australia, ALP
Senator Peter Whish-Wilson	Tasmania, AG
Senator John Williams	New South Wales, NATS

## Other Senators participating in this inquiry

Senator Chris Back	Western Australia, LP
Senator Scott Ludlam	Western Australia, AG
Senator Linda Reynolds	Western Australia, LP
Senator Dio Wang	Western Australia, PUP

## **Secretariat**

Mr Tim Watling, Secretary

Ms Bonnie Allan, Principal Research Officer

Ms Erin East, Principal Research Officer (to 24 November 2015)

Mr Nicholas Craft, Principal Research Officer (from 12 October 2015)

Ms Trish Carling, Senior Research Officer

Ms Erin Pynor, Senior Research Officer (from 26 October 2015)

Ms Kate Campbell, Research Officer (to 11 March 2016)

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# **List of recommendations**

## **Recommendation 1**

**5.28** The committee recommends that the Commonwealth withdraw its support for the Freight Link project, and re-commit the project's total federal funding of \$1.2 billion to the development and implementation of future Western Australian freight infrastructure projects.

## **Recommendation 2**

**5.29** The committee recommends that the Commonwealth work collaboratively with the state government to identify and develop future projects that will best meet the long-term infrastructure needs of Western Australia, and that these projects are supported by fully developed Business Cases that are submitted to Infrastructure Australia for assessment and published publically.

## **Recommendation 3**

**5.30** The committee recommends that the Commonwealth release the full Business Case for the Freight Link, as assessed by Infrastructure Australia, to provide transparency on the project's proposed economic and social benefits.

## **Recommendation 4**

**5.37** The committee recommends that the Commonwealth work with Infrastructure Australia and the Western Australian government to identify rail and traffic management strategies to expedite freight movement around the current Fremantle Port facilities.

## **Recommendation 5**

**5.38** The committee recommends that the Commonwealth Department of Infrastructure and Transport consider undertaking a full analysis of the costs and benefits of investing in a second port at Kwinana, as outlined by the City of Kwinana's Indian Ocean Gateway proposal.

## **Recommendation 6**

**5.39** The committee recommends that Infrastructure Australia assess the City of Kwinana's Indian Ocean Gateway proposal for inclusion on its Infrastructure Priority List.

## **Recommendation 7**

**5.46** The committee recommends that the Auditor-General undertake a formal investigation into the systemic failure of the Commonwealth's planning and assessment of road and freight transport infrastructure, including the decision to fund the Perth Freight Link project.





# Chapter 1

## Introduction

### Referral of the inquiry

1.1 On 13 August 2015, the Senate moved that the decision to commit funding to the Perth Freight Link Project be referred to the Rural and Regional Affairs and Transport References Committee (the committee) for inquiry and report by 26 November 2015, 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,
- (d) evaluation of options for managing growth in the Perth freight task, and
- (e) any related matters.<sup>1</sup>

1.2 On 12 November 2015, the Senate granted an extension of time for reporting until 25 March 2016.<sup>2</sup> On 29 February 2016 the Senate granted a further extension of time to report to 29 April 2016.<sup>3</sup>

### Conduct of the Inquiry

1.3 The committee advertised the inquiry on its website and in *The Australian* newspaper. The committee also directly contacted a number of organisations and individuals to invite them to make submissions by 13 September 2015.

1.4 The committee received 228 public submissions from individuals and organisations, which are listed at Appendix 1 of this report. The full submissions and other information authorised for publication by the committee can be accessed through the committee's website at [www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Rural\\_and\\_Regional\\_Affairs\\_and\\_Transport/Perth\\_Freight\\_Link](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Perth_Freight_Link).

1.5 The committee held two public hearings in Western Australia, the first at Fremantle on 7 October 2015, and the second at Kwinana on 23 March 2016. A list of witnesses who gave evidence at this hearing can be found at Appendix 2 of this report, and Hansard transcripts of evidence are available on the committee website.

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1 *Proof Journals of the Senate No. 106—13 August 2015*, p. 2939.

2 *Proof Journals of the Senate No. 126—12 November 2015*, p. 3375.

3 *Proof Journals of the Senate No. 142—29 February 2016*, p. 3837.

### ***Participation of the Western Australian government***

1.6 The committee invited relevant Western Australian government agencies to make submissions to this inquiry, as well as to give evidence at the public hearings in Fremantle and Kwinana. These invitations were declined. This has meant that in considering the state government's involvement in the development and implementation of the Freight Link proposal, the committee has been obliged to rely upon publically available material relating to the project published by the Western Australian government.

1.7 The committee notes that the Commonwealth Department of Infrastructure and Regional Development (department) made a formal submission to this inquiry and sent officers to give evidence at the public hearing in Fremantle, both of which provided limited evidence about the Western Australian government's involvement in the Freight Link proposal.<sup>4</sup>

### ***Availability of the full Business Case for the Freight Link***

1.8 The full Business Case for the Freight Link that was developed by the Commonwealth and state governments is not publically available. However, a 30-page executive summary that did not include 'commercially sensitive material' was released in December 2014.<sup>5</sup>

1.9 The full Business Case informed the Infrastructure Australia Board's assessment of the Freight Link proposal at its meeting over 7 and 8 May 2015. Infrastructure Australia published their Assessment Brief for the project on 17 August 2015.<sup>6</sup>

1.10 On 10 August 2015 the Senate passed an order for the production of documents relating to the Freight Link, including the full Business Case, which stated:

- (a) That the Senate notes the comments made by Productivity Commissioner, Mr Peter Harris, who said 'we treat consumers like idiots if we don't publish [cost benefit studies]' in relation to Commonwealth funding of major infrastructure projects; and
- (b) there be laid on the table by the Minister representing the Minister for Infrastructure and Regional Development, no later than 5pm on Tuesday, 11 August 2015, the following documents held or prepared by Infrastructure Australia:

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4 Department of Infrastructure and Regional Development, *Submission 71*, p. 3.

5 Department of Infrastructure and Regional Development, *Submission 71*, p. 3.

6 Infrastructure Australia, *Submission 15*, p. 2. The committee notes that Infrastructure Australia's Assessment Brief was not attached to its submission (*Submission 15*), and thanks the Town of Fremantle for bringing it to the attention to the committee as part of their submission. See Town of Fremantle, *Submission 57*, Attachment 2. See also the Department of Infrastructure and Regional Development, *Submission 71*, p. 11.

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- (i) the Infrastructure Australia Board evaluation of the Perth Freight Link project that occurred at its meeting on 7 May 2015,
  - (ii) any business case presented by the Western Australian Government for the Perth Freight Link project,
  - (iii) any other documents in relation to the Perth Freight Link project provided to Infrastructure Australia by the Western Australian Government, and
  - (iv) any assessment of the proposed Perth Freight Link undertaken by Infrastructure Australia, including the priority of this project as compared to other projects.<sup>7</sup>

1.11 Mr Philip Davies, Chief Executive Officer, Infrastructure Australia, responded to this order in a letter addressed to the Clerk of the Senate dated 10 August 2015, which was tabled in the Senate the following day.<sup>8</sup> This letter raised a public interest immunity claim against the provision of the requested documents, stating that:

As per similar motions in the past, I have sought the views of the Western Australian Government on this matter. The advice from Mr Reece Waldock, Director General of the Department of Transport, Commissioner for Main Roads Western Australia and Chief Executive Officer of the Public Transport Authority included significant objection to the release of documents at this time on the basis of its commercial in confidence nature and the potential impact any release may have on Commonwealth-State Relations.<sup>9</sup>

***Note on submissions received by the committee***

1.12 The committee notes the overwhelming opposition to the Perth Freight Link in submissions it has received, particularly those made by local governments, and the many individuals and various communities that would be negatively affected by the project.

1.13 Of the 228 public submissions received, only 5 were in favour of the project proceeding. These included submissions made by the department, Infrastructure Australia and the City of Melville, as well as some private individuals.

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7 *Proof Journals of the Senate No. 103 - 10 August 2015*, p. 2882.

8 *Proof Journals of the Senate No. 104 -11 August 2015*, p. 2894.

9 See the letter from Mr Philip Davies, Chief Executive Officer, Infrastructure Australia, to Dr Rosemary Laing, Clerk of the Senate responding to the order of the Senate of 10 August 2015 at appendix 3 of this report.

## **Structure of this report**

1.14 This report consists of 5 chapters:

- Chapter 1 (this chapter) sets out administrative matters relating to the inquiry;
- Chapter 2 provides a background to the Perth Freight Link proposal, including the Commonwealth's account of its development, how it would be funded, and what progress has been made on its implementation to date. It also outlines the proposed benefits of the project as stated by its proponents, the Commonwealth and Western Australian governments;
- Chapter 3 interrogates the Commonwealth's account of the development of the Freight Link proposal and its announcement in the 2014-15 Budget, as outlined in chapter 2. It then looks closely at the claims about the costs and proposed benefits of the project, as outlined in the Executive Summary of the Business Case, and considers the many ongoing uncertainties about the project's implementation;
- Chapter 4 examines concerns raised by local governments and communities about the Freight Link, including the lack of consultation undertaken by the Commonwealth and state governments, potential damage to the environment and heritage sites, and the negative effects it would have on the city of Fremantle; and
- Chapter 5 presents the views and recommendations of the committee.

## **Acknowledgements**

1.15 The committee thanks all individuals and organisations that participated in the inquiry by making submissions and giving evidence at public hearings. In particular, the committee would like to recognise the many individuals who informed the committee's work by making submissions.

## Chapter 2

### Background to the Perth Freight Link project

2.1 This chapter provides an overview of the proposal and benefits of the Perth Freight Link project, as described by its proponents, namely the Commonwealth and state governments.

2.2 First, it gives an overview of the project as announced in the 2014-15 Commonwealth Budget and in the subsequent Business Case Executive Summary. It then considers how project would be funded, including looking at both the Commonwealth and state contributions to capital costs, and costs that will be recouped by the state by the introduction of tolls. It also sets out the proposed economic and other benefits of the project as stated by its proponents.

2.3 Lastly this chapter looks at the implementation plan for the Freight Link, the approvals process it is subject to, and delays caused by High Court challenges to the environmental and heritage outcomes of the first stage of the project.

2.4 This chapter draws mainly on information from the Commonwealth Department of Infrastructure and Regional Development (the department), and material published by the Western Australian government on the websites of its agencies, particularly Main Roads WA. This includes the Executive Summary of the Business Case for the Freight Link that was publically released in December 2014.

### Overview of the project

2.5 Funding for the Perth Freight Link was announced by the Commonwealth Government on 19 May 2014 as part of the Infrastructure Growth Package in the 2014-15 Budget.<sup>1</sup>

2.6 A further \$260.8 million was committed by the Commonwealth on 12 April 2016 for tunnelling some of the Perth Freight Link's route.<sup>2</sup>

2.7 The department provides a broad overview of the Freight Link project on its website:

The project will provide a direct free flowing connection between the Roe Highway and the Port of Fremantle providing improved capacity for heavy vehicle freight movements to and from the Port. The project will complement the Australian Government investment in projects such as Gateway WA and NorthLink WA (which includes the Tonkin Highway Grade Separations and the Swan Valley Bypass). Together, these substantial network improvements will establish the Roe Highway as the

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1 'Infrastructure Growth Package - addition to the Infrastructure Investment Programme for new investments' in *Commonwealth Budget 2014-15: Budget Paper No. 2: Expense Measures*, p. 175.

2 The Hon Malcolm Turnbull, 'Perth Freight Link to improve road safety and ease port access' Media release, 12 April 2016.

preferred east-west freight route into the Port of Fremantle. This in turn will remove the number of heavy vehicles using the Leach Highway which will reduce commuter congestion on this route.<sup>3</sup>

2.8 According to the submission made to this inquiry by the department, the Freight Link project would be delivered in three stages:

- Section 1 – Roe Highway Extension;
- Section 2 – Stock Road and Leach Highway upgrade; and
- Section 3 – Roe Highway pinch point widening.<sup>4</sup>

2.9 The Business Case Executive Summary states that the first stage of the project, the Roe 8 extension, would be constructed over 2016-17, with the other sections of the project scheduled to be completed over 2018-19.<sup>5</sup>

***First stage: Roe Highway Extension (Roe 8)***

2.10 The Roe 8 stage of the Freight Link would see a 5.2 kilometre extension of the Roe Highway from its current terminus at the Kwinana Freeway in Jandakot, to Stock Road in Coolbellup (see Figure 1).<sup>6</sup> This link would be a four-lane dual carriageway and include a number of interchange connections.<sup>7</sup>

2.11 Proposals for the Roe 8 extension pre-date the announcement of the more ambitious Freight Link project. Main Roads WA claim:

The route was originally identified in the Stephenson Hepburn Plan of the 1950s and has been included in all subsequent state government land use and transport planning activities. Taking into account public scrutiny and consultation, the route has been retained by every successive WA government as an integral part of the State's arterial road network.<sup>8</sup>

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3 Department of Infrastructure and Regional Development, 'Perth Freight Link' at [http://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project\\_id=052776-14WA-PKG](http://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project_id=052776-14WA-PKG) (accessed 20 October 2015).

4 Note: this report follows the project outline provided by the Department of Infrastructure and Regional Development, *Submission 71*, p. 9. Some other witnesses and submitters refer to phases of the Freight Link project in different ways, although there is broad agreement that stage 1 covers the Roe Highway extension (known as Roe 8, as it is the eighth set of works extending the highway), and stage 2 covers works on Stock Road. See, for example, *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 3.

5 *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 3.

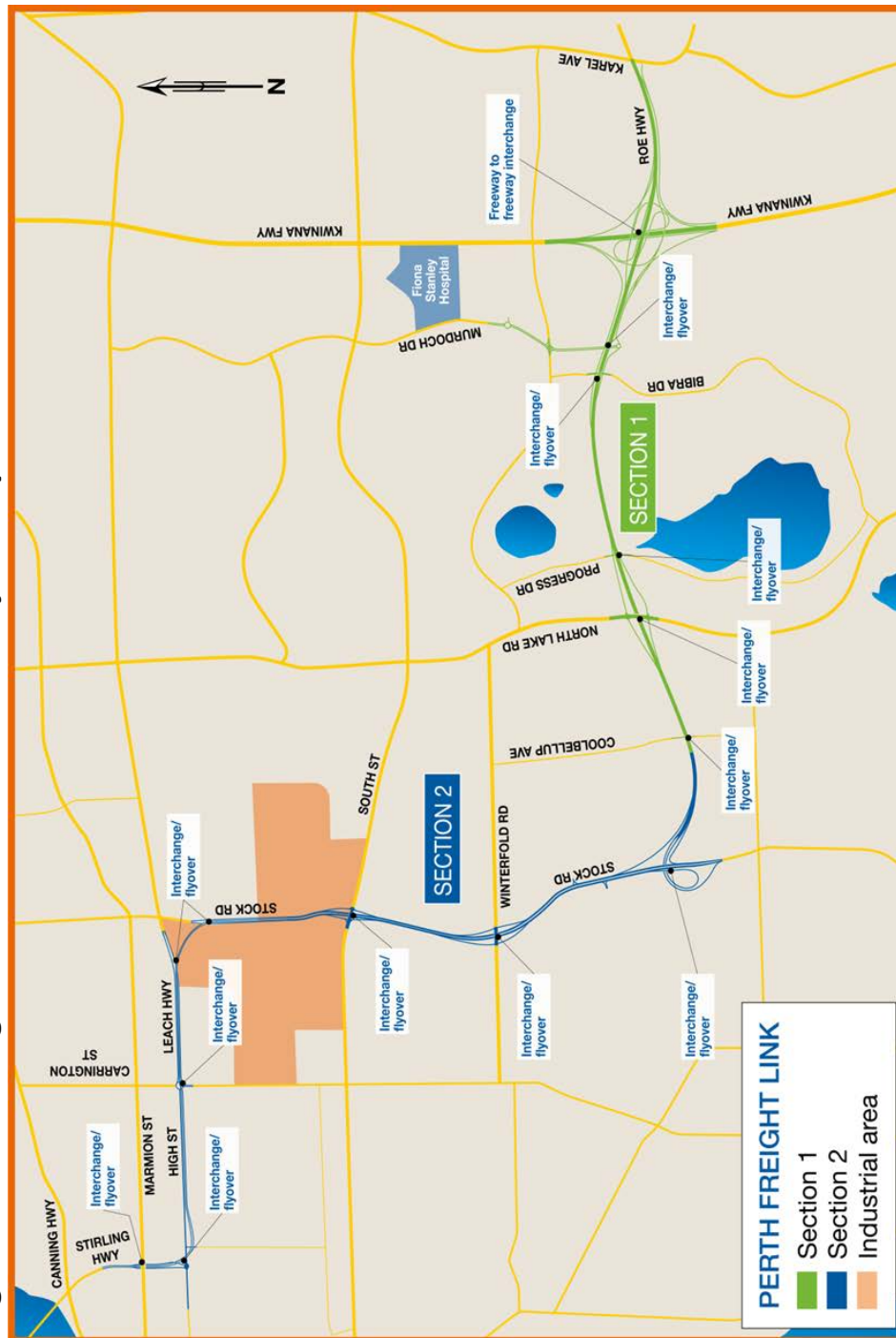
6 *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 20.

7 Department of Infrastructure and Regional Development, *Submission 71*, p. 9.

8 Main Roads WA, 'Planning Myth: Roe 8 is a road to nowhere' at <https://project.mainroads.wa.gov.au/roe8/mythbusters/Pages/Planning.aspx> (accessed 9 November 2015).

2.12 Following the 2013 election, which saw his government returned to office, the Hon Colin Barnett, the Western Australian Premier, stated that the Roe 8 extension would not be undertaken during the 2013-17 term of office.<sup>9</sup>

Figure 1: Perth Freight Link Sections 1 and 2 Project Map June 2015



Source: Main Roads WA, 'Perth Freight Link [www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx](http://www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx) (accessed 28 October 2015).

9 'Premier Colin Barnett says contentious Roe Highway extension will not be built in this term of government', *ABC Online*, 16 Oct 2013 at [www.abc.net.au/news/2013-10-16/roe-highway-delay/5026812](http://www.abc.net.au/news/2013-10-16/roe-highway-delay/5026812) (accessed 16 December 2015).

### ***Second stage: Stock Road and Leach Highway upgrade***

2.13 The second stage of the Perth Freight Link Project would see upgrades to Stock Road, the Leach Highway and High Street Fremantle (see Figure 1), as outlined by the department:

The reference design is for an upgraded route along Stock Road from the Roe Highway Extension to the Leach Highway, then along the Leach Highway, High Street and the Stirling Highway as far as Marmion Street. Improvements will include grade separations, intersection improvements and widening.<sup>10</sup>

2.14 The department submitted that details of this stage of the project have not yet been confirmed, and that an alternative option for tunnelling part of the route is currently being investigated.<sup>11</sup> The April 2016 announcement of additional federal funding for tunnelling certain stages of the route seems to indicate that work on this has been investigated and costed by the Commonwealth and state governments.<sup>12</sup>

### ***Third section: Roe Highway pinch point widening***

2.15 The project would also see the widening of a section of the existing Roe Highway between the Tonkin Highway and Welshpool Road, to alleviate a potential pinch point on the heavy vehicle charging network that would be introduced as part of the Freight Link.<sup>13</sup>

### ***The Heavy Vehicle User Charge***

2.16 Plans for the Freight Link also include the introduction of a Heavy Vehicle Charge to recoup some of the capital cost of the project.<sup>14</sup> The department informed the committee that, given Western Australia currently has no toll roads, the introduction of a user-pays system represents a 'significant change to the delivery of infrastructure projects in Western Australia'.<sup>15</sup>

2.17 The charge would be collected from all heavy commercial vehicles, apart from buses, across an 85 km stretch of road between Muchea and Fremantle Port, including the Freight Link (see figure 2).<sup>16</sup> It would be collected by a GPS system

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10 Department of Infrastructure and Regional Development, *Submission 71*, p. 9.

11 Department of Infrastructure and Regional Development, *Submission 71*, p. 9.

12 The Hon Malcolm Turnbull, 'Perth Freight Link to improve road safety and ease port access' Media release, 12 April 2016.

