



**BUNBURY  
GEOGRAPHE**  
Economic Alliance



## **Enabling the Kemerton Strategic Industrial Area (KSIA)**

**Strategic Investment is needed for a State Strategic Asset**

**June 2024**

## BACKGROUND

The KSIA was established by the WA State Government in 1985. It is the largest industrial area in the SW Region and one of the State's designated "strategic industrial areas" (SIAs). It has a total land area of 7,605ha. This includes a 2,025ha industrial core, 293ha support industry area and buffer of 5,437ha. This represents a huge under developed asset.

It was intended to provide alternatives to the Kwinana and Rockingham industrial estates. It is well positioned adjacent to the Forrest Highway with road access to the Bunbury Port and Perth. It is strategically positioned in a Region with diverse primary resources, a skilled workforce and support industries.

The KSIA attracted initial investment with Simcoa commissioning its Silicon plant in 1989, the Tronox Titanium Dioxide plant in 1990, (supported by Nufarm-Coogee Pty Ltd and BOC gas), Kemerton Silica Sand in 1996 and later that decade, Cockburn Cement. Since that time, further investment was limited to utility providers with Transfield commissioning a gas fired (with diesel back up) peaking power plant in 2005, Water Corporation with a water treatment plant in 2003, and Tesla a diesel peaking power plant in 2015.

In 2018, Albemarle made a final investment decision to build a lithium hydroxide plant to process spodumene ore from Greenbushes, with construction of two processing trains commencing in 2019. These trains were commissioned in 2023, the same year construction of a further train got underway, which is due to be commissioned in 2026-27.

Existing tenants have long lamented the lack of suitable common user infrastructure and services for the KSIA. This includes reliable power, pre-approved land, appropriate roads, waste facilities, water supply and rail access to markets.

The WA Chamber of Minerals and Energy's recent economic contribution research that found that "the resource sector's total direct contribution to the South west and Peel regions was a combined \$2.6 billion. This is greater than the Pilbara, \$1.89 billion for the same period." Despite this contribution, the State Government seems reluctant to meaningfully invest in enabling economic infrastructure in the region that would help further boost the sector's contribution to the South West and Peel.

Also, it seems successive governments have adopted a 'let industry pay' approach rather than the 'build and they will come' or 'plug and play' model employed by other countries with which we compete, such as South East Asia. Unlike mining, where it's not possible to move an ore body, downstream processing will develop where it makes the most financial sense. Whilst the "let industry pay" approach may appear an efficient way for governments to reduce their own costs, manufacturers will choose to locate their operations overseas, particularly with Western Australia being an expensive place to do business. To encourage more manufacturing locally, governments need to help to lower the initial cost of investment and provide greater certainty of project development risks and timing.

The cost of not properly enabling the KSIA is not only the impact to productivity, prosperity and future investment decisions of *existing* tenants, it is also the lost opportunity cost of potential *new* tenants who decide not to proceed in the KSIA due to these various constraints.

BGEA and its industry partners have for many years been advocating for appropriate investment in the KSIA to bring it up to a standard reflective of a contemporary SIA. It is particularly fortunate for the South West region that Albemarle developed its Lithium Hydroxide plant at Kemerton. The economic stimulus associated with the facility is obvious and significant. However, Albemarle's experience developing the site has not been without its challenges and speaks to the need for further government investment in common user infrastructure and services at Kemerton if it is to be considered a credible SIA for future proponents.

We welcome the recent State Budget commitment to spend \$500 million on SIAs, although we note the vast majority of these funds have already been committed to SIA's other than Kemerton. As Kemerton has lacked any significant investment for more than 20 years, we suggest the entire remaining allocation be directed to Kemerton.

Another funding opportunity exists through the Federal Governments \$10.2m for the 'Critical Minerals National Productivity Initiative' which, involves a "partnership with State and Territory governments to develop pre-feasibility proposals for critical minerals common user processing facilities." This funding is to support the Federal Governments 'Strategic Critical Minerals Hubs feasibility study' that Federal Resources Minister, Madeleine King, announced in December 2023. Given the existing critical mineral processing occurring within the KSIA, it would be well positioned for the establishment of a Western Australian hub. This is a co-investment opportunity with the State, but it requires the State to take a lead on promoting the KSIA as a suitable site.

To support the business case for further investment, the following document seeks to identify the current key constraints, the cost benefit of enabling infrastructure and summarizes previous studies that draw that same conclusion.

