



Mr Matthew Flavel
Division Head
Budget Policy Division
The Treasury
Treasury Building Langton Crescent
PARKES ACT 2600

Dear Mr Flavel,

PRE-BUDGET SUBMISSION – TRANSFORM PEEL

Regional Development Australia Peel Inc. (RDA Peel) makes this Pre-Budget Submission for consideration of Australian Government investment of \$19,524,490 over 3 years into *Transform Peel* commencing in 2017-18.

Transform Peel is a \$68.8 million program that will change the Peel region's future.

It comprises a 28,000 ha Peel Food Zone, a 1,000 ha Peel Business Park, the Peel Integrated Water Initiative and a Program Governance and Enterprise Support initiative. It is a 35 year program with an estimated annual economic output of \$16 billion when fully developed by 2050.

The commencement of the program by the Peel Development Commission (PDC) has been achieved by Stage One Activation funding of \$49.3 million from the Western Australian State Government's Royalties for Regions program through the Growing Our South Initiative in April 2016. A Federal investment of \$19,524,490 will enable the program to be completed by the PDC resulting in the following regional benefits:

EMPLOYMENT - 33,000 new jobs by 2050. A significant boost, particularly to meet employment and training needs for youth;

INNOVATION - Smart thinking and Innovation - Big ideas to inform more efficient and sustainable food production, water use and cutting-edge industries;

ENVIRONMENT - The Peel-Harvey Catchment is under stress - Water capture, treatment and storage will be sustainable and reduce nutrient run-off by 50%.

This submission is made on the recommendation of a number of Australian Government Ministers who met with a delegation from the Peel region of WA (RDA Peel and PDC) in November 2016 to be briefed on the *Transform Peel* initiative and discuss its benefits to the Peel region, Western Australian and Australian economies.

These Ministers included:

- Senator The Hon Mathias Cormann
- The Hon Angus Taylor MP
- Greg Hunt MP

Details of *Transform Peel* and the benefits it will provide in terms of jobs and economic growth are set out in this submission. Current funding programs within portfolio areas of the Australian Government do not provide the flexibility to be able to consider investment into *Transform Peel*.

Thank you for your consideration of this submission.

For further details and inquiries please contact:

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Yours sincerely



Patricia Creevey OAM
Chair
Regional Development Australia Peel Inc.

January 17th, 2017

Attachments

- | | |
|---------------|---|
| Attachment A: | Transform Peel Activation Budget |
| Attachment B: | Transform Peel Management and Decision-making structure |
| Attachment C: | Transform Peel Progress Report presented to the Strategic Advisory Committee meeting on 13 December 2016. |
| Attachment D: | Transform Peel Preliminary Investor discussion |
| Attachment E: | Transform Peel: Phase 1 Activation: Business Case |
| Attachment F: | Transform Peel: Phase 1 Activation: Environment Management Project attachment to Business Case. |



**Regional
Development**
Australia
PEEL WA

REGIONAL DEVELOPMENT AUSTRALIA PEEL INC.

PRE BUDGET 2017 SUBMISSION

TO THE

DEPARTMENT OF FINANCE

JANUARY 2017

TRANSFORM PEEL

EXECUTIVE SUMMARY

This submission seeks Australian Government investment of \$19,524,490 over 3 years from 2017-18 to complete activation of the *Transform Peel* initiative to a stage that makes it attractive for private investment.

Transform Peel is an integrated, transformational and disruptive approach to building regional resilience; a program of integrated and complex, multi-faceted projects that will, over the next 35 years, result in:

- establishment of a new economy in the Peel;
- creation of approximately 33,100 jobs in new and diverse industries; and
- protection and enhancement of the natural environment.

Transform Peel comprises four closely interrelated projects (1 of which has been funded by the WA Government in its entirety) that together will enhance the region's overall economic output, productivity, employment and exports whilst improving the natural capital base of the Peel-Harvey catchment.

Comprising a business park, food zone, innovative water initiative and an integrated program support initiative, *Transform Peel* presents the highest value opportunity to transform the region and create an environment conducive to living, working and investing in 21st century Western Australia.

This Australian Government investment will essentially de-risk *Transform Peel*, preparing it for substantial private investment and enable delivery of the:

1) *Peel Integrated Water Initiative* (\$9,575,000) - Identification and planning of intervention points, Managed Aquifer Recharge and Recovery (MAR&R) locations, drain interception locations, drain design changes, water treatment options and environmental and planning approvals; and construction of identified priority works emerging from investigations and preliminary assessment of pilot works program.

2) *Peel Food Zone - 2 components* (\$7,859,800)

A. ***Environmental Program*** – a series of activities designed to:

- Improve fertiliser management and soil health through application of soil amendments;
- Integrate Drainage Management;
- Manage environmental assets;
- Provide greater efficiency and sustainable food production opportunities
- Improve self-sufficient food production and reduce reliance on imports

B. ***Multifunction Research Facility*** - For CY O'Connor Erade Village Foundation and others to:

- Conduct animal genetics and farm management research;
- Provide business incubator opportunities;
- Conduct community workshops and facilities for innovators;

- Industry and Not for Profit \$10 million committed to equipment, operation & maintenance of facility;
- Private contribution of land valued at \$2 million (2 hectares) for project.

3) **Program Governance and Enterprise Support** – (\$2,089,690) a set of critical support initiatives including program management, communications, market access & investor mobilisation, and enterprise competitiveness. The latter is a coordination of elements of existing support programs in various Government departments and agencies into a program designed to build and maintain the competitiveness of existing and new enterprise in the Peel.

The Western Australian State Government has provided \$49,309,806 from the Royalties for Regions Program over 3 years from 2016-17 to fund Phase 1 activation of the *Transform Peel* initiative to:

- Activate the Peel Business Park Nambeelup – including:
 - Plan, design and construct headworks infrastructure to support the development of the first 290 hectares of land in the Peel Business Park.
 - Planning initiatives and detailed land use planning for next stage development of Peel Business Park Nambeelup;
 - Investigate managed aquifer recharge and recovery infrastructure for storm water.
- Peel Food Zone
 - Establish a world class destination for investment into food production. Associated management plans, bio-security and governance arrangements and support infrastructure.
- Peel Integrated Water Initiative
 - Develop a proof of concept approach to water capture, water cleaning and water storage that can be replicated across the Peel Food Zone to improve water usage and storage for industry and decrease nutrient “run off” into water catchment areas by 50%.

It is envisaged that with the total investment of \$68,834,296 (State and Federal contributions) into the Transform Peel program, the following benefits would be identified:

By 2050 the projected benefits of *Transform Peel* are:

- 33,100 jobs (including 8,600 strategic);
- \$16.2 billion of economic output per annum;
- \$1.8 billion of export value per annum;
- \$5.3 billion per annum gross value add;
- \$50 million per annum additional rates income for local governments;
- Total phosphorus reduction by 50% across the Peel Food Zone;
- \$600 million (land sales only) private sector investment at full build out;
- \$2.5 billion private sector investment in buildings in the Peel Business Park.

Existing Australian Government programs do not currently provide the degree of flexibility or guaranteed successful outcomes required to make preparation of funding applications feasible or an effective use of the limited resources available to Regional Development Australia Peel.

INTRODUCTION

The Peel is one of nine regions in Western Australia and is located on the coast 75km south of Perth. The region may be defined as Peri-urban and is characterised by coastal, farming, native forest, estuaries and escarpments. The diversity of natural resources as well as access to markets presents opportunities for the development and activation of a wide range of industries.

The Peel region is the fastest growing of all WA regions – the population has grown by an average of 4.3% each year over the past 10 years and is forecast to grow from 130,000 to 444,000 by 2050 – based on a conservative 3.5% growth per annum.

This growth necessitates the creation of an additional 89,000 jobs by 2050 to support population growth and drive the economy. The current economy is not producing a sufficient number of new jobs and is not retaining the workforce within the region.

There is currently high unemployment with large youth unemployment:

- Youth Unemployment Rate: Est. 20%
- City of Mandurah Unemployment Rate: 10.15% (Central Mandurah 21%)
- Mandurah Female Unemployment Rate: 14.1%
- Average taxable income declined 14.2%

Peel's proximity to Perth attracts people to migrate for lifestyle reasons, with 20,000 commuting to Perth daily for work. This places a strain on infrastructure and reduces the local labour pool.

The Peel region's response to these challenging conditions is *Transform Peel*, which as the name suggests is a transformational but also a disruptive solution. Whilst the Transform Peel program is devised and currently being delivered by the Peel Development Commission, it is a collaborative program. The Commission is already working with project partners and private investment partners to successfully progress the Transform Peel program.

Transform Peel is an integrated approach to building regional resilience. It is a program of integrated and complex, multi-faceted projects that will, over the next 35 years, result in:

- establishment of a new economy in the Peel;
- creation of approximately 33,100 jobs in new and diverse industries; and
- protection and enhancement of the natural environment.

Transform Peel comprises of the following elements:

Peel Business Park Nambeelup—the orderly development of approximately 1000 hectares (gross) of land guided by utilisation of existing transportation infrastructure and efficient extension of utilities as articulated in the Nambeelup Industrial Area District Structure Plan. This land is predominately held by the private sector and either currently zoned or proposed for food manufacturing, food processing, light industrial, commercial and logistics enterprises, and related uses. The State government has committed investment to activate the first 290 hectares, with industry and private land holders to develop the remaining land parcels.

The Peel Business Park will provide a location to accommodate general and light industry, large format retail and commercial industries growth for the Peel and Southern Metropolitan regions.

The Business Park will also have a planned capacity to support Research and Development (R&D) and training through the development of a campus style technology park, with an emphasis on primary industries.

Peel Food Zone—up to 28,000 hectares of land zoned for rural and agricultural production enterprise. Planning of the Peel Food Zone to establish a world class destination for investment into food production with associated management plans, bio-security and governance arrangements and support infrastructure. A key focus area is to engage and consult with existing landowners and other stakeholders on reaching agreement on the future configuration of the Peel Food Zone, management plans and governance arrangements

Peel Integrated Water Initiative—develop access to non-seasonal and non-climate dependent water to support development in the food zone and business park and beyond, and incorporating a series of environmental management initiatives aimed at reducing nutrient flows across and into the sensitive natural environment.

Program Governance and Enterprise Support – a set of critical support initiatives to Transform Peel, including program management, communication, market access and investor mobilization, and enterprise competitiveness. The latter involves a coordination of elements of existing support programs in various Government departments and agencies into a program designed to build and maintain the competitiveness of existing and new enterprise in the Peel.

These closely interrelated projects will enhance the region's overall economic output, productivity, employment and exports whilst improving the natural capital base of the Peel-Harvey catchment.

Transform Peel will attract significant investment leveraged through the private sector to create jobs, contribute to diversification of the economy, assist with meeting Peel employment self-sufficiency targets confirmed in Perth and Peel@3.5 million (State Government planning document) and deliver improvements to the natural environment.

BENEFITS

It is envisaged that with the total investment of \$68,834,296 (State and Federal contributions) into the Transform Peel program the following benefits would be identified:

Projected benefits to 2031	Projected benefits to 2050
<p>10,000 jobs of which 2,000 are strategic</p> <p>Economic output of \$4.3 billion</p> <p>Export value of \$360 million</p> <p>Gross value added of \$1.5 billion</p> <p>Rates income for local government of \$18 million per annum</p> <p>Private sector investment of \$200 million (land sales only)</p> <p>Cumulative stamp duty accruing to the State of \$110 million</p> <p>Reduction of Total Phosphorous (TP) load from across the Peel Food Zone by 25%</p> <p>Private sector investment into buildings in Peel Business Park Nambeelup of \$1.6 billion</p> <p>Land tax contribution to the State will be conservatively \$39,000 per annum (year in year out) from the developed lots by 2031</p>	<p>33,100 jobs of which 8,600 are strategic</p> <p>Economic output of \$16.2 billion</p> <p>Export value of \$1.8 billion</p> <p>Gross value added of \$5.3 billion</p> <p>Rates income for local government of \$50 million per annum</p> <p>Private sector investment at full build out will be \$600 million (land sales only)</p> <p>Cumulative stamp duty accruing to the State of \$759 million</p> <p>Reduction of Total Phosphorous (TP) load from across the Peel Food Zone by 50%</p> <p>Private sector investment into buildings in Peel Business Park Nambeelup of \$2.5 billion</p> <p>Land tax contribution to the State will be conservatively \$100,000 per annum (year in year out) from the developed lots</p>

Additional benefits

- Establish “new” economy for the Peel region.
- Creation of economic clusters that address unemployment issues within the region.
- Promotes innovation and technology for new industry opportunities.
- Improve self-sufficiency of state’s food production and reduced reliance on imports.
- Improve economic returns for Food Zone growers.
- Greater efficiency and sustainable food production, water use and cutting edge industries.
- Addresses critical environmental sustainability issues for the Peel Harvey Catchment waterways which are identified as being part of the South West biodiversity “hot-spot”
- Establish research capacity and knowledge base economy opportunities
- Establish common use facilities and infrastructure to increase capacity and capability to export, and leverage supply and value chain opportunities.

PROPOSAL

TRANSFORM PEEL ELEMENTS INCLUDED IN THIS PRE-BUDGET SUBMISSION

The table attached as Attachment A details the total budget estimate for Transform Peel: Phase 1 Activation and indicates where State Government funding has already been secured and which elements form part of this pre-budget funding request.

The following details the elements of Transform Peel and their funding status.

1. Peel Business Park - Nambeelup

\$45,211,296 has been approved by the WA State Government to plan, design and construct headworks infrastructure to support the development of the first 290 hectares of land in the Peel Business Park.

This pre-budget submission does not contain a request for any further funding for the Peel Business Park.

2. Peel Integrated Water Initiative (PIWI)

The WA State Government has provided \$2.25M to proceed with the initial work under this PIWI.

Managed by the Department of Water, this initial work will investigate a range of options to enable the development of non-seasonal and non-climate dependent water sources to support development in the Peel Food Zone, Peel Business Park and beyond.

This proof of concept will form the basis for the next stage of the PIWI, which is part of this pre-budget submission. An amount of \$9,575M is sought for the following:

- Identification and planning of intervention points, MAR&R locations, drain interception locations, drain design changes, water treatment options and environmental and planning approvals;
- Construction of identified priority works emerging from investigations and preliminary assessment of pilot works program;
- Assessment and analysis of implemented works;
- Development of formal adaptive management framework for broader scale implementation;
- Hydraulic model of supply and delivery model, including operating protocols;
- Identification of private sector investment opportunities, additional supporting elements required (development of concept papers, and preparation of investment prospectus);

3. Peel Food Zone

The WA State Government has provided \$643,200 for initial planning of the Peel Food Zone, planning of a supporting research facility and planning of a supporting environmental program.