13 Department of Infrastructure and Regional Development, *Submission 71*, p. 9.

14 Australian Government, *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 3.

15 Department of Infrastructure and Regional Development, *Submission 71*, p. 10.

16 The charge would be applied to Austroads vehicle classes 3-12 using the network. See *Perth Freight Link: Business Case Executive Summary* (December 2014), pp 25-26; see also Department of Infrastructure and Regional Development, *Submission 71*, p. 10.



and charged by distance travelled on the network. The Business Case Executive Summary states that the rate has not yet been determined, but:

...the principle of the charge is that it will be on a 'win-win' basis. That is the charge will be less than the productivity benefits available from the Heavy Vehicle Charging Network.<sup>17</sup>

### **Capital costs and funding**

2.18 The Business Case Executive Summary estimates that the total capital cost of the Perth Freight Link would be \$1.575 billion (discounted to represent 2014 dollars).<sup>18</sup> This breaks down to \$1.507.9 billion for roadwork construction and \$67.1 million for implementing the Heavy Vehicle Charging infrastructure.<sup>19</sup>

2.19 Infrastructure Australia provided a different estimation of total expenditure for the project, at \$1.742 billion (nominal, undiscounted).<sup>20</sup>

2.20 These two estimates are based on different underlying assumptions in the cost-benefit analyses undertaken for the Business Case on one hand, and by Infrastructure Australia on the other. The department clarified that the total expenditure outlined in the Business Case Executive Summary was based on a P50 cost estimate (i.e. assuming there is a 50 per cent probability that the total cost of the project would not be exceeded).<sup>21</sup> This means that it differs somewhat from Infrastructure Australia's estimate that was based its estimate on a P90 calculation (i.e. assuming a 90 per cent probability that the total cost would not be exceeded).<sup>22</sup>

### ***Commonwealth and state government contributions***

2.21 The Perth Freight Link is to be co-funded by the Commonwealth and Western Australian governments. The Business Case Executive Summary states that the Commonwealth would provide 59 per cent of the capital costs of the project, with the remainder being covered by the state government.<sup>23</sup>

2.22 In the 2014-15 Budget the Commonwealth Government committed \$866 million of new funding to the Freight Link, noting this took the 'total Federal

17 *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 25. See also Department of Infrastructure and Regional Development, *Submission 71*, p. 9.

18 *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 27.

19 *Perth Freight Link: Business Case Executive Summary* (December 2014), pp 3, 28. Note that the estimates stated in this Executive Summary were prepared well before the announcement of additional funds in April 2016 for tunnelling parts of the route. The Hon Malcolm Turnbull, Prime Minister, 'Perth Freight Link to improve road safety and ease port access' Media release, 12 April 2016.

20 Infrastructure Australia, *2014-2015 Assessment Brief: Perth Freight Link*, p. 1.

21 *Submission 71*, p. 9. For an outline of P50 and P90 approaches see Dr Fiona Tan and Tariro Makwasha, 'Best practice' cost estimation in land transport infrastructure projects' *Australasian Transport Research Forum 2010 Proceedings*, 29 September-1 October 2010.

22 Infrastructure Australia, *2014-2015 Assessment Brief: Perth Freight Link*, p. 1.

23 *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 28.

investment in the project to \$925 million'.<sup>24</sup> According the department, this total funding commitment included \$59 million earmarked for Leach Highway/High Street Fremantle upgrades in the 2013-14 Budget.<sup>25</sup>

**Figure 2: The proposed Heavy Vehicle Charging Network (Freight Link highlighted in red)**



Source: *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 25.

2.23 The Western Australian government contribution to the Freight Link is outlined in the State Budget 2015-16.<sup>26</sup> The state government is responsible for

24 'Infrastructure Growth Package - addition to the Infrastructure Investment Programme for new investments' in *Commonwealth Budget 2014-15: Budget Paper No. 2: Expense Measures*, p. 175.

25 See 'Nation Building Program - next phase' in *Commonwealth Budget 2013-14: Budget Paper No. 2: Expense Measures*, p. 227. Note: the figure of \$59 million for these upgrades was not contained in Budget Papers, but was outlined by the then Minister for Infrastructure, the Hon Anthony Albanese MP, *Building Australia's Future*, Media Release, 14 May 2013.

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providing 17 per cent of the total funding for capital works, as well as for carrying the demand risk for the project.<sup>27</sup>

2.24 This means that in the early stages of the project the Western Australian government is contributing \$650 million to the Freight Link, comprising of '\$591 million in new funding, plus \$59 million previously committed for upgrades on High Street, Fremantle'.<sup>28</sup> Part of Western Australia's contribution to funding the Freight Link project would be recouped through the introduction of a Heavy Vehicle Charge (discussed below).

2.25 Before the announcement of the Freight Link, the Commonwealth and Western Australian governments agreed to co-fund upgrades to Leach Highway/High Street Fremantle. The Commonwealth contribution to these upgrades was originally announced as part of the Labor government's Nation Building 2 program in the 2013-14 Budget.<sup>29</sup>

2.26 The total estimated cost of these works was \$118 million, shared equally between Commonwealth and state, with the state responsible for any over-budget expenditure.<sup>30</sup> This funding has been incorporated into the proposed expenditure for the Freight Link.

### ***Delivery of Commonwealth funding***

2.27 According to the department, no federal funding would be delivered for the Freight Link project until the Western Australian government has submitted detailed project proposals to the Commonwealth.<sup>31</sup> This includes the funding allocated in the 2013-14 Commonwealth Budget for Leach Highway/High Street Fremantle upgrades.<sup>32</sup>

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26 Government of Western Australia, *Budget 2015-16: Budget Paper No. 2 Budget Statements Volume 2*, p. 818.

27 *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 28.

28 *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 3; see also Main Roads Western Australia, 'Urban Projects: Perth Freight Link' [www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx](http://www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx) (accessed 20 October 2015). Note for this and following references to this page that it is no longer available at Main Roads WA's website.

29 'Nation Building Program - next phase' in *Commonwealth Budget 2013-14: Budget Paper No. 2: Expense Measures*, p. 227.

30 COAG, *2014-15 National Partnership Agreement on Land Transport Infrastructure Projects (Western Australia)* at <http://federalfinancialrelations.gov.au/content/npa/infrastructure.aspx> (accessed 23 October 2015).

31 Mr Roland Pittar, General Manager, North West Roads, Department of Infrastructure and Regional Development, *Committee Hansard*, 7 October 2015, p. 71.

32 COAG, *2014-15 National Partnership Agreement on Land Transport Infrastructure Projects (Western Australia)* at <http://federalfinancialrelations.gov.au/content/npa/infrastructure.aspx> (accessed 23 October 2015).

2.28 However, it was reported in early December 2015 that the Turnbull government has approved \$300 million to be provided to the state government to start construction on the Roe 8 stage of the Freight Link.<sup>33</sup> It is not clear to the committee whether this funding has been delivered. It is also not clear whether the state government has provided a detailed project proposal to the Commonwealth, as stipulated by the original conditions of funding for the Freight Link, noting that the state government has announced the deferral of stage 2 of the project for at least one year.<sup>34</sup>

### ***State funding recouped through the Heavy Vehicle Charge***

2.29 The Business Case Executive Summary estimates the Heavy Vehicle Charge will recoup \$374.5 million of the original investment made by the state government, while acknowledging that the rate of this charge has yet to be formally established.<sup>35</sup>

2.30 The department submitted there may be an opportunity for the state government to privatise the Heavy Vehicle Charge infrastructure in the future:

While the state government will initially provide the funding to be recovered from the heavy vehicle user charge (and will accept the associated revenue risk), there is potential for the state to sell the rights to the user charge revenues to a private sector operator once traffic flows are established, allowing the sales revenue to be recycled into other economic infrastructure.<sup>36</sup>

### **Proposed benefits of the Perth Freight Link**

2.31 The Commonwealth and Western Australian governments have stated that the Freight Link would be of significant benefit to the freight industry and the Western Australian economy more generally. Moreover, they also claim that the project would deliver other benefits to road users and residents of Perth.<sup>37</sup>

### ***Economic benefits and business cost ratio***

2.32 The department has outlined the general economic benefits of the project to the freight industry:

The Perth Freight Link is expected to establish the Roe Highway as the preferred east-west freight route by reducing transport costs and improving

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33 Joe Spagnolo, 'Roe 8: Turnbull Government agrees to \$300 million deal' in *The Sunday Times*, 6 December 2015 at [www.perthnow.com.au/news/western-australia/roe-8-set-to-proceed-after-commonwealth-agrees-to-300m-deal/news-story/74607184a1dfaa77c2b065af932bfafe#load-story-comments](http://www.perthnow.com.au/news/western-australia/roe-8-set-to-proceed-after-commonwealth-agrees-to-300m-deal/news-story/74607184a1dfaa77c2b065af932bfafe#load-story-comments) (accessed 7 December 2015).

34 This issue is discussed further below. See The Hon Colin Barnett, Premier of Western Australia quoted in Rebecca Carmody, 'Perth Freight Link: Colin Barnett shelves 'incredibly expensive' second section', *ABC Online*, 1 November 2015 at <http://mobile.abc.net.au/news/2015-11-01/colin-barnett-parks-stage-two-of-perth-freight-link/6903282> (accessed 2 November 2015).

35 *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 25.

36 Department of Infrastructure and Regional Development, *Submission 71*, p. 10.

37 *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 3.

efficiency in heavy vehicle movements and freight access to Fremantle Port from Kewdale. It will service both the existing Inner Harbour and the proposed future Outer Harbour at Kwinana. An extension of the Roe Highway and improvements to Stock Road and High Street will further build on the travel time savings that will be realised as a result of the construction of Gateway WA and NorthLink WA (which includes the Tonkin Highway Grade Separations and the Swan Valley Bypass). This will provide a significant benefit for the freight industry as a result of significantly more efficient east-west freight movements along the Roe Highway into and out of the Port of Fremantle.<sup>38</sup>

2.33 The Business Case Executive Summary for the Freight Link stated the project was 'economically viable', with a base business cost ratio (BCR) of 2.8:1. This stated the major benefit of the project would be from:

...a 9 ½ minute travel time saving and a \$8.15 saving per trip for freight vehicles (Kwinana Freeway to Fremantle).<sup>39</sup>

2.34 The Business Case Executive Summary included a table that disaggregated the underlying methodology and assumptions of the BCR (see figure 3). This table included the estimate that the benefit of the 9.5 minute travel time savings for vehicles would accumulate to around \$2.469 billion in total.<sup>40</sup>

2.35 However, Infrastructure Australia estimated the Freight Link would deliver a BCR of 2.5:1, based on a P90 cost estimate at a discount rate of 7 per cent. Infrastructure Australia also clearly stated some other assumptions that informed this BCR estimate:

The costs estimated for this stated BCR exclude costs associated with the heavy vehicle tolling system thereby underestimating capital costs but included a CPI adjustment for the real capital cost estimates thereby overestimating capital costs. Including these offsetting cost impacts, consistent with Infrastructure Australia and National Transport Guidelines, this would result in the BCR remaining at 2.5:1.<sup>41</sup>

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38 Department of Infrastructure and Regional Development, 'Perth Freight Link' at [http://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project\\_id=052776-14WA-PKG](http://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project_id=052776-14WA-PKG) (accessed 20 October 2015).

39 *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 3; in its submission, the department clarified this BCR is 'based on the P50 cost estimate and a 7 per cent discount rate'. See Department of Infrastructure and Regional Development, *Submission 71*, p. 11.

40 This table is reproduced in this report as figure 3. See also *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 29.

41 Infrastructure Australia, *2014-2015 Assessment Brief: Perth Freight Link*, pp 3-4.

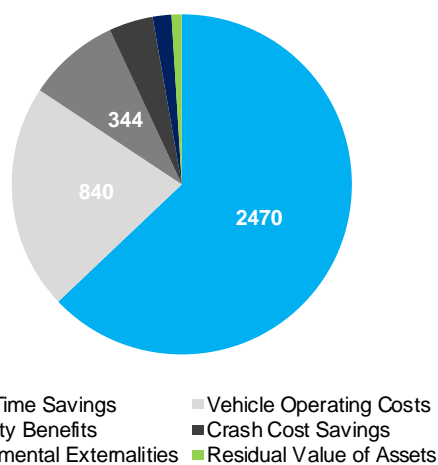
**Figure 3: Benefit Cost Analysis of the Freight Link**

**Benefit Cost Analysis Results**

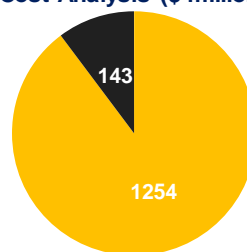
Benefit – Cost Outcomes	Discounted (\$m)
<b>Benefits</b>	
Travel Time Savings	\$2,469
Vehicle Operating Cost Savings	\$839
Reliability Benefits	\$344
Crash Cost Savings	\$164
Environmental Externalities	\$70
Residual Value of Assets	\$38
<b>Total Benefits</b>	<b>\$3,924</b>
<b>Costs *</b>	
Capital Costs (discounted)	\$1,254
Operating Costs	\$143
<b>Total Costs</b>	<b>\$1,397</b>
<b>Results</b>	
Benefit Cost Ratio	2.8
<b>Net Present Value</b>	<b>\$2,527</b>

\* Costs have been discounted to represent 2014 dollars for economic evaluation purposes.

**Benefits Analysis (\$ million)**



**Cost Analysis (\$ million)**



■ Capital Costs (discounted) ■ Operating Costs

Source: *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 29.

2.36 The Business Case Executive Summary provides a more detailed outline of the project's benefits, both for the freight industry and for the community more generally:

In tangible terms the purpose built freight route will:

Bypass 14 traffic lights resulting in less delay and frustration for heavy vehicles;

Benefit the community by having 500 fewer trucks per day on sections of Leach Highway by 2031, reducing noise and increasing mobility by removing slower vehicles from the road; and

Improve access to the Murdoch Activity Centre and Fiona Stanley Hospital.<sup>42</sup>

2.37 Main Roads Western Australia has set out a much more comprehensive list of the Freight Link's potential benefits, namely:

Improved safety for all road users.

By 2021, a forecast 5,000 heavy vehicles per day will be removed from Perth's southern urban arterial road network (such as Leach Highway,

42 *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 3.

Farrington Road, North Lake Road, South Street and Beeliar Drive), as a result of Roe 8.

Fourteen current sets of traffic lights to be eliminated or bypassed, resulting in reduced free flowing vehicle movement with shorter journey times, cutting congestion and the current patterns of 'stop-start' traffic.

Reduced operating costs for transport industry, business and commuters through freer flowing traffic movement.

Environmental benefits through non-stop traffic movements, resulting in lower fuel use, less exhaust emissions and reduced noise levels.

More than 400ha of native vegetation is to be purchased as an environmental offset.

Estimated to deliver CO<sup>2</sup> equivalent savings of nearly 450,000 tonnes by 2031.

Economic projections show a \$2.80 return for every dollar invested, representing a \$3.9 billion return for the State.

Expected to create 2,400 direct jobs and many more indirect jobs during the life of the project.

Better access to Kwinana Freeway, Bibra Drive, North Lake Road and Stock Road for road users and residents in the cities of Cockburn and Melville.

Improved access to the Fremantle inner harbor.

Improved access for the proposed Fremantle outer harbor and the expanding Kwinana industrial area.<sup>43</sup>

2.38 The department has also outlined the benefits of the Freight Link reducing congestion in suburban areas:

The project is also expected to reduce freight traffic and congestion on local arterial roads, resulting in improved safety, reduced noise and enhanced amenity, with 500 trucks per day removed from sections of the Leach Highway by 2031. The project will also provide a more effective southern connection to the Murdoch Activity Centre, which will address local traffic pressures as the Fiona Stanley Hospital progressively opens.<sup>44</sup>

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43 Main Roads Western Australia, 'Perth Freight Link' at [www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx](http://www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx) (accessed 15 September 2015).

44 Department of Infrastructure and Regional Development, 'Perth Freight Link' at [http://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project\\_id=052776-14WA-PKG](http://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project_id=052776-14WA-PKG) (accessed 20 October 2015).

## **Implementation of the Freight Link**

2.39 Infrastructure Australia's assessment of the full Business Case for the Freight Link noted in May 2015 that:

The project is still at early phases, so much of the work relating to deliverability has yet to be completed, including the detailed design, so risk assessments as well as other material, such as construction timelines are preliminary. Once the tender process for the road construction is completed, anticipated to be by the end of 2015, the proponent will be able to provide more detail.<sup>45</sup>

2.40 The Business Case Executive Summary provided an overview of the implementation plan for the Freight Link project (see figure 5).

2.41 Main Roads WA also provided an overview of the next stages of the Freight Link project on its website. In late-October 2015, this overview included information that suggested tendering processes were already well-underway for all stages of the Freight Link project:

Two major contracts (Roe 8 and Section 2) for the Perth Freight Link project are scheduled to be awarded in late in 2015, with infrastructure work expected to commence in early 2016 and to be completed in 2019. Construction of the Perth Freight Link is subject to environmental approval.

The first section of the Perth Freight Link (Roe 8) will provide improved access into the Murdoch Activity Centre, including Fiona Stanley Hospital in the first half of 2017.

A third section will see widening of a 1 km pinch-point section of Roe Highway between Tonkin Highway and Orrong Road. Tenders for Section 3 will be called at the end of August under a separate construct-only contract, with award in late 2015. Construction of Section 3 is expected to be completed by end of 2016.<sup>46</sup>

2.42 Main Roads WA outlined the procurement process on their website:

Three proponents have been invited to participate in the Request for Proposals (RFP) phase of the Perth Freight Link project.

Proposals will be sought for two sections as follows:

- Roe 8 – a 5km extension of Roe Highway (Stage 8) from Kwinana Freeway to just west of Coolbellup Avenue; and
- Section 2 – upgrades to Stock Road, Leach Highway, High Street and Stirling Highway, spanning 8.2km.

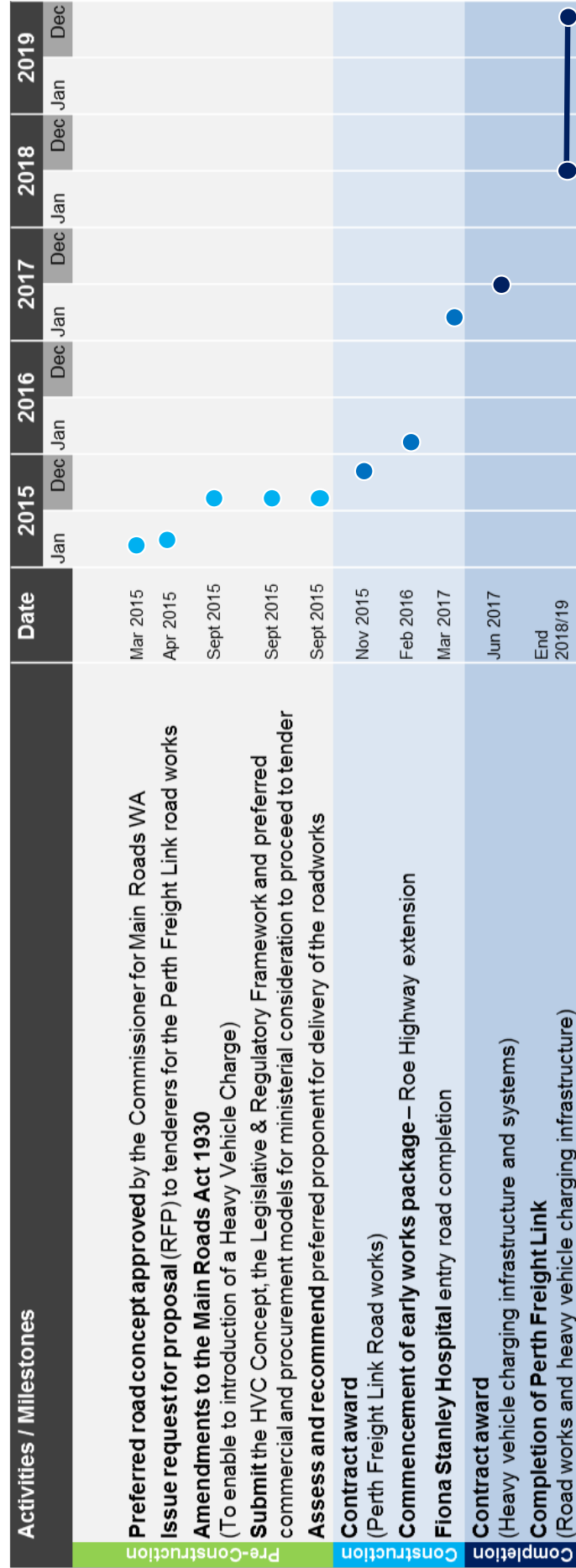
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45 Infrastructure Australia, *2014-2015 Assessment Brief: Perth Freight Link*, pp 3-4.

