



A Co-operative venture of the municipalities of:  
Cockburn, East Fremantle, Fremantle, Kwinana, Melville & Rockingham

19 December 2013

Ref: Federal Government Budget Submission 2014-2018

Budget Policy Division  
Department of the Treasury  
Langton Crescent  
PARKES ACT 2600

## **2014 – 2018 FEDERAL BUDGET PRIORITIES FOR THE SOUTH WEST METROPOLITAN REGION OF PERTH, WESTERN AUSTRALIA**

The South West Metropolitan Region of Perth is one of Australia's most productive regions with high value manufacturing and diverse economic activity generating over \$30 billion gross regional product toward the State's \$236 billion economy.

The South West Group has been working closely with the State Government and Federal Coalition Members of Parliament over the last 12 months to identify regional priorities for investment in the South West Metropolitan Region.

The South West Group has adjusted its lobbying and advocacy approach to reflect the constrained financial position evident across the levels of government by targeting a limited number of projects with modest budget expenditure requirements, but high productivity gains.

The South West Group has also adopted a strategic approach to identifying regional projects of national significance based on the following key priorities:

- Fremantle Inner Harbour and connections
- Proposed Fremantle Outer Harbour and connections
- Activity Centres and connections

The South West Group also supports the proposed WA Oil and Gas Industry Innovation Precinct put forward by a consortia led by Woodside, given the flow on benefits to the region.

The Federal Government has a significant role within the region in supporting investment in nationally significant infrastructure, industry development, export development and skills development as well as multi-million dollar direct expenditure in the Defence sector.

The 2014 Federal Budget should reflect a strong infrastructure and project investment in this region to underpin the long term growth of the Australian Economy.

The South West Group supports the following projects as priorities for the 2014 Federal Budget and trusts that the Coalition Government will also support these worthy projects seeking to address productivity impacts in the region.

Should you have any queries regarding this submission, please do not hesitate to contact Mick McCarthy, Director South West Group, on phone 9364 0631, mob 0478 325 469 or email [director@southwestgroup.com.au](mailto:director@southwestgroup.com.au)

Yours sincerely

A handwritten signature in black ink, appearing to read 'Barry Sammels', written in a cursive style.

**Mayor Barry Sammels**  
**South West Group Chair**

Copy to all South West Metropolitan Region Federal Members of Parliament



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## **SOUTH WEST GROUP SUBMISSION TO THE FEDERAL GOVERNMENT BUDGET FOR 2014 TO 2018**

**DECEMBER 2013**

### **BACKGROUND AND REGIONAL CONTEXT**

The South West Group, comprising the Cities of Cockburn, Fremantle, Kwinana, Melville, Rockingham and the Town of East Fremantle, is an advocate for projects and activities that benefit the South West Metropolitan Region. As the Voluntary Regional Organization of Councils (VROC) that is about to celebrate its 30<sup>th</sup> anniversary, the South West Group has a long history in working with its member Councils across a range of issues.

Although the last officially released population data (30 June 2012 – ABS 3218.0) identifies the regional population as 388,201, the actual population is likely to have exceeded 400,000 in April 2013 based on an average 3.8% p/a population growth experienced in the past 5 years.

The region performs well above its 11% geographical extent of the Perth metropolitan area and population share (20.4% over the last 2 years) across a range of economic development indicators including:

- State lot activity (subdivision lots) – 27% in 2011/12, 24.4% in 2012/13
- Building approvals (new houses) – 25.2% in 2011/12, 26.1% in 2012/13
- 68.8% employment self-sufficiency

From a WA perspective, \$1 in every \$6 earned in the State (i.e. 16.7% of earnings) is attributed to the South West Metropolitan Region.

