



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

Thursday, 5 November 2015
Our Reference: Federal Government Budget
Submission 2016-2020

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

2016 – 2020 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 \$254 billion economy (2013/14).

The South West Group has been working closely with the State Government and Federal Coalition Members of Parliament and relevant government agencies 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 economic benefits and 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:

- 1. North Lake Road Bridge (\$80M by 2018)**
- 2. Additional Lane Kwinana Freeway North - Beeliar Drive to Roe Highway (\$50M by 2018)**
- 3. Fremantle Outer Harbour and Intermodal Terminal – Strategic Oversight (\$2M by 2018)**
- 4. Heavy Rail Link between Thornlie and Cockburn Central (\$170M by 2020)**
- 5. South West Metro Transit Network Light Rail (\$5M by 2020)**
- 6. Intelligent Transport Systems (ITS) Deployment for Perth's Arterial Network (\$150M by 2020)**

TOTAL FEDERAL GOVERNMENT FUNDING SOUGHT 2016 TO 2020 - \$457 MILLION

The funding requests for the above projects assume a 50:50 funding split based on a cost sharing arrangement with the Western Australian Government.

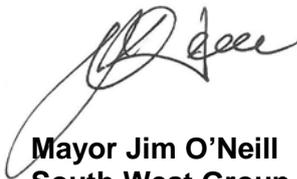
The Federal Government has a significant role within the region in supporting investment in nationally significant infrastructure, industry development, export development and skills development as well as multi-million dollar direct expenditure in the Defence sector.

The 2016/17 Federal Budget should reflect a strong infrastructure and project investment in this region to underpin existing infrastructure funding commitments and the long term growth of the Australian Economy.

I trust that the Federal Government will look favourably upon these regional priority projects and provide the required financial support to ensure they become a reality and benefit 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.

Yours sincerely



Mayor Jim O'Neill
South West Group Chair

Enc: South West Group Annual Report 2014/2015

Cc: All South West Metropolitan Region Federal Members of Parliament



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SOUTH WEST GROUP SUBMISSION TO THE FEDERAL GOVERNMENT BUDGET FOR 2016 TO 2020

NOVEMBER 2015

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) formed over thirty years ago, 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 2014 – ABS 3218.0) identifies the regional population as 414 527, the actual population is likely to be well above 425,000 based on 3.0% per annum population growth over the last six years.

The region performs well above its 12% geographical extent of the Perth metropolitan area and population share (20.4% over the last 3 years) across a range of economic development indicators including:

- State lot activity (subdivision lots) – 24.5% in 2013/14, 27.9% in 2014/15
- Building approvals (new houses) – 23.8% in 2013/14, 24.6% in 2014/15
- 68.8% employment self-sufficiency

From a WA perspective, \$1 in every \$7 earned in the State (i.e. 14.3% 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)

The South West Metropolitan Region of Perth is Western Australia's most productive metropolitan region having an unmatched intensity of high value manufacturing and economic activity with around \$30 billion from the region contributing to the \$254 billion WA economy (2013/14).

Employment in the region was strong at 215,300 in September 2015 but still remains volatile and transitioning from major resource project development to the housing and commercial construction and other sectors.

REGIONAL CONTEXT

In seeking to simplify the key priorities for investment and budget allocation, the South West Group has identified seven key priority projects in the region.

These priorities aim to initiate activities that will secure future economic development opportunities for major infrastructure investment, as well as addressing severe congestion locations that are negatively impacting on regional productivity.

The advancement of planning and land acquisition for the proposed Fremantle Outer Harbour, intermodal freight terminal and connecting transport corridors are critical for the future freight needs of the region and the state.

These initiatives, together with road infrastructure projects to address chronic congestion along the Kwinana Freeway and Cockburn Central and the extension of the Thornlie Rail Line to Cockburn Central, form the basis for the South West Group's regional priorities for the Federal budget 2016/17 and beyond.

The South West Group is also lobbying the State Government for shared funding arrangements for those projects eligible for Commonwealth funding.