## **WHAT IS NEEDED IN THE KSIA?**

### **1) Road Upgrades**

Despite the KSIA being designed for heavy industry, the roads are not fit for purpose. The road condition and width do not support the level of multi-user activity (not just for industry but also the local community which uses Marriott Road as a thoroughfare between the Forrest and South West highways).

BGEA and industry partners have calculated the existing truck movements within the KSIA and this has been defined as over 100 one-way B- double truck movements per day. This is a large volume of traffic which will increase further with future industry expansion including Albemarle's 3<sup>rd</sup> train.

A major upgrade of Marriot Road was planned by the Shire of Harvey before responsibility was handed to Main Roads, but we understand the latter has no near-term budget for any upgrades. Additionally, there is a need for safer access into the KSIA from Forrest Highway following a serious accident last year and some near misses at the Marriot Road intersection. The increasing traffic on Forrest Highway particularly during weekends and public holidays makes it very difficult for trucks to cross multiple lanes of traffic.

Main Roads has conducted a preliminary assessment of works required and calculated some indicative costs to bring the main roads and key intersections up to an appropriate standard. This includes:

- Lighting Upgrade to the Marriot Rd/ Forrest Hwy Intersection and improvements to the slip and acceleration lanes on Forrest Hwy– \$7-8M
- South Western Highway / Marriott Rd – Intersection improvements – Provide channelised right turn and offset left turn lane – \$5-10M (Note that this project requires resolution of rail access and involves significant land acquisition and service relocation so will take 3-5 years to bring to fruition)
- South Western Highway to Kemerton Rd – Widen to 10m seal with audible edgelines. Protect roadside drain with road safety barrier - \$4-8M
- Kemerton Rd to Western Simcoa Access – widen and provide channelised turning pockets and audible edgelines - \$2-3M
- Western Simcoa Access to Forrest Hwy – Widen to 10m seal - \$2-3M

**Government funding to assist Main Roads in completing detailed design studies and then the major road upgrades to ensure fit for purpose and safety for all road users is seen as the key priority for Kemerton.**

## 2) Strategic Environmental Assessment

Whilst the KSIA was created in the mid-1980s, a Strategic Environmental Assessment (SEA) of the precinct began only relatively recently. This means that any new development within the KSIA including supply of new services, road widening or expansion of existing facilities would in most cases require individual environmental approval. Whilst approval may still be required for new industries to assess industry specific impacts such as waste and emission management, a SEA will provide certainty around a range of environmental factors including vegetation clearing, critical fauna habitat, wetlands and related environmental offsets. This is a far more efficient way of undertaking environmental assessment and will lead to better environmental and strategic planning outcomes.

This will also remove a lot of uncertainty as well as delay for any new potential proponent, and significant additional costs for environmental surveys and managing environmental offset obligations.

It is very encouraging that the SEA has commenced, however BGEA and industry members are concerned that this assessment could take many years to complete.

**It is therefore imperative that the approval process is suitably resourced and given a priority mandate from State Government to ensure it is completed in a reasonable timeframe.**

## 3) Power Supply and Energy Security

The KSIA does not currently have enough installed power to accommodate any future expansion from existing tenants or new tenants. The current supply infrastructure which includes a 22kV line is fully utilized and supply disruptions are becoming increasingly common. Unplanned outages are very disruptive and expensive for large industrial processes that are not designed to be shutdown at short notice.

Albemarle is working with Western Power on installing a new 132kV transmission line, planned to run parallel to the existing 22kV line but within a new easement which currently doesn't have environmental approval. Albemarle will use approximately 30% of the additional electricity, but as the first user, and to enable Western Power to begin work on the line, has agreed to fund 100% of the biodiversity survey and other approvals/planning-related costs, as well as approximately 40% of the capital costs and 100% of the offset costs. Albemarle has been left with no choice but to drive and fund this solution themselves and whilst commendable, it is easy to see how this would be a significant disincentive for other industries faced with a similar option.