Key industries, facilities, activity and commercial centres in the region include:

- Major industrial areas (Kwinana, Latitude 32, East Rockingham)
- Australian Marine Complex
- Fremantle Ports
- Defence Facilities (HMAS Stirling - Garden Island and Leeuwin Barracks)
- Jandakot Airport
- Major hospitals (Fremantle, Fiona Stanley, St John of God Murdoch, Rockingham)
- Universities (Murdoch, Notre Dame and a campus of Curtin University)
- Activity centres – Murdoch (specialised), Fremantle (strategic), Rockingham (strategic), Cockburn Central (secondary), Kwinana (secondary) and Jandakot Airport (specialised)
- Retail/commercial centres (Booragoon, Fremantle, Rockingham, Cockburn Gateway, Jandakot City, Phoenix, Kwinana Marketplace, Canning Bridge)

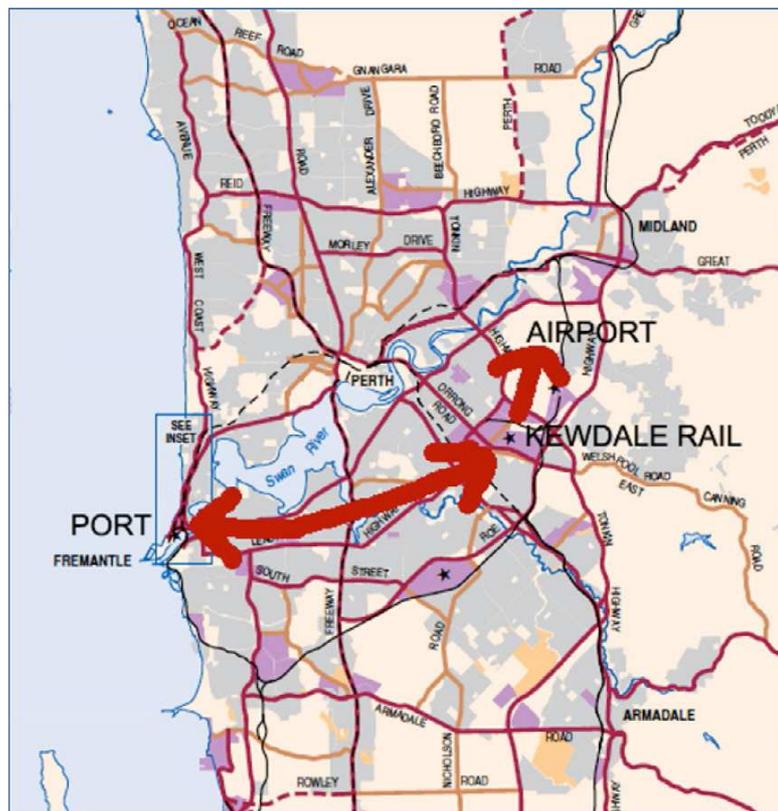
- Industrial centres - Bibra Lake, Cockburn Central, Jandakot, Myaree, North Coogee, North Fremantle, O'Connor, Port Kennedy, Willetton, North East Baldivis (priority)

Employment in the region peaked at 205,000 in September 2013 but still remains volatile and the issue of local content on major resource projects is still very relevant.

In seeking to simplify the key priorities for investment and budget allocation, the South West Group has identified freight transport congestion and Activity Centres congestion and as areas requiring the most pressing infrastructure investment in the region.

The freight investment focuses on the Fremantle Inner Harbour, proposed Fremantle Outer Harbour and critical freight corridor connections between these facilities and Kewdale.

The Freight and Logistics Council of WA prepared a summary of issues across the urban and freight interface (October 2013) which identifies the arc between the Fremantle Port, the Kewdale road/ rail intermodal terminal and Perth Airport is the most critical freight and logistics corridor in the city, with high demand for staging and distribution sites along this arc.



**Figure 1: Most Critical Freight and Logistics Corridor** (Freight and Logistics Council, October 2013)

The Activity Centres experiencing the greatest congestion impacts in the region relate to Murdoch Activity Centre and Cockburn Central Activity Centre, where congestion is also having a significant impact on freight productivity.

The map attached (refer to page 10) shows the regional context for the priority areas advocated for future investment based on the Inner Harbour, Outer Harbour and key Activity Centres.

The regional investment priorities requiring shared funding from the Federal Government are discussed in more detail below

## 1. FREMANTLE INNER HARBOUR AND CONNECTIONS

The State Government committed \$73M in capital expenditure funding in 2013/14 toward the Fremantle Inner Harbour based on a package of projects around the port, Victoria Quay and Rouse Head.