In summary, the six priority regional projects put forward for consideration of the 2016/17 Federal budget and forward estimates are as follows:

- 1. North Lake Road Bridge (\$80M by 2018)**
- 2. Additional Lane Kwinana Freeway North - Beeliar Drive to Roe Highway (\$50M by 2018)**
- 3. Fremantle Outer Harbour and Intermodal Terminal – Strategic Oversight (\$2M by 2018)**
- 4. Heavy Rail Link between Thornlie and Cockburn Central (\$170M by 2020)**
- 5. South West Metro Transit Network Light Rail (\$5M by 2020)**
- 6. Intelligent Transport Systems (ITS) Deployment for Perth's Arterial Network (\$150M by 2020)**

Note that these projects are not ranked in order of importance, but are listed according to recommended completion dates. Further details are provided below.

**1. North Lake Road Bridge
(\$80M by 2018)**

The North Lake Road Bridge is part of a package of projects known as *Community Connect South* aimed at reducing congestion at Cockburn Central, whilst unlocking economic development opportunities and avoiding congestion related productivity losses including:

1. North Lake Road Bridge
2. Armadale Road Duplication
3. Additional Lanes on Kwinana Freeway North (Beeliar Drive to Roe Highway)
4. Widening of Beeliar Road and Armadale Road Bridge over the Kwinana Freeway

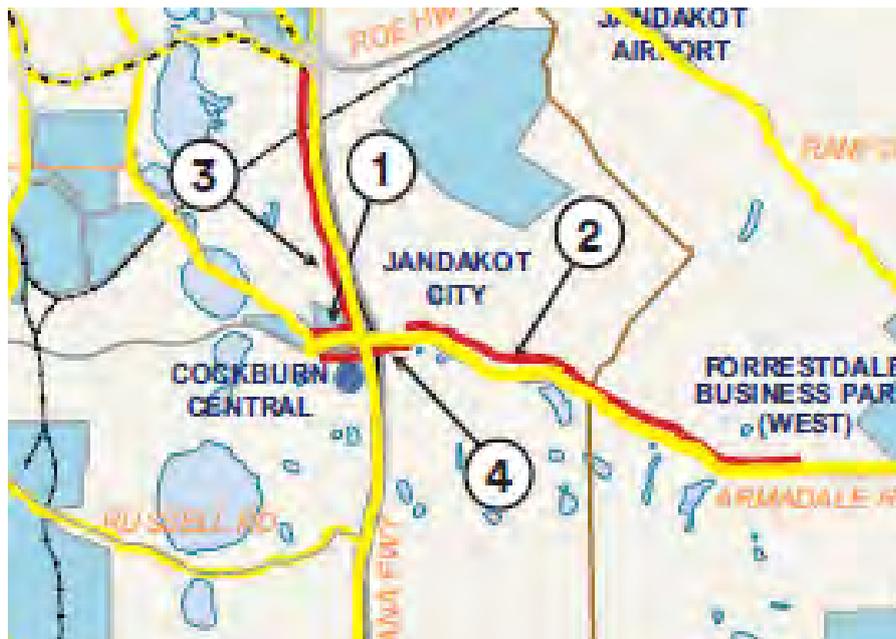


Figure 1: North Lake Road Bridge (1) and connected priority projects aimed at relieving congestion at Cockburn Central and on the Kwinana Freeway

The State and Federal Government have made election funding commitments towards the Armadale Road duplication (2) and therefore allocations in future budgets will be required to reflect these commitments. The additional lanes on Kwinana Freeway North - Beeliar Drive to Roe Highway (3) features in the South West Group's advocacy priorities (see below), whilst the widening of Armadale Road/Beeliar Drive Bridge over the Kwinana Freeway (4) may not be required in the short term should the North Lake Road Bridge be constructed.

The North Lake Road Bridge will enable traffic to bypass the congested Cockburn Central area around the existing Kwinana Freeway/Armadale Road/Beeliar Drive and Beeliar Drive intersections further west of the freeway.

Although detailed design and alignment work is still progressing, cost estimates from Main Roads WA suggest that the North Lake Road Bridge and associated connections would cost in the order of \$165 million, with \$80 million provided by the Federal Government as part of the 50:50 funding split with the State Government.

The South West Group supports the inclusion of \$80 million in the Federal budget to construct the North Lake Road Bridge over the Kwinana Freeway to relieve congestion in the Cockburn Central area by 2018.