**It is therefore imperative that the new power line is planned with future offtake in mind, including design and approval of connecting easements and required switchyards.**

**It also imperative that future connections to renewable energy sources are considered in the policy settings for appropriate land use within the KSIA and that planning includes access for future connections.**

#### **4) Rail**

A rail spur line into the KSIA has long been contemplated by the State Government with land reserved for this purpose. In a 2017 report, the government (LandCorp and Department of State Development) said:

*"A spur line into the KSIA from the Bunbury to Perth line, just north of Brunswick Junction, has been planned for some time. The provision of rail access to the KSIA will significantly improve its utility as an efficient strategic industrial area."*

As described above, the current trucking movements entering and exiting the KSIA are *significant* and this will continue to increase.

Rail access to the KSIA would take these trucks off the road, removing the obvious safety risk and reducing emissions, a positive step in the process that leads to the production of a critical component in the global energy transition.

With the possibility of the Greenbushes to Bunbury line being re-instated, there is again merit in a high-level feasibility assessment into the construction of a spur line, both into and within the KSIA.

Whilst Albemarle would currently be the main beneficiary of a spur line to allow spodumene concentrate to be railed from the Greenbushes mine directly to their processing facility and then to Kwinana, it would offer opportunities for other existing tenants. Simcoa for example has previously railed its quartzite feedstock from its mine north of Perth to Bunbury and this option would again be considered. Additionally, a rail spur would undoubtedly be attractive to new industries and there is recent anecdotal evidence of this with an international company interested to invest in Kemerton if rail access was provided.

**Government support for a feasibility study into a rail spur should be activated.**

### **Historical Government led Studies Recommending Further Investment in the KSIA**

Almost since the inception of the KSIA, there have been various Regional and State planning studies completed by a range of State Government agencies which identify the deficiencies or opportunities to improve the functionality, safety and attractiveness of the KSIA.

It is important to reflect on this previous work to understand that the issues highlighted above have been contemplated for a long time and yet little to no action has been taken by successive governments over this time.

**Table 1** below summarises some of the more recent studies undertaken which refer to improvements required in the KSIA, noting that it is not by any means an exhaustive review of all documents published for the Region.

Document Title	Author	Date	Issue Identified	Relevant page No.	Comments
Greater Bunbury Industrial Land and Port Access Planning – Industry 2030	WAPC	2000	Rail Spur	10	Based on the Industry 2030 studies and subsequent decisions by State Cabinet, the preferred transport corridors between Kemerton and Bunbury will utilise: a yet-to-be-built spur line parallel to Marriott Road (east of Kemerton) and the existing South West Railway - this will provide a link between the hinterland areas and Kemerton and between Kemerton and the Port of Bunbury.
Roads to Export – Greater Bunbury Infrastructure Investment Plan	SWDC BGEA CME	2010	Rail Spur	9	Discusses benefit of rail to existing tenants and the ability to attract new tenants.
SW Regional Blueprint	SWDC RDA SW	2014	Rail Spur Water supply and waste water treatment	71	From Table 8 - Transformational Opportunities identifying specific actions allocated to a three- and fifteen-year timeframe
SW Regional Planning and Infrastructure Framework	WAPC Dept of Planning	2015	Appropriate servicing of industrial land  Power Network Upgrade: construct a double circuit 132Kv line from Kemerton to Picton	26  36	WAPC support for SW Economic Growth through supply of industrial and business development land in appropriate locations, serviced with an adequate level of infrastructure such as reticulated water, power, natural gas, and high-speed communications, heavy haulage transport (road and rail) and waste services

Document Title	Author	Date	Issue Identified	Relevant page No.	Comments
SW Supply Chain Strategy (draft)	Dept of Transport	2020	Rail Spur	28, 32	Recommends the next stage is the development of a business case for the rail spur.
			Road Upgrades	29	Suggests If the Picton-Greenbushes Rail Line is not reinstated, improvements to South Western Highway will be required to accommodate an increase in heavy vehicle traffic using this road to access Bunbury Port, Kemerton and Kwinana.
Bunbury Geographe Sub-Regional Strategy	WAPC Dept Planning, Lands and Heritage	2022	General Servicing	9	Support initiatives and investment in Kemerton Strategic Industrial Area and Shotts Strategic Industrial Area to make land project ready and facilitate proposals in accordance with relevant planning instruments.
SW Regional Futures	RDA SW Australian Government	2023	Rail spur	74	Link Kemerton to Bunbury Port within a 5 to 20 year timeframe.
			General Servicing	79	Recommends industrial land is prepared for immediate investment in respect of planning, water, and power and Approval processes are done by Government, removing hurdles for industry investors.
			Approvals	79	