The South West Group has, over a long period, advocated for the replacement of the Fremantle Traffic Bridge, with most recent proposals related to a replacement involving passenger rail and improved marine safety, pedestrian and cycling facilities. Business cases for this \$250M replacement option have been put forward to the State Government over several years and applications for Infrastructure Australia funding have also been submitted by Main Roads, without success.

It is now understood that a replacement option is not being pursued by Main Roads and only funding for asset maintenance and improvements are proposed to be provided over the next decade or so for this purpose. Although the South West Group will continue to support the bridge replacement option, these circumstances indicate that lobbying for bridge replacement funds would be unlikely to gain serious consideration at this time.

The South West Group also supports rail upgrades and passing loop proposed north of the Cockburn Triangle and other measures to increase the volume of freight on rail toward the target of 30% espoused by the WA State Government.

In addition, it is understood that the \$59M in Federal funding approved by the previous ALP Government for the High Street/Leach Highway Fremantle Upgrade in 2015/16 is under review by the Coalition Government. This section of the national freight network is in urgent need of the proposed upgrade works and the South West Group supports the allocation of \$59M towards this project.

Given the above, the South West Group is therefore seeking the Federal Government to provide budget allocations for improved road freight corridor projects for grade separation on the four most northern intersections of Stock Road including:

- Stock Road/Leach Highway
- Stock Road/Garling Street/Stockdale Road,
- Stock Road/South Street and
- Stock Road/Winterfold Road

The budget estimates below involve the initiation of detailed design in 2014/15, with construction concluding in 2017/18 based on a \$200M total cost estimate and a cost sharing arrangement between the Federal and State Government, given that Stock Road is part of the national freight network.

PROJECT	2014/15	2015/16	2016/17	2017/18	TOTAL
<b>Stock Road Grade Separation Projects (4)</b>	\$20M	\$20M	\$40M	\$20M	<b>\$100M*</b>

*\* Assumes 50% funding (\$100M) provided by the State Government*

## 2. FREMANTLE OUTER HARBOUR AND CONNECTIONS

The development of a new port(s) at Kwinana is arguably the most significant project in the South West Metropolitan Region. A legal challenge associated with the adjacent private port proposal (James Point Port Pty Ltd) is pending and has implications for the development of future port(s).

Fremantle Inner Harbour is the WA's major container port and the proposed Outer Harbour will become WA's major container port around 2025 and 2026 based on current timeframes and container volumes.

The State Government is currently undertaking a Planning Assessment to identify and consolidate existing information and determine future approvals required for the port and adjacent industrial areas. In addition, the WA Department of Transport are developing the Perth and Peel Freight Network and Intermodal Network Plan, which is expected to provide further direction on port and supporting infrastructure, including road and rail connections.

The proposed port(s) and support facilities will require a Government-led program approach to the planning and coordination of infrastructure, connecting corridors and services related to the port and the intermodal terminal planned for the Latitude 32 Industrial Area.

The intermodal terminal located within Latitude 32 is a key facility for the successful operation of the future port. A review of the footprint for the intermodal terminal has resulted in an increase from the 70 hectares originally proposed to 170 hectares.

The Western Trade Coast Industries Committee also undertakes a key role in overseeing the planning and development of the Outer Harbour and Latitude 32 Industrial Area.

The South West Group supports the acceleration of land acquisition for the intermodal terminal and supporting infrastructure/connections and is lobbying the State Government for increased investment in these activities.

There is a need however for the Federal Government to undertake a key facilitation and oversight role (through Infrastructure Australia) in port and port linkages planning and design, given the national significance of these facilities and supporting infrastructure for freight and international trade.

It is therefore recommended that adequate funding and resources for this \$2B+ project are included in Infrastructure Australia budget for the period 2014 to 2018. As indicated below, an allowance of \$5M over four years to undertake this oversight and facilitation role is considered appropriate.