2. Additional Lane Kwinana Freeway North - Beeliar Drive to Roe Highway (\$50M by 2018)

The recently constructed additional lane on the Kwinana Freeway South (Roe Highway to Armadale Road) and further extension southward currently under construction to Russell Road has significantly eased severe traffic bottlenecks on the Kwinana Freeway around the Cockburn Central area. The additional lane and southern extension was jointly funded by the State and Federal Government.

The Kwinana Freeway north bound experiences chronic congestion during peak AM and PM periods and moderate to severe congestion during the work hours of most week days from Russell Road to north of Cockburn Central.

This section of the Kwinana Freeway is identified as a congested location in daily morning and afternoon traffic reports and increases travel times for residents commuting to the Perth CBD and other employment locations within and outside the region.

The construction of an additional lane north on the Kwinana Freeway from Cockburn Central to Roe Highway is required to relieve traffic congestion (refer to project 3 in Figure 1 above).

Preliminary estimates indicate that \$100 million would be required, however it is understood that more detailed cost estimates are in preparation taking into account the complexity of the rail bridge upgrade.

It is assumed that this project will be eligible for the 50:50 funding split with the Federal Government under a cost sharing arrangement similar to the additional lane south along this section of the freeway

The South West Group supports the inclusion of \$50 million in the Federal budget 2016/17 and forward estimates for the construction of an additional lane north on the Kwinana Freeway (Cockburn Central to Roe Highway) by 2018.

3. Fremantle Outer Harbour and Intermodal Terminal – Strategic Oversight (\$2M by 2018)

The South West Group has long advocated for the acceleration of planning and design for the proposed Fremantle Outer Harbour and associated intermodal terminal.

A decision on the timeframe for transitioning to the Fremantle Outer Harbour is required to provide certainty for planning and investment for what will be the most significant infrastructure investment in the region for coming decades.

The lack of clarity on investment timeframes for the outer harbour has been further complicated with the planned Perth Freight Link and the proposed sale of the Fremantle Port.

The South West Group has therefore taken a pragmatic approach in advocating to the Western Australian Government for the planning and detailed design for the new port and intermodal terminal to be advanced as a regional and State priority.

This work would draw upon the Planning Assessment of Future Ports and Industry Areas (Naval Base to James Point) study completed by PB/Hyder in 2013 and international best practice port design and operations across the globe.

Key factors requiring consideration in the [planning and design work include:

- environmental impacts (land and marine) of the new port and associated infrastructure
- timing for the construction of the port and connecting infrastructure corridors
- transition arrangements for containers and other trade between the inner harbour and proposed outer harbour.

