

STATE BUDGET 2014–15 — FREMANTLE PORT RAIL SUBSIDY

2406. Ms S.F. McGurk to the Minister for Transport:

I refer to the State Budget 2014–15 and ask:

- (a) why does the port rail subsidy decline in the State Budget 2014–15, when the amount of freight coming out of Fremantle port is increasing;
- (b) why does the subsidy cease in 2017–18;
- (c) have there been projections on the impact of truck movements if the amount of freight on rail declines from its current rate of 13.9 per cent, if so, what are these projections;
- (d) the target of freight on rail for movements in and out of Fremantle Port was 16 per cent but this was not achieved. What were the barriers to achieving an increase in the amount of freight on rail;
- (e) what are the initiatives to increase the amount of freight on rail in and out of Fremantle Port;
- (f) what is the current estimation of when Fremantle Port will reach capacity;
- (g) what are the variables that are in this estimation;
- (h) what percentage of freight on rail versus road is this assumption worked on;
- (i) what is the time frame the Department estimates for the planning and execution of a second metropolitan container port;
- (j) what planning is being done for a second harbour to meet the growing population needs; and
- (k) please detail that planning, including timeframes?

**Mr D.C. Nalder replied:**

- (a) The subsidy funding is a product of both rail freight volumes and the freight rate per container. It is intended to decline over time as a result of increased rail efficiencies (which will also impact on rail freight container rates) and increased rail volumes, i.e. as the service becomes more commercially viable.
- (b) The subsidy covers the period for the current contract for operation of the North Quay Rail Terminal.
- (c) Following a period of subdued growth resulting from general economic conditions, rail freight's market share has averaged over 16 per cent over the last three months due to strong growth in certain markets.
- (d) As noted above, rail has in recent months achieved a market share of over 16 per cent.
- (e) The State Government has, in collaboration with the Commonwealth, funded significant infrastructure improvements for rail through an extension to the North Quay Rail Terminal at the port from 400 metres to 690 metres (\$31.4m — Commonwealth \$18.6m and WA \$12.4m) and the installation of a passing loop on the line feeding the port (Commonwealth \$65 000 and WA \$5.9m) and has a \$15.5m subsidy in place for the rail container service. Both infrastructure projects are approaching completion and will contribute to improving rail efficiency and capacity. Rail handling and transfer arrangements at the port will also be improved in the near future. The contract for the operation of the North Quay Rail Terminal also requires the operator to continue to grow rail volumes and the operator is very active in seeking out new growth opportunities.
- (f) The capacity of the port depends on many commercial and logistics factors, many of which are outside government control, so capacity cannot be determined with certainty. Current indications are that Fremantle Port will have sufficient capacity at least until the mid-2020s.
- (g) The major variables are the rate of container trade growth and the logistics handling capacities of the port and the transport networks which serve it.
- (h) The percentage of freight on rail versus road does not form the basis of the capacity estimates for the Inner harbour; it is only one of many variables taken into consideration. Current initiatives are aimed at achieving a 30 per cent target on rail.
- (i) A second metropolitan container port will be required when the Fremantle Inner Harbour reaches optimum throughput, sometime after the mid-2020s.
- (j) A strategic assessment has been undertaken for the Western Australian Planning Commission of a number of port options in the Outer Harbour, the findings of which will be presented to Cabinet. Preliminary project planning work has also commenced.
- (k) Refer to part (j) above; the details are still being developed.