<b>PROJECT</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>TOTAL</b>
<b>Resources for Infrastructure Australia to undertake oversight role for Fremantle Outer Harbour</b>	\$1M	\$1M	\$1M	\$2M	\$5M

### **3. ACTIVITY CENTRES – MURDOCH AND COCKBURN CENTRAL**

#### **Murdoch Activity Centre**

The Murdoch Activity Centre (MAC) is the site of the \$2B Fiona Stanley Hospital, which is due to be completed in October 2014. As a specialised activity centre focussed on health and education, the level of traffic congestion experienced during the development of the Fiona Stanley Hospital (FSH) has directly impacted on Murdoch Drive, South Street and Farrington Road, as well as caused congestion impacts on the Kwinana Freeway.

Traffic modelling for the MAC has shown unacceptable levels of morning peak period congestion along the Kwinana Freeway at South Street (heading north) and congestion within the MAC and on adjacent Streets (Murdoch Drive, South Street, Kwinana Freeway south) during afternoon peak period.

The South West Group supports improved east-west road connections across the region, particularly those that can perform a freight function.

The proposed Roe Highway Extension from Kwinana Freeway to Stock Road would alleviate congest in and around the MAC. The proposal is currently subject to a Public Environmental Review, has been determined as environmentally acceptable by the Environmental Protection Authority (EPA) and is awaiting a decision by the State Environment Minister on the EPA recommendations.

Subject to State and Federal Government environmental approvals, it is understood that a business cases for funding would be prepared by Main Roads WA for submission to the State and Federal Government.

In the interim, the South West Group is lobbying the State Government to construct a southern connection from Murdoch Activity Centre to the Kwinana Freeway to relieve congestion and enable emergency vehicles and patients to access the site when the Fiona Stanley Hospital opens in October 2014.

#### **Cockburn Central Activity Centre**

Cockburn Central is a secondary activity centre that has experienced excessive traffic congestion which has impacted on productivity (including freight movements) and amenity.

The South West Group previously put forward a package of projects aimed at relieving congestion in and around the Cockburn Central Activity Centre including;

- Additional lanes on the Kwinana Freeway (Roe Highway to Cockburn Central)
- North Lake Road Bridge and connections
- Duplication of Armadale Road east of the Kwinana Freeway

Although \$55M has been included in the 2013/14 State budget for the additional lane south bound as part of the Kwinana Freeway Freight Management System project, it is understood that funds for the north bound lane are not included in this budget and that a business case has been submitted by Main Roads to the State Government for the north bound lane.

The South West Group supports the construction of the additional north bound lane on the freeway as a joint State Government and Federal Government initiative, as it is necessary to remove this regular bottleneck and relief traffic congestion.

The \$25M in funding indicated below relates to the Federal Government contribution, with matching funds from the state Government.

The South West Group will continue to support the North Lake Road bridge and duplication of Armadale Road as important projects, however neither of these projects would be eligible for Federal Government funding support and will need to be fully funded by the State Government.

<b>PROJECT</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>TOTAL</b>
<b>Kwinana Freeway Third Lane – North Bound</b>	\$15M	\$10M	-	-	<b>\$25M*</b>

*\* Assumes 50% funding (\$25M) provided by the State Government*

#### **4. WA Oil and Gas Industry Innovation Precinct**

The previous ALP Federal Government (through the then Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education), planned to invest over \$500 million in the establishing 10 industry innovation precincts across Australia from 2012/13 to 2016/17.

Two industry innovation precincts have been established for Food (based in Victoria) and Manufacturing (known as the Manufacturing Excellence Taskforce Australia).

The Federal Minister for Industry (Hon. Ian Macfarlane) has advised that a decision on the future of the Industry Innovation Precincts program would be made before Christmas.

Industry Innovation Precincts will be led by industry and will help businesses and researchers collaborate, share knowledge, deploy technology, create products and services and take advantage of business opportunities. Each Precinct will be headquartered in a specific location, but they will focus nationally to better coordinate existing services and research capacity.

An application to establish an oil and gas innovation precinct in WA was submitted in June 2013 by Woodside and other core partners, with the Australian Marine Complex (AMC) in Henderson being a key component of the bid due to its close connections and associations with the oil and gas industry

Oil and gas is one of Australia's largest growth sectors, with WA uniquely placed to create a globally competitive legacy through the national coverage and access fostered as part of an industry innovation precinct. There has been significant interest in the WA oil and gas bid from major companies, research organisations, State Government agencies, industry bodies and innovators to actively participate in the industry innovation precinct.