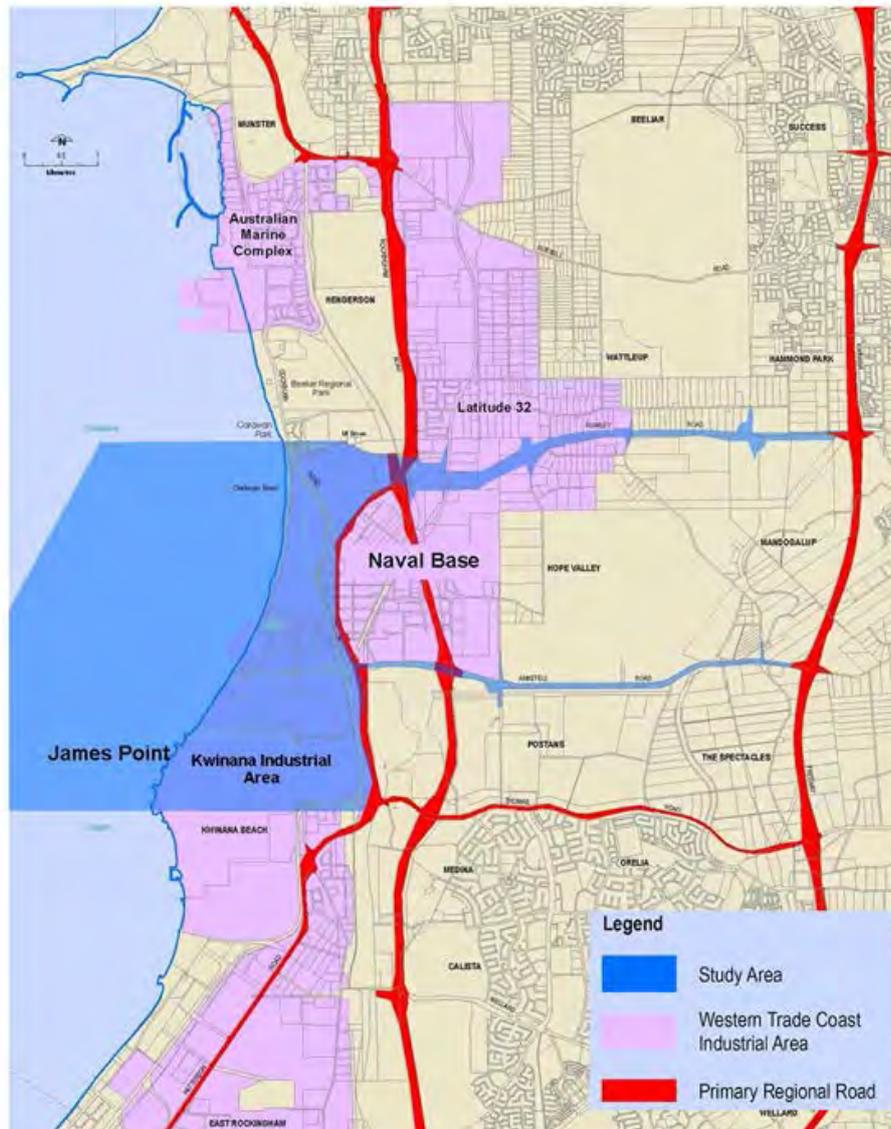


Figure 2: Study Area for the Planning Assessment of Future Ports and Industry Areas (Naval Base to James Point)

This project will have major implications at a national level for Western Australia's import/export trade and the freight and logistics industries.

Progress in land assembly and land acquisition for the port, intermodal terminal, transport corridor connections and adjacent industrial land development in Latitude 32 will be essential to the success of the port and requires initiation early in the port development process.

The South West Group supports the acceleration of land acquisition for the intermodal freight terminal and supporting infrastructure/connections by the State Government.

The operation of, and connection between, the Fremantle Outer Harbour and the intermodal freight terminal will be critical in optimising port operations and the movement of freight to distribution centres.

There is a need for the establishment of an integrated program, appropriate project coordination and the allocation of lead agency responsible for the planning and design of the outer harbour and its supporting infrastructure.

As a partner funder of the facility, the Federal Government are well placed, through agencies such as Infrastructure Australia, to facilitate these arrangements and contribute expertise toward this major infrastructure project.

The Federal Government should be actively involved and support the State Government in the planning and development of the Fremantle Outer Harbour and the intermodal freight terminal.

This will ensure that the planning and development of the Fremantle Outer Harbour and intermodal freight terminal are undertaken consistent with the objectives and priorities in the Federal Government's National Ports Strategy (2012) and the principles stated in the National Land Freight Strategy (2012).

The requested funding contribution relates to the active involvement of Infrastructure Australia in the facilitation of planning and coordination for the Fremantle Outer Harbour and Kwinana Intermodal Freight Terminal as a project of national economic significance.

The South West Group supports an allocation of \$2 million in the Federal budget to facilitate Infrastructure Australia's active involvement and strategic oversight of the planning and design of the new outer harbour port and intermodal facility by 2018

4. Heavy Rail Link between Thornlie and Cockburn Central (\$170M by 2020)
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The Mandurah Rail Line is the busiest in the Perth Metropolitan area with over 20 million in annual boardings recorded over each of the last four years. This level of patronage represents one third of all branch line boardings, with data for the first quarter of 2015/16 suggesting that the boardings trend is likely to continue.

The 2015 Australian Infrastructure Audit predicts that the Mandurah Rail Line will reach or exceed "crush capacity" by 2031.

The State Government, as part of the draft Public Transport for Perth in 2031 Plan, identified the Thornlie to Cockburn Central rail link as part of the ultimate development of the heavy rail network for population of 3.5 million.

This link would provide much needed east-west public transport option to employment centres such as Canning Vale and provide an alternative route and contingency in the rail network for commuters accessing the Perth CBD in the event that Mandurah line was not operational or experienced technical faults during busy periods.

In addition, the construction of the Perth Stadium and associated \$130 million train station necessitates the need to bring forward the Thornlie to Cockburn rail link as an essential component of the rail network.

