



Australian Government

Australian Government response to the
Senate Rural and Regional Affairs and Transport References
Committee report:

Decision to commit funding to the Perth Freight Link project

August 2017

Government Response

Decision to commit funding to the Perth Freight Link project

Report of the Senate Rural and Regional Affairs and Transport Reference Committee

The Australian Government had committed nearly \$1.2 billion to Perth Freight Link project.

The Government is disappointed that the WA Government has decided to not go ahead with the Perth Freight Link project.

Perth Freight Link was identified by Infrastructure Australia as a high priority project addressing national connectivity. Western Australia will now miss out on the significant benefits Perth Freight Link would have delivered in the form of reduced traffic congestion and improved freight access to Fremantle Port.

However, the Australian Government recognises that the pragmatic way forward is to negotiate and work with the WA Government to agree on alternative priority projects that are ready to proceed.

Accordingly, the Government has agreed to partner with the WA Government to deliver the WA Infrastructure Package, which includes \$1.2 billion in Australian Government funds previously allocated to Perth Freight Link.

However, the Australian Government's commitment of \$1.2 billion to the Perth Freight Link project remains and the Government is prepared to work with WA to deliver this project in the future.

Response to recommendations

Recommendation 1

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.

The WA Government's decision not to proceed with the Perth Freight Link supersedes this recommendation.

The Australian Government is investing \$1.6 billion in the \$2.3 billion WA Infrastructure Package announced on 7 May 2017.

The package is being funded from a combination of the \$1.2 billion previously allocated to Perth Freight Link, \$226 million provided to address WA's GST shortfall and savings from existing projects.

The package consists of \$792 million towards the Metronet proposal to upgrade and expand the Perth metropolitan rail network, and \$760.1 million towards priority new road projects.

Recommendation 2

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.

The Australian Government notes this recommendation.

The Australian Government consults with the Western Australian Government on investment priorities on an ongoing basis.

As has taken place with Perth Freight Link and other major projects in the Infrastructure Investment Programme, all projects seeking Infrastructure Investment Programme funding of more than \$100 million are to be assessed by Infrastructure Australia.

The new WA Infrastructure Package includes a \$792 million Australian Government commitment to Metronet projects, including towards the development of business cases. The package also includes \$760.1 million towards priority road projects, with \$189.6 million towards the Armadale Road and North Lake Road - Kwinana Freeway bridge and connecting roads. Business cases for these projects will be submitted to Infrastructure Australia for consideration.

Recommendation 3

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 Australian Government does not support this recommendation.

Extensive information on the Perth Freight Link project, including its expected benefits, has been made publicly available by the Australian and Western Australian governments.

Key details on the project were released in a business case summary in December 2014. However, the full business case was not released as it contained details which were considered commercially sensitive in the context of procurement processes.

The Business Case remains the property of the Western Australian Government and any decision to release the full Business Case is for the Western Australian Government to consider.

Recommendation 4

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.

The Australian Government notes this recommendation.

The Australian Government consults with the Western Australian Government to identify potential road and rail infrastructure projects on an ongoing basis.

The Perth Freight Link project was assessed by Infrastructure Australia as a high priority project. Alternative options to address freight traffic around Fremantle Port were considered as part of the development of the project. Assessed against a range of criteria, Perth Freight Link was found to be the optimal solution.

The Australian Government's commitment of \$1.2 billion to the Perth Freight Link project remains and the Government is prepared to work with WA to deliver this project in the future.

Recommendation 5

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.

The Australian Government notes this recommendation.

The Western Australian Government has identified the outer harbour at Kwinana as the preferred location for future container handling facilities once the inner harbour reaches capacity. However, it has indicated there is significant capacity remaining at the inner harbour and that it is expected to be able to satisfy demand well into the future. The Western Australian Government has also highlighted the significant costs, lead times and environmental considerations associated with the development of the outer harbour.

If the Western Australian Government proceeds with the development of the outer harbour in the future, the Australian Government would consider a proposal for the development of an associated transport corridor.

Recommendation 6

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

The Australian Government notes this recommendation.

Individuals and organisations are able to make submissions on projects or initiatives to Infrastructure Australia.

The assessment of submissions is a matter for Infrastructure Australia as an independent statutory body.

Recommendation 7

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.

The Australian Government notes this recommendation.

As an independent officer of the Parliament, this is a matter for the Auditor-General to consider.