46 Main Roads Western Australia, 'Perth Freight Link' at [www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx](http://www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx) (accessed 27 October 2015). Note that some stages of the Freight Link have been delayed as discussed later in this report.



**Figure 4: Implementation of the Perth Freight Link Project – ‘Critical Path Items’**



Source: Perth Freight Link: Business Case Executive Summary (December 2014), p. 25.

The three consortia comprise the following experienced teams:

- BGC Contracting, Laing O'Rourke, Arup and Jacobs
- Clough, Brierty, WSP/Parsons Brinckerhoff and Hyder
- Leighton Contractors, Georgiou, GHD, AECOM, BG&E and WA Limestone.

The consortia were chosen following the evaluation of Expressions of Interest (EOI) applications which were submitted in March 2015. The consortia will now participate in the RFP stage of the procurement process and prepare detailed proposals for design and construction.<sup>47</sup>

2.43 In late October 2015 the Western Australian government awarded the contract for the Roe 8 highway stage of the Freight Link (stage 1) to the consortium headed by Leighton Contractors, which also includes civil infrastructure company the Georgiou Group, as well as GHD, AECOM, WA Limestone, and the civil and structural engineering consultants BG&E.<sup>48</sup>

2.44 Regarding Section 2 of the Freight Link, in late October 2015 Main Roads WA indicated there had been no definite route set for the Stock Road works:

Proponents for Section 2 are being asked to conduct a feasibility study for an alternative route, which includes a tunnel option, during the RFP stage. The feasibility of an alternative route for PFL Section 2 will be considered against environmental, economic and social impacts measures.<sup>49</sup>

2.45 Main Roads WA stated that the procurement process would be finalised by the end of 2015, with alliance contracts being awarded 'in October 2015 for Roe 8 and in December 2015 for Section 2'.<sup>50</sup>

2.46 Despite this, it appears that there is some uncertainty over the progress of the second stage of the project. On 1 November 2015, the Western Australian Premier, Mr Colin Barnett, confirmed the plans and tendering process of the Stock Road phase of the Freight Link would be deferred for at least one year, saying:

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47 Main Roads Western Australia, 'Perth Freight Link' at [www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx](http://www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx) (accessed 27 October 2015).

48 The Hon Colin Barnett, Premier, and the Hon Dean Nalder, Minister for Transport, *Preferred proponent named for Roe 8*, Media Release, 27 October 2015.

49 Main Roads Western Australia, 'Perth Freight Link' at [www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx](http://www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx) (accessed 27 October 2015).

50 Alliance contracts refer to agreements where 'a public sector agency delivers the project collaboratively with private sector parties in procuring major capital assets, and agrees to take uncapped risks and share opportunities'. See *National Alliance Contracting Guidelines: Policy Principles* (September 2015), p. 3. See Main Roads Western Australia, 'Perth Freight Link' at [www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx](http://www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx) (accessed 27 October 2015). See also the Hon Colin Barnett, Premier, and the Hon Dean Nalder, Minister for Transport, *Preferred proponent named for Roe 8*, Media Release, 27 October 2015.

We might see where we're at in 12 months' time, but for the moment all of our effort is Roe 8, the rail line to the airport and Forrestfield and the Swan Valley bypass. They are the highest priorities... They are more important and they're happening first. They're the ones that we're ready to go on...

I'm not about to rush into a decision on a link from the end of Roe 8, yet to be built, to the Fremantle Port. Because it's incredibly complicated, incredibly expensive for what it does... We've also got one eye firmly on the construction of an outer harbour at Cockburn so the decision will also be influenced by that.<sup>51</sup>

2.47 The committee understands that no Commonwealth funding has been delivered for any stage of the Freight Link project, despite the tendering process having commenced in early 2015 and being well underway in late 2016. The department commented that procurement processes:

...provide the opportunity to refine the project design and sharpen the cost estimates in the competitive market environment. While the Australian government funding has been committed, the final step to allow the payment of funds to be approved is for Western Australia to submit detailed project proposals. This will be based on the extensive development work that has been undertaken.<sup>52</sup>

### *The approvals process*

2.48 The implementation of the Perth Freight Link project was subject to an approvals process that included assessment by both Commonwealth and state government agencies. These processes are outlined in turn, and include the project's evaluation by:

- Infrastructure Australia;
- state and Commonwealth portfolio environment departments; and
- the Western Australian Department of Aboriginal Affairs.<sup>53</sup>

### *Infrastructure Australia*

2.49 The board of Infrastructure Australia evaluated a submission on the Perth Freight Link made by the Western Australian government on 7 May 2015.<sup>54</sup> On 7 August 2015 Infrastructure Australia published the findings of this assessment on

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51 The Hon Colin Barnett, Premier of Western Australia quoted in Rebecca Carmody, 'Perth Freight Link: Colin Barnett shelves 'incredibly expensive' second section', *ABC Online*, 1 November 2015 at <http://mobile.abc.net.au/news/2015-11-01/colin-barnett-parks-stage-two-of-perth-freight-link/6903282> (accessed 2 November 2015).

52 Mr Roland Pittar, General Manager, North West Roads, Department of Infrastructure and Regional Development, *Committee Hansard*, 7 October 2015, p. 71.

53 Note: the approvals process will be discussed in greater depth in chapter 3.

54 Infrastructure Australia, *Submission 15*, p. 2.

its website, alongside five other briefs on projects assessed by the board in the same quarter.<sup>55</sup> Infrastructure Australia's overall assessment of the project found:

Infrastructure Australia considers that the proponent has provided good evidence that access to port gateways in Perth is a nationally significant problem. In addition, Infrastructure Australia has a high level of confidence that the proposed solution will deliver net economic benefits.<sup>56</sup>

2.50 The Freight Link project was placed on the Infrastructure Australia list with the rating of 'Threshold'. Infrastructure Australia state that projects given this rating:

...have strong strategic and economic merit, and are only not ready to proceed due to a small number of outstanding issues.<sup>57</sup>

2.51 However, the Infrastructure Australia assessment expressed some concerns about the estimated capital costs and economic benefits of the Freight Link:

The [early] stage of the project indicates that there are significant risks around estimated costs. There are also risks to benefits depending on the timing and extent of transition to the Outer Harbour, south of Perth. While these risks are likely material for gains for heavy vehicles, they are likely of an order of magnitude smaller for the overall benefits of the project. This is because only a small part of benefits (9%) accrue to heavy commercial vehicles.

The transport modeling that underpins the economic appraisal of the project does not allow for inducement of additional traffic as a result of lower costs of travel.<sup>58</sup>

2.52 Moreover, Infrastructure Australia noted other risks to the Freight Link, particularly regarding environmental approvals and lack of community support:

Major risks for the project include costs, environmental approvals and community support. The most contentious component of the project from an environmental and community perspective is likely to be the extension of Roe Highway across the Beeliar Regional Park, which encompasses two significant chains of wetlands.<sup>59</sup>

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55 Infrastructure Australia, *Submission 15*, p. 2.

56 Infrastructure Australia, *2014-2015 Assessment Brief: Perth Freight Link*, p. 4.

57 Infrastructure Australia, *2014-2015 Assessment Brief: Perth Freight Link*, p. 1. Note that Infrastructure Australia's pipeline has four ratings: 'Early Stage' (indicating a defined issue needing to be addressed, but with a solution yet to be found); 'Real Potential' (where considerable analysis of potential solutions to significant infrastructure problems has been undertaken); 'Threshold' (see above); and 'Ready to Proceed' (for projects that 'meet all of Infrastructure Australia's criteria'). Infrastructure Australia's Priority List at [http://infrastructureaustralia.gov.au/projects/files/IPL\\_Web\\_update.pdf](http://infrastructureaustralia.gov.au/projects/files/IPL_Web_update.pdf) (accessed 28 October 2015).

58 Infrastructure Australia, *2014-2015 Assessment Brief: Perth Freight Link*, p. 4.

59 This assessment was made before conditional environmental approval for the Freight Link was granted by Western Australia. Infrastructure Australia, *2014-2015 Assessment Brief: Perth Freight Link*, p. 4.

2.53 In 2013 Infrastructure Australia considered the proposal to upgrade Leach Highway/ High Street Fremantle, a project that is now part of the Freight Link proposal. Infrastructure Australia assessed these upgrades as as 'Threshold', recommending that:

...a final business case be developed to support an investment decision. This should include design optimisation and reform measures, detailed BCR, risk assessment and cost estimates and their peer reviews.<sup>60</sup>

#### *Environmental assessment*

2.54 The preferred route for the Roe 8 stage of the Freight Link would pass through the Beeliar Regional Park between the North Lake and Bibra Lake (see figure 4). The Business Case Executive Summary for the Freight Link notes that the works would affect around 100 hectares of grassland, and outlines the significance of this area for the natural environment and local Indigenous heritage:

These areas are considered high value environmental and Aboriginal heritage areas. Consequently the Roe Highway extension is going through an extensive environmental review process.<sup>61</sup>

2.55 The Hon Albert Jacob MP, West Australian Minister for the Environment, granted conditional environmental approval for the Roe 8 stage of the Freight Link on 2 July 2015.<sup>62</sup> Following this, the Commonwealth Minister for the Environment, the Hon Greg Hunt MP, granted conditional approval for Roe 8 on 22 October 2015, subject to the project incorporating requirements to:

- provide fauna underpasses to maintain fauna connectivity and develop plans to manage and monitor fauna and flora, wetland health and water drainage;
- purchase 10 packages of land identified by the Department of Parks and Wildlife to satisfy all or part of the 523 hectares of native vegetation offset requirements for the project;
- provide nesting hollows for birds and trap and tag more than 100 southern brown bandicoots living in the area and relocate them to the offset areas;
- build the road on land partly cleared for overhead power lines in order to minimise the environmental footprint;

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60 This assessment brief noted that the proponents of this project estimated capital costs of \$100 million for these upgrades (based on a P90 estimate) as well as a BCR of 1.6 to 1 (P50, 7 per cent discount). This estimate is substantially less than the \$118 million committed by Commonwealth and state to these works, as discussed above. See Infrastructure Australia, *Assessment Brief: Leach Highway Fremantle Upgrade* (June 2013), p. 3.

61 *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 3.

62 Main Roads Western Australia, 'Perth Freight Link' at [www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx](http://www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx) (accessed 27 October 2015).

- [undertake a] wetland restoration program at North Lake and Horse Paddock Swamp;
- build two bridges through the wetlands - a 120 metre long bridge over Roe Swamp and a 70 metre bridge over Horse Paddock Swamp;
- [employ a] top-down construction approach at Roe Swamp Bridge to minimise clearing footprint and compaction during construction; [and]
- [ensure] wetlands bridges are used in required locations to maintain ecological connections for local fauna.<sup>63</sup>

**Figure 5: Preferred route for the Roe 8 extension (as at 12 August 2015)**



Source: Main Roads WA , 'Roe 8 Highway Extension: Location' at <https://project.mainroads.wa.gov.au/roe8/NewsInfo/Pages/location.aspx> (accessed 20 October 2015)

2.56 The committee understands that a case appealing the approval of the Roe 8 works has been lodged in the Supreme Court by the Save Beelihar Wetlands Group.<sup>64</sup>

#### *Heritage assessment*

2.57 Regarding the significance of the Beelihar Wetlands to local Indigenous communities, the Roe 8 stage of the Perth Freight Link was granted heritage

63 The Hon Dean Nalder MLA, Western Australian Minister for Transport, *Environmental approval for Roe 8*, Media Release, 22 October 2015.

64 David Weber, 'Roe 8 approval challenged in Supreme Court as wetlands group seeks to prevent highway extension', *ABC Online*, 10 September 2015 at [www.abc.net.au/news/2015-09-10/roe-8-approval-challenged-in-supreme-court/6766362](http://www.abc.net.au/news/2015-09-10/roe-8-approval-challenged-in-supreme-court/6766362) (accessed 20 October 2015).

approval on 10 September 2015 by the Western Australian Minister for Aboriginal Affairs, the Hon Mr Peter Collier MP, under Section 18 of the *Aboriginal Heritage Act 1972*.<sup>65</sup>

### ***High Court challenges subsequent delays to the project's implementation***

2.58 The committee understands that the implementation of Roe 8 stage of the Freight Link has been delayed by ongoing cases before the Supreme Court of Western Australia, which challenge the project on environmental and heritage grounds.<sup>66</sup>

2.59 The environmental and heritage aspects of the Freight Link are discussed further in the following chapter of this report. However, it should be noted here that the Western Australian government have withheld information on commercial-in-confidence grounds regarding how these cases will affect the implementation of the Freight Link and already-awarded tenders.

2.60 Despite this, the committee understands from evidence received at Senate Estimates 2016 that the outcomes of the 2015 tendering process may have to be abandoned. According to Mr Mike Mrdrk, Secretary, the department:

...the issue with the delay in the project is that there are options which Western Australia needs to pursue as to whether the tendered project remains valid. That will obviously be dependent on the time frame that the Western Australian government will require to address the findings of the court and the environmental assessment process. That may mean that WA is unable to continue the current tender price and contract and therefore may require a new market process... I think there is just too much uncertainty at this stage as to both the planning and approval process but, more importantly, what procurement process would have to flow if there was an extended time frame for the completion of the environmental assessment process.<sup>67</sup>

2.61 The next chapter looks at the issues raised by witnesses and submitters, particularly concerns that interrogate and question the case made for the Freight Link proposal by its proponents as described in this chapter. This includes questions raised about the policy development of the Freight Link project, its planning and implementation, and the ongoing approvals process for environmental and heritage consent.

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- 65 Main Roads Western Australia, 'Urban Projects: Perth Freight Link' [www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx](http://www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx) (accessed 20 October 2015).
- 66 Charlotte Hamlyn and Briana Shepherd, 'Roe 8: New court fight over Perth Freight Link stage one set to begin', *ABC Online*, 29 March 2016 at [www.abc.net.au/news/2016-03-30/roe-8-perth-freight-link-highway-extension-supreme-court-appeal/7283560](http://www.abc.net.au/news/2016-03-30/roe-8-perth-freight-link-highway-extension-supreme-court-appeal/7283560) (accessed 4 April 2016); 'Roe 8: WA Government to seek new environmental approvals', *ABC Online*, 22 Jan 2016 at [www.abc.net.au/news/2016-01-22/wa-government-to-seek-new-roe-8-environment-approvals/7108014](http://www.abc.net.au/news/2016-01-22/wa-government-to-seek-new-roe-8-environment-approvals/7108014) (accessed 4 April 2016).
- 67 Rural and Regional Affairs and Transport Legislation Committee, *Estimates Proof Committee Hansard*, 8 February 2016, p. 37.





## Chapter 3

### Concerns about the development and proposed benefits of the Perth Freight Link

3.1 The previous chapter considered the case made for the Perth Freight Link project by its proponents, the Commonwealth and Western Australian governments. This chapter considers the concerns raised to the committee about the development of the Perth Freight Link proposal and the Commonwealth's commitment of \$1.2 billion funding for its implementation, particularly issues relating to:

- the lack of transparency of the decision to fund the Freight Link, including the ongoing lack of clarity around how the project was developed and approved for financing by the Commonwealth and state governments;
- economic concerns that the project will be more expensive than current estimates suggest, including from:
  - the lack of works to support the movement of freight from the terminus of the Freight Link through Fremantle itself;
  - potentially increased capital costs from tunnelling parts of the route; and
  - the business cost ratio (BCR) outlined in the Business Case Executive Summary relying upon flawed economic modelling, so positive returns will not be as great as estimated.
- suggestions that forecast expenditure on the Freight Link should be diverted to other projects which may deliver greater long-term returns for Western Australia, particularly:
  - the development of a second port at the outer harbour at Kwinana; and/or
  - improving existing rail links and management of traffic flows to the existing Fremantle Port.

#### The decision to fund the Freight Link

3.2 Some evidence considered by the committee suggests that the Freight Link project was developed by the Commonwealth without sufficient consultation with the Western Australian government and Infrastructure Australia.<sup>1</sup>

3.3 As noted earlier in this report, the Freight Link project was first announced by the Commonwealth Government on 19 May 2014 as part of the 2014-15 Budget.<sup>2</sup>

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1 Note concerns about the lack of consultation with local governments, the business and agricultural sectors, employment stakeholders and the wider community are discussed in the following chapter, as well as other negative effects the Freight Link would have on local communities.

Mr Roland Pittar, General Manager, North West Roads, Department of Infrastructure and Regional Development (the department), told the committee that this announcement was:

...the result of long-term planning for a new freight connection to the Fremantle port. It incorporated development work already undertaken for the Roe Highway stage 8 and the High Street upgrade projects.<sup>3</sup>

3.4 However, Infrastructure Australia noted in its Assessment Brief that the Freight Link concept was markedly absent from all existing Western Australian government policy statements on future priorities for the state:

At the time of assessment (May 2015), the Perth Freight Link project is not directly mentioned in any of these State plans and policies:

- State Planning Strategy 2050 and Metropolitan Region Scheme;
- Directions 2031 and Beyond;
- Murdoch Specialised Activity Centre Structure;
- Draft Moving People Network Plan;
- WA Regional Freight Transport Network Plan;
- Draft Perth Freight Transport Network Plan;
- Draft State Port Strategic Plan; and
- Fremantle Port Inner Harbour Port Development Plan.<sup>4</sup>

3.5 It appears some limited consultation with the state government on the Freight Link proposal was undertaken by the Commonwealth prior to the 2014-15 Budget. For instance, the then Assistant Minister for Infrastructure and Regional Development, the Hon Jamie Briggs MP, stated on 19 May 2014 that 'a comprehensive plan' for the project had been developed by the Commonwealth and state governments over 'the last two months'.<sup>5</sup>

3.6 However, just a few weeks after this assertion was made, the Hon Jim Chown, Parliamentary Secretary for Transport (WA), suggested that the idea for the Freight Link had actually come directly from the Commonwealth, so the state government did not have definitive designs for the project:

The commonwealth has a propensity to make these announcements, as you well know, but the reality is that the Main Roads department and this government will be implementing and designing the Roe 8 extension, and at

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2 'Infrastructure Growth Package - addition to the Infrastructure Investment Programme for new investments' in *Commonwealth Budget 2014-15: Budget Paper No. 2: Expense Measures*, p. 175.

3 Mr Roland Pittar, General Manager, North West Roads, Department of Infrastructure and Regional Development, *Committee Hansard*, 7 October 2015, p. 70.

4 Infrastructure Australia, *2014-2015 Assessment Brief: Perth Freight Link*, p. 2.

5 From around mid-March 2014. See *Perth Freight Link - Joint Press Conference of Senator Mathias Cormann, Minister for Finance and Acting Assistant Treasurer, the Hon Jamie Briggs MP, Assistant Minister for Infrastructure and Regional Development, and the Hon Dean Nalder MP, Western Australian Minister for Transport and Finance*, 19 May 2014.

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this stage we have not actually got design plans that are worthy of public scrutiny...<sup>6</sup>

3.7 It also appears that the Commonwealth did not consult Infrastructure Australia about the proposal before December 2014, well after funding for the project was committed in the Budget. Professor Peter Newman, a founding board member of Infrastructure Australia, stated in his submission:

I was appointed to the Board of Infrastructure Australia from its origin in 2008 to 2014. I was part of the process that set up the guidelines for assessing transport projects and helped to develop the pipeline of projects which became the main task of IA and enabled the Federal Government to have enough confidence that they were funding good projects. By the end of my time on IA we had seen the commitment of funds to all of the top projects on our pipeline. At no stage did the Perth Freight Link appear anywhere near this list, it was not anywhere to be seen, even as a conceptual idea.<sup>7</sup>

3.8 Some witnesses from the local government sector also expressed disappointment about a perceived lack of consultation by the Commonwealth and state governments on the Freight Link.<sup>8</sup> For example, Councillor O'Neill, Mayor of East Fremantle, told the committee:

Our concerns when it comes to the decision-making process include that the decision to commit funds to the PFL project by the state and federal governments appears to have bypassed the usual processes that the public would reasonably expect for an infrastructure investment of this magnitude.<sup>9</sup>

### **Potential for greater capital costs than estimated**

3.9 The committee received evidence that the capital costs of the Freight Link would be far greater than estimated, which would make the business-cost ratio (BCR) benefits much less than the current forecast suggests.

