

PERTH FREIGHT LINK — LAND ACQUISITION

**412. Ms S.F. McGURK to the Minister for Transport:**

I have a supplementary question. Would it not be better if the minister put his efforts into putting more freight on existing rail and a new port in Kwinana —

Several members interjected.

**The SPEAKER:** Thank you for that little history lesson, member for Cockburn. We will take it up outside.

**Ms S.F. McGURK:** Would it not be better if the minister put his efforts into putting more freight on existing rail and a new port in Kwinana, rather than this ill-conceived road that will destroy homes?

**Mr D.C. NALDER replied:**

I thank the member for that question, because there are some great points here. With regard to putting more freight on rail, that is exactly what we are doing by increasing the spur that is down in Fremantle; we announced that last year. We are allowing for extra overtaking lanes so that we can increase the capacity on the line. My office engaged with international providers like Watco, a world recognised rail freight company and Watco asked, “What is your goal here?” We said that we would like to increase freight by rail up to 30 per cent. Watco indicated that if we achieved that, we would be world’s best practice, which indicates we could still expect a minimum of 70 per cent of freight to move by road. Here we are faced with the need to deal with growing freight movements in Perth. That is the issue with rail. The second question was: why are we not proceeding with Kwinana? We have talked about that in our longer term planning, but I can tell members that, on the advice I have, it will take 10 to 15 years to get the Kwinana outer harbour moving and to be able to deliver freight. If it is going to take 10 to 15 years, in that time we will see freight movement double in Perth. If we were to do nothing but proceed with the outer harbour, we would clog up Leach Highway, and people in the electorates of the members for Willagee, Riverton and Bateman would see their roads clogged up with freight movement. We have to deal with that now.

There is one final point. The opposition talked about this being a waste of taxpayers’ money. It is a \$1.57 billion project. We have received a \$925 million offer from the federal government on the basis that we establish a freight charge. I said we would only do that if we could create a win-win for industry, and that is what we are working through. The other thing the federal government wanted us to do was to raise finance from a public-private partnership. The split was going to be \$925 million from the federal government, \$415 million in equity from a public-private partnership and a \$235 million contribution from the state. When we started to explore and understand that model, we found that there was a 62 per cent discount on the private partnership from financiers because of the anticipated leakage, and because of discounting for a new project. I felt that a 62 per cent discount was far too great an amount of revenue to give away to a private partnership. We have explored this, working with Treasury, and found that it is far more acceptable to use global positioning system technology to deal with leakage on our roads. If we deliver this and implement it well, we can reduce this leakage, and cover not only the public-private partnership funding, but also the state funding. If we do that, we can pay off this infrastructure project in a nine-year period. It would take us 10 to 15 years to deliver the port, and if we implement this project well, we can pay its cost back in eight to nine years. This is a fantastic project for the state, and I think it is exciting for the state.