
WHAT IS IN THE WESTERN HARBOUR ALLIANCE'S PROPOSAL?



The special interest lobby group with the loudest voice advocating for an outer harbour in Kwinana is the Western Harbours Alliance (WHA). The reports commissioned by this lobby group are deeply flawed and paint a troubling picture of what it would take to make their idea of an outer harbour economically feasible.

In our view, the flaws contained in the biased reports pushed by WHA become evident starting on the first pages where the author self identifies as an "infrastructure investor, developer, and banker" (1) who acknowledges "ideally this report would have taken 1-2 years to complete... however to be considered for the state government project timings and time constraints this report was finished in less than 120 days." (1)

If a person didn't pay close attention, it would also be easy to miss this acknowledgement by the author at the end of the trade flows report which states "No verification of the information has been carried out by InfraNomics or any of its respective agents, directors, officers, or employees and in particular InfraNomics has not audited and does not provide assurance as to the quality or completeness of the information supplied." (1)



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This rushed, incomplete, and nakedly biased analysis by WHA has been quoted as fact by media outlets and is consistently referred to in materials produced by this special interest lobby group to justify closing the Port in Fremantle and to build a new outer harbour in Kwinana.

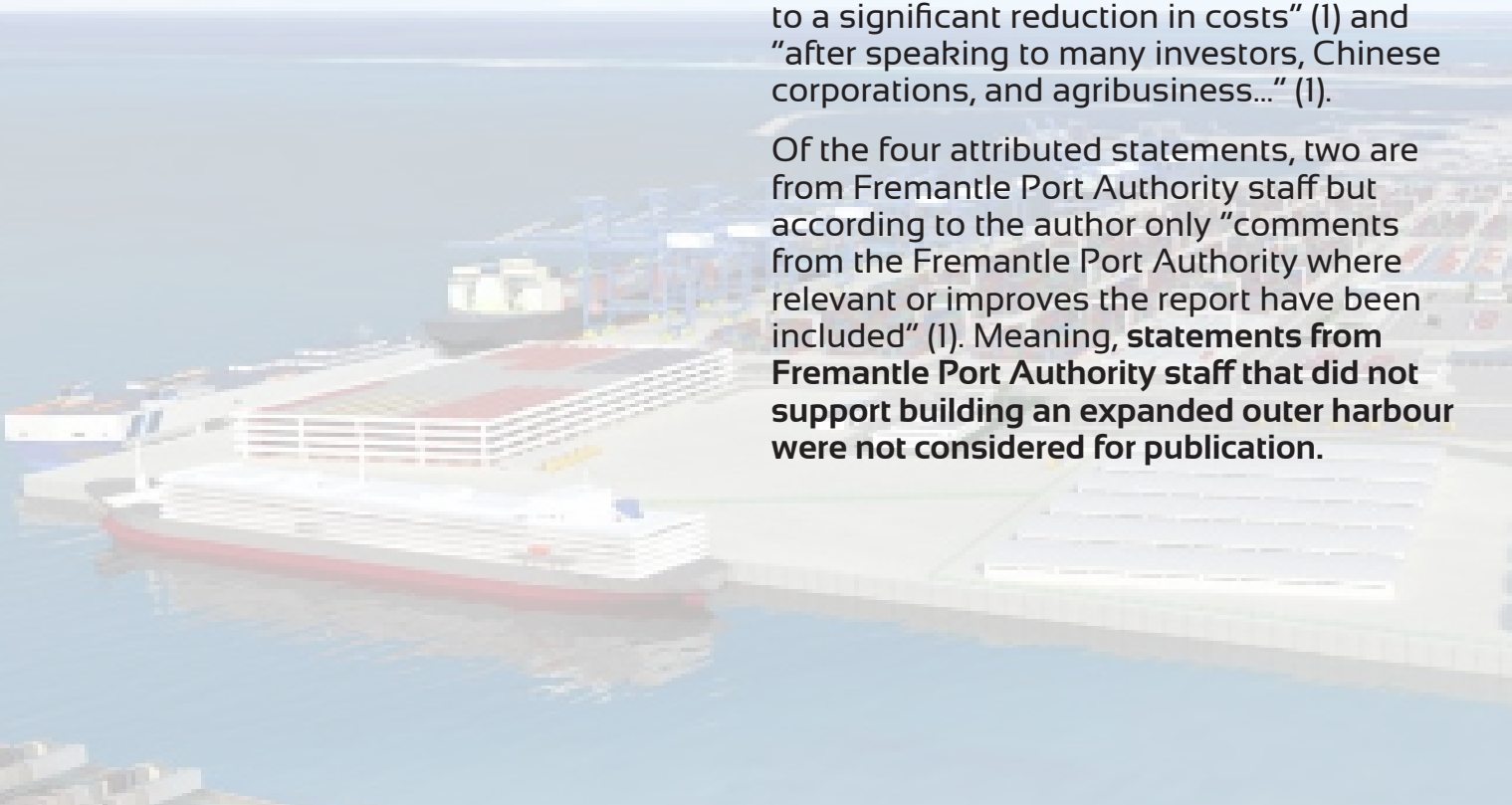
The MUA had a look at the tradeflows report in its entirety. It's 161 pages are silent on the environmental cost of building an expanded outer harbour in Cockburn Sound and failed to make any credible case that such a project is needed.