3.10 The Business Case Executive Summary estimates total expenditure on the Freight Link's capital costs at \$1.5 billion.<sup>10</sup> Regarding this estimate,

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6 Western Australian Parliament Standing Committee on Estimates and Financial Operations, *2014–15 Budget Estimates Hearings: Session Four: Main Roads Western Australia*, 12 June 2014, p. 6.

7 *Submission 5*, p. 1.

8 See following chapter for a more detailed discussion of the lack of consultation on the Freight Link proposal with local communities.

9 *Committee Hansard*, 7 October 2015, p. 2.

10 *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 3.

Infrastructure Australia commented that one of the concerns about the project is that 'there are significant risks around estimated costs'.<sup>11</sup>

3.11 Some other evidence received by the committee agreed that the costs of the project could greatly exceed current estimates.<sup>12</sup> Most significantly, Professor Peter Newman and Dr Cole Hendrigan suggested in their research for the Town of Fremantle:

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.<sup>13</sup>

3.12 These concerns clustered around two potential areas where the Freight Link's costs could increase significantly which will be discussed in turn, namely:

- bottlenecks in traffic around Fremantle caused by increased traffic volumes, particularly given there is no provision to improve the existing bridge across the Swan River; and
- substantial elements of stage 2 (Stock Road) have not been determined, and may include tunnelled sections, adding substantially to the project's capital costs and delaying the project's delivery.

3.13 These concerns seem to have been borne out by the April 2016 announcement of an extra \$260.8 million federal funding for tunnelling parts of stage 2 of the project, which takes the total cost of the Freight Link to at least \$1.9 billion.<sup>14</sup> The committee notes that this further funding does not address the matter of current bridges not being able to handle increased traffic to and through Fremantle that would result from the Freight Link.

### ***Congestion in Fremantle***

3.14 The Freight Link works are currently planned to end at the Leach Highway/High Street Fremantle junction, around 1.5 km from the port itself. The committee heard there are some serious impediments to traffic movement between this location and the port that are not addressed in the current Freight Link proposal. Most importantly, the committee understands that the Stirling Bridge across the Swan River may not be able to handle increased traffic flows from the Freight Link.

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11 As noted in the previous chapter, this assessment estimated capital costs for the Freight Link at \$1.742 billion, based on more cautious assumptions than used by the Business Case. See Infrastructure Australia, *2014-2015 Assessment Brief: Perth Freight Link*, p. 4.

12 See, for example: Ms Maureen Flynn, *Submission 58*, p. 3; Mr Dafydd Emmanuel, *Submission 77*, p. 2; Dr Sajni Gudka, *Submission 84*, pp 3-4; Ms Colleen Ryman, *Submission 110*, pp 3-4 and Mr Clint Shaw, *Submission 129*, p. 1.

13 Professor Peter Newman, *Submission 5 - Attachment 1* (Peter Newman and Cole Hendrigan, *Perth Freight Link: Making the Right Investment in Perth's Freight Task: A Position Paper for the City of Fremantle*), p. vii.

14 The Hon Malcolm Turnbull, 'Perth Freight Link to improve road safety and ease port access' Media release, 12 April 2016.

3.15 Infrastructure Australia told the committee that there was no indication the Freight Link would cause congestion around the Stirling Bridge:

The surface solution has traffic modelling which shows the traffic modelling going from the Perth Freight Link across the Stirling Bridge into the port... The transport modelling did not show a bottleneck across the existing bridge in the foreseeable future.<sup>15</sup>

3.16 However, many witnesses and submissions disagreed with this view. For example, Councillor O'Neill, Mayor of East Fremantle questioned why solutions to ease traffic over the Swan River were not included in the project's original design:

What project starts without addressing the most difficult solution, which is the last half a [kilometre], from the Town of East Fremantle - the Stirling Bridge, if you like - into the port? That will be the most expensive cost per metre and probably the most destructive on our town. It is our concern you cannot start a project without having it in its entirety and its detail.<sup>16</sup>

3.17 Other witnesses also noted that the Freight Link proposal does not include measures to improve traffic flows from the end of the Freight Link (Leach Highway/High Street Fremantle) through to the Fremantle Port itself. Professor Newman submitted that this could add at least \$500 million to capital costs, bringing total expenditure to over \$2 billion:

The final stage to get through to North Fremantle has not been announced but is likely to cost at least \$0.5b extra as it will most likely involve doubling Stirling Bridge and providing large overpasses to miss lights around Tydeman Road. The total [for the Freight Link] is thus more likely to be around \$2b, if not much more.<sup>17</sup>

### ***Uncertainty regarding tunnelled sections and the implementation of stage 2***

3.18 The committee heard that there is still great uncertainty over elements of the Freight Link, which have the potential to increase the project's costs, as well as to substantially delay its implementation. For example, Dr Brad Pettit, Mayor of Fremantle, told the committee that he was unsure about how the plans for the Freight Link were proceeding, at the time of the hearing in early October 2015:

We certainly expect we may find out further information later this year, but it would be fair to say that the range of options seems to be increasing rather than decreasing. The original plan A, which was obviously a fattening and upgrading to freeway standard of the existing Leach Highway and Stock Road network was put forward. Since then the second plan was around tunnelling under the former Fremantle Eastern Bypass route. What was certainly reported on the front page of the *Fremantle Herald* last week

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15 Mr Paul Roe, Director, Financing and Funding Policy, Infrastructure Australia, *Committee Hansard*, 7 October 2015, p. 75.

16 *Committee Hansard*, 7 October 2015, pp 2-3.

17 *Submission 5 - Attachment 1* (Peter Newman and Cole Hendrigan, *Perth Freight Link: Making the Right Investment in Perth's Freight Task: A Position Paper for the City of Fremantle*), p. 17.

was new options for tunnelling that may go more diagonally, running from Stock Road at the Winterfold Road intersection through to the Fremantle Golf Course. They seem to be changing, but none of those, other than the first two, have we been informed of formally.<sup>18</sup>

3.19 Mr Andrew Mangano, a professional engineer with experience of operating road tunnels, submitted that, were they used, they would add significant costs, not only to the construction budget, but also to maintenance expenses in the future:

The construction and operation of road tunnels is extremely costly and high risk. The cost to construct road tunnels is far higher than roadways. Placarded loads cannot use tunnels. There will have to be exhaust chimneys, possibly every 0.5 kms along the route. There is a strong likelihood all houses above the tunnel will need to be demolished due to the limestone geology in the Fremantle area. Operational costs will be far higher than roadways, due to lighting, fire controls, ventilation and monthly shutdowns for maintenance.<sup>19</sup>

3.20 As noted in chapter 2, the Western Australian Premier, Mr Colin Barnett, suggested in early November 2015 that work developing and implementing stage 2 of the Freight Link would be delayed for at least a year.<sup>20</sup> This appears to realise the fears of some submitters to the inquiry, such as Ms Christine Cooper, Chairperson, Bibra Lake Residents Association:

Our major fear is that the WA government is very likely to delay or cancel the second section, which is Roe 9, because of a lack of planning, but proceed with Roe 8, which will end at Stock Road and then cause major problems for us local residents. It also means not having a direct connection to the Fremantle port or the proposed outer harbour—and what a mess that will be.<sup>21</sup>

### ***Lower business-cost ratio than forecast***

3.21 As discussed in the previous chapter, the Business Case estimated the Freight Link would deliver a BCR of 2.8. However, the committee received evidence that suggested the realised BCR could be much lower, not only from larger-than-expected capital costs but also due to flawed assumptions being used in the Business Case modelling.

3.22 Professor Newman's submission commented that the return from the estimated BCR of 2.8 is good compared to many other infrastructure projects.

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18 *Committee Hansard*, 7 October 2015, p. 9.

19 *Submission 221*, p. 2

20 Colin Barnett, Premier of Western Australia quoted in Rebecca Carmody, 'Perth Freight Link: Colin Barnett shelves 'incredibly expensive' second section', ABC Online, 1 November 2015 at <http://mobile.abc.net.au/news/2015-11-01/colin-barnett-parks-stage-two-of-perth-freight-link/6903282> (accessed 2 November 2015).

21 *Committee Hansard*, 7 October 2015, p. 45.

However, he considered that some of its underlying assumptions were flawed, so actual returns would be much lower:

...most of the benefits are based on a 10 minute time savings by trucks, despite there being no solution to the traffic at North Fremantle yet. A faster route around the city may be possible but in the end it will not save time if trucks are stuck in truck jams in East Fremantle and North Fremantle. The benefit cost ratio is thus illusory and misleading.<sup>22</sup>

3.23 This point was also raised by Councillor O'Neill, who suggested that additional expenditure on improving traffic flows between the end of the Freight Link and the port would reduce the BCR:

If trucks are banked back at that bridge, there will be no cost benefit. In fact, our concern is that we will have trucks banked back to a fair distance in our town. We did find that the cost of the additional infrastructure—that is, working out how to get the trucks across the bridge—would have a serious impact on the BCR of 2.8. Unless you have costed everything, how can we rely on the BCR?<sup>23</sup>

3.24 The committee also heard concerns that the return from the Freight Link's toll system may not be as great as expected. As discussed in the previous chapter, the Business Case Executive Summary is clear that the rate for Freight Link user charge has not been confirmed.<sup>24</sup> Moreover, the department could not confirm to the committee that the beginning of the charge would coincide with the opening of the Freight Link:

One would expect that once the infrastructure is operating...there would be an opportunity for the charge to be applied. But, as I say, the detail for the implementation arrangements for the heavy vehicle user charge has not been settled. That is still a decision for government.<sup>25</sup>

3.25 The committee also heard that the cost-benefit analysis undertaken for the Business Case did not take into account social and environmental factors, or the opportunity cost of implementing the Freight Link over other potential infrastructure projects. As Mr Samuel Wainwright, Spokesperson, Fremantle Road to Rail Campaign, suggested:

An investment of over \$1.6 billion demands an exhaustive analysis, including all social and environmental costs. This should then be stacked up against the alternatives, whether that be investment in public transport, outer harbour, rail freight or accommodation of all three. This, you would

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22 *Submission 5 - Attachment 1* (Peter Newman and Cole Hendrigan, *Perth Freight Link: Making the Right Investment in Perth's Freight Task: A Position Paper for the City of Fremantle*), p. 17.

23 *Committee Hansard*, 7 October 2015, p. 3.

24 See chapter 2.

25 Mr Roland Pittar, Mr Roland Pittar, General Manager, North West Roads, Department of Infrastructure and Regional Development, *Committee Hansard*, 7 October 2015, p. 73.

have thought, would be the very first stepping stone for an investment of this magnitude, but we have seen nothing like that.<sup>26</sup>

### **The lack of consideration of other infrastructure to support freight**

3.26 Another theme of evidence received by the committee was that in developing the Freight Link proposal, the Commonwealth and state governments had not sufficiently considered options for infrastructure to support the long-term health of Western Australian shipping and freight industries, including:

- the lack of consideration of the pressures on the existing port;
- ways freight movement to the existing port could be improved at minimum cost without the Freight Link; and
- the construction of a second port at Kwinana.

3.27 As Infrastructure Australia stated in its assessment:

A rapid BCR was completed for the preferred option only, assessed against the Base Case. A rapid BCR was not completed for additional options to determine if the preferred option provided the greatest net benefits.<sup>27</sup>

3.28 Infrastructure Australia particularly highlighted that the Business Case for the Freight Link omitted any consideration of a second port to support the current Fremantle Port, although it considered some other relevant issues were examined:

The options considered included pricing and efficiency using existing road infrastructure, investment or subsidisation of rail and a number of road investment options. The options did not include consideration of the Outer Harbour at Cockburn Sound South [sic] of Perth.<sup>28</sup>

### ***Pressure on, and limits to, the existing port's capacity***

3.29 The committee heard that the existing facilities at Fremantle Port are currently close to reaching capacity and, moreover, that the harbour has insufficient depth to handle the new generation of larger cargo ships.

3.30 The department stated in its submission to the inquiry that:

The port is still operating well within its capacity (estimated at 1.2 to 1.4 million TEUs per year), so has considerable growth potential.<sup>29</sup>

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26 *Committee Hansard*, 7 October 2015, p. 54. See also Councillor O'Neill, *Committee Hansard*, 7 October 2015, p. 3. Note social and environmental factors are discussed later in this report.

27 Infrastructure Australia, *2014-2015 Assessment Brief: Perth Freight Link*, p. 3.

28 Infrastructure Australia, *2014-2015 Assessment Brief: Perth Freight Link*, p. 3.

29 *Submission 71*, p. 5.



3.31 However, the *Fremantle Ports Annual Report 2014* found that optimal capacity would be reached at some point between 2024 and 2029, depending on trade trends and other factors:

Fremantle Port's Inner Harbour container trade is expected to reach optimal capacity within the next 10 to 15 years, with the timing dependent on trade trends and other factors. When this occurs, additional facilities will be needed to cater for further growth.<sup>30</sup>

3.32 A 2003 Main Roads WA report noted not only the limits to the volume of cargo at the existing port, but also identified other issues supporting the construction of a second port, including:

...land availability, constraints imposed by the road and rail system and the intensification of urban development around the periphery of the harbour area. Therefore another site is required to accommodate the long term growth in the container and breakbulk trade through the metropolitan area.<sup>31</sup>

3.33 Mr Dale Park, the former President of the WA Farmers Federation appearing in a private capacity, told the committee that Fremantle port could not handle the new generation of international cargo ships:

The port of Fremantle really is too small; we cannot get capes and mini-capes into it, although they are looking at all sorts of interesting ways to get mini-capes in, like backing them in and that sort of thing. But if we are going to look at a 40-, 50- or even 100-year plan, the use-by date of Fremantle port is well and truly past.<sup>32</sup>

3.34 This perspective was shared by the Maritime Union of Australia (MUA), which told the committee that:

...[Australia needs] a facility to trade with the world—a conduit to trade with the world—that will accept the new generation of ships, width-wise and draught-wise. We will be able to handle container cranes with a smaller footprint so that we can work bays side by side. Then we will be world competitive and be able to compare the productivity of Australian waterside workers with others in the world.<sup>33</sup>

3.35 Kwinana Industries Council noted that the gentrification of Fremantle town had also changed community expectations about the port's continued growth:

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30 Town of East Fremantle, *Submission 57*, Attachment 1 (Western Australian Planning Commission, *Fremantle Ports Outer Harbour Project Information Brochure*, [2004]) p. 1 and *Fremantle Port Authority Annual Report 2014*, p. 28.

31 Mr Joe Branco, North Lake Residents, *Submission 4*, Attachment 2 (Main Roads WA, *Northern Transport Access Naval Base/Kwinana Port Site (Rowley Road Extension)* [June 2003]), p. 2.

32 *Proof Committee Hansard*, 20 March 2016, p. 34.

33 Mr Christopher Brown, Organiser, West Australian Branch, Maritime Union of Australia, *Committee Hansard*, 7 October 2015, p. 36.

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.<sup>34</sup>

### ***A second port at Kwinana***<sup>35</sup>

3.36 The committee notes that the proposal to open a second port to support the existing facilities at Fremantle has had broad bipartisan and community support for many decades. As Counsellor Carol Adams, Mayor of Kwinana, noted, a second port was both 'viable and inevitable' in the future. Given this, she questioned the need to invest so heavily in the Freight Link project:

...as the inquiry knows, [a second port for Perth] is not a new concept. It has its genesis back with the Stephenson and Hepburn report in 1955. More recently, the Fremantle Port Authority was in the advanced stage of design options for a port in Cockburn Sound, and also a private port was well advanced in design and EPA approvals with conditions. So I would pose the question: if a new port is both a viable and inevitable option, why is so much public money proposed to be spent on [the Freight Link's proposal to build] freight routes to an inner harbour that has limited capacity to grow?<sup>36</sup>

3.37 Dr Pettit, Mayor of Fremantle agreed, commenting that it was odd the proposal for the second port had not been evaluated as part of the Freight Link Business Case:

...there has actually been a bipartisan agreement around the need for an outer harbour in Kwinana for 50 years, as the [Infrastructure Australia] report says. But very explicitly from both sides of state government over the last 20 years there have been active steps towards that, with the exception of the last few years... [given this] it is pretty clear that when you have had a bipartisan approach to building a port - be it an overflow port at Kwinana or a new port at Kwinana - that should have been part of the comparison that happened.<sup>37</sup>

3.38 Ms Joanne Abiss, CEO, City of Kwinana highlighted that the Federal Government had already seen a second port as essential future infrastructure for Western Australia, as have other stakeholders:

Regional Development Australia have recently finalised their Perth and Peel economic development strategy and infrastructure priority plan. The

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34 *Submission 74*, p. 2

35 Note: proposals for a second port have used a range of descriptors for its location, including: 'Kwinana' (the name of the suburb); the 'Fremantle Ports Outer Harbour' (as opposed to the existing port at the Fremantle Inner Harbour); 'Naval Base' (referring to facilities currently located at Kwinana); or as the port at 'Cockburn Sound' (the body of water).

36 *Proof Committee Hansard*, 20 March 2016, p. 2.

37 *Committee Hansard*, 7 October 2015, p. 36.

No. 1 nation-building project for WA is the outer harbour. So you have a federal government agency saying it. You have [the Property Council] a private-sector agency saying it... [alongside] local government saying it.<sup>38</sup>

3.39 The MUA also asked why the massive expenditure on the Perth Freight Link had been committed given the limited returns it offered:

Why commit \$2 billion of funding to build a road to a port that is nearing capacity, when those funds could be redirected to a new port with safe and reliable access and egress for rail and road transport?<sup>39</sup>

*The City of Kwinana's Indian Ocean Gateway proposal*

3.40 The committee held a hearing to consider the City of Kwinana's Indian Ocean Gateway proposal, which includes the construction of a second port at Kwinana and associated freight and transport networks. Evidence at this hearing overwhelmingly confirmed that investment in a second port is necessary to assure the long-term economic health of Western Australia. According to Counsellor Adams, Mayor of Kwinana:

The outer harbour is the future of the port trade in WA. It futureproofs our economy, provides certainty and places infrastructure in the most logical and effective location for growth in this region, if not WA, for the next 50 to 100 years.<sup>40</sup>

3.41 The City of Kwinana highlighted to the committee the many benefits of the proposal for the area and Western Australia as outlined in its submission, including:

- an annual ongoing revenue of \$42.4 billion from the port directly;
- a further \$28 billion annually of flow-on revenue from indirect sales and output;
- the creation of 37,383 jobs directly from the project, which is three-times the current level of direct employment in the area (13,757 employees); and
- indirect employment in local areas boosted by a further 49,657 jobs.<sup>41</sup>

3.42 These claims were supported by detailed planning work undertaken by the City of Kwinana for a second port, which it estimated could be operational within the next decade, just as the Fremantle port facility reaches its optimum capacity:

Our current estimation is that stage 1 [port facilities] could be operational within seven years, if there was a whole-of-government approach and the funding was secured. That is inclusive of the environmental approvals... we

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38 *Committee Hansard*, 7 October 2015, p. 12.

39 Mr Christopher Brown, Organiser, West Australian Branch, Maritime Union of Australia, *Committee Hansard*, 7 October 2015, p. 34.

40 *Proof Committee Hansard*, 20 March 2016, p. 2.

