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Western Trade Coast Industries Committee- conclusion of recurrent funding

The Western Trade Coast Industries Committee (WTCIC) will no longer receive funding in the 2015-16 budget, as announced by the State Government today.

Background

The Western Trade Coast Industries Committee (WTCIC) was established as an inter-agency group with industry representation by the Cabinet 3 years ago.

Kwinana Industries Council (KIC), an industry association, was a foundation member of the WTCIC.

The purpose of the WTCIC was to double the economic output and employment outcomes of the Western Trade Coast (WTC).

The WTC is a large industrial area in the south-metropolitan area adjacent to Cockburn Sound. It contains the State's core heavy industrial area, known as the Kwinana Industrial Area (KIA), the Australian Marine Complex (AMC), the Rockingham Industry Zone (essentially part of the KIA), and the largely as yet undeveloped Latitude 32 industrial area (Landcorp).

KIC was incorporated 23 years ago as the industry association, representing its member companies which are located in the core of the KIA. KIC believes the WTCIC is an important initiative.

These industrial areas, primarily the companies and the support companies in the KIA, employ thousands of workers and pump well in an excess of \$10 billion into the State economy annually.

WTCIC Chairman MLC the Hon. Phil Edman, has chaired the committee from its inception. KIC expressed its deep gratitude to Mr. Edman for his services to industry.

What has occurred?

Over the 3 years of its existence, the WTCIC has identified several of the big picture issues that if resolved, would assist industry in being able to invest and grow to meet the objectives set for the WTCIC by the Cabinet.

The objectives are far from completed.

KIC has become aware that funding for 2015/16 and beyond for the WTCIC has not been allocated.

This is disappointing, as the Committee provided a mechanism for issues holding industry back, to be raised in a formal environment in front of the various government departments.

What are the important issues that remain un-resolved?

There are many issues that are far from being resolved (and some which are tantalisingly close), if the objectives are to be met. These are identified as being:

- Preservation of the industrial buffer zone
- Resolution of adequate gas supplies for industry
- Identification of key strategic heavy freight transport corridor options
- Resolution of the deep water Outer Harbour (Cockburn Sound) configuration, timing and logistics connections
- Marketing of industrial sites both off and on-shore to new industries (business development)
- Reduction in unnecessary red rope (red rope is much harder to cut away than mere red tape), and the cost of regulation
- Strategic planning in respect to the desirable location of future industry types

These issues are explained briefly below. The KIA is;

- has a buffer in place (albeit weakly)
- has a heavy transport infrastructure network (albeit congested and thus inefficient)
- has access to deep water for import and export shipping (albeit there is no publicly known plan)
- has adequate gas and water supplies (albeit both are severely limited for newcomers)
- it does have access to a skilled workforce (albeit that the mining boom has inflated wages and salaries making trade exposed companies less able to compete with their overseas competitors), and
- it does have a sound regulatory environment (albeit it is quite bound up in red rope)

To the future

It is important for the growth of the State and for growth in employment opportunities, that in the absence of the WTCIC, that some other forum for communication be established.

Further, that such a forum is focused on resolving the issues (identified above) so that the State's premier industrial area can grow and develop sustainably to meet the Cabinet-directed goals of doubling the employment and economic output of the WTC.

KIC is somewhat less than optimistic that this can be achieved without a body like the WTCIC – a formal, goal-focused, action-based committee that is accountable to the Cabinet for its output.

END

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Background to unresolved issues:

Preservation of the industrial buffer zone

- This is the number one key strategic issue for industry
- The current buffer zone is weak and susceptible to developers being able to place residential development inside it. This is bad.
- A Bill to create a legislated buffer zone (Western Trade Coast Industry Protection Zone Bill) is ready to be read into the Parliament. This is strongly supported by industry and it is a credit to the Premier for having the legislation drafted.
- Unfortunately passage of the Bill is on hold. It is being held up because property developers want to use buffer land to place residential development closer to industry, and they have been lobbying government to hold off on reading the Bill into the Parliament.
- This is bad, and the Bill needs to be read in without further delay
- No secure buffer means insecurity for industry. Insecurity translates into fewer growth opportunities, which in turn means lower employment growth for the people of the State
- Everyone except the property developers lose when houses are allowed to be built too close to industry - workers, families placed too close to industry, industry – existing and future industrial arrivals, the State.
- KIC's message to the government is this, just read the Bill into the Parliament, get the legislation passed and create the certainty that everyone needs.