Funding for the next stage of the Peel Food Zone is sought as part of this pre-budget submission. An amount of \$7,859,800 is sought to implement the supporting environmental program and to construct the research facility.

These programs and research opportunities will establish critical infrastructure, training programs and management practices that will enhance the competitiveness of the Peel agricultural sector, reduce the water quality impact on the downstream environment, protect the recreational values of the Peel-Harvey catchment and create both direct and indirect employment in the Peel.

4. Program Governance and Enterprise Support

The WA State Government has provided \$1,205,310 to establish a program management structure and system and to plan and implement a communications program and plan the market access and investor mobilisation program, as well as an enterprise competitiveness support initiative for a two year period.

Funding for the next stage of program governance and enterprise support is sought as part of this pre-budget submission. An amount of \$2,089,690 is sought for program management, market access and investor mobilisation and for implementation of the enterprise competitiveness support initiative.

SUMMARY OF PRE-BUDGET SUBMISSION FUNDING REQUEST

The pre-budget submission funding request as detailed above can be summarised as follows, and is based on the original business case funding breakdown (see Section 2.12.2 of the original business case).

Table 1 Summary: Pre-budget submission funding request

Program Element	2017/2018 \$	2018/2019 \$	2019/2020 \$	TOTAL \$
Program governance and enterprise support	0	823,750	1,265,940	2,089,690
Peel Business Park	0	0	0	0
Peel Food Zone	3,144,900	3,144,900	1,570,000	7,859,800
Peel Integrated Water Initiative	4,680,000	3,465,000	1,430,000	9,575,000
TOTAL	7,824,900	7,433,650	4,265,940	19,524,490

Source: 2016 – 2017 Business Case for Transform Peel: An integrated approach to building regional resilience: Phase 1 Activation

Since the approval of the Business Case by the Western Australian Government in early 2016, and approval of \$49,309,806 to commence the Transform Peel program, there has been a move of the environmental project from the Peel Food Zone element to the Peel Integrated Water Initiative as well as a review of timing of projects within the elements of the program. The move of the environmental program is based on the realisation that the works anticipated under the program are technically best aligned with water management and water quality activities, rather than with the planning and implementation of the Peel Food Zone. This shift is reflected in the Transform Peel Information Brochure given out in the recent trip by the Peel Development Commission and RDA Peel, to Canberra – as shown in Table 2 below:

Table 2: Summary: Indicative funding support request made in recent Canberra delegation

Element	2017/2018 \$	2018/2019 \$	2019/2020 \$	Total \$
Peel Integrated Water Initiative (including environment)	5,000,000	4,000,000	4,700,000	13,700,000¹
Research facility	3,730,000	0	0	3,730,000²
Program management	1,000,000	500,000	600,000	2,100,000
TOTAL	9,730,000	4,500,000	5,30,000	19,530,000

Source: 2016 Transform Peel Brochure for Canberra meetings

PRE-BUDGET 2017 SUBMISSION ATTACHMENTS

Attachment A details the total budget estimate for Transform Peel: Phase 1 Activation.

Attachment B shows the Transform Peel management and decision-making structure implemented in October 2016.

Attachment C is a Program Progress Report submitted to the Strategic Advisory Committee meeting of 13 December 2016.

Attachment D summarises discussions held with prospective industries and enterprises for the Peel Business Park and Peel Food Zone.

Attachment E is the original business case submitted to the Western Australian government seeking a total of \$68,834,296 for Phase 1 Activation.

Attachment F is the Annexure to the Transform Peel business case, describing the proposed Environmental project to be carried out across the Peel Food Zone.

¹ Includes project management fees

² Includes project management fees

ATTACHMENT A: Transform Peel: Phase 1 Activation: Budget (from original Business case)

Transform Peel Budget

Sub--project	Milestone	Main activity	Budget (\$)	State Funding Secured (\$)	Commonwealth Funding Requested (\$)	Notes
GOVERN-ANCE	Establish governance structure, system and communications strategy	Establish Program Steering Committee	0	0	0	Established within operational budgets (PDC)
		Establish Program Management and Procure Project Directors for sub-projects.	3,295,000	1,205,310	2,089,690	Costs based on four years, with operational budget. Funding provides for: <ul style="list-style-type: none"> • Communications; • Market access & investor mobilization; • Enterprise Competitiveness Support project.
		Governance Sub Total	3,295,000	1,205,310	2,089,690	
PEEL ENTERPRISE COMPETITIVENESS PROJECT	Program elements agreed	Stakeholder consultation	0	0	0	To be undertaken by Program Management Unit under operational budget
	Program elements developed and ready for implementation	Design of support program with stakeholders /partners	0	0	0	To be undertaken by Program Management Unit under operational budget
	Program elements in implementation	Implementation of support initiatives for 2 years	0	0	0	Funding for this activity requested as part of Governance Sub-project.
		Peel Enterprise Competitiveness Project Sub Total	0	0	0	

Sub--project	Milestone	Main activity	Budget (\$)	State Funding Secured (\$)	Commonwealth Funding Requested (\$)	Notes
PEEL BUSINESS PARK NAMBEELUP	Conduct assessments	Phase 1 area environmental assessment and strategy: Technical investigations and strategies Identification of infrastructure elements Detailed planning, design and costing of infrastructure elements.	45,211,296	45,211,296	0	<p>Funding provided for design and construction of common use bulk infrastructure to catalyse investment on the first 200 hectares of developable land (290 hectares gross) of Peel Business Park Nambeelup.</p> <p>Common use trunk infrastructure includes:</p> <ul style="list-style-type: none"> a) planning initiatives b) road development c) electricity and gas d) packaged waste water treatment plant e) potable water f) data g) managed aquifer recovery and recharge infrastructure – a separate application for funding has been submitted by the Department of Water to the Australian Government for funding for technical investigations at Nambeelup. <p>Treaties or deeds of agreement will be formalised between landowners in relation to funding internal infrastructure not deemed to be common use infrastructure.</p>
		Statutory planning instruments in place to define if any additional studies are required.				
	Major external common use infrastructure					
	Scope, design and cost estimates for major external common use infrastructure including: Waste water pump station and pressure main, Potable water supply Electricity supply Gas supply Lakes Road upgrade Common-user sites and access					
		Major external common use infrastructure construction: Waste water pump station and pressure main Potable water supply Electricity supply Gas supply Lakes Road upgrade Common-user sites and access				
		Detailed planning, design and construction (if viable) of interim internal infrastructure				

		Environmental infrastructure - Implementation and construction of projects identified in the environmental assessment.				
	Project management	Project Director fees and costs				
		Peel Business Park Nambeelup	45,211,296	45,211,296	0	

Sub--project	Milestone	Main activity	Budget (\$)	State Funding Secured (\$)	Commonwealth Funding Requested (\$)	Notes
PEEL FOOD ZONE	Framework for the establishment of the Peel Food Zone	Work with stakeholders to establish framework for Peel Food Zone	0	0	0	To be undertaken by Program Management Unit under operational budget
	Detailed planning and design of essential supporting infrastructure projects (including approvals)	Environmental program – engagement	100,000	100,000	0	Engagement of community and industry on the environmental project elements.
		Research facility – detailed design and costing	350,000	350,000	0	Funding for design work and governance arrangement. Unsolicited offer process to be followed, requiring legal/financial expertise.
	Planning and establishment of Food Zone	Consultation with Stakeholders	0	0	0	To be undertaken by Program Management Unit under operational budget
		Determining planning instruments	0	0	0	To be undertaken by Program Management Unit under operational budget
		Develop management system	0	0	0	To be undertaken by Program Management Unit under operational budget
		Establish Peel Food Zone	0	0	0	To be undertaken by Program Management Unit under operational budget
	Implementation of essential supporting infrastructure	Environmental program – implement	4,130,000	0	4,130,000	Outcomes of funded activities (see Attachment 2): <ul style="list-style-type: none"> • Improved fertiliser management; • Improved soil health though application of soil amendments; • Integrated Drainage Management; • Environmental asset management.

		Research facility – contracting, construction, completion	3,150,000	0	3,150,000	<p>Funding will provide a multifunction facility at North Dandalup for CY O'Connor Erade Village Foundation to:</p> <ul style="list-style-type: none"> • Conduct animal genetics research; • Provide business incubators; • Conduct community workshops and facilities for innovators; • \$10 million committed to equipment operation & maintenance of facility; • Land valued at \$2 million (2 hectares). <p>Detailed business case being developed – due April 2017</p>
	Project Management	Project Management	773,000	193,200	579,800	Estimated at 10% of project cost
		Peel Food Zone Sub Total	8,503,000	643,200	7,859,800	

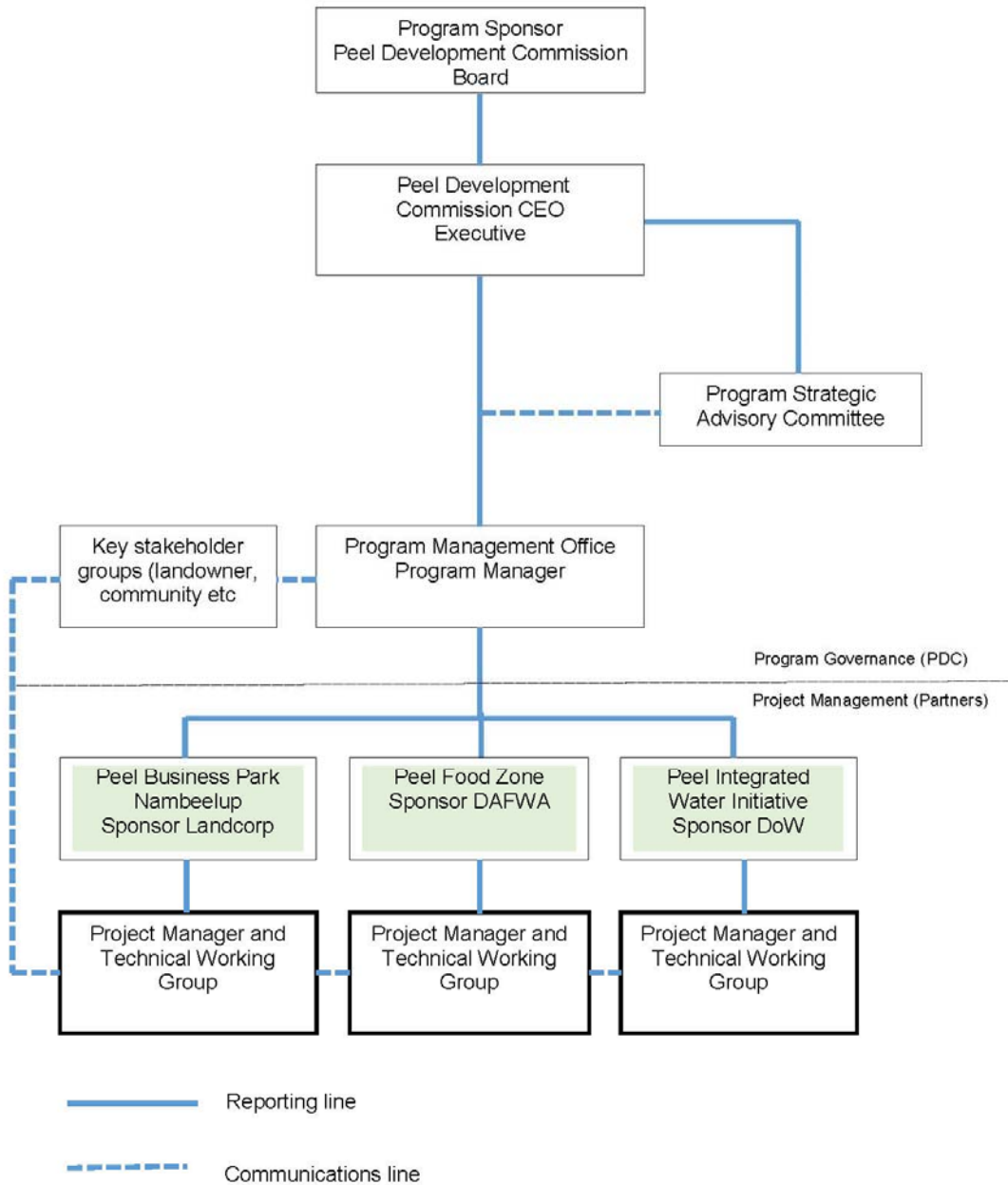
Sub--project	Milestone	Main activity	Budget (\$)	State Funding Secured (\$)	Commonwealth Funding Requested (\$)	Notes
PEEL INTEGRATED WATER INITIATIVE	Preparation towards integrated water management system	Alignment with all other government and non-government actions in the same sub-catchment (SAPPR, Regional Estuaries Initiative etc)	30,000	30,000	0	
		Review of existing data – best bet analysis of aquifer properties to include assessment of current water allocations and potential aquifer supply capacity. Gap Analysis and recommendations for further investigation.	120,000	120,000	0	
		Preliminary drilling to support investigations into aquifer properties and response.	390,000	390,000	0	
		Quantification of seasonal water availability from all sources. Development of supply-side water balance to understand water availability and seasonal fluctuation.	120,000	120,000	0	
		Strategic analysis at sub-catchment level to characterise risk of nutrient export and identification of potential integrated water management options including identification of options for priority “pilot” works.	90,000	90,000	0	

PEEL INTEGRATED WATER INITIATIVE (cont.)		Sub-catchment scale quantification of in-catchment infiltration, storage and retrieval capacity in addition to improved management of water and terrestrial environmental assets through implementation and assessment of pilot works. Quantification to , include cost-benefit analysis of various (short and longer term) options, ranging from low technology/low cost solutions to more advanced technology/higher cost solutions, with water cost to consumer as comparison.	1,500,000	1,500,000	0	
		Identification and planning of intervention points, MAR&R locations, drain interception locations, drain design changes, water treatment options and environmental and planning approvals.	2,000,000	0	2,000,000	
	Implementation of pilot project water capture, treatment and storage project and undertake trials	Construction of identified priority works emerging from investigations and preliminary assessment of pilot works program.	4,650,000	0	4,650,000	Estimates of priority works are derived from Peel-Harvey Catchment Council, CSIRO and Department of Water preliminary studies and investigations (See item above).
		Assessment and analysis of implemented works.	1,200,000	0	1,200,000	
	Establishing replicability of integrated water management system	Development of formal adaptive management framework for broader scale implementation	200,000	0	200,000	Further details of works to be undertaken will provided on completion of the Main Activity: <i>Identification and planning of intervention points, MAR&R locations, drain interception locations, drain design changes, water treatment options and environmental and planning approvals.</i>
		Hydraulic model of supply and delivery model, including operating protocols	200,000	0	200,000	
		Identification of private sector investment opportunities, additional supporting elements required (development of concept	250,000	0	250,000	

		papers, and preparation of investment prospectus				
	Project management	Project Director fees and costs	1,075,000	0	1,075,000	Estimated at 10% of total cost of Peel Integrated Water Initiative
		Peel Integrated Water Initiative Sub Total	11,825,000	2,250,000	9,575,000	
		TOTAL BUDGET <i>TRANSFORM PEEL</i>:	68,834,296	49,309,806	19,524,490	