It is estimated that the Mandurah line will carry about 15% of patrons to events at the Perth Stadium, with about 5% (or approximately 3,000 people per event) expected to board from Mandurah to Cockburn Central stations.

The Thornlie to Cockburn Central rail line would provide a more direct route for patrons accessing Perth Stadium via the Armadale line and relieve congestion by avoiding the need to change trains in the busy Perth station during events.

The RAC of Western Australia identified the Thornlie Rail Line extension as an estimated cost of \$340 million as one of their top priorities in their submission on Federal priorities to the Commonwealth in July 2015.

Transperth train system - Mandurah & Armadale lines

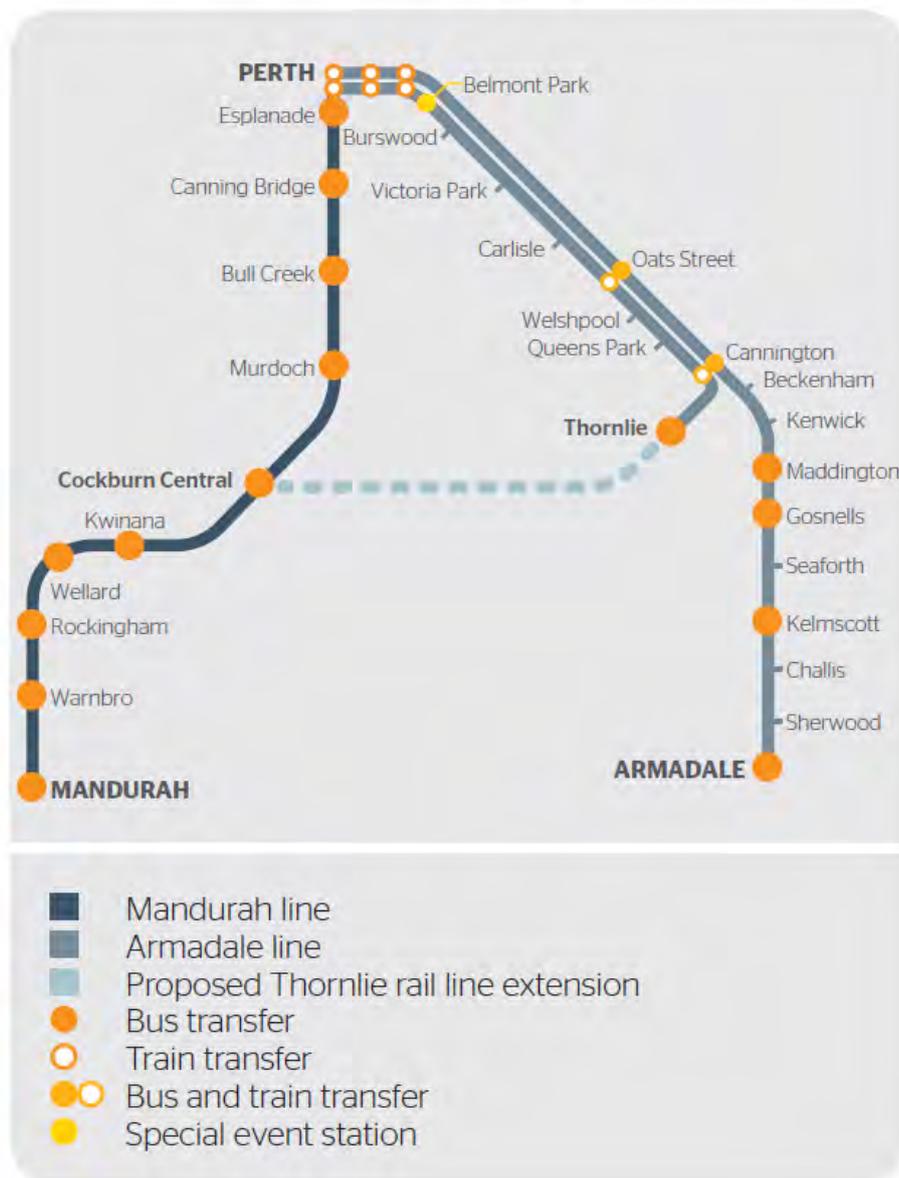


Figure 5: Proposed Thornlie Line Extensions (Source RAC, July 2015)

The South West Group supports the inclusion of \$170 million in the Federal budget to construct the Thornlie Rail Line extension by 2020

5. South West Metro Transit Network Light Rail (\$10M by 2020)

The Western Australian Department of Transport released the draft Public Transport Plan for Perth 2031 on 14 October 2011 and received over 1,000 public submissions. The final Public Transport Plan for Perth 2031 has yet to be released, with the Department of Transport confirmed in information provided to an Upper House estimates committee in May 2015 that two key transport planning projects would not be progressed as planned - Moving People Plan and the Perth Public Transport Plan.