41 City of Kwinana, *Indian Ocean Gateway Consultative Draft* (August 2015), p. 5. See also City of Kwinana, *Submission 75*, p. 2.

took a conservative approach of 10 years at the outside - so, between seven to 10 years.<sup>42</sup>

3.43 The City of Kwinana representatives also told the committee they had factored in improvements to freight infrastructure to support this growth. According to Ms Abiss, City of Kwinana, the first step toward a second harbour would be to improve existing roads and rail networks to support the significant industries already based at Kwinana:

The total cost of all of the road and rail upgrades that are needed comes to \$920 million, which is equivalent to the current federal government commitment for funding the Perth Freight Link...<sup>43</sup>

3.44 These upgrades would not only support existing industry at Kwinana, but also draw new businesses and industries to the area. Ms Abiss commented that, in undertaking this work:

The city wanted to be able to demonstrate to both tiers of government that an outer harbour could cope with the capacity of Western Australia's future port trade for the next 50 years. We were able to task the international designers with demonstrating that this port could cope with at least three million TEU, as well as what was anticipated to be all of the general cargo, dry bulk, motor vehicles and livestock out to 2070.<sup>44</sup>

3.45 The City of Kwinana representatives also told the committee that they had undertaken significant consultation with the business sector and the local community in the development of this proposal.

3.46 Regarding private sector stakeholders, the committee heard that local and multinational businesses with local operations were all concerned at the current economic outlook, especially given the state government's lack of engagement with the second harbour proposal.<sup>45</sup> For example, Mr Des Gillen, Managing Director, BP Refinery (Kwinana), commented that the private sector required certainty in future government infrastructure investment:

...we all work in internationally challenging industries, and the Australian economy, particularly the cost base that we have, is already challenging. So the uncertainty that comes with whether ports will be developed or not is just an additional challenge that we have to deal with, particularly in terms of future investments and where we want to put our piece. The biggest piece in the short term is that there are decisions around rail and road infrastructure that are pretty critical to all of our businesses in terms of how we move things around that are essentially stalled until we work out where

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42 *Committee Hansard*, 7 October 2015, p. 4.

43 *Committee Hansard*, 7 October 2015, p. 2.

44 *Proof Committee Hansard*, 20 March 2016, p. 2.

45 See evidence given by: members of the Kwinana Industries Council and Mr Aaron Begley, Managing Director and Chief Executive Officer, Matrix Composites & Engineering, *Proof Committee Hansard*, 20 March 2016, pp 12-15 and p. 20 respectively.

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the port is going to be—and that has been the case for almost 10 years now.<sup>46</sup>

3.47 Mr Albert Romano, Manager LPG/LNG Production and Engineering, Wesfarmers Kleenheat Gas, drew out the potential benefits for the private sector that would come from the Indian Ocean Gateway proposal going ahead:

For us, it is all about future proofing what is good business for the community as well as for industry. To have sustainable industry, you need a sustainable community and vice versa... By bringing port infrastructure to this [Kwinana] area, you help to further future proof the benefits that exist already for industry in this location but also help to future proof the other consideration which is less encroachment into sensitive land use areas that currently exist [including residential and environmental concerns].<sup>47</sup>

3.48 Representatives from the Kwinana Industries Council (KIC) also told the committee that the plan had widespread support from businesses based in Kwinana, as well as the Western Australian business sector more broadly:

The primary thrust for KIC [and its members] supporting the Indian Ocean Gateway, and all that it would bring, is around the principle of business efficiency. It is critically important for the long-term health of industry that port operations - be they the existing or the possible future ones - are an efficient and effective operation. Any additional cost associated with an inefficient port operation comes down to industry. Those who are exporting are operating in internationally competitive marketplaces and every dollar counts, especially in these current times. Efficiency is the key driver, because of the cost associated with import export.<sup>48</sup>

3.49 The committee also spoke with representatives of the Western Australian agricultural sector, who confirmed that the future efficiency and productivity of the sector was dependent on the construction of a larger second port servicing Western Australia.<sup>49</sup>

3.50 Regarding consultation with the local community, Councillor Adams, Mayor of Kwinana, told the committee that the proposal was popular given:

... the whole employment or lack of employment in the area. It is not just in Kwinana; this is about the whole region. We have the areas of Rockingham, Mandurah and Armadale, which have pockets of very high unemployment as well. So, as far as community support goes, I think they are supportive that the City of Kwinana has taken the leadership role and tried to address a problem, which is not going away and which is indeed increasing, if you

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46 *Proof Committee Hansard*, 20 March 2016, p. 12.

47 *Proof Committee Hansard*, 20 March 2016, p. 12.

48 Mr Chris Oughton, Director, Kwinana Industries Council, *Proof Committee Hansard*, 20 March 2016, p. 10.

49 See: Mr Roy Duncanson, Executive Chair, Agribusiness Council of Australia Ltd and Mr Dale Park, Private capacity, *Proof Committee Hansard*, 20 March 2016, p. 38 and pp 3-4 respectively.

were going to take the planning documents of 750,000 people coming to a region of already high unemployment.<sup>50</sup>

3.51 Ms Abiss, City of Kwinana, said that data collected on the city's website pointed to widespread community support, with well over 75 per cent of the submissions received on the council's Indian Ocean Gateway website favouring the proposal.<sup>51</sup>

3.52 Regarding environmental approvals, the committee heard that preliminary scoping work suggested the project's environmental impacts could be managed effectively:

Principally, the environmental impacts will come in the construction phase, through the dredging and the actual reclamation. It is the release of the turbidity there that needs to be managed carefully so that it does not impact on what they called the benthic environment and particularly the seagrass beds... [T]he intake for the desalination plant is also very important; it needs to be managed. But there is the opportunity for filters to be retrofitted to that... On the land side, the principal environmental impacts are around Mount Brown and the ecological communities that exist there, as well as managing any potential contamination that exists from historic uses. But it is not anticipated, as mentioned in the report, that that will be an issue, given that most of the construction is to the west of that existing area.<sup>52</sup>

3.53 Most of the evidence received by the committee suggested there were very few drawbacks to the development of a second port at Kwinana. However, it is apparent that some work is needed on how freight could transfer between the ports of Kwinana and Fremantle, and consideration of whether both ports could be maintain viability over the long term. As the Kwinana Industries Council commented:

In time, if we have two operating container terminals, the ships will only stop in one port; they will not stop in two. That, by definition, means there will be a lot of traffic, preferably rail, as opposed to road between the two ports. That means at every level crossing the bells will be ringing on the hour, pretty much seven days a week, all night, because it will be a busy railway line... and the trains blaring their horns, and I reckon that that will result quite quickly in curfews being talked about because there will be a lot of very angry people. That is a problem that I foresee and am putting on the table, and have been putting on the table.<sup>53</sup>

3.54 At the hearing, the committee asked Mr David Rice and Mr Ian Ker, of the Sustainable Transport Coalition, to comment on the respective merits of the Perth Freight Link and the Indian Ocean Gateway proposals. Despite noting some issues that needed further consideration in the City of Kwinana's proposition, they found:

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50 *Proof Committee Hansard*, 20 March 2016, p. 5.

51 *Proof Committee Hansard*, 20 March 2016, p. 5.

52 Ms Joanne Abiss, CEO, City of Kwinana, *Proof Committee Hansard*, 20 March 2016, p. 5.

53 Mr Chris Oughton, Director, Kwinana Industries Council, *Proof Committee Hansard*, 20 March 2016, p. 12.

At best, the PFL buys a little time, deferring the need for major investment in Outer Harbour container facilities and access, while attempting to manage the congestion, social and environmental effects of a sole focus on the Inner Harbour.

The Kwinana [Indian Ocean Gateway] proposal, on the other hand, provides an opportunity to address the more fundamental and longer-term issue of handling continuing increases in container traffic to and from Western Australia - beyond the capacity of the existing Inner Harbour.<sup>54</sup>

### ***Privatisation of Fremantle Port***

3.55 There have been reports that the Western Australian Government is preparing to privatise the existing Port at Fremantle. However, there is little information in the public domain about the government's intentions.<sup>55</sup>

3.56 According to the MUA, the state government has not revealed its intentions concerning the divestment of Fremantle Port:

Information is sparse - even the case studies. I believe that there is a study underway now that is to be finalised at Christmas by the port authority and the state government. Again, that is only rumour; it is not confirmed. If you ask questions you find closed doors.<sup>56</sup>

3.57 *Fremantle Port's Annual Report 2015* hinted that plans for the state government's divestment of Fremantle Ports could be imminent:

Over the coming months, Fremantle Ports will continue to be closely involved with the Department of Treasury and its advisers as the State Government pursues its announced divestment of Fremantle Port. At the time of preparation of this Annual Report our role has been to assist with information and advice for the due diligence phase.<sup>57</sup>

3.58 The Kwinana Industries Council submitted that there was a clear willingness in the private sector to consider funding and developing facilities in Kwinana, should it be a condition of sale:

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.<sup>58</sup>

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54 Additional information provided by Sustainable Transport Coalition of WA on 1 April 2016, pp 1-2.

55 For example, see evidence given by: Dr Cole Hendrigan, Private Capacity; Dr Brad Pettitt, Mayor, City of Fremantle; Mr Christopher Brown, Organiser, MUA; and Mr Roland Pittar, General Manager, North West Roads, Department of Infrastructure and Regional Development, *Committee Hansard*, 7 October 2015. pp 18, 19, 35 and 79 respectively.

56 Mr Christopher Brown, Organiser, West Australian Branch, Maritime Union of Australia, *Committee Hansard*, 7 October 2015, p. 36.

57 *Fremantle Port Authority Annual Report 2015*, p. 56.

58 Sub 74, p. 3. See also Sarah Thompson and Anthony Macdonald, 'Infra funds tip January kick-off for Freo port' in *Australian Financial Review*, 12 October 2015.

3.59 However, the MUA cautioned that the potential for new owners to have rights to both Fremantle and a second port could potentially lead to price gouging and significantly higher costs for end users.<sup>59</sup>

3.60 The City of Kwinana commented that the lack of transparency over the divestment of Fremantle Port, including what infrastructure would be built to support its ongoing viability, could adversely affect potential investors and the price achieved by the state government:

The engagements that we have had with either investment funds or their advisers have been to the effect that they are really looking for that certainty. They really want to know when and what is proposed, because then they can factor that into their bid price. It is an essential element of information that they need.<sup>60</sup>

### **Options to improve existing freight links to Fremantle port**

3.61 Some evidence suggested there were far more effective and cheaper ways of improving freight heading to Fremantle port than the proposed Freight Link, particularly improving existing rail capacity and managing traffic flows more effectively.

3.62 Mr Healy, Fremantle Road to Rail, emphasised that the Freight Link would provide infrastructure that was not based in sound transport planning or management principles:

[Improving freight to and from the port] is going to require actual transport management, and that is the problem with this Perth Freight Link. The government has confused transport infrastructure with transport planning. What we really need to do with Fremantle port is plan what we are going to be doing with the freight and then decide what infrastructure we need.<sup>61</sup>

3.63 The MUA told the committee that certain measures to support the operations of the current port could be implemented at very little cost, while facilities at Kwinana are being developed:

There are measures that can be implemented in the port of Fremantle at far less cost than the freight link to ensure safe and effective transport of containers whilst the outer harbour is being built.<sup>62</sup>

3.64 Infrastructure Australia noted the Business Case's modelling was inherently biased against low cost alternatives to the Freight Link:

Infrastructure Australia notes that the options identification and assessment for this project could have been improved by undertaking quantitative

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59 Mr Christopher Brown, Organiser, West Australian Branch, Maritime Union of Australia, *Committee Hansard*, 7 October 2015, pp 35-36.

60 Ms Joanne Abiss, CEO, City of Kwinana, *Proof Committee Hansard*, 20 March 2016, p. 6.

61 *Committee Hansard*, 7 October 2015, p. 62.

62 Mr Christopher Brown, Organiser, West Australian Branch, Maritime Union of Australia, *Committee Hansard*, 7 October 2015, p. 34



modelling of traffic and economic impacts for multiple short listed 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 higher cost options.<sup>63</sup>

### ***Better rail freight networks***

3.65 A number of witnesses and submitters highlighted the need for better management of, and infrastructure for, rail freight servicing Fremantle Port. For example, Dr Pettitt, Mayor of Fremantle, stated that:

The other key impact that we have is trains running at unsociable hours, shall we say, because currently the constraints around the Fremantle traffic bridge mean that they cannot run during the day [as they have to share the bridge with passenger trains]. So we need some better management of that to get more of the freight train task happening during daylight hours. That is something that we feel very strongly.<sup>64</sup>

3.66 Mr Barry Healy, Fremantle Road to Rail Campaign told the committee that investment in improved rail networks to Fremantle Port would not only be the best way of improving freight to and from the current port, but were also essential for servicing a second port at Kwinana:

...the railway line would be the first place to look to improve the distribution and delivery of containers to and from Fremantle port. And if you also look at that map from the City of Cockburn, you will see the railway line goes down to Kwinana and so if there is an outer harbour built, we contend that we should be looking at the railway line as the primary way of dealing with the freight burden for the new port.<sup>65</sup>

3.67 This perspective also reflects the aspirational targets set by government, which were noted by the *Fremantle Ports Annual Report 2015*:

Although Fremantle Ports has been able to work with industry to gradually build the rail share, the volume of container freight on rail is subject to market fluctuations. Since 2002, rail's share of the container trade has grown from about two per cent to the current level of 13 per cent but has been slightly higher in some years. The aspirational target is 30 per cent of total container trade.<sup>66</sup>

3.68 The position paper undertaken for the City of Fremantle by Professor Peter Newman and Dr Cole Hendrigan noted that all current rail links to Fremantle Ports are now privately owned, and that larger freight volumes to Fremantle would necessitate:

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63 Infrastructure Australia, *2014-2015 Assessment Brief: Perth Freight Link*, p. 3.

64 *Committee Hansard*, 7 October 2015, p. 20.

65 *Committee Hansard*, 7 October 2015, p. 60.

66 *Fremantle Port Authority Annual Report 2015*, p. 56.

...significant investments in double-stack train cars, electrification of the trains and raising the catenary, a second bridge to support more trains and a great deal of tolerance of the visitors and residents in the West End of Fremantle.<sup>67</sup>

3.69 Several other witnesses highlighted the need for an upgraded or dedicated rail bridge across the Swan River.<sup>68</sup> This was costed at \$150 million in the Fremantle integrated transport bridge draft submission to Infrastructure Australia for federal funding in August 2012.<sup>69</sup>

### **Road transport management solutions**

3.70 A number of witnesses and submissions highlighted the need for better road transport management and planning for trucks servicing Fremantle Port, rather than investment in the Freight Link. For example, the position paper for the City of Fremantle undertaken by Professor Newman and Dr Hendrigan suggested that:

There is a strong case to be made for managing the flow of containerised trucks with either pulses and/or extending the port operation hours. This would involve staggering the trucks so they can both travel in 'green waves' of signal lights all tuning for them in unison or, at least, travel in offpeak hours. This is likely already in effect to some degree in peak hour traffic, however it is noticed that almost all trucking is done between 5am and 7pm, Monday to Friday, 250 days a week... Were this managed differently the trucks could be running before and after the peak hours with large convoys in the evening.<sup>70</sup>

3.71 The MUA agreed that there were simple changes to traffic management that could deliver dividends for the freight industry at very little cost:

There are some simple measures that could take place. That revolves around road transport and working outside of what is deemed to be the nine to five hours. That does happen now on a limited basis. Both of the two major stevedores do what is termed a bulk run, where they will run a dedicated freight trucking line to a holding yard of anywhere between 100 containers to 150 containers. But there is a lot of scope to switch to the back hours of 6 pm to 6 am to alleviate the trucks on the road.<sup>71</sup>

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67 Professor Peter Newman, *Submission 5 - Attachment 1* (Peter Newman and Cole Hendrigan, *Perth Freight Link: Making the Right Investment in Perth's Freight Task: A Position Paper for the City of Fremantle*), pp 62-63.

68 For example, see evidence given by Dr Brad Pettitt, Mayor, City of Fremantle and Mr Christopher Brown, Organiser, West Australian Branch, Maritime Union of Australia, *Committee Hansard*, 7 October 2015, pp 20 and 35 respectively.

69 Mr Christopher Brown, Organiser, West Australian Branch, Maritime Union of Australia, *Committee Hansard*, 7 October 2015, p. 35.

70 Professor Peter Newman, *Submission 5 - Attachment 1* (Peter Newman and Cole Hendrigan, *Perth Freight Link: Making the Right Investment in Perth's Freight Task: A Position Paper for the City of Fremantle*), pp 62-63.

71 Mr Christopher Brown, Organiser, West Australian Branch, Maritime Union of Australia, *Committee Hansard*, 7 October 2015, p. 35.

3.72 The position paper for the City of Fremantle argued these changes would save a great deal of expenditure, although they conceded that this option would have some effects on noise levels near truck routes:

Of course, this would mean operating the port and receiving destinations differently than current: this is the rise of Perth as a 24 hour city, as most global cities are. The proposal to build a \$1.6 [to] 2 billion dollar highway seems a very expensive option in light of simply changing operating hours. It would, of course, mean increased noise impacts in those areas near the truck routes.<sup>72</sup>

3.73 The following chapter outlines the concerns that were raised to the committee by local governments, community groups and individuals who would be affected by the Freight Link.

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72 Professor Peter Newman, *Submission 5 - Attachment 1* (Peter Newman and Cole Hendrigan, *Perth Freight Link: Making the Right Investment in Perth's Freight Task: A Position Paper for the City of Fremantle*), pp 62-63.



# Chapter 4

## Concerns raised by local governments and communities

4.1 This chapter discusses concerns about the Perth Freight Link raised by local governments and communities, and in particular addresses evidence concerning:

- insufficient consultation on the project by the federal and state governments, especially with local governments, industry representatives, and the communities who would be affected the most;
- the damage the Roe 8 extension could cause to local environmental, Indigenous and other heritage sites, as well as apparent irregularities in the overturning of previous environmental and heritage assessments; and
- negative effects the project may have on local communities; and
- some negative impacts the Freight Link would have for residents and businesses of Fremantle.

### Lack of consultation

4.2 The committee received evidence suggesting that the Commonwealth and state governments did not undertake appropriate or sufficient consultation about the Perth Freight Link with local governments, industry stakeholders and the communities who would be affected the most by the project.

### *Local government and industry stakeholders*

4.3 The Mayors of Fremantle, East Fremantle and Cockburn all told the committee their communities would be negatively affected by the Freight Link. All agreed that they first heard of the project through the media and had no contact with Main Roads WA until well after the Budget announcement had been made.<sup>1</sup> Councillor Logan Howlett, Mayor of the City of Cockburn, reflected that the Freight Link was presented by the state government as the only potential option for transport infrastructure to support Fremantle Port:

...the level of public consultation with regard to Roe 8 focused only on one option and that was to build Roe 8. There were no other options put forward to be considered by the community.<sup>2</sup>

4.4 Even the City of Melville, which supports the Freight Link proposal, conceded that they had not been consulted by Main Roads WA on the Freight Link proposal until June 2014, well after the project was announced.<sup>3</sup>

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1 Dr Brad Pettitt, Mayor of the Town of Fremantle; Councillor Logan Howlett, Mayor of the City of Cockburn and Councillor Jim O'Neil, Mayor of the Town of East Fremantle, *Committee Hansard*, 7 October 2015, p. 7.

2 *Committee Hansard*, 7 October 2015, p. 7.

3 Mr Marten Tieleman, Director Corporate Services, City of Melville, *Committee Hansard*, 7 October 2015, p. 25.

4.5 Regarding industry stakeholders, the Maritime Union of Australia (MUA), told the committee that key stakeholders in the freight sector, including the main leaseholders of the Fremantle Port and the MUA, had not been consulted over the Freight Link proposal.<sup>4</sup>

### ***Local communities***

4.6 Main Roads WA maintains that plans for the Freight Link were developed with extensive and 'award-winning community consultation'.<sup>5</sup> However, the committee received a great deal of evidence that challenged this, and suggested the communities that would be affected most by the project were not consulted until after plans had been decided and announced.