ATTACHMENT B:

**TRANSFORM PEEL PHASE 1 ACTIVATION:
PROGRAM AND PROJECT GOVERNANCE AND MANAGEMENT**



ATTACHMENT C: TRANSFORM PEEL PROGRESS REPORT AS PRESENTED TO STRATEGIC ADVISORY COMMITTEE

To 13 December 2016:

1. PROGRAM ELEMENTS

Program Element	Activity	Responsible entity	Progress 14/11/16 to 13/12/2016	Status	Next activities	Issues
Program Management	1. Memorandum of Understanding signed	Program Management Office (PMO)/Peel Development Commission (PDC)	First funding tranche of \$1,705,920 received by Peel Development Commission.	Completed	Implementation of MOU and preparation of first program progress report in December 2016	
	2. Strategic Advisory Committee	PMO/PDC	Strategic Advisory Committee has held three meetings - on 5 September 2016, 6 October 2016 and 14 November 2016	Established	Continue	
	3. PMO Staff appointments	PMO/PDC	Program Director (Linda Cunningham) and Program Officer (Dave Arkwright) in place.	Completed	Strategic look at PMO and PDC capacities continues	
	4. PMO office established and operational	PMO/PDC	PMO established (within the PDC offices) and is operational Need for effective database CRM identified to enable regular ongoing targeted communications management. Researching options.	Completed Underway	Address work program as per MOU. To have effective CRM in place early 2017	

Program Element	Activity	Responsible entity	Progress 14/11/16 to 13/12/2016	Status	Next activities	Issues
	5. Communications strategy prepared and in operation	PMO/PDC	Communications Strategy developed, agreed with program partners and now in implementation. Transform Peel (TP) Logo's developed. Communications protocols developed and agreed. First collateral for local Peel newspapers developed. Initial engagement has occurred with influencers within regional interest groups / organisations to identify and gain commitment from Champions who will ultimately form the regional leadership group.	Plan Completed and Implementation Commenced Need for CRM identified	Ongoing engagement, identification of potential champions, and formation of regional leadership group to support promotion of TP and wider development of the Peel Region. Install CRM early 2017	Need for effective CRM to track stakeholder engagement, communications and appropriate targeted messaging.
	6. Market access and Investor mobilisation strategy prepared and in operation	PMO/PDC	Interim investor strategy with Landcorp (mainly Perth focused) continues. Interaction with DSD, DAFWA and WA Open for Business strengthens. Specific investor meetings held with DSD. Transform Peel becomes member of InvestWest Agribusiness Alliance convened by DSD. Other international alliances under consideration. Meeting with MAPTO re their interest in Food Zone as potential for Agri tourism, food tourism, and generation of investment leads from conference groups.	Strategy Completed. Engagement Ongoing.	Continued coordination across major stakeholders	

Program Element	Activity	Responsible entity	Progress 14/11/16 to 13/12/2016	Status	Next activities	Issues
	7. Enterprise competitiveness support (ECS) program in place	PMO/PDC	TP participated in a meeting with the World Bank and Asian Development Bank held in Perth and facilitated by Austrade. PDC and RDA Peel delegation visited Canberra to build support for TP. Discussions held with Department for Industry Innovation and Science, PHCC, DOW, CSIRO. Work continues on Transform Peel workforce development strategy. Successful startup enterprise support workshop held in collaboration with Make Place, focused on Crowd Funding and increased capabilities for start-ups looking to locate in the Peel Region.		Continue with development of ECS activities (including workforce development, market access, access to capital, regional leadership, entrepreneurship, startup enterprise support). Secure firm agreement in one or more elements of ECS by end of 2016.	
	8. Peel Region Research facility planning and business case	PMO/PDC	Working Group overseeing the North Dandalup research project agrees that next steps will be site options analysis (as part of project probity), together with a Development Application to the Shire of Murray for the proposed North Dandalup site. PDC and Murdoch University hosted a visit by the Singapore Centre for Research, Innovation, Productivity and Technology (SCRIPT) who are part of a team looking at the feasibility of intensive food production systems in the Peel Region, and potential of Peel for a full scale trial farm		Continue with site options analysis and DA application. Continue engagement with Murdoch University and SCRIPT for trial in Food Zone. Continue discussion about research and innovation facilities, including common use infrastructure, to increase capability for innovation across the Peel Region.	Need to have a clear and consistent strategy around the development of research and innovation facilities and networks in the Peel region

Program Element	Activity	Responsible entity	Progress 14/11/16 to 13/12/2016	Status	Next activities	Issues
Peel Food Zone	1. Memorandum of Understanding signed	Department of Agriculture and Food (DAFWA)	MoU between PDC and DAFWA has been signed. First invoice submitted to PDC	Completed	Implementation of MOU.	
	2. Project Manager in place	DAFWA	Geoff Strickland nominated as DAFWA Project Manager for Peel Food Zone. Project plan currently in preparation.		Continuation	
	3. Planning of PFZ	DAFWA	Initial discussions commenced and project team being assembled. DAFWA is seeking a consulting company to prepare a constraints and opportunities report to guide planning activities.		Continuation	
	4. Support to Food Industry Transition program	DAFWA	DAFWA continues to provide LandCorp with support in developing an industry transition program for Perth-based industries to the Peel Business Park and the Peel Food Zone.		Continue	
	5. Support to Investor Mobilisation strategy	DAFWA	DAFWA has a substantial data base of products and investors that will be shared as part of building a TP integrated product, market and investor strategy.		Link into WA Open for Business, DSD and Austrade discussions	

Peel Integrated Water Initiative	1. Memorandum of Understanding signed	DoW	MoU between PDC and DoW signed. First invoice submitted by DoW to PDC and payment of \$800,000 made		Implementation of MOU	
	2. Project Manager in place	DoW	Andy Ellett appointed as Project Manager		Continue	
	3. Catchment/environmental analysis	DoW	Early assessment and analysis underway		Continue	
	4. Water resource assessment	DoW	Nambeelup MAR pilot project agreement in process of being finalised with Shire of Murray.		Continue	
	5. Resource enhancement	DoW	Not commenced		n/a	
	6. Demand assessment	DoW	Not commenced		n/a	
	7. Policy/regulation	DoW	Not commenced		n/a	

Peel Business Park	1. Memorandum of Understanding signed	LandCorp	Draft MoU has been submitted by LandCorp to DRD for consideration.		Signing of MOU	
	2. Project Management / Resources	LandCorp	Mark Pasalich is LandCorp's Project Director for the Peel Business Park. Darren Wallis is assisting with business / market attraction. A consultant has been appointed to lead engineering and planning roles. An innovation expert has also been appointed and a meeting to discuss innovation in the PBP has been held. An agent has been appointed to manage EOI in the Business Park		Continue with development of team	
	3. Trunk Infrastructure	Landcorp	A workshop on innovation was held on 30 November, focusing on solutions for power, earthworks, drainage, groundwater management, non-potable water and waste water. Landcorp has commenced discussions with all service authorities and the appointed engineering firm has commenced planning on the design		Continue with process.	

	4. Planning Lot 600	LandCorp	Planning for Lot 600 is ongoing		Continue with process. Targeting PRS Amendment to be publicly advertised in January 2017	
	5. Market / Business Attraction	LandCorp	LandCorp continues discussions with several prospective industries. Minister for Regional Development and Lands visited the Peel Business Park on 29 November for a photo shoot with Chair of the Board of PDC and the CEO of Landcorp – to launch a Registrations / Expressions of Interest for Lot 600. The EOI will be publicly released on 7 December.		Review and develop the Market Sales Strategy incorporating the newly appointed agent	
	6. Communications	LandCorp	LandCorp have met with representatives of all major landowners in the Peel Business Park. All have expressed an interest in being part of a landowners group. PDC and Landcorp are jointly facilitating a meeting (12 December) of landowners (including the Kennels precinct) in and immediately adjacent to the Peel Business Park – to explain the Transform Peel program. All project sponsors in attendance		Continue stakeholder engagement. Landcorp to facilitate the formation of a landowners group	

ATTACHMENT D: TRANSFORM PEEL – PRELIMINARY INVESTOR DISCUSSIONS

Prior to the call for Expressions of Interest seeking to attract about 160 businesses from light and general industry, research and development, transport and logistics and agribusiness from both across the nation and overseas to the Peel Business Park Nambelup, the following enterprises have been approached to discuss possible investment opportunities.

INDUSTRY	DESCRIPTION	IMPACT	LIKELIHOOD L- Low M- Medium H-High
C-Wise	Compost and bio-fertiliser producer utilising organics and other wastes. Already operational on GWF land inside the Peel Business Park. Looking for long term home and expansion opportunities.	Critical industry for the Peel region. Major waste user/recycler. Major player in future soils amendment programs. Strong industry links to other waste and related industries – capable of influencing overall investment into Transform Peel.	H
Costa Foods	Costa already manufactures mushroom growing medium on GWF land adjacent to C-Wise, for use in Kwinana mushroom growing facility. Costa need to consider relocating from Kwinana due to urban expansion, technology upgrade and expansion plans. Potential relocation to Peel Business Park under discussion. Concerns over odour contamination from uses on GWF land, and annoyance at governments “promises” when setting up at Kwinana (that they would not be impacted by future urban growth) and their recent \$20m upgrade	A significant player in food manufacturing and processing	M
Craig Mostyn Group	Currently operate the piggery on GWF land. No significant plans for the Peel region. Industry suggestions that CMG may move out of pig production to concentrate on Lindley abattoir and downstream value adding – north of Perth	Departure of CMG not significant if production capacity is replaced with new investment. Increases potential to tackle the odour problem on the GWF land that is a potential major risk for Peel Business Park	M

INDUSTRY	DESCRIPTION	IMPACT	LIKELIHOOD L- Low M- Medium H-High
GD Pork	Currently operate a pig production facility south of Pinjarra. Recent lengthy process with environmental agencies to secure approval for expansion on this site due to “life-styler opposition”. Looking for an opportunity to increase production of pigs in the food zone area – and fill any gap left by possible withdrawal of CMG	There are negative (environmental) and positive (economic) aspects to expansion. Also a major source of waste for recycling into organic composts. Potential source of renewable energy. Potential user of niche abattoir	M
MZI	MZI has commenced mining of mineral sands in Keysbrook inside the Peel Food Zone. MZI and finance backers are buying some of the mined land for the purpose of moving into food production in the medium to longer term. Also looking at longer term development of mineral processing plant in the Peel. 75% of the Peel Food Zone is covered by mining tenements and this presents opportunities to fundamentally improve the productivity potential for the Peel Food Zone.	Critical player in Transform Peel for the future. Short term opportunities to work with MZI in developing innovative water systems and soils amendment opportunities. Strong supporter of wider community development. MZI land may well be the ideal location for rural industries with odour emissions	M
Capilano Honey	Honey producer located in Bayswater. Looking to expand and relocate closer to honey production south of the metropolitan region. Significant increase in demand for honey from Asia. Discussions underway relating to potential relocation in 2018	Highly profitable product, significant downstream opportunities not yet captured by the industry. Significant supporter of research and new technology development	M
Chicken industry (Inghams, Steggles, Baiada)	Peel region strong in chicken production. All processing industries based in the Perth metropolitan area. Landcorp is in discussions with the industry to support a move of the whole “chain” to the Peel Business Park	Massive impact if the whole production chain could be moved	L
Supafresh	Supafresh currently produce in-ground leafy greens from a property north of Pinjarra. Not considered environmentally sustainable. Supafresh might consider investing in new production systems. Currently supply Coles and Woolworths and Singapore markets	Important influencer and potential take up of new technology would greatly encourage others. Very capital intensive and risky without secure markets	L
Spudshed	Spudshed invested in land in the Peel Food Zone to grow in-ground. Did not secure development approval due to environmental impacts. Indications are that the Spudshed will use the site as a nursery. Hard standing, control of nutrient	A significant influencer. Moving into more sustainable production systems sends correct signal to market	M

INDUSTRY	DESCRIPTION	IMPACT	LIKELIHOOD L- Low M- Medium H-High
Research facilities	<p>PDC currently working with the CY O'Connor Foundation on an unsolicited offer to operate a research facility in North Dandalup, in a joint venture initiative with the State Government. This project is moving towards the development of a business case to submit to government for funding for the development of the facilities.</p> <p>PDC also looking at research facilities in other areas such as the Peel Business Park, and the development of a strong research network. Discussions underway in the region on the establishment of "research council" for the Peel</p>	Science, research and innovation are a key to the future of the Peel region. The Foundations commitment is significant. Murdoch University also agreeing to collaborate in this initiative. Strong industry demand for research capabilities in the region	H
Lakes Road Abattoir	Currently owned by T&R Pastoral of South Australia. Facilities in decline. There is a demand for local abattoir facilities – maybe a fixed location facility, maybe a moving facility. Several local players looking at this opportunity.	An abattoir facility would significantly add to the attraction of the Peel Food Zone	L
Murrayfield Airport	Owned and operated by the Royal Aero Club of WA and used for light aircraft only. RACWA recently traded out of insolvency and are planning to move pilot training to Murrayfield from Jandakot, as well as develop a light sports aircraft capability – the latter is a rapidly expanding industry.	An airport inside the Peel Business Park is potentially a significant attraction. A new cross runway will enable twin engine aircraft to operate at Murrayfield and this would allow for small passenger and freight movement	M
George Weston Foods	GWF owns two properties inside the Peel Business Park. Historically GWF have sought rezoning of these properties to industrial so as to be able to reflect the value increase on the books for shareholders. Recent discussions with GWF (and confirmed by the WAPC) is that if GWF were to bring significant investment to the Peel Business Park, then government would look afresh at rezoning request.	GWF are a major global company, and have the ability to significantly influence investment into the Peel Business Park. GWF has a number of food processing and manufacturing enterprises in WA and are currently reviewing these operations. If GWF land comes on in the early sates of the Peel Business Park, this would significantly impact the configuration of Stage 1 and the nature of headworks services	M