Resolution of adequate gas supplies for industry

- Contrary to what the major gas suppliers say, industry says that it can't get secure long term contracts for adequate gas supplies, at a competitive prices. Let's refer to the combination of these three aspects as 'availability'.
- Gas is used for either its energy content by industry, or for its chemical content – using the gas molecules as part of a chemical manufacturing process (such as making fertilizer for example)
- Available gas is an enabler of economic expansion. Existing companies in the KIA have projects ready to go, but for gas availability
- This means that jobs are not created and the State doesn't get the economic multiplier effect of new gas-orientated industrial development
- Local industrial gas users pay far above the prices the overseas users of WA gas pay
- Lack of gas availability hurts job creation. It drives industry to rely on alternatives such as coal or diesel, or to import it rather than manufacture it here

Identification of key strategic heavy freight transport corridor options

- The KIA is a massive transport hub – products being manufactures and exported, or imported, processed and exported. The exports can be into the State, into Australia, or to overseas destinations
- Efficient transport corridors are a necessity to achieve effective (and competitive) movement of freight
- A metropolitan freight transport plan has been written (this is good) but it is long overdue to be released for comment (this is bad)

Resolution of the deep water Outer Harbour (Cockburn Sound) configuration, timing and logistics connections

- Cockburn Sound adjacent to the KIA offers deep water port access
- This translates into the impetus for protecting the buffer from residential development encroachment, strategic heavy freight transport planning, controlled and highly specialised industrial expansion, jobs and economic growth for the State.
- People in Fremantle are growing increasingly frustrated with heavy transport in their neighbourhoods
- For how many years now has the planning for a new Fremantle Ports outer harbour (KIA) port to eventually replace the inner harbour at Fremantle been in the planning? Nearly two decades.
- Given the critically important role an efficient port plays in the industrial transport task, why is this so?

Marketing of industrial sites both off and on-shore to new industries (business development)

- The WTC is probably only half developed. There is room for considerable expansion
- Expansion will come about if the critical enablers of industry are in place (road and rail transport infrastructure and access to ports; energy and gas availability; protection from residential encroachment; a public service that is receptive; regulators that are reasonable, consistent, and objective; and where suitably skilled employees are available)
- A 'business development' approach is needed. No-one is doing this. No-one is marketing to the world at large to come and set up their businesses in the WTC.
- Is it indeed actually ready to be marketed?

Reduction in unnecessary red rope (red rope is much harder to cut away than mere red tape) and the cost of regulation

- Red rope comes from systems and procedures that are generally located within parts of the public service that have lost sight of the basic point that they exist to assist the State to grow in an environmentally, socially and economically sustainable way.
- Many public servants inextricably woven into their ropes exist to serve themselves, and actually make it unnecessarily harder for business to start up or operate.
- There is ample evidence of this, just ask any business be it agricultural, manufacturing, service industries or mining. In fact some government departments even complain about this of their colleague departments.
- It is the business sector that creates 'stuff' which translates into wealth for the people of WA. Red tape (unnecessarily complex systems and procedures) inevitably evolves into self-serving red rope
- These ropes operate against the interests of the State (the people of WA). Red rope makes it harder for business (the creators of goods and services) to generate jobs and economic wealth for the State.
- The regulators and planners do not create goods and services, their job is to facilitate the creation of these by others. Their job should be to make this as easy as possible, whilst still achieving the State objectives of an environmentally, socially and economically sustainable business environment
- If you really understand the red rope mentality, watch a few episodes of "Yes Minister".
- Red rope is alive and well in WA and it is bad.

Strategic planning in respect to the desirable location of future industry types

- A high-level plan that shows what major industry types should be targeted for what particular areas of the KIA does not exist

- This means decisions as to what new company goes where are largely ad-hoc and subjective
- There is no objective criteria that can be found that makes it clear to a potential new entrant that 'if this is what I want to do, this is the area of the WTC I should look closely at.
- Anything else is subject to the potential for inappropriate decision making which can adversely impact future better opportunities for a particular area
- This is bad.