What is in the report?

Unnamed and Source Bias

There are a total of 89 references to conversations with "industry" of some type and 85 of these are attributed to anonymous sources. The "infrastructure investor, developer, and banker" who wrote this report leaves readers guessing who to attribute statements such as "the ability to bring in Very Large Crude Carriers (VLCCs) into Cockburn Sound could lead to a significant reduction in costs" (1) and "after speaking to many investors, Chinese corporations, and agribusiness..." (1).

Of the four attributed statements, two are from Fremantle Port Authority staff but according to the author only "comments from the Fremantle Port Authority where relevant or improves the report have been included" (1). Meaning, **statements from Fremantle Port Authority staff that did not support building an expanded outer harbour were not considered for publication.**



Dubious and Inflated Job Numbers

The "infrastructure investor, developer, and banker" who authored the tradeflows report makes a bold claim that for every person employed in the Special Economic Zone (SEZ) another THREE jobs will be created in the Kwinana community. There is no explanation how the ratio of 1:3 was arrived at, and a closer look at the Western Harbours Alliance's own website strains the credibility of this claim.

According to WHA's own numbers there are currently 11,362 people employed in the Kwinana Industrial Area (KIA) who support an additional 18,274 indirect jobs in the community (2). Applying the math used in the tradeflows report, with 11,362 employees the KIA should be responsible for over 34,000 indirect jobs in the surrounding community.

The real-world example of indirect job creation is about half of what is claimed in the tradeflows report.

More about WHA job claims on page 27

53 Recommendations for Federal, State, and Local Governments

After completing what should have been a 2 year study in 120 days, the author arrived at 53 recommendations to Government that would make an outer harbour in Kwinana possible. It is our view any recommendations contained in a self-admitted rushed report where no attempt was made to verify the information used within its pages (1) are recommendations that Government should dismiss outright.

One of the recommendations contained in the tradeflows report is worth looking at closely because the idea had been repeated by WHA members in radio interviews and in other print and online publications.

The members of Western Harbours Alliance are lobbying Government to create a "Special Economic Zone" in and around the proposed Kwinana outer harbour.

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What is a Special Economic Zone?

In addition to providing substantial tax breaks and incentives to companies for locating within their boundaries, SEZs are known around the world for allowing businesses operating within their area to establish their own labour laws, environmental regulations, and planning approval procedures.

WHA has already started the process for establishing a SEZ on August 10th 2017 by applying to establish a "Special Control Area" that would limit "incompatible uses" from being approved within the boundaries.(2)

We know it sounds outrageous, but members of the WHA have this to say about creating a SEZ in Kwinana.