INDUSTRY	DESCRIPTION	IMPACT	LIKELIHOOD L- Low M- Medium H-High
Biogass	Biogass has developed the waste to energy facility for Richgro at Jandakot. Landcorp is in discussions with Biogass on a possible facility for the Peel Business Park	A waste to energy plant would have a significant impact on the level and type of service/infrastructure that the PBP could offer – particularly in the food industries (heating, cooling, and energy). A waste to energy facility would also substantially strengthen the regions waste management and recycling capabilities and significantly reduce costs to the local governments	M
Transcontinental	Transcontinental have approached the State Government to purchase (or otherwise access) land in Keralup to build a utility-sized solar scheme. Their intention is to build a substantial storage capability, link into the State grid and develop a substation that could be used by the Peel Business Park. Transcontinental have submitted an Expression of Interest to the State Government in this regard	A solar facility of this size would develop a strong off-grid capability for the PBP, with substantially reduced power costs for users. Transcontinental indicate both a strong assembly/construction stage and a strong post development technology development	M
Offshore investment in food manufacturing and processing	A few offshore investors have approached the PDC, most recently an established Chinese-owned chicken processor looking to expand production out of Canningvale facilities. PDC is developing strong links to WA Open for Business, DSD, DAFWA, and Austrade to enable information flows to potential foreign investors	Foreign investment with established export markets would significantly advantage the Peel	M
Food Production technologies	<p>The PDC is aware of two local landowners considering moving into food production with glasshouse technology</p> <p>The PDC has also developed access to the Singapore Centre for research and Innovation, through Murdoch University. The Singapore centre has strong multinational support,</p>	Intensive food technology in the Peel region will develop a clear point of difference for the Peel region in the agricultural sector, Combined with the regions natural competitive advantages, this will ensure a sustainable future for Transform Peel.	M

INDUSTRY	DESCRIPTION	IMPACT	LIKELIHOOD L- Low M- Medium H-High
Eco- industrial complex	<p>Early discussions have been initiated on the possibility of the development of an eco-industrial complex inside the Peel Food Zone (including with MZI).</p> <p>Such a complex would typically include the uses currently on the GWF land that are potentially related to the odour issue, together with the expansion of pig production and other uses</p>	An investment by government to facilitate the development of a planned, buffered and managed eco-industrial complex, would add substantially to the status of Transform Peel as global example	M
Singapore Centre for Research, Innovation, Productivity and Technology (SCRIPT)	<p>PDC is working with Murdoch University and Script to investigate suitability of different vertical farming systems and different agricultural products, for the Peel Food Zone.</p> <p>This partnership may extend to the development of a pilot research project</p>	SCRIPT is working closely with a number of global Corporations in developing new food production technologies. A pilot project would significantly increase the status of Transform Peel and provide strong international linkages.	M

On December 7, 2016 Landcorp called for Expressions of Interest on Lot 600, which included the first 120 hectares of the 1,000 hectare Peel Business Park Nambelup. The EOI is seeking to attract about 160 businesses from light and general industry, research and development, transport and logistics and agribusiness from both across the nation and overseas.

Once fully developed, Lot 600 is expected to create about 2,000 jobs and inject about \$1 billion into the economy per annum.

ATTACHMENT E

2016-2017 BUSINESS CASE

FOR

Transform Peel—a integrated approach to building regional resilience
Phase 1: Activation



Government of **Western Australia**
Department of **Regional Development**

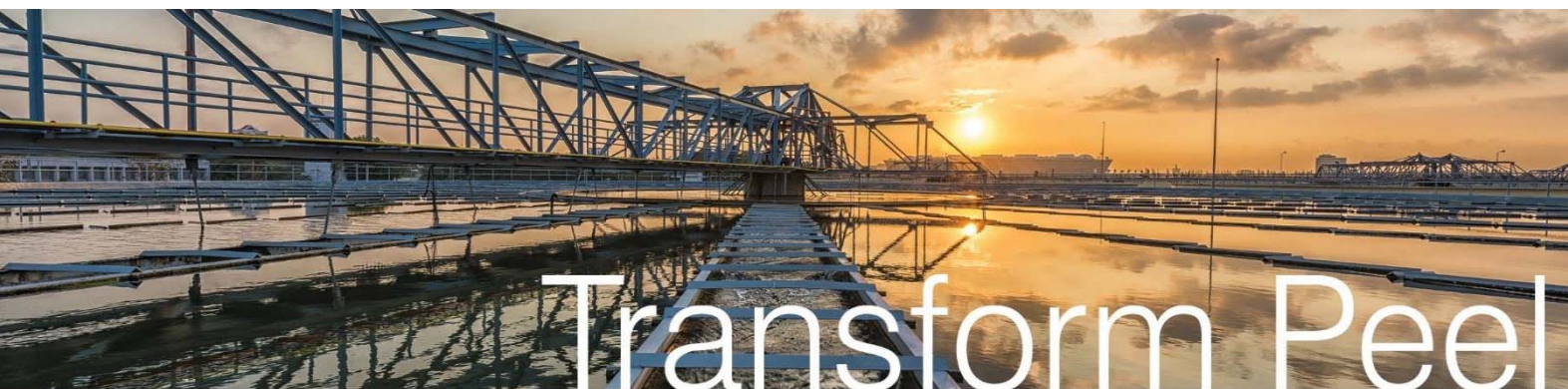


2016-2017 BUSINESS CASE

FOR

Transform Peel—a integrated approach to building regional resilience
Phase 1: Activation

Peel Development Commission in collaboration with CSIRO, City of Mandurah, Department of Water, Department of Agriculture and Food WA, Food Fibre Timber Industries Training Council, Landcorp, Peel Harvey Catchment Council, Shire of Murray



Transform Peel

an integrated approach to building regional resilience

\$68,834,296

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Glossary of terms

In the context of this document:

Agency means a Western Australian State Government agency.

Applicant means the Organisation or Agency preparing a Business Case requesting Royalties for Regions funding for a project.

Business Case means the information prepared by the Applicant demonstrating the merits of the Project and substantiating the case for funding the Project.

Deliverables means the expected outputs and outcomes from the project.

Department means the Department of Regional Development.

Industry Participation Plan means a clear statement of the project proponent's commitment to The Building Local Industry Policy and an indication of how local industry participation will be maximised.

Innovation is the implementation of a new or significantly improved product (good or service) process, new marketing method or a new organisational method in business practices, or external relations¹.

Leveraged Funding is the additional cash funding obtained for the Project from other sources.

Option means a feasible, alternative delivery mechanism to the Project which was considered by the applicant when preparing the Business Case Proposal.

Organisation means an incorporated entity that is not an Agency. An organisation may be a not-for-profit entity, government trading enterprise or local government...

Project means the specific activities, works or services proposed in the Business Case for which Royalties for Regions funding is being sought.

Project Outcome means the intended impact that is expected as a result of undertaking the Project.

Project Output means the tangible end product(s) of the Project. For example, an infrastructure asset or the services delivered.

Royalties for Regions means the Western Australian State Government's Royalties for Regions program.

Stakeholder means a party with an interest in or who is affected by the Project.

Sustainability refers to the financial viability of a project and the means of support to the project beyond the life of Royalties for Regions funding for this project.

¹ Organisation for Economic Cooperation and Development and Development Statistical Office of the European Communities (2005 Third Edition) Oslo Manual Guidelines for collecting and interpreting innovation data, 3rd edition, OECD and European Commission, Paris.

1. EXECUTIVE SUMMARY

This executive summary provides a high level overview of the key components of this business case under the following headings:

- 1.1 Introduction
- 1.2 Transform Peel – an integrated approach to building regional resilience
- 1.3 Transform Peel Phase 1: Activation
- 1.4 Purpose
- 1.5 Outputs
- 1.6 Outcomes
- 1.7 Options
- 1.8 Cost/Benefits
- 1.9 Approvals
- 1.10 Local Content

1.1 Introduction

Peel Development Commission is seeking the release of \$68,834,296 from the Royalties for Regions Program to fund Transform Peel Phase 1: Activation.

This project will attract significant investment leveraged through the private sector to create jobs, contribute to diversification of the economy, assist with meeting Peel employment self-sufficiency targets confirmed in *Perth and Peel@3.5 million* and deliver improvements to the natural environment.

The Peel's current economy, environment and workforce participation is characterised by:

- a reliance on traditional primary industries that trade on its natural resource assets (e.g. mining and agriculture) and benefits from tourism driven by the natural amenity of the Peel Inlet, the coastline and Darling Scarp.
- high levels of nutrients from broadacre agriculture activities flowing into the sensitive water systems.
- Lack of strategic planning in, and under-utilisation of, the peri-urban areas.
- a strong representation of skills and labour in occupations largely driven by the mining, manufacturing and construction sectors.
- an annual population growth rate of 4.4%.
- an unemployment rate that is consistently higher than the State trend, a key feature of which is a very high youth (15 to 19 year olds) unemployment rate (19.3% in 2012)².
- A declining employment self-sufficiency rate against a set target of 78%.
- 47% of the workforce leaving the region on a daily basis for work.

To support a projected population of 444,000³ by 2050, the Peel will need to build an economy that incorporates many industries, adopts an innovative approach to business and commercial sector diversification, and has a highly skilled and high performing workforce in place to adapt to changing technological advances.

To do this, an all-encompassing system-wide intervention is required.

² ABS Census 2012

³ Perth and Peel@3.5 million

1.2 Transform Peel—an integrated approach to building regional resilience

Transform Peel—an integrated approach to building regional resilience (Transform Peel) is a program of integrated and complex, multi-faceted projects that will, over the next 35 years, result in:

- establishment of a new economy in the Peel;
- creation of approximately 33,100 jobs⁴ in new and diverse industries; and
- protection and enhancement of the natural environment.

Transform Peel comprises three closely interrelated projects that together will enhance the region's overall economic output, productivity, employment and exports whilst improving the natural capital base of the Peel-Harvey catchment.

Comprising a business park, food zone and innovative water initiative, Transform Peel presents the highest value opportunity to transform the region and create an environment conducive to living, working and investing in 21st century Western Australia.

Transform Peel focuses on the following:

- **Peel Business Park Nambelup**—the orderly development of approximately 1000 hectares (gross) of land guided by utilisation of existing transportation infrastructure and efficient extension of utilities as articulated in the Nambelup Industrial Area District Structure Plan. This land is predominately held by the private sector and either currently zoned or proposed for food manufacturing, food processing, light industrial, commercial and logistics enterprises, and related uses.
- **Peel Food Zone**—up to 28,000 hectares of land zoned for rural and agricultural production enterprise.
- **Peel Integrated Water Initiative**—development of non-seasonal and non-climate dependent water to support development in the food zone and business park and beyond, and incorporating a series of environmental management initiatives aimed at reducing nutrient flows across and into the sensitive natural environment.

Peel Business Park Nambelup – Vision

The Peel Business Park is focused on **job creation** through delivering **industry development** opportunities. The Park will aim to provide a focus for the delivery of two transformational industry clusters:

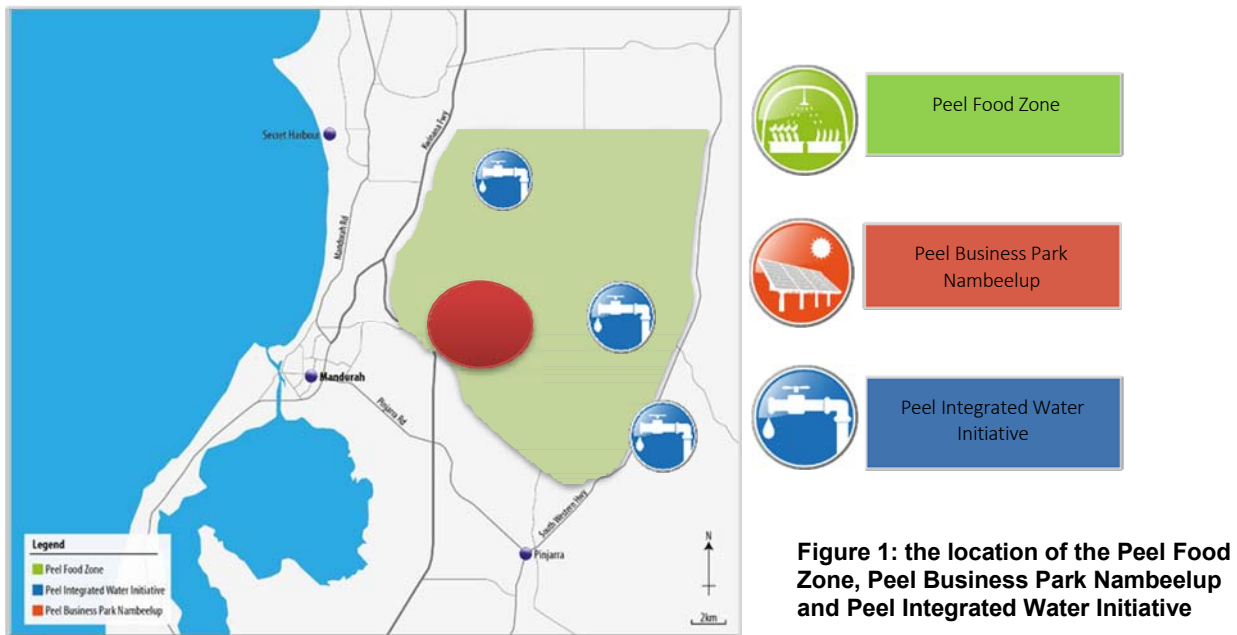
- Agri-food and agri-processing operators and ancillary industries (subject to individual operators receiving DER Approval); and
- Transport and Logistics to value capture on its location on the Forrest Hwy / Kwinana Freeway between the Metropolitan area and the State's South West.

Additionally the Park will provide a location to accommodate general and light industry, large format retail and commercial industries growth for the Peel and Southern Metropolitan regions. It is the natural expansion for the fully developed Gordon Road commercial/ industrial area.

The Business Park will also have a planned capacity to support Research and Development (R&D) and training through the development of a small campus style technology park, with an emphasis on primary industries.

The development of the business park will provide the opportunity to demonstrate the viability of innovative on-site servicing solutions as a way to reduce the expensive early provision of 'business-as-usual' trunk servicing infrastructure ahead of current planned network expansions.

Figure 1 identifies the location of the Peel Food Zone, Peel Business Park Nambeelup and Peel Integrated Water Initiative within the identified strategic peri-urban area.