4.7 The committee heard that many communities did not feel as if they could challenge or inform the development of the project, as its parameters had already been set by the state government. For example, Mrs Kim Dravnieks, Campaign Coordinator, Rethink the Link, commented:

Consultation is not about just hearing somebody and ignoring it. It is finding out what those impacts are. For anyone trying to design anything, if you have not been out and talked to the stakeholders you are not designing a full design; you have no idea of what those impacts are. And this is what has happened with the Perth Freight Link. It has been put on top of us. There has not been that consultation this time round...<sup>6</sup>

4.8 Ms Kate Jones, Vice-President, Hamilton Hill Community Group, also submitted that state government consultation had been poor, and noted how this had affected her community:

There has been no meaningful engagement, no information, no traffic modelling, no costings, nothing about stage 2 - nothing that assists in bringing the people of Hamilton Hill or other affected communities along in the process... The approach the government is taking at the moment lacks openness; it lacks transparency and distances the government from its people...The people of Hamilton Hill are in the dark, and the WA government is giving them nothing to fill the void, nothing to help them understand how it intends to manage the impacts of the PFL on their lives. This makes them scared for their future. It makes them angry, too - angry at being rendered invisible, overlooked and ignored.<sup>7</sup>

4.9 Mr Joe Branco, Action Convenor, North Lake Residents, spoke of the frustration of many communities who felt as if they were only consulted in a

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4 Mr Christopher Brown, Organiser, West Australian Branch, Maritime Union of Australia, *Committee Hansard*, 7 October 2015, p. 41.

5 Main Roads WA, 'Roe 8 – Myth Busters – Consultation' at <https://project.mainroads.wa.gov.au/roe8/mythbusters/Pages/Consultation.aspx> (accessed 31 October 2015).

6 *Committee Hansard*, 7 October 2015, p. 67.

7 *Committee Hansard*, 7 October 2015, pp 44-45.

tokenistic way, after the decision to implement certain policies had already been made:

This brings me to a very key point in our submission: there is no point to consultation when there is no other option but to build a highway. What is the point? Why spend all that taxpayer money if the consultation is about: 'Where you would like your little plaque to be placed on the road? Where would you like these little flowers to go once we put the six-lane highway there?' Consultation means that you have a democratic right to challenge the word on [the state government's] own pamphlets which says 'proposed'. It is a proposal that the community have a right to challenge. This consultation process had none of that—none of that at all.<sup>8</sup>

### **Negative effects of the Freight Link for local communities**

4.10 Many submissions made by the individuals and local communities that will be most affected by the Freight Link raised concerns to the committee, including:

- the damage the Roe 8 extension would cause to the natural environment;
- the negative effects on sacred and cultural sites for the local Indigenous communities, as well as on other heritage sites;
- the uncertainty faced by some families whose homes are being reacquisitioned for the construction of the Freight Link;
- other negative effects for local communities, particularly changes to traffic flows, meaning that while air pollution and dangerous roads would be improved in some areas, they would be made far worse in others, as well as the reduction of recreational facilities; and
- potentially poor outcomes for Fremantle and neighbouring suburbs.

### ***Damage to the natural environment***

4.11 The committee received evidence that argued the proposed Roe Highway extension through North Lake and Bibra Lake would cause significant damage to the natural environment (see map below). Moreover, some submissions highlighted that the decision to implement the Roe 8 extension contradicts earlier advice from the Western Australian Environmental Protection Authority (EPA).<sup>9</sup>

4.12 In their submission, North Lake Residents drew the committee's attention to a 1988 study that found that the area is 'probably the most important fauna conservation location in the [Perth] metropolitan area'.<sup>10</sup> Ms Katharine Kelly, Chair, Save Beeliar

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8 *Committee Hansard*, 7 October 2015, p. 67.

9 For example, see: North Lake Residents, *Submission 4*, p. 3; Ms Rachael Durston, *Submission 33*, p. 1; Save Beeliar Wetlands Inc., *Submission 73*, Attachment 1 (Letter to the Hon Greg Hunt, Minister for the Environment), p. 1; Mr Clayton Ellis, *Submission 80*, p. 2; Dr Danielle Brady, *Submission 81*, p. 1; Dr Nandi Chinna, *Submission 111*, p. 5; Urban Bushland Council WA Inc., *Submission 136*, pp 1-4; Dr Felicity McGeorge, *Submission 177*, p. 1 and the Aboriginal Heritage Action Alliance, *Submission 222*, p. 14.

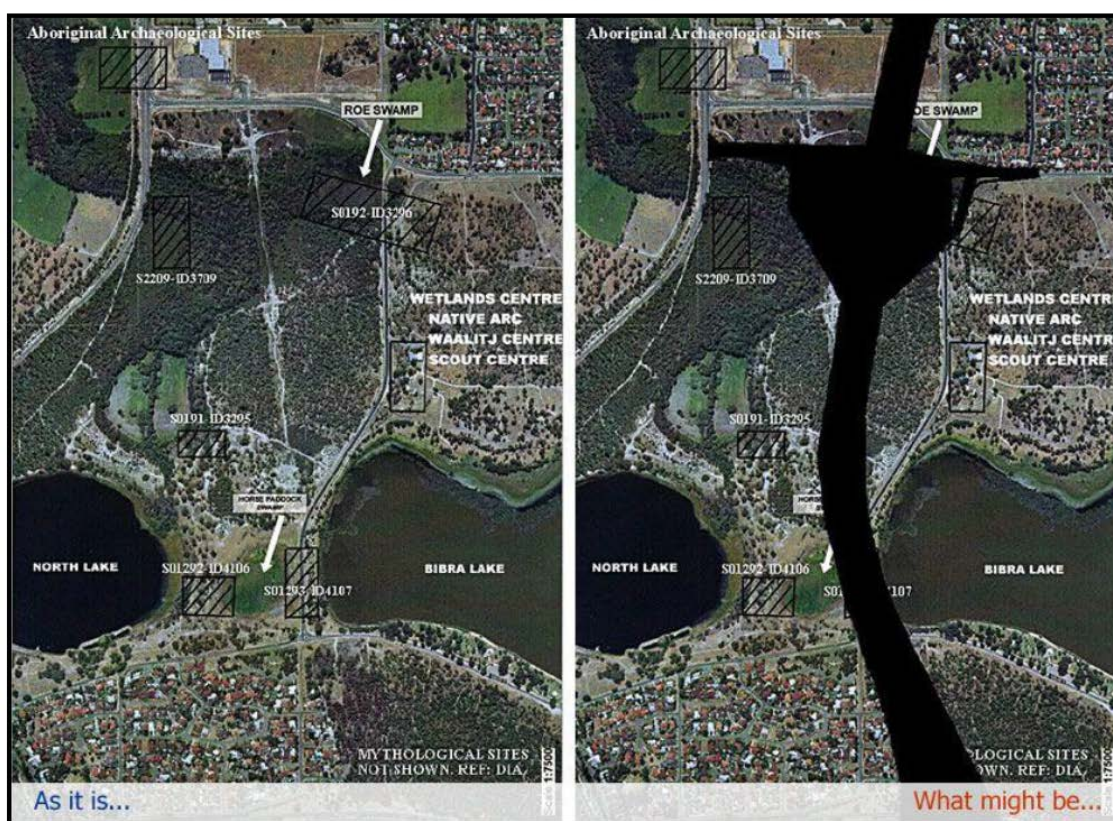
10 Sinclair Knight & Partners et al (1988) cited in North Lake Residents, *Submission 4*, p. 2.

Wetlands Inc. told the committee that the Beeliam Wetlands contained significant and rare species of plants and animals, including the graceful sun moth, an unidentified and potentially unique millipede, as well as rare woody pears and orchids.<sup>11</sup>

4.13 As discussed in chapter 2, the Western Australian Environmental Protection Authority (EPA) advised that the Freight Link should be approved subject to the following conditions being met:

- consideration or demonstration (to the maximum extent possible) of on-site impact mitigation; and
- development and implementation of an acceptable offsets package for significant, residual adverse impacts.<sup>12</sup>

Proposed Roe Highway Extension Road Reserve through North & Bibra Lakes



Source: Mr Joe Branco, North Lake Residents Association, *Submission 4*, p.1.

4.14 Some witnesses argued that this approval contradicts earlier advice from the EPA undertaken as part of the state government's Freight Network Review in 2003. Although no formal proposal for the Roe 8 extension was being considered at the time, the EPA assessed that any construction through the Beeliam Regional Park would be environmentally damaging as:

11 *Committee Hansard*, 7 October 2015, p. 68.

12 *Public Environmental Review: Roe Highway Extension*, pp 45, 356.



...the overall impacts of construction within the alignment, or any alignment through the Beeliar Regional Park in the vicinity of North Lake and Bibra Lake, would lead to the ecological values of the area as a whole being diminished in the long-term.<sup>13</sup>

4.15 In a Supreme Court hearing for the challenge to the Freight Link mounted by the Save the Beeliar Wetlands group, a lawyer for the EPA conceded that the agency did not follow its earlier advice when it approved the Roe 8 extension.<sup>14</sup>

4.16 Dr Danielle Brady submitted that the Beeliar Wetlands could not be 'offset' as they were a unique and irreplaceable natural resource:

Offsetting with 'like for like or better' is a key principal of both State and Federal environmental guidelines. As the Beeliar Wetlands system is unique, it cannot be offset by the purchase of additional land (details of which have not been provided in the offset package). The offset package contravenes the EPAs own guidelines which, in general terms, preclude offsetting of critical assets including Public Conservation Reserve Lands, Bush Forever lands, native vegetation of high conservation value and wetlands.<sup>15</sup>

4.17 Some evidence taken by the committee spoke about the potential negative effects of the Freight Link on the environment more generally. For example, Mr Samuel Wainwright, Spokesperson, Fremantle Road to Rail Campaign, suggested that the Freight Link would increase the total carbon emissions produced:

Although transport contributes to about a third of our emissions, it is the fastest-growing greenhouse gas contributor. All significant transport investments should have as an aim the qualitative reduction in emissions. Instead, Perth Freight Link, by its own definition, seeks to increase them. In the 21st century, investing in freeways is the equivalent of building new coal fired power stations. There has to be a different path.<sup>16</sup>

4.18 The committee understands that, in late 2015, the Supreme Court of Western Australia found the environmental approvals for the Roe 8 works were invalid. The committee also understands that the Western Australian government is appealing this decision, and that this process could take up to one year.<sup>17</sup>

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13 Western Australian Environmental Protection Authority, *EPA Section 16 Advice - Roe Highway Stage 8* (3 February 2003) [www.epa.wa.gov.au/News/mediaStmnts/Pages/1571\\_EPASection16Advice-RoeHighwayStage8.aspx](http://www.epa.wa.gov.au/News/mediaStmnts/Pages/1571_EPASection16Advice-RoeHighwayStage8.aspx) (accessed 8 December 2015).

14 Laura Gartry, 'Perth Freight Link: EPA admits ignoring own policy in Roe 8 approval', *ABC Online*, 30 November 2015, at [www.abc.net.au/news/2015-11-30/epa-admits-ignoring-own-policy-in-roe-8-approval/6987584](http://www.abc.net.au/news/2015-11-30/epa-admits-ignoring-own-policy-in-roe-8-approval/6987584) (accessed 8 December 2015).

15 *Submission 81*, p. 2.

16 *Committee Hansard*, 7 October 2015, p. 55.

17 'Roe 8: WA Government to seek new environmental approvals', *ABC Online*, 22 January 2016 at [www.abc.net.au/news/2016-01-22/wa-government-to-see-new-roe-8-environment-approvals/7108014](http://www.abc.net.au/news/2016-01-22/wa-government-to-see-new-roe-8-environment-approvals/7108014) (accessed 4 February 2016).

### ***Indigenous sacred and culturally significant sites***

4.19 Some evidence to the committee highlighted the spiritual and cultural significance of the Beeliar Wetlands for Indigenous Australians. Additionally, concerns were raised about the process by which consent for the Roe 8 works was granted by the Minister for Aboriginal Affairs in September 2015.<sup>18</sup>

4.20 The North Lake Residents highlighted that the National Trust of Australia (WA) found the North/Bibra Lakes to be a site of historic and ongoing cultural significance for the local Noongar people, containing 'many registered and mythological sites'.<sup>19</sup> Councillor Logan Howlett, Mayor of the City of Cockburn, told the committee that there were 13 registered Aboriginal sacred sites around the North and Bibra Lake area.<sup>20</sup>

4.21 Ms Lynn McLaren MLC submitted that the current Roe 8 plans would extend the highway directly through the largest site of mythological significance in the area:

The largest of these sites is a registered mythological site known as DAA 3709 which encompasses North and Bibra lakes and is known as the birthplace of the Waugyl, a serpent of great spiritual significance to the Nyoongar people of Perth and the South-West. The proposed path of Roe 8 runs directly through DAA3709.<sup>21</sup>

4.22 Reverend Sealin Garlett, Chairperson, Cockburn Aboriginal Reference Group, spoke of the ongoing spiritual relationship that local Indigenous communities had with the land around Bibra Lake:

On that land, in the area that we are sharing today, there are food resources, there is medicine and there is healing. I, for one, and my family still practice those medicines that we get from that area now.

We as Aboriginal people find that that area has a tremendous impact and sense of belonging. There is a pride when we look at that place and say, 'That belongs to yesterday and will go with us today and will go with us tomorrow.' As Indigenous people we hold that area up very highly because it is a part of our dreaming. It is a part of our connection and it is a part of our identification. It is part of our identity, of being able to access that place as Indigenous people.<sup>22</sup>

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18 See chapter 2.

19 North Lake Residents, *Submission 4*, p. 2 and Attachment 1 (Letter from the National Trust of Australia (WA), 17 September 2011).

20 *Committee Hansard*, 7 October 2015, p. 8.

21 *Submission 175*, p. 1. The significance of this myth was also noted by: Mrs Anouk Graf, *Submission 61*, p. 4; Ms Jo Divine, *Submission 217*, p. 1 and the Aboriginal Heritage Action Alliance, *Submission 222*, p. 22.

22 *Committee Hansard*, 7 October 2015, p. 66.

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### *Concerns about Indigenous heritage consent*

4.23 Regarding the heritage consent granted for the Roe 8 extension by the Minister for Aboriginal Affairs, Main Roads WA states:

The local knowledge shared by the Traditional Owners, which included an emphasis on minimising impacts on sacred and mythological sites, rehabilitating degraded areas of the wetlands and maintaining hydrological and ecological links, has helped shape the project's preferred design, construction approach, footprint and alignment.<sup>23</sup>

4.24 However, consultations in 2010 and 2012 suggest that there was no clear approval from local Indigenous stakeholders. An ABC news story suggests surveys undertaken by Main Roads WA with traditional owners in 1987, 2010 and 2012 found significant opposition to highway works being built over the Beeliar Wetlands:

[From the 1987 survey] 'A number of Aboriginal people consulted are implacably opposed to the proposed highway development between the two lakes'... 'All people consulted would prefer a situation where the highway did not pass between the lakes. However the majority did not want to be seen as opposing the Main Roads Department'...

[From the 2010 survey] 'Of the 54 people consulted, 26 expressed approval of MRWA/SMC's plans to seek approval under section 18 of the Aboriginal Heritage Act (1972) for registered sites including no. 3709 to be disturbed to allow the highway extension to proceed. A total of 28 others were not in favour'

[From the 2012 Survey] 'A total of 45 people who participated in seven consultation sessions between 21 and 25 May 2012, most had taken part in the initial survey... Most remained opposed to the highway extension plans'.<sup>24</sup>

4.25 The committee heard some concerns that due process had not been followed in the 2015 decision made by the Aboriginal Cultural Materials Committee (ACMC) that overturned its 2013 heritage assessments. Ms Lynn McLaren MLC outlined how the decision made was not transparent in her submission:

...in February 2013, the ACMC recommended consent [for Roe 8] was not granted 'based on the ethnographic significance of the sites' and objections raised by the 'majority of Aboriginal (sic) consulted'.

...For reasons that do not stand up to scrutiny, the ACMC was asked to reconsider its decision in June 2015 at which point it agreed to the Section 18 application.

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23 Main Roads Western Australia, 'Perth Freight Link' at [www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx](http://www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx) (accessed 15 September 2015).

24 David Weber, 'Roe Highway Indigenous consultation criticised amid concern for North, Bibra Lake sacred sites', *ABC Online* at [www.abc.net.au/news/2015-09-01/roe-highway-lakes-consultation-criticised-by-traditional-owners/6741616?WT.ac=statenews\\_wa](http://www.abc.net.au/news/2015-09-01/roe-highway-lakes-consultation-criticised-by-traditional-owners/6741616?WT.ac=statenews_wa) (accessed 3 November 2015).

The WA Aboriginal Affairs Minister's explanation to date for the re-referral to the ACMC and the CMC's change of heart does not make sense. The Minister has referred to 'new information about the archaeological heritage places on the land' but given the major site in question is a mythological site, not archaeological, any archaeological data should have no bearing on the information on the decision.<sup>25</sup>

4.26 The committee understands that a case is currently before the Western Australian Supreme Court challenging the Roe 8 extension on indigenous heritage grounds.<sup>26</sup>

### ***Other heritage sites***

4.27 The committee received evidence that Roe 8 works could irreparably damage other significant heritage sites in the Bibra Lake area.

4.28 Some submitters were concerned that roadwork over the Bibra Lake area would destroy a recently-discovered Australian Women's Army Service Searchlight Station, which was built during World War II. These submitters emphasised that this site is the only one of its kind in Australia and is yet to be researched comprehensively.<sup>27</sup>

4.29 The committee also received submissions highlighting potential negative outcomes for the Randwick Stables, currently Perth's oldest working stables and listed on the permanent State Heritage Registry as a class-A site.<sup>28</sup> Submissions were concerned that these stables are located on land owned by Main Roads WA, which could be used for tunnelled sections of the Freight Link. Moreover, it was also suggested that the stables could not continue to be used to stable horses should Roe 8 proceed.<sup>29</sup>

### ***Uncertainty in the reacquisition process for some home owners***

4.30 The committee also received evidence from some individuals whose houses are set to be repossessed by the state government and demolished to make way for the

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25 *Submission 175*, p. 1.

26 'Roe 8: Aboriginal heritage appeal drawn up against Perth Freight Link extension' *ABC Online*, 22 January 2016 available at [www.abc.net.au/news/2016-01-22/roe-8-perth-freight-link-aboriginal-heritage-appeal/7108804](http://www.abc.net.au/news/2016-01-22/roe-8-perth-freight-link-aboriginal-heritage-appeal/7108804) (accessed 5 February 2016).

27 See Ms Sue Carter *Submission 43*, p. 4; Ms Alison Bolas, *Submission 52*, Attachment 1, p. 1 and Ms Christine Cooper, Chairperson, Bibra Lake Residents Association Inc, *Committee Hansard*, 7 October 2015, p. 45.

28 Class A denotes exceptional significance and essential to the heritage of the locality. See Heritage Council WA, 'Randwick Stables' at <http://inherit.stateheritage.wa.gov.au/Public/Inventory/Details/8dd9ae39-dc82-46d9-96a3-7c458d275b04> (accessed 3 November 2015).

29 See Ms Alison Bolas, *Submission 52*, Attachment 1, p. 1; Friends of Clontarf Hill, *Submission 79*, p. 5; Ms Jo Devine, *Submission 217*, p. 2 and Mr David Goodall, *Submission 220*, p. 1.

Freight Link.<sup>30</sup> Ms Tania Smirke told the committee that uncertainty over the implementation of the Freight Link continued to affect her family profoundly:

I stand to lose my home of nearly 18½ years, a home that started off as a modest four by two but is still being renovated by me, my husband and my four boys to become a seven-by-four dream castle...After we received the letter...from Main Roads - that we received on 22 April...we got on the website. It showed the preferred route was the one that destroyed our home. There was no mention of what the other options were, only that they had been considered. If they have been considered, where were they and why weren't they mentioned?<sup>31</sup>

4.31 Mr James Gleeson outlined to the committee the effects of his house being forcibly acquired by the state government and demolished for the Freight Link proposal:

On 20<sup>th</sup> April 2015 we were given this information, and we are still left hanging in the air, on our future, which has caused a lot of worry and stress to the people of [my area]... I do not want to lose my home, as at my age (88) I don't know where I can relocate. My mobility is limited, and I would have big problems trying to wind up this home and move to I don't know where.<sup>32</sup>

4.32 Ms Smirke told the committee how frustrating communication from the state government and the relevant minister on the implementation of the Freight Link had been:

Suddenly, on Friday afternoon just gone, we received a call from [an adviser] who works in the transport minister's office. He said it was too hard for the minister to personally talk to us but he wanted to tell us he would have everything he needed to make his decision by the middle of this month, and that it would be [the adviser], not the minister—who would call us and tell us whether we had lost our homes. They want to take our homes, yet they will not come and see us to let us know our fate. This is wrong. Surely we deserve better than that.<sup>33</sup>

### ***Other negative effects on the community***

4.33 A number of other concerns were raised about the Freight Link's effects on the health and recreational opportunities enjoyed by local communities.