"Kwinana is an ideal location in the Indian Ocean for a Special Economic Zone (SEZ), also called a Free Trade Port." (2)

With an SEZ "There will be reduced regulation, costs, bureaucratic interference, approval times, urban encroachment, and customs interferences." (2)

WHA is requesting "All local government authorities transfer all functions to the new SEZ management once created." (1)

"to encourage businesses to set up in the zone, financial and regulatory incentives are usually introduced... There are other incentives provided by governments such as foreign ownership rules, special labour laws, and fiscal incentives.... additionally companies may be offered tax holidays..." (4)

"...in the future additional water will be required for major expansions.... (current) regulations force the water to be treated to an unnecessarily high standard making it cost prohibitive for many." (1)

Members of the Australian Border Force (ABF) have expressed a view that creating a SEZ would result in substantially increased instances of illegal smuggling, money laundering, and other illicit activity. The lax approach to oversight of these zones around the world has resulted in SEZs increasingly becoming a haven for money laundering (5), violations of international labour standards (6), reduced environmental standards, and other illegal activity.

The first step has already been taken by WHA to establish one of these "Special Economic Zones" and its creation is necessary to make building a \$6 billion outer harbour attractive to private investors. (12)

Exempting businesses from our labour, environmental, and planning laws while giving large tax concessions for them to operate is not a plan West Australians support.



What does the World Bank say about SEZs?

“There seems to be a definite relaxation of domestic labour laws to accommodate zone firms. This relaxation has several facets: zone exemption from compliance with national labor laws; lax governmental supervision where the zones are not exempted; and frequent overt or covert opposition to labour unionization and union activities. There are countries where domestic labour laws apply to the zones, but are hardly or ever abided by. The lax governmental supervisory attitude gives firms much leeway in their hiring and firing practices as well as the management and payment of overtime work” (13)



Kwinana Mayor Carol Adams stands by outer harbour job creation claims ahead of public forum

"KWINANA Mayor Carol Adams stands by claims any new outer port could have almost 90,000 jobs – the creation of which will be discussed at the second Western Harbours Alliance (WHA) public forum on January 29." *January 19th 2018 Fremantle Gazette*

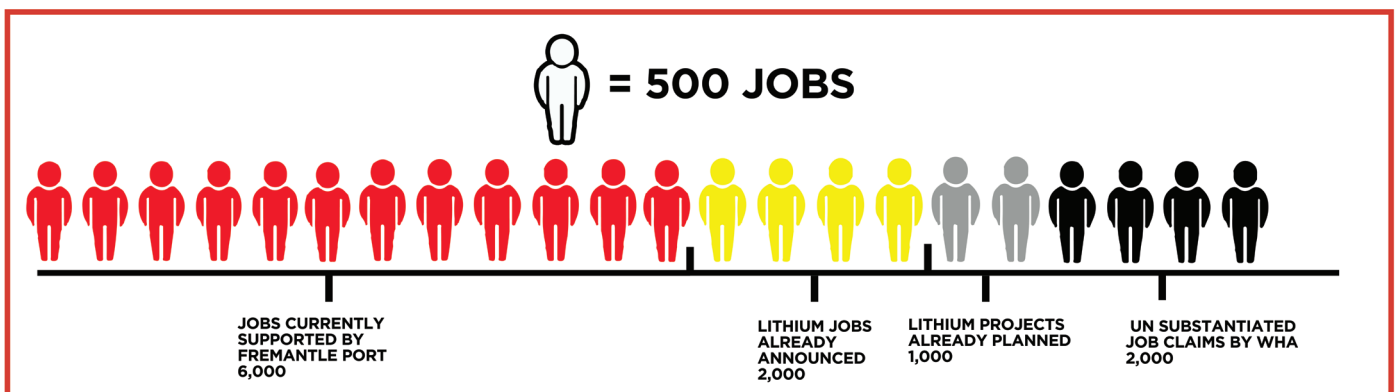
This outrageous claim was quickly revised downward to a still unsubstantiated number of 11,000 by the WHA in June 2018.