The area selected for Transform Peel has a number of competitive advantages:

- close proximity to Perth with the ability to capture/funnel agricultural production and logistics for the entire South West into the Perth metropolitan region;
- ready access to all forms of transport – road, sea and air, including a light aircraft facility inside Peel Business Park Nambeelup;
- extensive land with zoning and planning policy to support food production, manufacturing, processing and related uses, and to enable compliance with specific codes of practice in buffer zones and areas of separation;
- support infrastructure including water, gas, heat, energy and transportation – road, rail and air;
- access to a labour force;
- proximity to urban services and facilities, including waste management; and
- integrity of larger land holdings still in place.

Transform Peel is a 35 year program of interrelated, multi-faceted and complex projects that will be implemented in phases to ensure that Peel Development Commission and its stakeholders deliver the vision for the region to 2050 as articulated in the *Peel Regional Investment Blueprint*⁵. The economic benefits that will be achieved as a result of the implementation of Transform Peel, at full development are:

- creation of 33,100⁶ jobs, of which it is estimated 8,600 will be strategic jobs (export orientated, producer services);
- economic output of \$16.2 billion;
- export value of \$1.8 billion;
- gross value added of \$5.3 billion;
- unskilled unemployed into employment – transition into skilled – potential for progressive wage increase for workers in targeted higher skilled industries;
- cumulative stamp duty of \$759 million accruing to the State;

⁵ Peel Development Commission, *Peel Regional Investment Blueprint*, December 2015

⁶ Pracsys Economics 2015 PSEEI Technical Appendices

- private sector investment into new industrial premises and buildings estimated to exceed \$2.5 billion⁷ (today's dollars – but not the internal plant and equipment) in Peel Business Park Nambeelup;
- land tax contribution to the State conservatively of \$100,000 per annum (year in year out) from the developed lots;
- rates to local government authorities of \$50 million per annum; and
- reduction in export of Total Phosphorous (TP) by up to one-half exported from the Peel Food Zone (leading to a reduction in environmental management costs and improved tourism, recreation and fishing outcomes).

1.3 Transform Peel Phase 1: Activation

The subject of this business case is Transform Peel Phase 1: Activation (Phase 1). Its focus is on the activation of the following:

- Peel Enterprise Competitiveness Support Program – supporting enterprise competitiveness, entrepreneurship/leadership and building workforce capacity and capability;
- Peel Business Park Nambeelup – construction of common use trunk infrastructure to the initial stage comprising 290 hectares (gross);
- Peel Food Zone – establishment of a food production zone, development of research facilities and implementation of strategic environmental projects;
- Peel Integrated Water Initiative – development of innovative water management solutions.

This business case demonstrates the strategic imperative behind Transform Peel and provides the evidence for State investment into an initial set of targeted and carefully planned infrastructure elements and related support initiatives. This initial investment by the State will activate Phase 1 sub-projects, and prepare them for the market. Subsequent investment by the private sector over further phases, will support Transform Peel in achieving its significant long term goals and objectives.

This business case details the proposed expenditure by the State of \$68,834,296, over the period 2016/17 to 2020/21, for Transform Peel Phase 1: Activation.

1.4 Purpose

The immediate purpose of Phase 1 is to:

- fund carefully selected and planned infrastructure elements and related activities to de-risk and establish market readiness for Peel Business Park Nambeelup, Peel Food Zone and Peel Integrated Water Initiative; and
- coordinate the establishment and implementation of Peel Enterprise Competitiveness Support Program to provide support to existing enterprise in the region as well as new investment into Transform Peel projects.

The medium to long term purpose of Phase 1 is to:

- build and implement a strong enterprise competitiveness support initiative in the region;
- catalyse multi-sector investment into (amongst others) food production, food provenance, research and technology development, food-related industries, food chain infrastructure and enterprise, and other strategic industry;
- benchmark new food production systems and technologies, and build a food production zone that is recognised internationally;
- establish best-practice models of integrated water management systems that better utilise existing water resources, and contribute significantly to reducing nutrient losses into the region's waterways; and

⁷ Calculated by taking 1000 hectares Gross, conservatively 500 hectares net useable/saleable, that will result in about 200 hectares in built form cover with external hardstand and landscaping at cost today of \$1260 build cost per sqm.

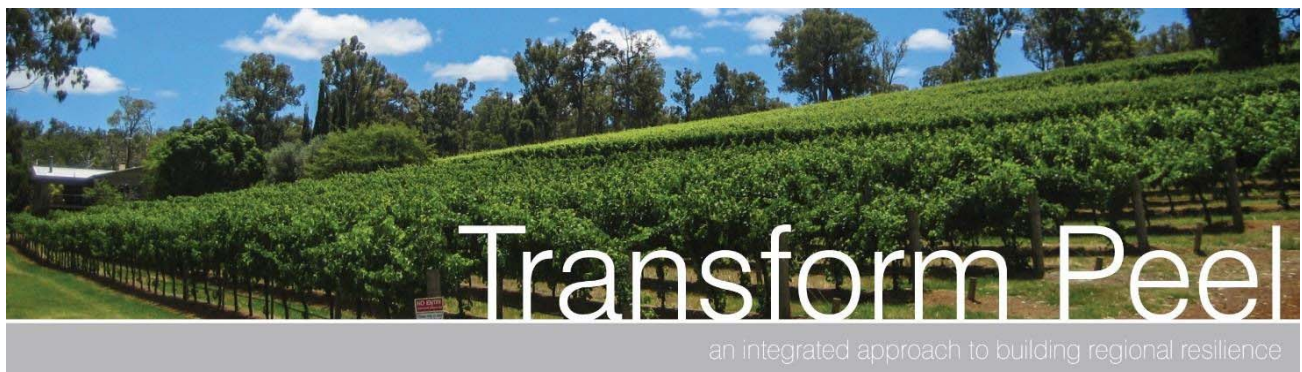
- strengthen the region’s waste management systems and technologies and build a renewable energy capability in the region.

1.5 Outputs

Transform Peel Phase 1: Activation will result in the following outputs by 2021:

1. Establishment of Peel Enterprise Competitiveness Support Program
 - Through coordination of existing programs in State government departments and agencies, a set of strategic interventions will be available to support existing and new enterprise – including workforce development, entrepreneur development, market intelligence and access, capital market development and strategic economic visioning and planning to attract investment into food processing, food manufacturing, transport and logistics, light industrial and commercial enterprise.
2. Establishment of Peel Business Park Nambeelup.
 - An approved District Structure Plan and common use trunk infrastructure to facilitate an initial 290 hectares (gross) of land within Peel Business Park Nambeelup to be available for development.

The Assessment of Agriculture and Food Industry market and investment support for the Peel region⁸ at Attachment 1 identifies a number of short and medium term opportunities to be pursued on the first 290 hectares. These opportunities will be pursued under the market intelligence aspect of Peel Enterprise Competitiveness Support Program.
3. Establishment of Peel Food Zone
 - Peel Food Zone will be planned and operational to receive investment into food production enterprise, and with essential supporting infrastructure to underpin that investment (research facilities, environmental projects). A “food hub” initiative is also being developed separately to this business case, and will incorporate research/training, trial cropping and food/food provenance support initiatives.
4. Establishment of Peel Integrated Water Initiative
 - An operational, innovative and integrated water management system covering approximately one-third of the Peel Food Zone and designed for expansion over the balance of the Peel Food Zone and beyond in further phases of Transform Peel.



⁸ Marsden Jacobs on behalf of Department of Regional Development Draft Report, Assessment of Agriculture and Food Industry market and investment support for the Peel region, September 2015

1.6 Outcomes

Beyond 2021, Transform Peel Phase 1: Activation will be the catalyst for achieving the following strategic regional and State outcomes.

1. Improve the performance of Perth and Peel's urban systems to ensure that significant population growth can be supported whilst maintaining a high standard of living through providing a regionally significant quantity of new trade and export oriented jobs in the Peel to support the existing and future residential population.
2. Diversify the State's economy away from an overreliance on cyclical resources exports through driving and supporting genuine export-oriented (strategic) activity development across a range of targeted industries in the Peel, which would not naturally occur otherwise.
3. Improve the State's competitiveness through increases in productivity and local value-add activities by:
 - o developing a genuine competitive advantage in a range of targeted industries; and
 - o providing suitable land proximate to industry supply chains and skilled labour.
4. Leverage the investment in common use trunk infrastructure into Transform Peel to capture value from additional private investment by applying a variety of structures such as land development partnerships with private owners, developer contribution schemes, developer agreements, differential rates and privatisation of appropriate infrastructure.
5. Improve the State's future fiscal sustainability by:
 - o more efficiently utilising existing resources (including infrastructure and waste products) through development of land currently used for low-intensity rural uses for high-intensity uses; and
 - o providing the supply of a fit-for-purpose water resource as part of the integrated water management scheme.
6. Improve the natural capital of critical State environmental assets by improving the water quality of runoff from (mainly) the Nambelup sub-catchment into the Peel-Harvey Estuary.

1.7 Options

Options Overview

Four options were considered for Transform Peel Phase 1, as outlined below.

a) Option 1: Business as usual

With no public funding and no intervention (do nothing), development in the sub-projects of Transform Peel will be attributable to existing market drivers only. There will be only minimal investment in Peel Business Park Nambelup, with a likely focus on light industrial uses. There will be minimal new investment in food production beyond a small number of growers with small market access. There will be no integrated water management approaches beyond ad hoc initiatives, and a continued deterioration in the state of the waterways.

b) Option 2: Progress

Minor public sector interventions and incentives would see a larger area of Peel Business Park Nambelup developed with some attraction of strategic industry. Small investment in food production would be supported through the provision of some infrastructure, some measure of intervention in water resource development and nutrient management, but insufficient to impact at a scale required.

c) Option 3: Buy In

A greater level of public sector funding and support, but not sufficient to significantly transform the region's economy.

d) Option 4: Transformation

Recognition of the transformational potential of Transform Peel, and a concerted level of support. Recognition of the importance of an integrated approach for the sub-projects of Transform Peel, supported by an enterprise competitiveness program. Strong agglomeration economies, more rapid vertical integration of enterprise and increased employment and productivity. Strong export markets and substantial levels of strategic employment.

Preferred Option

Based upon extensive consultation with public and private stakeholders *Option 4 – Transformation*, in which each element of Transform Peel Phase 1: Activation (enterprise competitiveness support program, business park, food zone and integrated water initiative) are all funded and fully supported, has the greatest alignment to the strategic imperatives of the Western Australian State Government and the vision of the *Peel Regional Investment Blueprint*.

The key characteristics for macro-modelling of the four options, are summarized in Table 1 below:

	Peel Business Park Nambeelup	Peel Water Initiative	Peel Food Zone
Option 1: Business as usual	<ul style="list-style-type: none"> 25 hectares developable land by 2025, fully tenanted by businesses by 2031. Presence of population-driven industries. 	<ul style="list-style-type: none"> No water reuse infrastructure. No change to the sub-catchment water quality. 	<ul style="list-style-type: none"> No private sector investment by 2025. No increase in higher intensity agriculture land uses.
Option 2: Progress	<ul style="list-style-type: none"> 50 hectares developable land by 2020, fully tenanted by businesses by 2031. 	<ul style="list-style-type: none"> Water capture, treatment and disposal infrastructure at Peel Business Park Nambeelup. No water stored or reused. Minimal improvement to the sub-catchment water quality. 	<ul style="list-style-type: none"> \$10 million private sector investment by 2020. No increase in higher intensity agriculture land uses.
Option 3: Buy in	<ul style="list-style-type: none"> First 74 hectares of developable land to the market by 2020, and a further 120 hectares of developable land de-constrained for development by 2031. Fully tenanted by businesses by 2031. Catalytic industry presence by 2020. Presence of population driven industries. Presence of significant strategic industries. 	<ul style="list-style-type: none"> Water capture, treatment storage and reuse infrastructure at Peel Business Park Nambeelup. Substantial improvement to the sub-catchment water quality. 	<ul style="list-style-type: none"> \$25 million private sector investment by 2025. Significant increase in medium to high intensity agriculture land uses.
Option 4: Transformation	<ul style="list-style-type: none"> First 74 hectares of developable land to the market by 2020, and a further 120 hectares of developable land de-constrained for development by 2031. Fully tenanted by businesses by 2031. Catalytic industry presence by 2020. Presence of population driven industries. Increased presence of significant strategic industries due to combined food zone and integrated water initiative. Potential northern extension to northern government land holdings. Enterprise competitiveness support program in implementation 	<ul style="list-style-type: none"> Water capture, treatment and disposal infrastructure at Peel Business Park Nambeelup State of the art integrated water management outcomes within the Peel Food Zone. Significant water quality improvements in environmental flows. Optimize water resources and facilitate economic growth. 	<ul style="list-style-type: none"> \$50 million private sector investment by 2025 Transformational increase in higher intensity agriculture land uses. Security of fit-for-purpose water supply for the Peel Food Zone.

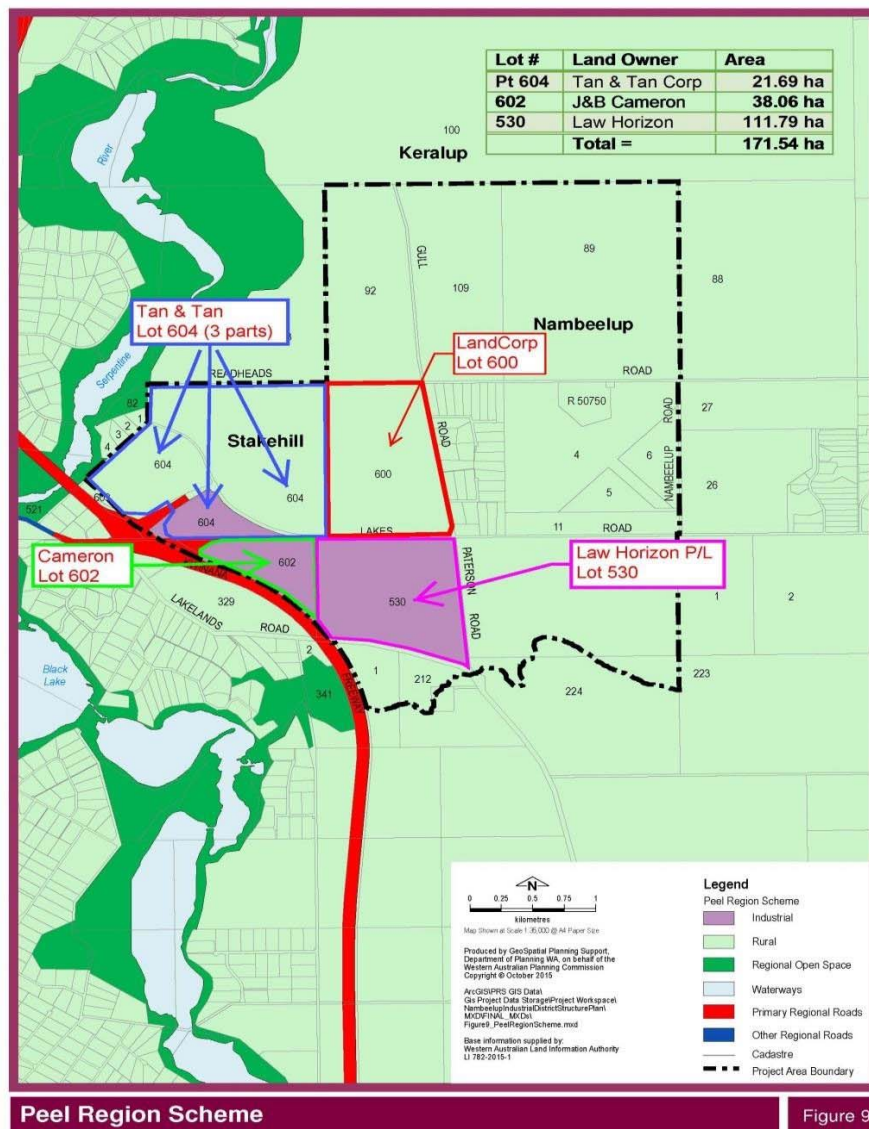
Table 1: Four Options – key characteristics modelled

With specific regard to the Peel Business Park Nambeelup, and as shown in the diagram below, currently there is ~170 hectares of zoned land but there is no Government owned land or private sector partnering arrangements currently in place within this zoned area.