WA has many competitive advantages compared to other states in Australia due to the proliferation of companies and scale of opportunities ranging across office headquarters, exploration, construction, operation and supply activities. However these opportunities bring challenges that will benefit from innovative approaches towards key factors such as remoteness, high capital and operational costs, sparse infrastructure, skills shortages and the high cost of doing business.

The benefits of the oil and gas industry innovation precinct located in WA are numerous and substantial including:

- Increased exports and trade
- Enhanced competitive advantages and reduction in business costs
- Quality Australian jobs and industry leading health, safety and environmental performance

- Better access to opportunities and structures to manage collaborative working arrangements
- Additional funding for research and development and training opportunities for Western Australians
- Pathways for the commercialisation of innovations and increased exposure of small to medium enterprises (SMEs) and junior companies to secure opportunities with industry leaders

The city based location of the industry innovation precinct will be supported by key metropolitan and regional facilities such as the AMC in Henderson and the North West Shelf, Pilbara and Kimberley Regions, as well as numerous satellite localities interstate covering oil and gas industry sectors.

The AMC's role as a key platform for the oil and gas innovation precinct offers numerous opportunities and potential benefits to the South West Metropolitan Region in areas such as employment, training, business growth and industry expansion for the major partners, junior companies and SMEs involved in the precinct.

The South West Group has been a strong advocate for industry in the South West Metropolitan Region and played a key advocacy role in the establishment of the AMC at Henderson. The South West Group supports the establishment of an oil and gas industry innovation precinct in WA involving the AMC and other regional facilities.

The funding being sought from the federal Government for the WA Oil and Gas Innovation Precinct is based on the allocation of \$100M per precinct as previously proposed.

<b>PROJECT</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>TOTAL</b>
<b>WA Oil and Gas Industry Innovation Precinct</b>	\$20M	\$10M	\$10M	\$10M	<b>\$50M</b>

A summary of South West Group Federal Government budget priorities for 2014 to 2018 is provided below.

