

## How to keep WA growing post mining boom

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Artist's impression of the proposed MAX light rail system.

### Cameron Jewell | 20 August 2015

Infrastructure and property development are the keys to Western Australia's continued prosperity following the mining boom, according to a new Property Council commissioned report by Urbis has found.

Public transport and precinct development in particular could be major economy boosters for a region undergoing massive structural changes, the *Keep WA Growing* report says.

The report promotes "correctly prioritising" \$4.5 billion of infrastructure investment, which will unlock \$2.4 billion of property development and a further \$27 billion of economic activity for the state, with 32,500 new jobs created.

"Correctly prioritising" infrastructure has been a key issue in Perth, with the Perth Freight Link criticised as another hastily conceived roads project following an Infrastructure Australia report showing alternatives have not been properly canvassed.

The Urbis report suggests prioritising the MAX light rail plan, which the Barnett government has delayed and reportedly wants to dump in favour of a cheaper bus system.

"Now, more than ever, it is crucial that the decisions made by the WA government regarding potential investment in infrastructure be based on the most comprehensive possible framework; one that looks beyond the short-term and embraces the full economic and social value that can be unlocked," Property Council WA chief executive Joe Lenzo said.

### Light rail

The report finds that for a \$2.1 billion investment, the MAX light rail is expected to generate a number of economic benefits, including:

- \$960 million in development unlocked
- \$5.5 billion in economic activity enabled encompassing health, education, commercial, retail and civic amenities
- employment peak of 13,000 on full completion of development across key activity centres
- productivity gains through reduced congestion (expected to cost Perth \$16 billion in 2031 in the absence of any additional transport capacity)
- land value uplift estimated at an average of 9.5 per cent

Curtin University's **Jemma Green** agrees that light rail is the way to go.

"The most liveable and desirable cities all have in common frequent, safe, reliable public transport," she said. "This is what makes cities competitive and stimulates economic diversification and activity."

Ms Green thinks the government could be much smarter about how it funded public transport.

"Everyone accepts we don't have a bottomless pit of taxpayer funds to invest in transport projects.

"The light rail can be funded without the government having to pay for all of it, using land development around the rail line. We don't have to put up with second-rate options because the government is cash strapped. Many countries around the world are funding light rail like this and it works very well.

"In doing so, we can create highly liveable urban village centres around light rail stations, where people can shop, live and work. This is how you make density attractive, by having everything at your doorstep. European and American cities are doing this very successfully."

The government's obsession with road projects stemmed from it not understanding changing demographics, Ms Green said, with congestion forecasts based on outdated assumptions, not actual data.

She said congestion forecasts did not:

- factor in cultural shift with Millennials, who don't want cars and are choosing to lead more urban lives
- factor in the impact of public transport in reducing car use
- acknowledge that as people get richer they no longer drive more
- acknowledge car use no longer goes up with GDP growth (de-correlated since 2003)

"Road planners are largely grey-headed men that believe how their generation used cars is how the next generation will use them. The models reflect this biased view," Ms Green said.

## **Peel Economic And Environmental Initiative**

The report finds that the Peel Economic and Environmental Initiative, a combination of three separate proposed projects in Nambeelup south of Perth could lead to \$8 billion in economic activity for an investment of \$112 million.

The projects include:

- Peel Business Park – involving a range of industries such as manufacturing, transport and logistics and agribusiness
- Peel Food Zone – a hub for intensive food production and research, targeting key export markets both locally and globally
- Peel Water Initiative – a link between the business park and food zone, providing a sustainable, non-climate dependant water supply through a recycled water and managed aquifer recharge scheme

Benefits include:

- \$700 million in development unlocked (agricultural, commercial, industrial) – likely to attract new regional residential development
- \$8 billion in economic activity enabled, generating significant new trade activity, for example processed agricultural goods to expanding
- employment potential of 9500 jobs when Hub is fully developed, proving much-needed regional opportunities, agglomeration and synergy benefits across the Hub from paddock to bottle, with optimal water use
- land value uplift potential of 3-10 per cent
- improved water outcomes, and access to renewable (biogas) power generation

## **Western Trade Coast Expansion**

The Western Trade Coast is WA's largest industrial zone, encompasses the Kwinana Industrial Area, Rockingham industrial estate, and the Australian Marine Complex at Henderson.

Infrastructure upgrades proposed include establishment of the Outer Harbour, an intermodal terminal and services including roads.

For a cost of \$2.3 billion benefits include:

- \$740 million in development unlocked (primarily industrial)
- \$13.7 billion in economic activity enabled, generating significant new trade activity, for example processed agricultural goods to expanding Asian and African markets
- employment peak of 20,000
- agglomeration – results in productivity gains through interlinkages across precinct supply chain

“As WA's second largest industry, contributing in excess of \$31 billion to the state economy, property is an

industry perfectly positioned to pick up the growth baton from the resources sector,” Mr Lenzo said.

“At a time when the State is experiencing such budget pain, it is essential that reform is not placed on the backburner and that we invest in high performing infrastructure. If we do not, WA risks losing so many of the economic and community benefits that came from the mining boom.”

- Read the [Keep WA Growing](#) report.

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