LandCorp owns 120 hectares of land adjacent to the zoned land and will be actively pursuing an expedited rezoning of this parcel to ensure action is guaranteed.

Additionally, LandCorp is actively pursuing potential partnering arrangements with the zoned landowners and is in negotiations with adjoining zoned land owners to expedite the delivery of the project.

In the current market conditions it is not expected that any private sector developer will activate construction on their land, even with the provision of trunk infrastructure. Hence the only land that can be guaranteed for development to market will be the land controlled by Government via LandCorp either directly or via partnering arrangements.



1.8 Cost/Benefit analysis

State Government investment of \$68,834,296 into Transform Peel Phase 1 will result in a wide range of economic and environmental benefits by 2031 and 2050 as determined by macro-modelling and as quantified in Table 2⁹.

Projected benefits to 2031	Projected benefits to 2050
10,000 jobs of which 2,000 are strategic Economic output of \$4.3 billion Export value of \$360 million Gross value added of \$1.5 billion Rates income for local government of \$18 million per annum Private sector investment of \$200 million (land sales only) Cumulative stamp duty accruing to the State of \$110 million Reduction of Total Phosphorous (TP) load from across the Peel Food Zone by 25% Private sector investment into buildings in Peel Business Park Nambeelup of \$1.6 billion Land tax contribution to the State will be conservatively \$39,000 per annum (year in year out) from the developed lots by 2031	33,100 jobs of which 8,600 are strategic Economic output of \$16.2 billion Export value of \$1.8 billion Gross value added of \$5.3 billion Rates income for local government of \$50 million per annum Private sector investment at full build out will be \$600 million (land sales only) Cumulative stamp duty accruing to the State of \$759 million Reduction of Total Phosphorous (TP) load from across the Peel Food Zone by 50% Private sector investment into buildings in Peel Business Park Nambeelup of \$2.5 billion Land tax contribution to the State will be conservatively \$100,000 per annum (year in year out) from the developed lots

Table 2: Economic and environmental benefits to 2031 and 2050

1.9 Approvals

The following broad approvals are in place.

1. 170 hectares (gross) of land within Peel Business Park Nambeelup is zoned industrial.

The following strategic approvals are in process:

1. The Nambeelup Industrial Area District Structure Plan (NIADSP) is in the process of finalisation and approval. Discussions have been held with the Department of Planning with regard to the Transform Peel initiative and NIADSP.
2. *Perth and Peel@3.5 million* has closed for public comment and is also in the process of finalisation and approval.



⁹ Pracsys Economics 2015 PSEEI Technical Appendices. See Section 2.9 and Attachment 10

The following (Table 3) identifies the key approvals required for implementation of Transform Peel Phase 1 following endorsement and acceptance of this business case.

Approval Type	Government Department	Expectation
Environmental approval under the Environment Protection and Biodiversity Conservation Act 1999 and Environmental Protection Act 1986 (pending outcomes of SAPPR process)	Commonwealth Department of Sustainability, Environment, Water, Population and Communities WA Department of Environment	The outcomes of the Strategic Assessment of the Perth and Peel regions process will clarify the expectations for, and constraints around, future land development in Peel Business Park Nambelup and the surrounding area.
Peel Region Scheme (minor amendment)	WA Department of Planning/Western Australian Planning Commission	Land will be identified for rezoning from rural to industrial as required to meet the needs of Peel Business Park Nambelup future tenants.
Local Structure Plans	WA Department of Planning/Western Australian Planning Commission	Local structure plans will provide details of road layouts, the location of services, reserves and public open spaces.
Development approvals	Shire of Murray	Development approvals for new land uses on individual lots will be dealt with by the proponents and Shire of Murray as needed.
Native Title	Department of Premier and Cabinet, Department of Lands	To the extent that there is Crown land in the area, the South West Settlement Indigenous Land Agreement will apply.
Heritage	Department of Aboriginal Affairs	The Noongar Standard Heritage Agreement will apply to the extent that it is required.
RiWI Act (1914) related approvals (Aquifer reinjection, drilling, groundwater exploration licence and others)	Department of Water and Department of Health	Will be granted following appropriate process
Drainage intervention	Water Corporation	Approval with conditions

Table 3: Approvals yet to be completed for Phase 1



1.10 Local content

This project will benefit the local contracting sector with regionally based businesses and consultancies likely to be involved in the infrastructure construction.

On completion of construction there will be employment opportunities for the local community in both full time and part time employment.

In Peel Business Park Nambeelup, the operation of the agribusiness, transport and logistics, light and general commercial businesses constructed on the site will be linked to significant opportunities for supply chains supporting the development and opportunities to source services and goods locally. Employment and training opportunities will provide local people with regular and secure employment while delivering portable skills that have both national and international application.

In accordance with the Buy Local Policy local content will be maximised by including “Local Content” as a selection criteria with a minimum weighting of 20%. This will require Tenderers to demonstrate how regional/local skills and economic development will be maximised via the procurement process.

As the pre-tender estimate for the sub-project to be led by Landcorp will exceed \$20 million for the construction of common use trunk infrastructure, Landcorp will be required to meet the requirements of the “Over-Arching” Industry Participation Plan that has been developed in consultation with the Department of Commerce.

The Enterprise Competitiveness Support Program will engage the region’s businesses in building local competitiveness and resilience. The Program offers significant opportunity to local service providers.

Peel Food Zone will offer significant opportunity for regionally based businesses in the provision of inputs for food production as well as providing key logistics services. Importantly Peel Food Zone will offer significant opportunity for research, innovation, technology development, and the commercialisation of intellectual property.

Peel Integrated Water Initiative will present significant innovation in maximising available seasonal water to support economic development. A continued program of research and innovation in water will assist with building a strong knowledge economy in the region—offering strategic employment opportunities to the regional workforce. In addition, Peel Integrated Water Initiative offers significant opportunity for private sector investment into water provision, in the medium term.

The MOU between Peel Development Commission and each of the lead agencies will confirm strategies to maximise local content.



2. PROJECT SCOPE AND EVALUATION

2.1. Project Purpose

The subject of this business case is Transform Peel Phase 1: Activation (Phase 1). Its focus is on the activation of the following sub-projects:

- Peel Enterprise Competitiveness Support Program;
- Peel Business Park Nambelup;
- Peel Food Zone; and
- Peel Integrated Water Initiative.

The business case demonstrates the strategic imperative behind Transform Peel and provides the evidence for State investment into an initial (Phase 1) set of targeted and carefully planned infrastructure elements and related support initiatives. This initial investment by the State will activate Phase 1 sub-projects, and prepare them for the market. Subsequent investment by the private sector over further phases, will support Transform Peel in achieving its significant long term goals and objectives.

Information pertinent to the project purpose has been provided under the following headings.

- Goal
- Objectives
- Immediate and medium to long-term purpose
- Outputs and Outcomes.

Goal

Phase 1 will attract significant investment leveraged through the private sector to create jobs, contribute to diversification of the economy, and assist with meeting Peel employment self-sufficiency targets confirmed in *Perth and Peel@3.5 million*, and deliver improvements to the natural environment.

Objectives

- By 2021, Peel Enterprise Competitiveness Support Program will be established to support both existing enterprise and future private sector investment into Transform Peel projects.
- By 2021, Peel Business Park Nambelup, Peel Food Zone and Peel Integrated Water Initiative, will be market ready.

Purpose

The immediate purpose of Phase 1 is to:

- fund selected and carefully planned infrastructure and related support activities to de-risk and establish market readiness for Peel Business Park Nambelup, Peel Food Zone and Peel Integrated Water Initiative; and
- coordinate the establishment and implementation of Peel Enterprise Competitiveness Support Program to provide support to existing enterprise in the region as well as to new investment into Transform Peel projects.

The medium to long term purpose of Phase 1 is to:

- build and implement a strong enterprise competitiveness support initiative in the region;
- catalyse multi-sector investment into (amongst others) food production, food provenance, research and technology development, food-related industries, food chain infrastructure and enterprise, and other strategic industry;
- benchmark new food production systems and technologies, and build a food production zone that is recognised internationally;

- establish best-practice models of integrated water management systems that better utilise existing water resources, and contribute significantly to reducing nutrient losses into the region's waterways; and
- strengthen the region's waste management systems and technologies and build a renewable energy capability in the region.

Outputs

Phase 1 will result in the following outputs by 2021:

1. Establishment of Peel Enterprise Competitiveness Support Program
 - A set of strategic interventions to support existing and new enterprise – including workforce development, entrepreneur development, market intelligence, capital market development and strategic economic visioning and planning to attract investment into food processing, food manufacturing, transport and logistics, light industrial and commercial enterprise.
2. Establishment of Peel Business Park Nambeelup.
 - An approved District Structure Plan and common use trunk infrastructure to facilitate market readiness for the first 74 ha net (see text box below) by 2020 and de-constraining of an additional 120 ha (net) by 2031 within Peel Business Park Nambeelup.

The *Assessment of Agriculture and Food Industry market and investment support for the Peel region*¹⁰ at **Attachment 1** identifies a number of short and medium term opportunities to be pursued on the first 290 hectares (gross). These opportunities will be pursued under the market intelligence aspect of Peel Enterprise Competitiveness Support Program.

Peel Business Park – Guaranteed Net Developable Area

Government can guarantee to development and delivery on government owned or partnered land. Currently there is 170 hectares of zoned land but there is no Government land or partnering arrangement currently in place. LandCorp owns 120 hectares of land adjacent to the zoned land and is actively pursuing a potential partnering arrangement on already zoned land (110 hectares). None-the-less the only land that can be guaranteed will be the land controlled by Government.

Gross Site Area [LandCorp site as guaranteed base case]

- **120ha (LC only)**
 - [Note: the business case provides infrastructure capacity to develop approximately 290ha of land being both the 170 hectares of privately held currently zoned and LandCorp's land)

LESS

- Requirements for ceded lands – 40ha or ~33% of site - Conservation, Drainage, POS, roads
Developable area = 80ha (LC land including a site to house onsite servicing solutions)
[Note: It is expected that the additional developable area resulting from all of the privately held zoned land will be around 110ha)

LESS

- Land for the innovative on-site servicing solutions requirements – packaged groundwater treatment plant, end-of-grid power plant, package wastewater treatment plant, drainage water treatment function for managed aquifer recharge - (6 Ha) – expected to be leased for at least 10 years, not sold – may be available for sale as either an ongoing concern or if standardised trunk infrastructure connections are made.

Total Guaranteed Net Development Area = 74 hectares

¹⁰ Marsden Jacobs on behalf of Department of Regional Development Draft Report, Assessment of Agriculture and Food Industry market and investment support for the Peel region September 2015

3. Establishment of Peel Food Zone

- Peel Food Zone will be planned and operational to receive investment into food production enterprise, with essential supporting infrastructure to underpin that investment. Supporting infrastructure to include research facilities and environmental management projects under this business plan, and an “integrated hub” project being developed separately from this business case and incorporating research, retreat facilities, technology development, training, logistics and selected industry cluster support.

4. Establishment of Peel Integrated Water Initiative

- An innovative integrated water management system, involving a staged approach designed for expansion as the demand for water in the Peel Food Zone increases, and designed for expansion over the balance of the Peel Food Zone and beyond, in further phases of Transform Peel. This sub-project is an essential step in “scaling up” previously tested management options to sub catchment scale implementation. This is a critical step in achieving future regional scale implementation of tried and tested management systems, such as is envisaged in the SAPPR process.

Outcomes

Beyond 2021, Transform Peel will achieve the following strategic regional and State outcomes:

1. Improve the performance of Perth and Peel's urban systems to ensure that significant population growth can be supported whilst maintaining a high standard of living through providing a regionally significant quantity of new trade and export oriented jobs in the Peel to support the existing and future residential population.
2. Diversify the State's economy away from an overreliance on cyclical resources exports through driving and supporting genuine export-oriented (strategic) activity development across a range of targeted industries in the Peel, which would not naturally occur otherwise.
3. Improve the State's competitiveness through increases in productivity and local value-add activities by:
 - developing a genuine competitive advantage in a range of targeted industries; and
 - providing suitable land proximate to industry supply chains and skilled labour.
4. Leverage the investment in common use trunk infrastructure into Transform Peel to capture value from additional private investment by applying a variety of structures such as land development partnerships with private owners, developer contribution schemes, developer agreements, differential rates and privatisation of appropriate infrastructure.
5. Improve the State's future fiscal sustainability by:
 - more efficiently utilising existing resources (including infrastructure and waste products) through development of land currently used for low-intensity rural uses for high-intensity uses; and
 - providing the supply of a fit for purpose water resource as part of the integrated water management scheme.
6. Improve the natural capital of critical State environmental assets by improving the water quality of runoff from the Nambeelup sub-catchment into the Peel-Harvey Estuary.

2.2. Royalties for Regions Funding Amount

Peel Development Commission is seeking the release of \$68,834,296 from the Royalties for Regions Program to fund Transform Peel Phase 1: Activation.

2.3. Project Description

Phase 1 will result in three sub-projects ready for investment and one sub-project supporting enterprise competitiveness. Details of what will be achieved are outlined below.