#### *Community health*

4.34 Proponents of the Freight Link project have suggested it would lead to improved health outcomes for local communities by reducing pollution and increasing

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30 See Ms Tania Smirke, *Submission 32*; Mr Kevin Gleeson, *Submission 69*.

31 *Committee Hansard*, 7 October 2015, p. 45. Note that Ms Smirke provided a copy of this letter to the committee, which can be found at appendix 4 of this report.

32 *Submission 69*, p. 1.

33 *Committee Hansard*, 7 October 2015, p. 45.

public safety from the reduction of traffic volumes on some roads.<sup>34</sup> However, the committee received evidence that suggested that pollution would actually increase for many local residents and, moreover, that it could make some roads more dangerous.

4.35 The summary of the Freight Link Business Case estimates that it would remove 500 trucks per day from the Leach Highway by 2031, 'reducing noise and increasing mobility by removing slower vehicles from the road'.<sup>35</sup> Some submissions noted that conflicting figures had been released by Main Roads WA. For example, Miss Pascale Angliss observed that:

It is stated in the Business Case published in December 2014 that the Project will benefit the community by removing 500 fewer trucks per day on sections of Leach Highway by 2031... This is in contrast to more recent figures released by Main Roads that Roe 8 at completion will "divert approximately 2000 heavy vehicles from (a particular) section of Leach Highway".<sup>36</sup>

4.36 Ms Christine Cooper, Chairperson, Bibra Lake Residents Association Inc., told the committee that increased traffic being diverted away from main roads could cause many issues for local residents:

The 5,000 trucks per day will cause major issues such as noise, light and serious health issues resulting from diesel pollution for those living in the areas and the children attending the closely located schools. There will be traffic congestion issues for our residents, as important local roads will be permanently closed if the highway is built. Congestion issues that exist now will be transferred to our suburbs.<sup>37</sup>

4.37 Ugo di Marchi, Member, Bibra Lake Residents Association and Coolbellup Community Association, suggested the government recognised there would be significant leakage from the Freight Link, which would have uncertain effects that had not been modelled sufficiently:

In the state government Standing Committee on Estimates and Financial Operations, Main Roads, when questioned, admitted that with, as a conservative figure, 42 per cent of the 1.3 million trucks using the road, there will be a leakage to suburban streets. That is at the maximum number of trucks on the Perth Freight Link in here; it quotes 2031. That is on page 30 of the report by the Standing Committee on Estimates and Financial Operations of the state government. Not everybody is going to use Perth Freight Link. They will still proliferate on the other roads. So, as we all

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34 For example, see Main Roads Western Australia, 'Perth Freight Link' at [www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx](http://www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx) (accessed 15 September 2015).

35 *Perth Freight Link: Business Case Executive Summary* (December 2014), p. 23.

36 *Submission 184*, p. 3.

37 *Committee Hansard*, 7 October 2015, p. 45.

know, why should Roe 8 go ahead when we are not sure what is going to happen and whether all of the trucks will be using it?<sup>38</sup>

### *Reducing recreational and educational community activities*

4.38 Some evidence received by the committee highlighted the negative effects of the Freight Link on community educational and recreation activities that take place in the Beeliar Wetlands. For example, North Lake Residents submitted that extending Roe 8 as planned would significantly reduce the recreational and educational opportunities available to the local community, citing a 2004 EPA report that found:

The environs surrounding North Lake and Bibra Lake currently support recreational activities which involve cycling, walking, exercising, picnicking and educational pursuits for school and university students.... Currently, the Cockburn Wetlands Education Centre is located within the Beeliar Regional Park and is utilised by [a various number of] groups such as the Bibra Lake Scouts, the Wetlands Conservation Society, Friends of Ken Hurst Park, [and the] Wildlife Conservation Society.<sup>39</sup>

4.39 Councillor Howlett, Mayor of the City of Cockburn, also highlighted the effects of the Freight Link on the recreational opportunities for local communities:

Importantly, over and above that, Roe 8 impacts on wetlands, on the banksia woodlands and on the recreational opportunities of thousands of people who come to this location every year—it is the most used recreational area in the City of Cockburn, and probably has been for the last 30 years. It is in a pristine state.<sup>40</sup>

### **Effects on Fremantle and surrounding areas**

4.40 The committee received evidence that the Freight Link would damage the long-term viability of Fremantle as a living and working city. The study undertaken for the City of Fremantle by Professor Newman and Dr Hendrigan found the project would damage the liveability and economic health of the city and its surrounding areas in a number of ways, including:

- increasing pollution from trucks driving to and from Fremantle, affecting the community's health;
- creating access difficulties for local residential and collector route car traffic;
- setting back urban renewal in Fremantle and thereby impeding its future economy, including the developing knowledge economy, and a slowdown of employment in services and tourism;

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38 *Committee Hansard*, 7 October 2015, pp 44-45

39 Environmental Protection Authority, *Environmental values associated with the alignment of Roe Highway (Stage 8)*, Bulletin 1088 (2003), p. 15.

40 *Committee Hansard*, 7 October 2015, p. 7.

- damage to existing Fremantle industry, including the removal of the historic D'Orsogna factory, which employs 500 people;
- larger volumes of trucks on Fremantle's roads and increased pollution reducing the number of visitors that the services and tourism sectors depend upon;
- the Freight Link creating a physical and social barrier around the city, reducing investment in the city over the long-term;
- negative effects on shops and businesses along Stock Road, which will no longer have street frontage or access; and
- reduction of land values of key locations in the Fremantle CBD, due to slower redevelopment and job creation.<sup>41</sup>

4.41 The following chapter sets out the views and recommendations of the committee.

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41 *Submission 5 - Attachment 1* (Peter Newman and Cole Hendrigan, *Perth Freight Link: Making the Right Investment in Perth's Freight Task: A Position Paper for the City of Fremantle*), pp 21-29.



# Chapter 5

## Committee view and recommendations

5.1 The Perth Freight Link is the most expensive infrastructure project ever undertaken in Western Australia. It has total funding from the federal and state governments likely to exceed its proposed capital expenditure of \$1.9 billion, which includes \$1.2 billion of Commonwealth funds. This amount of funding is a once-in-a-generation opportunity to invest in the infrastructure needs and long-term economic prosperity of Western Australia.

5.2 However, if the Perth Freight Link proceeds, it will blow this opportunity on a project that will not achieve what it proposes to do, and is not wanted - not only by the communities that it would run through but also by the business and transport sectors it purports to assist.

5.3 The committee believes Western Australia desperately needs investment in transport and freight infrastructure to ensure the prosperity and economic health of the state over the coming decades. This investment could be the key driver of the efficiency and productivity of the state's business, agricultural, industrial and primary resource sectors over the coming decades, as well as having flow-on benefits for the general Australian economy.

5.4 However, it is clear from the evidence that the Perth Freight Link is not the right project for Australian governments to invest in. Accordingly, the committee considers that the Commonwealth should redeploy the funding earmarked for the Freight Link to other, more productive and properly-planned infrastructure funding in Western Australia.

5.5 This would mean that the Commonwealth could work collaboratively with Infrastructure Australia and the government of Western Australia to identify the best possible freight and transport infrastructure for Western Australia and plan its development in a robust, transparent and efficient way.

### **Commonwealth funding and the Business Case for the Freight Link**

5.6 In the 2014-15 Budget, the Commonwealth committed a total \$925 million to the Freight Link, including \$59 million of funding delivered under the 2013-14 Budget for improvements to the Leach Highway/High Street Fremantle. In April 2016 the Commonwealth committed a further \$260.8 million to the project, taking total federal funding for the Freight Link to a massive \$1.2 billion.

### ***Poor design and insufficient consultation with Western Australia and Infrastructure Australia***

5.7 The Freight Link proposal was poorly and hurriedly conceived by the Commonwealth before funding was committed. Evidence suggests that the Commonwealth undertook virtually no consultation with the government of Western Australia to develop the Freight Link, which was clearly unaware of the proposal before the 2014-15 Budget announcement.

5.8 Moreover, the committee finds it incredible that the Commonwealth would approve a project that was not mentioned in any Western Australian government statements on future infrastructure priorities for the state, a fact noted by Infrastructure Australia.<sup>1</sup>

5.9 It is also apparent that Infrastructure Australia was not aware of the Perth Freight Link proposal until its public announcement by the Commonwealth.<sup>2</sup> Given Infrastructure Australia's role in ensuring effective infrastructure planning across our nation, the committee considers that a project of this size should have been evaluated by the agency much earlier than May 2015.

5.10 The committee also notes that Infrastructure Australia's assessment of the Freight Link was lukewarm at best, and that it noted several flaws in the Business Case, including that its costs may exceed the estimates provided and that other options were not adequately assessed.

***The Business Case for the Freight Link is fundamentally flawed***

5.11 Much of the evidence considered by the committee showed that, if implemented, the Freight Link is likely to deliver fewer benefits than the Business Case proposes. Despite its best efforts, the committee was not able to consult the full Business Case, which remains confidential, and so has been forced to rely upon the Executive Summary to the Business Case, publically released in December 2014.

5.12 In considering the Executive Summary, it appears there is a significant risk that the capital costs of the Freight Link would be much more than estimated. Indeed, this has been recently proved by the additional Commonwealth funding of \$260.8 million to tunnel certain parts of the project.

5.13 Most seriously, the project does not incorporate a strategy to improve traffic flows through Fremantle to the port itself. This means the project is likely to cause traffic congestion around the Stirling Bridge. The committee understands that upgrades to bridges into Fremantle alone could add as much as \$500 million to capital costs. It is also concerning that no solution has been proposed as to how the City of Fremantle - which already faces significant traffic flow problems - would handle increased volumes of freight transport through its urban and residential streets.

5.14 Moreover, there are substantial parts of the Freight Link proposal that are still to be confirmed more than two years after its announcement. For example, the state government has indicated it is considering tunnelling or trenching parts of the route, which would also add substantially to capital costs and additionally to ongoing operational expenditure. Additionally, there is still great uncertainty about the introduction of the toll system that is part of the Freight Link's design, particularly how much revenue it would accrue, and how much the necessary supporting infrastructure would cost to build.

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1 Infrastructure Australia, *2014-2015 Assessment Brief: Perth Freight Link*, p. 2.

2 Professor Peter Newman, *Submission 5*, p. 1.

5.15 Any increase in capital costs, or lower-than-forecast revenue, would make the economic benefits of the Freight Link far smaller than the Business Case estimates.

5.16 This shortfall in benefit would be compounded further by the likelihood that the economic benefits outlined in the Business Case Executive Summary have been overstated. For example, it is forecast in this Executive Summary that more than \$3.92 billion of benefits would be created by the Freight Link, but it is unclear how these benefits are calculated. Without accessing the modelling contained in the full Business Case, the committee is not clear how the proposed reduction of travel time by nine-and-a-half minutes for vehicles using the Freight Link translates to a total of \$2.469 billion in benefits for the Western Australian economy.

5.17 It seems to the committee that this is but one example of the incredibly generous and unrealistic estimation of the project's Business Cost Ratio [BCR] contained in the Business Case.

5.18 These significant uncertainties in the design, capital costs and economic modelling underpinning the Freight Link project make it impossible to have any confidence in the accuracy of the cost and benefit estimates contained in the Business Case Executive Summary.

#### ***The project was developed with insufficient consultation and transparency***

5.19 The committee also had concerns about evidence suggesting that such a large and expensive policy proposal should have been undertaken with much more comprehensive consultation with local governments, industry stakeholders, and groups and individuals from the communities who will be most affected.

5.20 Local governments overwhelmingly told the committee that they were not convinced the project was necessary or viable. The committee understands that local governments were not consulted about the plan's development and, moreover, that they were not given opportunities to shape its implementation in any meaningful way.

5.21 The committee also took evidence showing business and agricultural sectors are uneasy about the Freight Link, and of a widespread perception that the project does not give any certainty for the future capacity of Western Australia to meet its freight task.

5.22 The large number of submissions from community groups and individuals who would be affected by the Freight Link also demonstrated how poorly the project has been received. Some of this evidence showed that it would cause damage to the environment, destroy Indigenous and other heritage areas, and have profoundly negative social and health outcomes for communities that live along the route.

5.23 Moreover, the committee was moved by the personal testimonies of people whose houses stand to be seized by the Western Australian government, trauma that is magnified by lack of certainty about the Freight Link's implementation.

#### ***Delays and uncertainty to the project's implementation***

5.24 Since its announcement, the Freight Link has been beset by difficulties in its implementation.

5.25 Currently there are cases before the Supreme Court of Western Australia considering the environmental and Indigenous heritage aspects of the first stage of the Freight Link, Roe 8. Consequently, it is unlikely Roe 8 will commence construction anytime soon, even though tenders were awarded and work was scheduled to commence in late 2015. The committee heard that the delay to Roe 8 may mean that the tendering process will have to be undertaken again, depending on the outcome and length of these cases, which will complicate matters still further.<sup>3</sup>

5.26 Regarding the second stage of construction, the Western Australian Premier, the Hon Colin Barnett, stated in November 2015 that work developing and implementing stage 2 of the Freight Link would be delayed for at least until late-2016.<sup>4</sup>

5.27 These uncertainties mean that the Freight Link's route, its cost, and its full effects could remain unresolved for quite some time. Given this, the committee considers it is appropriate for the Commonwealth to reconsider its commitment to the project, and what infrastructure Western Australia needs to boost productivity and economic growth well into the future.

### **Recommendation 1**

**5.28 The committee recommends that the Commonwealth withdraw its support for the Freight Link project, and re-commit the project's total federal funding of \$1.2 billion to the development and implementation of future Western Australian freight infrastructure projects.**

### **Recommendation 2**

**5.29 The committee recommends that the Commonwealth work collaboratively with the state government to identify and develop future projects that will best meet the long-term infrastructure needs of Western Australia, and that these projects are supported by fully developed Business Cases that are submitted to Infrastructure Australia for assessment and published publically.**

### **Recommendation 3**

**5.30 The committee recommends that the Commonwealth release the full Business Case for the Freight Link, as assessed by Infrastructure Australia, to provide transparency on the project's proposed economic and social benefits.**

#### ***The need for a full analysis of all policy options***

5.31 It is clear from the Business Case Executive Summary that viable alternatives to the Freight Link were not considered. In this, the committee reached the same conclusion as Infrastructure Australia, who stated in its assessment of the project that:

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3 Rural And Regional Affairs And Transport Legislation Committee, *Estimates Proof Committee Hansard*, 8 February 2016, p. 37.

4 Colin Barnett, Premier of Western Australia quoted in Rebecca Carmody, 'Perth Freight Link: Colin Barnett shelves 'incredibly expensive' second section', ABC Online, 1 November 2015 at <http://mobile.abc.net.au/news/2015-11-01/colin-barnett-parks-stage-two-of-perth-freight-link/6903282> (accessed 2 November 2015).

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A rapid BCR was completed for the preferred option only, assessed against the Base Case. A rapid BCR was not completed for additional options to determine if the preferred option provided the greatest net benefits... The options did not include consideration of the Outer Harbour at Cockburn Sound South [sic] of Perth.<sup>5</sup>

5.32 The committee sees this omission as further proof that the Freight Link proposal was poorly conceived, badly designed and irresponsibly committed to by the Commonwealth government.

*Fremantle port close to capacity*

5.33 The committee received almost unanimous evidence that the existing port at Fremantle will reach its optimum capacity over the next decade, and that it cannot handle the new generation of cargo ships and cranes needed for a fully modern freight task. It is clear to the committee that the Freight Link, should it go ahead, would service a port that is close to reaching capacity. The committee considers that it would be far more judicious to consider improvements to rail and traffic management strategies to improve the port's operation, rather than investing in an expensive, unpopular and badly designed Freight Link.

*A second port at Kwinana is necessary and inevitable*

5.34 The committee also heard repeatedly that the proposal for a second harbour not only has a long history of bipartisan political support, but also has strong backing from industry and the community. Given this, the committee sees that the construction of a second port is not only necessary for the economic future of Western Australia, it is also inevitable.

5.35 This was most clearly expressed during the committee's second hearing, which focussed on the City of Kwinana's Indian Ocean Gateway proposal. This proposal showed a second port at Kwinana could be made operational within a decade, around the time Fremantle reaches capacity, for around the same amount of investment currently committed to the Freight Link by the Commonwealth government.

5.36 The committee commends the City of Kwinana for its development of the Indian Ocean Gateway proposal, which included wide consultation, thorough planning, and sound economic modelling. While the committee understands that there are some significant implementation issues to be worked through in the proposal, particularly around transport between ports, it considers that the proposal for a second port at Kwinana is fundamentally sound, and that the Indian Ocean Gateway plan demonstrates a willingness by Kwinana to take a leadership and advocacy role, not only for the city itself, but also for surrounding areas and Western Australia more generally.

#### **Recommendation 4**

**5.37 The committee recommends that the Commonwealth work with Infrastructure Australia and the Western Australian government to identify rail and traffic management strategies to expedite freight movement around the current Fremantle Port facilities.**

#### **Recommendation 5**

**5.38 The committee recommends that the Commonwealth Department of Infrastructure and Transport consider undertaking a full analysis of the costs and benefits of investing in a second port at Kwinana, as outlined by the City of Kwinana's Indian Ocean Gateway proposal.**

#### **Recommendation 6**

**5.39 The committee recommends that Infrastructure Australia assess the City of Kwinana's Indian Ocean Gateway proposal for inclusion on its Infrastructure Priority List.**

#### **The need for more effective Commonwealth infrastructure planning**

5.40 The committee has concerns that the Perth Freight Link is indicative of a more widespread systemic problem in the Commonwealth's development and planning of Australia's infrastructure.

5.41 At the last election, the Coalition committed to work with the states and territories to develop infrastructure that best suits their need to boost productivity and assure the best economic returns from Commonwealth investment. This was made clear in the 2013 election campaign, in which the Hon Tony Abbott, then leader of the opposition, made the following commitment:

...we will do much more than just deliver infrastructure. We will ensure better infrastructure planning, more rigorous and transparent assessments of taxpayer-funded projects, and develop a much firmer and clearer infrastructure plan for Australia's future.

The Coalition will strengthen the role of Infrastructure Australia, to create a more transparent, accountable and effective adviser on infrastructure projects and policies.<sup>6</sup>

5.42 To do this, the Coalition committed to:

...require all Commonwealth infrastructure expenditure exceeding \$100 million to be subject to analysis by Infrastructure Australia to test cost-effectiveness and financial viability.<sup>7</sup>

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6 *The Coalition's policy to deliver the infrastructure for the 21st century*, Coalition policy document, Election 2013, p. 2.

7 *The Coalition's policy to deliver the infrastructure for the 21st century*, Coalition policy document, Election 2013, p. 2 (accessed 5 April 2016).

5.43 Quite clearly, this has not been done in the case of the decision to fund the Perth Freight Link. The Coalition government, first under Mr Abbott, and now under Mr Turnbull, have failed to match their actions with their rhetoric.

5.44 The Freight Link debacle is another example of poor judgement in infrastructure planning and implementation that has beset the Abbott-Turnbull administration, alongside the East-West Link in Victoria and the WestConnex motorway in Sydney.

5.45 The Auditor-General has already undertaken and published a highly critical review of the Abbott Government's reckless decision to commit \$3 billion of public funding to Melbourne's disastrous East-West Link.<sup>8</sup> The committee considers it timely that the Auditor-General consider a further formal investigation of the systemic failure of the Commonwealth's planning and assessment of transport infrastructure, including the decision to fund the Perth Freight Link Project.

### **Recommendation 7**

**5.46 The committee recommends that the Auditor-General undertake a formal investigation into the systemic failure of the Commonwealth's planning and assessment of road and freight transport infrastructure, including the decision to fund the Perth Freight Link project.**

**Senator Glenn Sterle**  
**Chair**

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8 Auditor-General, *Approval and Administration of Commonwealth Funding for the East West Link Project* (December 2015).