"It is predicted that there will be another 11,000 direct jobs" (2)

We question the claim of 11,000 *new* direct jobs being created by building a \$6 billion outer harbour when closing the port in Fremantle would remove 6,000 jobs from that community. (3)

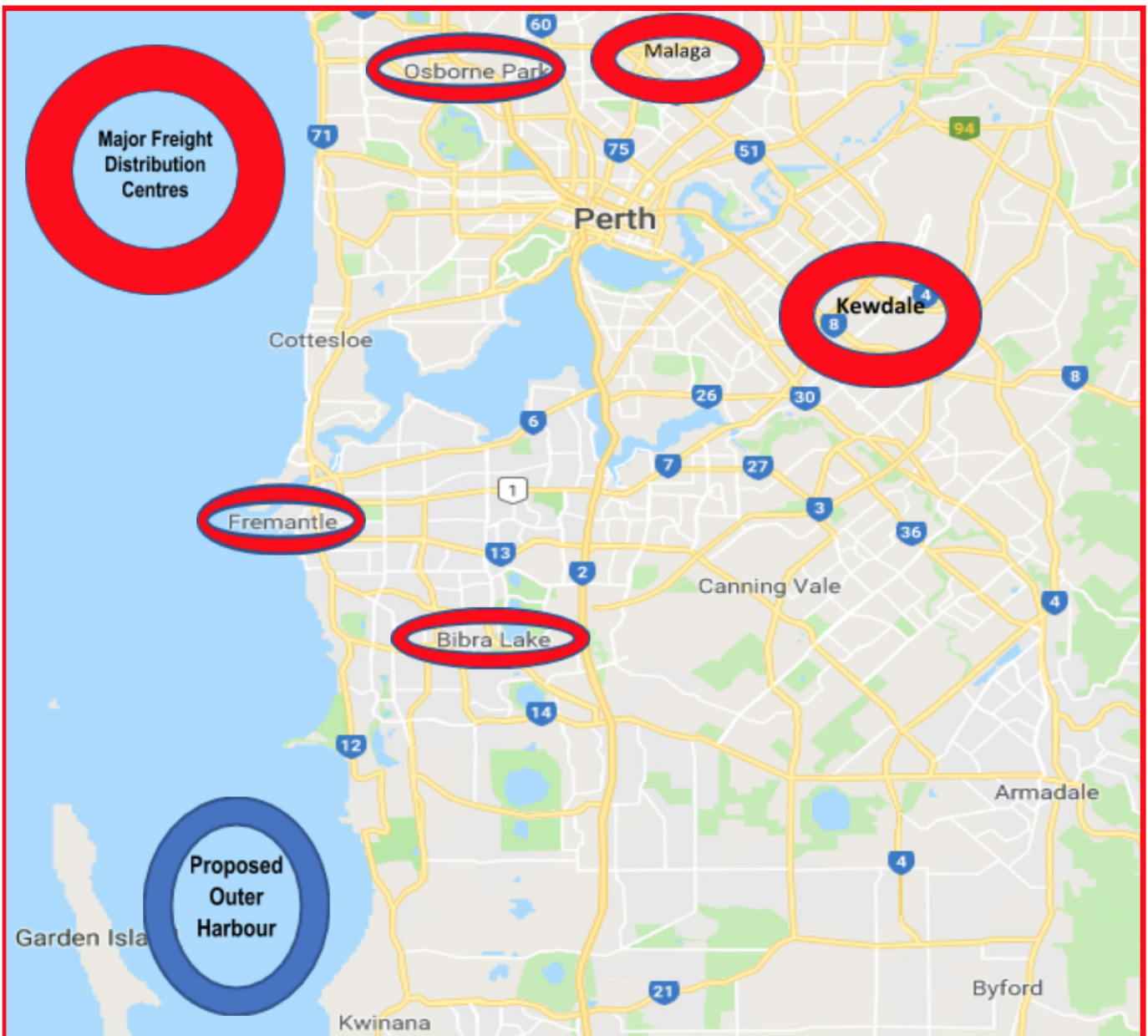
Additionally, there are thousands of jobs coming to Western Australia with the projected growth of lithium mining and the increase in processing facilities already planned. These include 500 new jobs announced by Tianqi Lithium with expanded processing facilities in Kwinana and 400 new jobs to be created by Kidman/SQM once their Kwinana operation is built. **Not a single company has said their growth plans are dependent on an outer harbour being built in Kwinana.**

Western Harbours Alliance claims building an outer harbour in Kwinana will create 11,000 jobs



Why would we plan to build a \$6 billion outer harbour further away from major freight distribution centres in Perth?

Major Freight Distribution Centres in Perth



For the vast majority of the customers who live north of Fremantle, moving port facilities to Kwinana would ADD over 70 kilometres to every trip a truck makes to move freight to and from WA's port.