Sub-project 1 Activation of the Peel Enterprise Competitiveness Support Program, built on existing programs in government departments and agencies, and incorporating (but not limited to):

- a) suitably designed workforce development program;
- b) marketing and market intelligence program;
- c) supportive capital finance system;
- d) strategic economic planning and transaction capability;
- e) advancing the knowledge economy; and
- f) industry cluster opportunity/support.

Sub-project 2 Activation of the first 74 hectares of developable land by 2020, and de-constraining of a further 120 hectares of developable land by 2031 within Peel Business Park Nambelup, through construction of major common use trunk infrastructure comprising road development, power, gas, waste water, potable water, data systems and managed aquifer recharge and recovery infrastructure – with emphasis on innovative solutions to improve value.

Sub-project 3 Activation of Peel Food Zone comprising:

- a) planning and development of the food zone;
- b) development of a research facility, leased to research proponents in order to establish local intellectual property capabilities and build the Peel's knowledge economy;
- c) implementation of key environmental projects already identified, planned, consulted and costed as part of the Peel-Harvey Water Quality Improvement Plan (WQIP) and subsequent Sub catchment Implementation Plan (SIP) prepared by the Peel Harvey Catchment Council¹¹, and;
- d) An "integrated hub" initiative, being developed separately from this business case, and incorporating research, retreat facilities, technology development, training, logistics and selected industry cluster support.

Sub-project 4 Activation of Peel Integrated Water Initiative

This sub-project is dedicated to achieving improved fit-for-purpose water resources and achieving tangible environmental and water quality outcomes through a truly integrated approach to water management. In particular the sub-project will deliver:

- a) improved understanding of aquifer dynamics of the plan area designed to direct investment into applied engineering solutions for whole of system water management;
- b) embracing surface / groundwater interactions to drive development of active and passive landscape water management options for water resource allocation and environmental flow outcomes;
- c) proof of concept assessment of best-bet engineering options and assessing aquifer response to identify appropriate and innovative engineering interventions;
- d) implementation of engineering environmental management interventions to provide tangible environmental and water quality outcomes at a sub catchment scale;

¹¹ The Peel Harvey Catchment Council prepared the Peel-Harvey Water Quality Improvement Plan in 2008 and subsequently (in 2010) undertook an extensive exercise to prepare specific sub-catchment implementation plans, including for the Nambelup sub-catchment which makes a large part of the proposed Peel Food Zone. Specific projects were designed, consulted with stakeholders and costed

- e) development of strategic landscape scale water management systems and options for broader scale adoption;
- f) engaging industry in the development of scientific and engineering solutions to future management challenges; and
- g) a partnership structure between Shire of Murray, Department of Water and CSIRO, which may be extended to a private operator in future.

This “proof of concept” will be made available to the Strategic Assessment of the Perth and Peel Regions (SAPPR) process, to deliver innovative water and nutrient management solutions across the Perth metropolitan peri-urban area.

Figure 2 identifies the various elements of Transform Peel Phase 1: Activation.

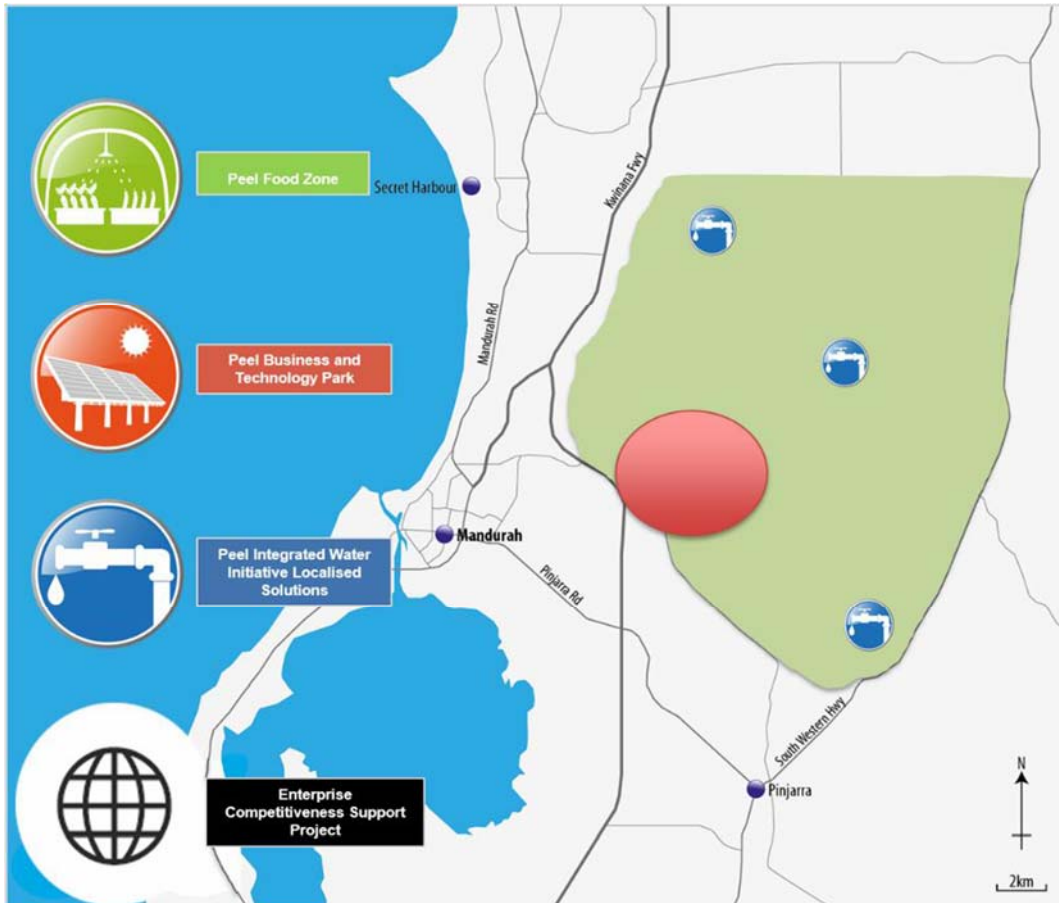


Figure 2: the location of Phase 1 of the Peel Food Zone, Peel Business Park Nambelup and Peel Integrated Water Initiative

The information on pages 17-24 describes what will be achieved within each Phase 1 sub-project.

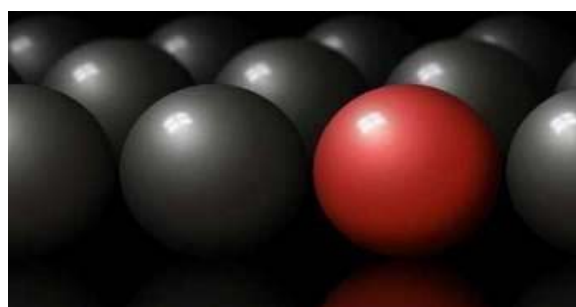


Sub-project 1: Activation of Peel Enterprise Competitiveness Support Program

The successful implementation of Peel Business Park Nambeelup, Peel Food Zone and Peel Integrated Water Initiative will require the support of a set of activities designed to build and maintain the competitiveness of existing and new enterprise in the Peel. The Peel Enterprise Competitiveness Program will be developed through coordination of elements of existing support programs in various Government departments and agencies into a program comprising at least the following elements:

- a suitably designed workforce development program, to be delivered through existing training structures and designed to meet the short, medium and long-term needs of Transform Peel enterprise – both skills development and entrepreneurship development;
- a marketing and market intelligence program, to meet the marketing needs of Transform Peel (including potential sister city approaches);
- a supportive regional financial system – patient capital to assist investment.
- a strategic regional economic planning capacity to:
 - scan the development and investment horizon for risk and opportunity;
 - identify and support specific industry sector cluster opportunities; and
 - assist with investment, joint ventures and other investment transactions.
- advancing a knowledge economy, through research, innovation, technology development and the commercialisation of intellectual property;
- support to identified local cluster opportunities, and;
- a suitable governance structure to enable the region’s local government authorities to manage and implement these activities.

Among the options to position this support program strategically would be government to government agreements (for example between Western Australia and major trading partner government) focusing on collaboration on technology and promotion of investment.





Sub-project 2: Activation of Peel Business Park Nambelup

Peel Business Park Nambelup is approximately 1000 hectares (gross) of land located in the suburb of Nambelup in the Shire of Murray. The site is bordered by the Forrest Highway (Kwinana Freeway) to the west and south, and by Nambelup Road to the east. It is located 12 kilometres northwest of the Pinjarra town site, 63 kilometres from the Perth central business district and only 8 kilometres north east of the Mandurah central business district. The site has been chosen due to the combination of proximity to key population centres and labour pools, and underutilised land suitable for more productive land uses. Sub project 2 will focus on planning and construction of key common use trunk infrastructure identified below.

- *Planning initiatives* including park wide environmental strategy, park wide drainage strategy and detailed land use planning for next stage development of Peel Business Park Nambelup
- *Development of Lakes Road from the Forrest Highway interchange to, and incorporating, the intersection with Patterson Road.* Road size requires consideration relative to medium term demand, as well as intersection facilities requiring exploration at both ends of the Lakes Road section.
- *Potable water supply.* Due to easement difficulties associated with supply from the Mandurah Main Tank, other options to be considered separately or jointly include direct supply off the Water Corporation main passing through Nambelup, use of local borehole approved for potable supply, and water from the Peel Integrated Water Initiative.
- *Electricity supply.* Due to potential capacity constraints with the electricity supply network from Mandurah, options to be considered separately or jointly include initial small supply from Meadow Springs, development of new sub-station in Nambelup, and a gas cogeneration/trigeneration plant in Nambelup (eventually embracing bio-gas). Recognition is to be given to potential demand for heat and access to CO₂.
- *Waste water.* Due to easement constraints associated with constructing a rising main from Nambelup to Gordon Road waste water treatment plant, consideration is to be given to package treatment plant facilities in Nambelup, and/or use of existing private sector treatment facilities nearby.
- *Gas.* As a minimum to secure a point of supply in Nambelup. To be considered together with a decision on an appropriate source of energy for Peel Business Park Nambelup.
- *Stormwater capture.* Investigate managed aquifer recharge and recovery infrastructure (capture, storage, cleaning and infiltration infrastructure) at selected point(s) in Peel Business Park Nambelup.

In addition to the above and to assist with this project being put forward for consideration under the Growing Our South Initiative, Landcorp has confirmed that its involvement with planning and construction of Peel Business Park Nambelup is subject to the *Western Australian Land Authority Act 1992* (WALAA), specifically the following:

1. final approval of this business case.
2. LandCorp securing legal agreements with the land owners of the zoned industrial land (including value capture mechanisms such as partnering and development agreements) to ensure the State Government's Royalties for Regions Program funding translates to the outcomes on the ground.
3. detailed design for delivery of the infrastructure to underpin and provide strong technical reports, including but not limited to engineering costs, so that a high level of confidence can be ascribed to the capital commitment to deliver this Phase 1 project.
4. Treasury advice confirming approval of the financial impacts of Royalties for Regions Program funding and additional LandCorp capital expenditure and revenues (incorporating future partnering agreements) being placed into LandCorp's forward estimates (including but not limited to debt impacts).

5. a detailed business case addressing all aspects of LandCorp involvement (prepared in accordance with Section 19 of the WALAA) being approved by the LandCorp Board in March 2016.
6. approval of the Minister for Lands under Section 17 of the WALAA (post confirmation of, or subject to business case approval).

Peel Business Park – First 10 Years Industry Attraction

The Peel Business Park is focused on **job creation** through delivering **industry development** opportunities focused around two transformational industry clusters and the provision of population driven industries and service opportunities.

The quantum of land uses being targeted for **industry attraction to the Guaranteed Net Developable Area of 74ha** are:

<u>Industry Grouping</u>	<u>% of NDA</u>	<u>Hectares</u>
Agri-food and Agri processing	30% of total	22Ha
Transport and Logistics	35% of total	26Ha
General and Light Industries (including transformational support industries)	25% of total	18.5Ha
R&D / Training / Large Format Retail / Commercial	10% of total	7.5Ha

Additionally there will be a further 6 hectares developed to accommodate on-site servicing solution requirements.





Sub-project 3: Activation of Peel Food Zone

Sub-project 3 focuses on two key outcomes:

1. *Planning of the Food Zone.* Over the period 2016 to 2018, and through extensive stakeholder engagement, agreement will be reached on the intent, extent, permissible land uses, planning controls, management structures and systems, development approval processes, infrastructure to support investment, and marketing mechanisms. The Peel Food Zone will be formally established based on the agreements reached.
2. *Catalytic projects.* A number of key projects have been identified for implementation in parallel with the planning and implementation of the Food Zone. These projects are regarded as essential in their own right, but also important in catalysing the Peel Food Zone and giving it early market momentum. Over the period 2016 to 2021, the following catalytic projects will be in implementation or will have been implemented:

a) Integrated environmental management program

Implementation of an environmental management program which focuses on industry engagement, and aims to engage relevant industry and community groups in identifying drivers for adoption of practice change. The success of the Peel Food Zone will depend on strong engagement from existing and future industry in the delivery of improved production based management systems that also deliver measurable water quality improvements. The proposal for the integrated environmental management program is at **Attachment 2**.

The environmental management program incorporates key initiatives already identified, consulted and costed in the Peel-Harvey Sub-catchment Implementation Plan¹² and includes the following:

- improved fertiliser management;
- improved soil health through application of soil amendments;
- integrated drainage management;
- assessment of emerging agricultural production systems; and
- environmental asset management.

The successful implementation of the program will require the involvement of all operators within the Peel Food Zone and will be an ongoing measure of success for all parties in achieving the economic and environmental aspirations of the Peel Food Zone.

b) Research Facility and Associated Infrastructure

An unsolicited offer has been received by the Shire of Murray for the operation of a substantial research facility in the Peel. Based initially on animal genetics, the unsolicited offer incorporates expansion of research into areas such as food, food provenance, soils and water, in cooperation with a number of public and private research institutions.

The research facility will add considerable value to the Peel Food Zone as a center of excellence in agricultural practice and productivity. Securing the operator will need to progress through an appropriate unsolicited bidding process to ensure transparency in the process. The initial approach made by the Research Foundation to the Shire of Murray is at **Attachment 3**.

¹² Peel-Harvey Catchment Council (2012) *Subcatchment Implementation Plan*- Implementation Plans for Water Quality Improvement for selected subcatchments: Nambelup, Dirk Brook-Punrak and Mayfield; Report prepared by Andrew Del Marco and Juan Luis Montoya for the Peel-Harvey Catchment Council; Mandurah, Western Australia.