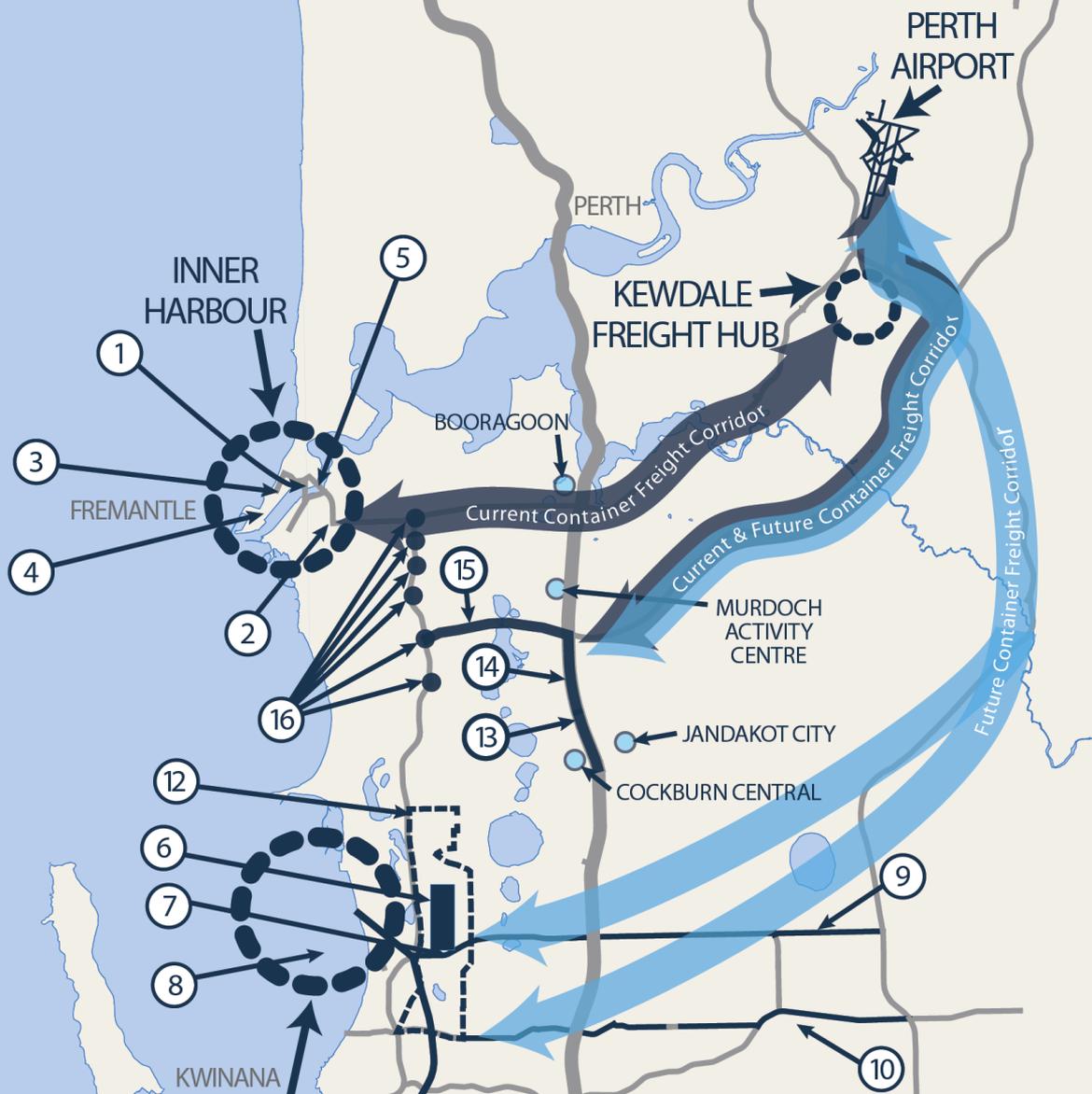
<b>SUMMARY OF SOUTH WEST GROUP FEDERAL GOVERNMENT BUDGET PRIORITIES 2014-2018</b>
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<b>PROJECT</b>	<b>TIMING</b>				<b>TOTAL</b>
	<b>2014/15 \$M</b>	<b>2015/16 \$M</b>	<b>2016/17 \$M</b>	<b>2017/18 \$M</b>	
<b>Stock Road Grade Separation Projects (4)</b>	\$20M	\$20M	\$40M	\$20M	<b>\$100M*</b>
<b>Resources for Infrastructure Australia to undertake oversight role for Fremantle Outer Harbour</b>	\$1M	\$1M	\$1M	\$2M	<b>\$5M</b>
<b>Kwinana Freeway Third Lane – North Bound</b>	\$15M	\$10M	-	-	<b>\$25M*</b>
<b>WA Oil and Gas Industry Innovation Precinct</b>	\$20M	\$10M	\$10M	\$10M	<b>\$50M</b>
<b>Total</b>	<b>\$56M</b>	<b>\$41M</b>	<b>\$51M</b>	<b>\$32M</b>	<b>\$180M</b>

\* Assumes 50% funding provided by the State Government



# SOUTH WEST GROUP – PROJECT ACTIVITY MAP 2014



## LEGEND – CURRENT AND PROPOSED PROJECTS

1. FREMANTLE TRAFFIC BRIDGE & RAIL BRIDGE
2. LEACH HIGHWAY / HIGH STREET UPGRADE
3. FREMANTLE PORT TRANSPORT INTERCHANGE FACILITIES
4. FREMANTLE PORT RAIL TERMINAL STAGE 2
5. STIRLING BRIDGE UPGRADE
6. LATITUDE 32 INTERMODAL TERMINAL LAND
7. LATITUDE 32 PORT GATE
8. NEW OUTER HARBOUR PORT/S
9. ROWLEY ROAD
10. ANKETELL ROAD / THOMAS ROAD
11. FREMANTLE ROCKINGHAM CONTROLLED ACCESS HIGHWAY
12. LATITUDE 32 COMPLETION
13. KWINANA FREEWAY FREIGHT MANAGEMENT
14. KWINANA FREEWAY ITS WORKS
15. ROE HIGHWAY EXTENSION FROM KWINANA FREEWAY TO STOCK ROAD
16. STOCK ROAD GRADE SEPARATION PROJECTS