The State Government is now working on a third new plan, namely the Perth Transport Plan for a population of 3.5 million, which is expected to be released in the first half of 2016 based on the consolidation of the Moving People and Perth Public Transport plans.

The South West Metropolitan Region is serviced by the Mandurah and Fremantle Rail Lines and bus services. The Mandurah Rail Line carries almost one third of all train passengers in the Perth and Peel region, with the Murdoch station being the busiest station outside the Perth CBD with around 8,000 boardings per day. Cockburn Central, Bull Creek, Rockingham and Canning Bridge are also busy stations with daily boardings ranging from 5,500 to 3,500.

The 2015 Australian Infrastructure Audit predicts that the Mandurah Rail Line will reach or exceed “crush capacity” by 2031.

The South West Group believes that a minimum of \$5 billion in capital expenditure is required by 2031 to develop an effective functioning public transport network for the metropolitan area and to support the goals of Directions 2031 and Perth and Peel @ 3.5 million.

Public transport investment should be proactive in creating productive, engaged communities with high amenity. There needs to be much stronger links between transport planning, land use planning, metropolitan planning and structure planning.

Greater investment in public transport is required throughout the South West Metropolitan Region, with a focus in the short term on improved bus services and the introduction of mass transit forms of public transport such as light rail.

The recent interest from the Prime Minister in private sector funding options for light rail signifies support and a discernable shift from the Federal Government toward more innovative forms of investment in public transport infrastructure projects.

The South West Group has been a partner in investigations for the establishment of light rail networks throughout the region, with the most notable studies being:

- South West Metro Transit Network Study (Parsons Brinckerhoff, 2011)
- Southwest LRT Corridor Study: Murdoch to Fremantle (Crocker, 2014)

The South West Metro Transit Network Study, which was undertaken in partnership with the State Government through LandCorp, recommended a light rail network linking Cockburn Coast to Rockingham, Fremantle, Murdoch, Cockburn Central and Canning Bridge in the South West Metropolitan Region.

At an estimated \$1B capital cost for the light rail network, the South West Group supports joint Federal and State funding to be provided in the short term to progress the light rail network from conceptual design through to detailed design of the network alignments and

station/stop locations, together with shared funding models (private sector, government, users) for priority segments of the network.

The examination of funding options through land value uplift and capture will involve the development of funding framework and cost-benefit model that builds on work completed to date and provides a template for the evaluation of other light rail projects proposed throughout the state and nationally.

**SOUTHWEST METRO TRANSIT NETWORK
KEY ACTIVITY CENTRES**



The South West Group supports a funding allocation for \$5M funding for period 2016 to 2020 for integrated transport planning, financial analysis and modelling work to establish light rail as recommended in the South West Metro Rapid Transit Network Study (2011).

6. Intelligent Transport Systems (ITS) Deployment for Perth's Arterial Network (\$150M by 2020)

ITS, which is a collective term for a broad range of information and communications technology solutions (integrated into road infrastructure, vehicles and public transport networks) work to help reduce congestion, improve mobility, save lives and optimise the value of existing infrastructure.

ITS is becoming an increasingly important component in the management of congestion and road networks. Main Roads WA has implemented a number of pilot programs using ITS across the metropolitan area and is assessing these to determine their effectiveness in relieving congestion.

The RAC has recommended a total investment of \$300 million in ITS across Perth's arterial network, with priority locations for deployment as part of its submission on Federal priorities (RAC, July 2015).