# Appendix 1

## Submissions received

<b>Submission Number</b>	<b>Submitter</b>
1	Mr Geoff Taylor
2	Mr Robert Thomas
3	Ms Patricia Carmichael
4	Mr Joe Branco, North Lake Residents
5	Prof Peter Newman AO, Curtin University Sustainability Policy (CUSP) Institute, Curtin University
6	SOS Cottesloe Inc.
7	Ms Sandra Boulter
8	Mr Paul Iddiols
9	Mr Barry Healy
10	Dr Cole Hendrigan
11	Mr Nicholas O'Brien
12	City of Fremantle
13	Wetlands Conservation Society
14	Mr Tony Jones
15	Infrastructure Australia
16	Mr Matt Cavana
17	Mr David Spencer
18	Mr Andrew Miller
19	Mr Justin O'Malley
20	Ms Jackie Curtis
21	Ms Michele Howard
22	Ms Naomi Caceres
23	Mr Jarrod and Mrs Charley Hickey
24	Ms Sally Pyvis
25	Mr Nathan Blumenthal
26	Ms Rechelle Biffin
27	Ms Amanda Manson
28	Dr Andrew Fitch
29	Mr Julian Wald
30	Dr Jennie Gray
31	Ms Anita Downing
32	Ms Tania Smirke
33	Mrs Rachael Durston
34	Rhonda and Norman Johnson

35	Mr Jake Harding
36	Ms Felicity Newman
37	Ms Marianna Mattes
38	Mr Peter Best
39	Ms Lyn Isted
40	City of Melville
41	Ms Blandine Halle
42	Ms Annie Robinson
43	Ms Sue Carter
44	Dr Matt Checksfield
45	Ms Karen Atkinson
46	Mr Richard Beavitt
47	Miss Shona Hunter
48	Mr Damian Ots
49	Ms Jacqueline Scott
50	Mr John Francis Walsh
51	Ms Amanda Manson
52	Ms Alison Bolas
53	Miss Serena Zen
54	Mr Russell Quinn
55	Ms Rosie Walsh
56	North Fremantle Community Association
57	Town of East Fremantle
58	Ms Maureen Flynn
59	Miss N. Sas
60	Mr Tobias Busch
61	Mrs Anouk Graf
62	Dr Graham Zemunik
63	Mr Michael Mocin
64	Ms Susan Pippet
65	Ms Claire McGowan
66	Ms Caroline Colliss
67	Mr Alex Cheng
68	Ms Andrea Quinn
69	Mr Kevin James Gleeson
70	City of Cockburn
71	Department of Infrastructure and Regional Development
72	Bibra Lake Residents Association Inc. and Coobellup Community Association Inc.
73	Save Beeliar Wetlands Inc.
74	Kwinana Industries Council
75	City of Kwinana

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76	Mr Eigil Nielsen
77	Mr Dafydd Emmanuel
78	Perth Waldorf School
79	Friends of Clontarf Hill
80	Mr Clayton Ellis
81	Dr Danielle Brady
82	Mrs Rebecca Cobb
83	Mr Adam Cobb
84	Dr Sajni Gudka
85	Mr Clive Anda
86	Dr Fiona Ibach
87	Ms Lyn McSevich
88	Ms Annabel West
89	Ms Kim Ribbink
90	Miss Sonia McGillivray
91	Mr David Hancorne
92	Ms Nicole Carey
93	Mrs Karen Peradon-Alaga
94	Mr Darren Hutchens
95	Ms Ilsa Bennion
96	Ms Natalie Gaunt
97	Mr Clayton Chipper
98	Ms Cathy Hewick
99	Dr Jun Cowan
100	Mrs Danna Checksfield
101	Ms Penni Fletcher-Hughes
102	Ms Janet Vost
103	Mrs Samantha Bachofen
104	Ms Claire Grabski
105	Miss Debbie-Lee Sorensen
106	Ms Jasmine Morris
107	Ms Yvonne Suares
108	Mr Richard Grubinic
109	Ms Corina Sleep
110	Ms Colleen Ryman
111	Dr Nandi Chinna
112	Dr Peter Finlay
113	Ms Wendy Dugmore
114	Hamilton Hill Community Group
115	Ms Kara Crompton
116	Ms Emma Anda
117	Mrs Laila Hinsman
118	Ms Mary Peck

119	Ms Leonie Stubbs
120	Dr Kandy James
121	Ms Sally Quealy
122	City of Melville Residents Against Roe 8/Perth Freight Link
123	Ms Janene and Mr John Parkinson
124	Ms Liana Christensen
125	Ms Tania Coutts
126	Ms Raya Stanton
127	Ms Carina Calzoni
128	Ms Kate Lowe
129	Mr Clint Shaw
130	Mr John Rich
131	Ms Julie Roberts-Smith
132	Ms Lyndsay Humphries
133	Ms Nhanou Sirois
134	Ms Lis Francis
135	Ms Elaine George
136	Urban Bushland Council WA Inc.
137	Dr William Power and others
138	Mr John Bowkett
139	Dr Catherine Baudains
140	Ms Michelle Perche
141	Mr Tim Carter
142	Ms Liz Kloosterman
143	Ms Simone McGurk MLA, State Member for Fremantle
144	Fremantle Road to Rail
145	Mr Ugo de Marchi
146	Mr Andrew Beck
147	Mr Russell Lejeune
148	Ms Kirsten Dahl
149	Ms June Hutchison
150	Ms Alicia Krueger
151	Ms Gemma Hohnen
152	Ms Jane Brinsden
153	Ms Ruth Greble
154	Mrs Marian Howard
155	Ms Rena MacKenzie
156	Ms Claire Campbell
157	Mr David Anthony
158	Mr Michael Devenish
159	Cockburn Community Wildlife Corridor Inc.
160	Ms Janice England
161	Ms Gillian Saunders

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162	Ms Claire Romea
163	Ms Lynn and Mr Mal Christison
164	Ms Susan Booth
165	Mrs Heather Atwell
166	Ms S Noonan
167	Ms Margaret and Mr Philip Scott
168	Ms Elizabeth Jack
169	Ms Lucinda Crimson
170	Ms Denyse Passmore
171	Ms Peta Burnham
172	Mr Paul Burnham
173	Ms Rishelle Hume
174	Ms Meree Smith
175	The Hon Lynn MacLaren MLC, Member for South Metropolitan Region, WA Legislative Council
176	Rethink the Link
177	Dr Felicity McGeorge
178	Ms Christina Leach
179	Ms Zolly Williams
180	Ms Karen Hancock and Mr Bruce Nixon
181	Mr Patrick Hasler
182	Mr Paul Chauvel
183	Ms Eva Genie
184	Miss Pascale Angliss
185	Mr Donald Clifton Smith
186	Mr Tim Gamage
187	Ms Annette Chivers
188	Murdoch Branch of the Wildflower Society of Western Australia
189	Mrs Ann Hunt
190	Dr Claire Silvester
191	Dr Natasha Hurley-Walker
192	Mr Alan Hall
193	Miss Nicole Dakin
194	Mrs Linda Eidsvold
195	Ms Julie Savill
196	Ms Julie Caddy
197	Mr Richard Hunt
198	Mr Grzegorz Solon
199	Ms Pam Nairn
200	Friends of Ken Hurst Park
201	Mr Francis Kotai
202	Ms Anita Staude

203	Ms Peta Barker
204	Ms Brooke Bobridge
205	Ms Susan Harrington
206	Ms Georgina Creswell
207	Cottesloe Residents & Ratepayers Association
208	Mr Steve Walker
209	Ms Catherine Jack
210	Mr Dennis Platt
211	Mrs Michelle Grubinic
212	Mrs Caroline Spencer
213	Mr Martin Spencer
214	Mrs Navaz Dakin
215	Miss Melissa Balfus
216	Southern Cross Care (WA) Inc.
217	Ms Jo Divine
218	Mr Damien Flynn
219	Mr Julian Seah
220	Mr David Goodall
221	Mr Andrew Mangano
222	Aboriginal Heritage Action Alliance
223	Mr Ian Molyneux
224	Mr and Mrs John and Jeanette Ward
225	Ms Claire Ford
226	Brookfield Rail
227	Freight on Rail Group
228	Latitude 32 Community Group

## **Additional information received**

- Received on 20 October 2015, from the City of Melville. Answers to Questions taken on Notice on 7 October 2015;
- Received on 28 October 2015, from the City of Cockburn. Answers to Questions taken on Notice on 7 October 2015;
- Received on 29 October 2015, from Infrastructure Australia. Answers to Questions taken on Notice on 7 October 2015;
- Received on 12 February 2016, from Dr Peter Gifford. Additional Information;
- Received on 23 March 2016, from the Sustainable Transport Coalition of WA. Additional Information;
- Received on 1 April 2016, from the Sustainable Transport Coalition of WA. Additional Information;

## Questions on notice

- Answers to questions taken on notice on 7 October 2015. Received 20 October 2015 from the City of Melville.
- Answers to questions taken on notice on 7 October 2015. Received on 28 October 2015 from the City of Cockburn.
- Answers to question taken on notice on 7 October 2015. Received on 29 October 2015, from Infrastructure Australia.

## Tabled documents

- Tabled by the City of Melville on 7 October 2015 in Fremantle. Perth Freight Link – The Facts.
- Tabled by Bibra Lakes Residents Association on 7 October 2015 in Fremantle. Roe Highway Extension Preferred Concept Design 2012.
- Tabled by Ms Tania Smirke on 7 October 2015 in Fremantle. Photo of house.
- Tabled by Ms Tania Smirke on 7 October 2015 in Fremantle. Letter received from Main Roads WA.
- Tabled by Senator Linda Reynolds on 7 October 2015 in Fremantle. 'Keeping our kids safe' brochure.
- Tabled by Mr Joe Branco on 7 October 2015 in Fremantle. Letter from South West Aboriginal Land & Sea Council.
- Tabled by Mr Joe Branco on 7 October 2015 in Fremantle. Screenshots from Mainroads WA webpage.
- Tabled by Mr Barry Healy on 7 October 2015 in Fremantle. Port of Fremantle container distribution patterns.
- Tabled by Senator Chris Back on 7 October 2015 in Fremantle. Metropolitan Region Scheme Amendment No. 1055/33 – Fremantle Eastern Bypass.
- Tabled by Senator Linda Reynolds on 7 October 2015 in Fremantle. Perth Freight Link Business Case Executive Summary.
- Tabled by the City of Kwinana on 23 March 2016 in Kwinana. Documents relating to the Indian Ocean Gateway Proposal.
- Tabled by the Kwinana Industries Council on 23 March 2016 in Kwinana. Western Trade Coast Integrated Assessment.





## Appendix 2

### Public hearings and witnesses

**7 October 2015, Fremantle, WA**

- BENAC, Mr John, Director, WA and SA Section, North West Roads, Department of Infrastructure and Regional Development
- BRANCO, Mr Joe, Action Convenor, North Lake Residents
- BROWN, Mr Christopher Noel, Organiser, West Australian Branch, Maritime Union of Australia
- COOPER, Ms Christine, Chairperson, Bibra Lake Residents Association Inc.
- COPE, Mr Steve, Director Urban Planning, City of Melville
- DAVIES, Mr Philip, Chief Executive Officer, Infrastructure Australia
- DE MARCHI, Mr Ugo, Member, Bibra Lake Residents Association and Coolbellup Community Association
- DRAVNIEKS, Mrs Kim, Campaign Coordinator, Rethink the Link
- FLYNN, Ms Maureen, Volunteer Coordinator, Rethink the Link
- GARLETT, Reverend Sealin, Chairperson, Cockburn Aboriginal Reference Group
- HEALY, Mr Barry, Fremantle Road to Rail Campaign
- HENDRIGAN, Dr Cole, Private capacity
- HOWLETT, Councillor Logan, Mayor, City of Cockburn
- HOWLETT, Councillor Logan, Mayor, City of Cockburn
- JENNINGS, Professor Philip John, Member, Save Beelihar Wetlands Inc.
- JONES, Ms Kate, Vice-President, Hamilton Hill Community Group
- KELLY, Ms Katharine, Chair, Save Beelihar Wetlands Inc.
- O'NEILL, Councillor Jim, Mayor, Town of East Fremantle
- PETTITT, Dr Brad, Mayor, City of Fremantle
- PITTAR, Mr Roland, General Manager, North West Roads, Department of Infrastructure and Regional Development
- RINGVALL, Dr Kate, Ordinary Member, Save Beelihar Wetlands Inc. ROE, Mr Paul, Director, Financing and Funding Policy, Infrastructure Australia
- SMIRKE, Mrs Tania, Private capacity
- SULLIVAN, Mr Charles, Director, Engineering and Works, City of Cockburn
- SULLIVAN, Mr Charles, Director, Engineering and Works, City of Cockburn
- TIELEMAN, Mr Marten, Director Corporate Services, City of Melville
- TROSIC, Mr Andrew, Manager, Strategic Planning, City of Cockburn
- TROSIC, Mr Andrew, Manager, Strategic Planning, City of Cockburn
- TROTMAN, Mr Paul John, Director of Strategic Planning and Projects, City of Fremantle
- TROTMAN, Mr Paul John, Director, Strategic Planning and Projects, City of Fremantle
- WAINWRIGHT, Mr Samuel, Spokesperson, Fremantle Road to Rail Campaign

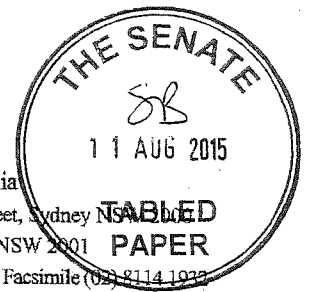
## **23 March 2016, Kwinana, WA**

- ABBISS, Ms Joanne, Chief Executive Officer, City of Kwinana
- ADAMS, Councillor Carol, Mayor, City of Kwinana
- AUSTIN, Mr Russell, General Manager Australia, Tronox Ltd
- BEGLEY, Mr Aaron Paul, Managing Director and Chief Executive Officer, Matrix Composites & Engineering
- DUNCANSON, Mr Robert (Roy), Executive Chair, Agribusiness Council of Australia Ltd
- GILLEN, Mr Des, Managing Director, BP Refinery (Kwinana) Pty Ltd
- KER, Mr Ian Roxburghe, Convenor, Sustainable Transport Coalition of WA
- LUKEY, Mr Grant, Chief Executive Officer, Coogee Chemicals Ltd
- OUGHTON, Mr Chris, Director, Kwinana Industries Council
- PARK, Mr Dale, Private capacity
- RICE, Mr David Featherstone, Secretary, Sustainable Transport Coalition of WA
- ROMANO, Mr Albert Manager LPG/LNG Production and Engineering, Wesfarmers Kleenheat Gas Pty Ltd
- SANTA MARIA, Mr Adam, General Counsel and Company Secretary, Matrix Composites & Engineering



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Infrastructure Australia

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10 August 2015

Dr Rosemary Laing  
Clerk of the Senate  
Parliament House  
CANBERRA ACT 2600

**Re: Motion to produce documents relating to the Perth Freight Link Project**

Dear Dr Laing,

I am writing in regards to the motion to produce documents relating to the Perth Freight Link Project.

As per similar motions in the past, I have sought the views of the Western Australian Government on this matter. The advice from Mr Reece Waldock, Director General of the Department of Transport, Commissioner for Main Roads Western Australia and Chief Executive Officer of the Public Transport Authority included significant objection to the release of documents at this time on the basis of its commercial in confidence nature and the potential impact any release may have on Commonwealth-State Relations.

Mr Waldock has advised as follows:

"The information provided to Infrastructure Australia (IA) on the Perth Freight Link project was provided to IA on a confidential basis for the sole purpose of assisting IA make its' required assessment of the project. This information which includes the Business Case remains the property of Main Roads WA and the Western Australian Government and no approval has been given for the information to be used for any other purpose or circulated or provided to anyone outside of IA."

"A 30 page Business Case Summary of the project has been publically available on Main Roads Website since the project was announced in late 2014. This summary includes a breakdown of the Benefit Cost Analysis results, details of the problems the project will resolve, the current challenges facing Western Australia and the freight system and the scope of the project. What was not released publically from the Business Case was the detailed information on the Cost Estimate, Revenue Forecasts and Traffic Demand as this is information is considered "commercial in confidence" and it's release will prejudice the likely successful letting of contracts for both the construction of the project and implementing a heavy vehicle charging regime. Furthermore the release of this information may impact on the ability for Western Australia to achieve an optimum price for the Heavy Vehicle Income Stream if a decision was ever made to sell this to the private sector."



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As is required by the Infrastructure Australia Act, 2008 (the Act), Infrastructure Australia publishes a summary of any evaluations made as soon as practical in the quarter following the quarter in which the evaluation is made. As a matter of practice, Infrastructure Australia provides the project brief (the summary of the evaluation) to proponents prior to publication for the proponents to provide any comment to IA on the representation of facts and any 'commercial in confidence' material, in the brief. This final consultation is an important part of IA's process to ensure the final brief is an accurate reflection of facts and to maintain good working relationships with state and territory governments.

The project brief of the Perth Freight Link project is currently in the final stages of the consultation process and will be published on the IA website prior to the 30 September 2015 as is required by the Act. In providing the information to IA, state and territory governments expect IA will consult with them prior to the release of any material publically. It is IA's view that release of this brief prior to the finalisation of IA's regular consultation process may prejudice future working relations of IA with state and territory governments.

Given these issues, I respectfully request that the Senate consider these matters further.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. B. Davies', written in a cursive style.

**Philip Davies**

Chief Executive Officer



Tabled Doc (4)  
Ms Tania Smirke

ABN: 50 860 676 021

Enquiries: Chris Rickard: 9323 6223,  
Colin Jacoby: 9323 4169  
Our Ref: D15#204018

20 April 2015

Mr Damon Smirke and Ms Tania Smirke

Dear Mr and Ms Smirke,

**Re: Perth Freight Link project – impact on your property**

In December 2014, the State and Federal Governments confirmed the go-ahead for construction on WA's largest ever road infrastructure project - the \$1.6 billion Perth Freight Link project (PFL).

PFL will provide the 'missing link' in the Perth Urban Transport Corridor to connect Perth's industrial areas such as Kewdale, Welshpool and Canning Vale, with Fremantle through a free flowing route.

The project will result in:

- Improved safety for all road users – heavy vehicles and cars
- Reduced traffic congestion in Perth's southern suburbs
- Fewer trucks on suburban roads
- Lower vehicle emissions and reduced noise by replacing current stop-start traffic with free flowing journeys and shortened travel times
- Significant productivity improvements for industry and the State's economy

The current project concept works include:

- PFL Section 1: 5.2km extension of Roe Highway from Kwinana Freeway to Stock Road
- PFL Section 2: upgrades to Stock Road, Leach Highway, High Street and Stirling Highway, spanning 8.2km.

This letter is to inform you that your property, located at \_\_\_\_\_ will be impacted by the PFL works, under the current project concept alignment. Construction work on the project is due to begin in 2016 and be completed in 2019.

From mid-May, Main Roads WA will be working with a short-list of preferred contractors to define the project design in detail, with the intent of awarding contracts later in the year. During this phase, alternative options will be examined in order to determine the most appropriate route, considering social, economic and environmental factors. Work during this phase will involve optimising the project's outcomes and exploring the best ways to minimise the potential impacts on properties, where possible.



Design and construction contracts are expected to be awarded for PFL Section 1 by September 2015 and for PFL Section 2 by December 2015. No works will start on PFL until environmental approvals have been received.

### **More information**

Main Roads WA would like to schedule a meeting with you to discuss the situation regarding your property in more detail.

To arrange a meeting, please contact Perth Freight Link Community Relations Manager or Stakeholder Engagement Advisor

Alternatively you can contact us via email at:

[PerthFreightLink@mainroads.wa.gov.au](mailto:PerthFreightLink@mainroads.wa.gov.au) .

For more information on Perth Freight Link please visit our project webpage at:

<https://www.mainroads.wa.gov.au/BuildingRoads/Projects/UrbanProjects/Pages/Perth-Freight-Link.aspx>

Yours sincerely

Mark Hazebroek  
SENIOR PROJECT DIRECTOR