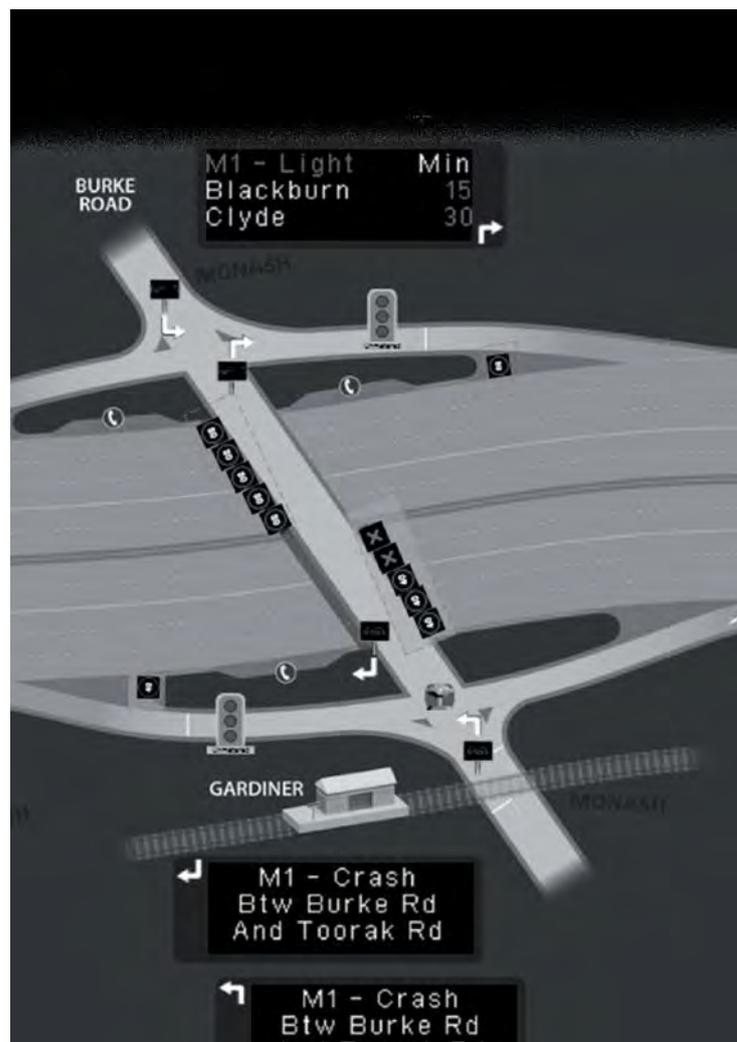


Figure 6: ITS and Managed Motorways (Source – Transmax)

Based on the 50:50 funding split with the State Government, a Federal Government contribution of \$150 million in the 2016/17 budget and over the forward estimates is considered appropriate to deploy and further trial the use of ITS to relieve congestion pressures on Perth's road network.

The South West Group supports the allocation of \$150 million by the Federal Government to deploy and trial Intelligent Transport Systems (ITS) across the Perth arterial network 2016 to 2020.

A consolidated summary of the South West Group's Federal Government budget requests is provided below.

SUMMARY OF SOUTH WEST GROUP FEDERAL GOVERNMENT BUDGET PRIORITIES FOR 2016 - 2020

PROJECT	TIMING				COMMENTS
	2016/17	2017/18	2018/19	2019/20	
1. North Lake Road Bridge (\$80M by 2018)*	\$30M	\$50M	-	-	To relieve congestion and bypass Cockburn Central intersections
2. Additional Lane Kwinana Freeway North - Beeliar Drive to Roe Highway (\$50M by 2018)*	\$20M	\$30M	-	-	To reduce bottlenecks around Cockburn Central through to Roe Highway
3. Fremantle Outer Harbour and Intermodal Terminal – Strategic Oversight (\$2M by 2018)	\$1M	\$1M	-	-	To confirm design, operational capacity and cost requirements
4. Heavy Rail Link between Thornlie and Cockburn Central (\$170M by 2020)*	\$20M	\$50M	\$50M	\$50M	To increase capacity and provide contingency on rail network and provide direct Perth Stadium access
5. South West Metro Transit Network Light Rail (\$5M by 2020)*	\$1M	\$1M	\$2M	\$1M	To determine alignments and funding models for the establishment of light rail networks
6. Intelligent Transport Systems (ITS) Deployment for Perth's Arterial Network (\$150M by 2020)*	\$10M	\$40M	\$50M	\$50M	To increase efficiency and relieve congestion on existing road network
Total	\$82M	\$172M	\$102M	\$101M	\$457M

*** Assumes *50% funding (Total of \$460M) provided by the WA State Government**