Business incubators planned as part of the research facilities will provide an interactive space for individuals who have knowledge and skills to contribute to the agricultural sector to establish research programs or consultancies.

The development of the research facilities will encourage some decentralised development away from the Perth metropolitan region, encouraging growth in strategic employment in the Peel.

The Shire of Murray has progressed the proposed research facility project through Shire Council approval-in-principle and into a public consultation process due for conclusion by the end of March 2016.

c) Integrated Hub initiative

A feasibility study and business case is currently underway (jointly by the Peel Development Commission, City of Mandurah and Shire of Murray) separately to this business case, for the development of an “integrated hub” initiative. It is envisaged that such a facility, with a strong focus on food and food provenance, would integrate a number of critical activities - including research, retreat facilities, technology development, training, logistics and selected industry cluster support - and would potentially be developed within the Transform Peel program area. Not only is such a hub facility seen as an important catalyst for the Transform Peel program, but it also offers a key opportunity to build a strategic knowledge component to the Peel Region’s future economy. The business case for the “integrated hub” initiative is due for completion by the end of June 2016 and will be presented to government and industry shortly following this.





Sub-project 4: Activation of Peel Integrated Water Initiative

Sub-project 4 focuses on two key outcomes:

1. determining the most advantageous methodology to maximise recharge, storage and aquifer replenishment utilising excess drainage water.
2. developing the required intervention and treatment processes that will contribute to reduction of nutrient loading within the Nambeelup sub-catchment and flows into the Peel–Harvey Estuary by the amounts outlined by the Environmental Protection Authority.

This sub-project will involve undertaking:

- strategic analysis at a sub-catchment scale to better characterise the risk of nutrient export and identification of potential integrated water management options;
- sub-catchment assessment of in-catchment storage capacity and potential management of water and terrestrial environmental assets;
- identification of strategic intervention points and potential integration into managed aquifer recharge and recovery and management of natural environmental assets;
- implementation of pilot projects to test planning assumptions and further develop implementation strategies for broader adoption;
- assessment and evaluation of the integrated water and agricultural management systems outlined above informing future investment;
- development of a formal adaptive management framework to allow further catalytic development and broader scale implementation of integrated catchment management outcomes;
- development of a hydraulic model of the preliminary water supply and delivery network;
- development of operating model protocols; and
- development of technical reports and a marketing prospectus reporting on the studies' findings, quantifying the water resource, detailing the integrated water management plan, preliminary water supply network design, management of the natural water and terrestrial environmental assets, financial modelling and options for further development of the integrated water management systems as Transform Peel moves into further phases.



Innovation

The following innovations have been identified for implementation within Phase 1.

Sub-project 1: Enterprise Competitiveness Support Program

Competitiveness of enterprises is now a central thrust of regional development strategies, and Transform Peel provides the ideal environment for such a support program.

Key factors that create competitiveness include skills, entrepreneurship, leadership, innovation, governance, sustainable use of resources, market intelligence and an economic planning capability to scan future horizons for risks and opportunities.

Peel Development Commission considers that this approach to creating competitiveness for the region through building the capacity and capability of the workforce, its residents and industries where comparative advantage can be maximised is innovative in itself and can provide a benchmark for building regional resilience across the State.

Sub-project 2: Peel Business Park Nambeelup

LandCorp will pursue opportunities for greater innovation in the built form and infrastructure elements, leveraging LandCorp's project innovations in strategic and general industrial areas including Canning Vale Industrial Area, Wangara Enterprise Park Industrial Area and Rockingham Industrial Zone. Initiatives may involve projects where there is a research or industry partner such as the Cooperative Research Centre for Water Sensitive Cities (re-using the work completed for the Department of Housing for Keralup), Cooperative Research Centre for Low Carbon Living, Urban Development Institute of Australia's Environment Developer, and Green Building Council of Australia's Industrial Building Greenstar rating and assessment tools.

Peel Business Park Nambeelup – Vision

The Peel Business Park is focused on **job creation** through delivering **industry development** opportunities. The Park will aim to provide a focus for the delivery of two transformational industry clusters:

- Agri-food and agri-processing operators and ancillary industries (subject to individual operators receiving DER Approval); and
- Transport and Logistics to value capture on its location on the Forrest Hwy / Kwinana Freeway between the Metropolitan area and the State's South West.

Additionally the Park will provide a location to accommodate general and light industry, large format retail and commercial industries growth for the Peel and Southern Metropolitan regions. It is the logical alternative to the fully developed Gordon Road commercial/ industrial area.

The Business Park will also have a planned capacity to support Research and Development (R&D) and training through the development of a small campus style technology park, with an emphasis on primary industries.

The development of the business park will provide the opportunity to demonstrate the viability of innovative on-site servicing solutions as a way to reduce the expensive early provision of 'business-as-usual' trunk servicing infrastructure ahead of current planned network expansions.

Peel Business Park – Innovation Approach “Innovation Through Demonstration”

LandCorp believes in leading by doing. Our Innovation through Demonstration projects champion sustainable land and infrastructure development practices and cutting-edge technologies.

We are leading the way by developing Australia’s first 6 Star Green Star community at Alkimos Beach, delivering Western Australia’s first One Planet Living residential project at White Gum Valley, advancing energy efficient technologies through the Cool Earth Demonstration Project and meeting the challenges of building homes which respond to our regional climates. LandCorp’s Rockingham Industrial Zone is the first project to obtain EnviroDevelop accreditation for an industrial project.

We understand Western Australia’s unique environment and the pressures that are placed on our natural resources as our population continues to grow. The challenge is to create new, smarter ways to live, to save water and energy and reduce the pressure on our natural environment. For developers, this means creating sustainable projects that balance resource efficient design and quality of life for occupants. By investing in and demonstrating new technologies, we take on the potential risks of these technologies so industry can confidently implement sustainable practices.

LandCorp recognises that innovation outcomes are achieved by combining the knowledge and resources of government, non-government sector, private sector and research institutions into dedicated project partnerships to deliver reportable results.

Nambeelup Business Park

LandCorp will seek to submit the Nambeelup Business Park for an industry based accreditation for sustainability and innovation. A number of firms have approached LandCorp around renewable or alternative to traditional servicing for the Nambeelup area. There is also scope to incorporate strategic partnerships with universities, Co-operative Research Centre’s and the CSIRO to explore these non-traditional servicing options. This has the potential to drive down cost and increase available network capacity which will flow onto Park business occupants.

Energy - Central to the vision for Nambeelup will be the active pursuit of renewable energy projects which will lower energy use and carbon emissions. Through energy efficient design, use of renewable energy and innovative technologies, we aim to reduce grid energy consumption for the project as a whole. Major energy reduction measures could include the use of solar power, embedding energy efficiency requirements in the Design Guidelines, and a precinct layout which ensures most facilities are energy efficient, north facing to benefit from a solar passive orientation. Innovations such as micro grids, geothermal, biomass energy and battery storage technology will also be considered.

Water - By maximising natural sources, implementing water sensitive urban design and water efficiency measures, Peel Business Park aims to achieve a reduction in current mains water consumption from the industry norm. Key initiatives to drive this reduction include a community bore irrigation system, integrated stormwater management, rainwater harvesting systems, managed aquifer recharge system (linked to Peel Water Initiative) water efficient fixtures and appliances, real time monitoring and low water use landscaping.

Waste Water – LandCorp will explore the use of packaged waste water treatment plants as a scalable infrastructure option to meet demand without requiring expensive sacrificial trunk infrastructure. Treated wastewater is a resource potentially available to occupants of the Park or for use in the Peel Integrated Water Initiative managed aquifer recharge project.

BRM, Biodiversity & Drainage – LandCorp recognises the BRM is a scarce resource that requires careful management within the Perth and Peel regions. LandCorp will be looking at alternative ways to address the topography, groundwater separation and geotechnical requirement for the development of the site. LandCorp’s activities at Nambeelup could be replicated by other owners within the Park and more broadly in other industrial areas across the State.

Creating an attractive environment which supports local biodiversity, including the retention and remediation of a degraded wetland to be revegetated with native plantings to create an attractive and engaging public open space with biodiversity value, while fulfilling an important stormwater drainage function. In addition to this, the precinct will include vibrant public open spaces and a network of walkways and cycle paths to encourage active, outdoor lifestyles while linking the park to the communities of Mandurah and Pinjarra.

Aboriginal Economic Development Engagement – Through LandCorp’s procurement and other Reconciliation Action Plan processes there is the opportunity set Transform Peel and the Nambeelup Business Park as a demonstrable action against the economic development requirements contained the South West Settlement. LandCorp will seek to form partnerships and agreements with aboriginal enterprises and the wider aboriginal community.

Sub-project 3: Peel Food Zone

1. Business incubators and research clusters

Business incubators and research clusters are intended to provide leading research and teaching facilities at the point of delivery. Focusing the skills development in close proximity to the ultimate job destination will create a strong sense of community identity to the Peel Food Zone. Regional communities will see the longevity of the Peel Food Zone and supporting industry will become an intergenerational job destination. The business incubators will also provide the opportunity to develop supporting industry at the point of delivery further strengthening the connection of the Peel Food Zone in the community.

2. Integrated environmental program

This will deliver integrated fertiliser management, adoption of soil amendment and improved drainage management to maximise available seasonal water and reduce nutrient leaching to sensitive aquatic environments. This will be the first in-depth, holistic and comprehensive analytical and remediation work conducted at the proof-of-concept level within the Peel, and will contribute substantially to the overall objectives of the Strategic Assessment of the Perth and Peel Regions (SAPPR).

The program will employ a range of innovative techniques, inclusive of a large field data collection component over a period of time. Given this, there will be significant opportunity to involve a range of different groups including the community, Traditional Owners, primary, secondary and tertiary students, local environmental volunteers as well as the current landowners. This has the potential to not only deliver economic development and environmental outcomes but also improve community cohesion and pride.

3. Building the knowledge economy

The integrated hub initiative being developed under a separate but linked business case will include research, retreat facilities, technology development, training, logistics and selected industry cluster support (including into food and food provenance), creating a platform for the development of a significant knowledge component to the Peel Region's future economy.

Peel Integrated Water Initiative

1. Technical innovations

A number of technical innovations will be incorporated into the Integrated Water Initiative, as below:

- drain mapping and sampling to understand the nutrient concentrations;
- aquifer investigation program to inform and facilitate integrated water management;
- drain redesign simulations to identify opportunities for limiting nutrient transport annually;
- development of a water capture/cleaning/storage system that can be duplicated across the Peel Food Zone and the Swan coastal plain;
- development of a managed aquifer recharge and recovery trial with the intention to commercialise across a number of sites within the Nambeelup catchment; and
- modelling for the integration of a number of small water management sites into a network to deliver a reliable long-term climate and seasonally independent source of water.

2. Community innovations

- Data collection - utilising the significant local support for the improvement of the health of the Peel-Harvey Estuary in monitoring activities.
- Data analysis - analysing all the data collected and developing recommendations presents a significant opportunity to involve research bodies and students at all three levels.
- The knowledge of the Traditional Owners also has a place in understanding the values of the area and how best to manage the limited natural landforms that remain.

Approvals

The following approvals are in place.

1. The first 170 hectares of land within Peel Business Park Nambeelup are zoned industrial.

The following approvals are yet to be finalised.

2. The Nambeelup Industrial Area District Structure Plan (NIADSP) is in the process of finalisation and approval. Discussions are underway with the Department of Planning with regard to details within the District Structure Plan. These discussions encompass the development requirements being proposed in the District Structure Plan which should incorporate outcomes from this business case.
3. Perth and Peel@3.5 million has closed for public comment and is also in the process of finalisation and approval.

Table 3 identifies the key approvals that are required for implementation of Transform Peel Phase 1 once this business case has been endorsed by Cabinet.

Approval Type	Government Department	Expectation
Environmental approval under the <i>Environment Protection and Biodiversity Conservation Act 1999</i> and <i>Environmental Protection Act 1986</i> (pending outcomes of SAPPR process)	Commonwealth Department of Sustainability, Environment, Water, Population and Communities WA Department of Environment	The outcomes of the SAPPR process will clarify the expectations for, and constraints around, future land development in the Peel Business Park Nambeelup and surrounding area.
Peel Region Scheme (minor amendment)	WA Department of Planning/Western Australian Planning Commission	Land will be identified for rezoning from rural to industrial as required to meet the needs of the Peel Business Park Nambeelup future tenants.
Local Structure Plans	WA Department of Planning/Western Australian Planning Commission	Local structure plans will provide details of road layouts, the location of services, reserves and public open spaces.
Development approvals	Shire of Murray	Development approvals for new land uses on individual lots will be dealt with by the lead agencies and Shire of Murray as needed.
Native title	Department of Premier and Cabinet, Department of Lands	To the extent that there is Crown land in the area, the South West Settlement Indigenous Land Agreement will apply
Heritage	Department of Aboriginal Affairs	The Nyoongar Standard Heritage Agreement will apply to the extent that it is required.
<i>Rights in Water and Irrigation Act 1914</i> related approvals (Aquifer reinjection, drilling, groundwater exploration licence and others)	Department of Water and Department of Health	Will be granted following appropriate process
Drainage network	Water Corporation	Approval with conditions
Managed Aquifer Recharge approvals and associated water abstraction (from surface water and groundwater) approvals	Department of Water, Department of Health, Department of Environmental Regulation, Department of Parks and Wildlife, Environmental Authority and others	Approval based on adherence to Managed Aquifer Recharge guidelines.

Table 4: Approvals yet to be secured to allow for Transform Peel Phase 1

In addition to the approvals yet to be secured and to assist with this project being put forward for consideration under the Growing Our South, Landcorp has confirmed that its involvement is subject to the *Western Australian Land Authority Act 1992* (WALAA) and specifically the following:

1. final approval of this business case.
2. LandCorp securing legal agreements with the land owners of the zoned industrial land (including value capture mechanisms such as partnering and development agreements) to ensure the State Government's Royalties for Regions Program funding translates to the outcomes on the ground.
3. detailed design for delivery of infrastructure to underpin and provide strong technical reports, including but not limited to engineering costs, so that a high level of confidence can be ascribed to the capital commitment to deliver this Phase 1 project.
4. Treasury advice confirming approval of the financial impacts of Royalties for Regions Program funding and additional LandCorp capital expenditure and revenues (incorporating future partnering agreements) being placed into LandCorp's forward estimates (including but not limited to debt impacts).
5. a detailed business case addressing all aspects of LandCorp involvement (prepared in accordance with Section 19 of the WALAA) being approved by the LandCorp Board.
6. approval of the Minister for Lands under Section 17 of the WALAA (post confirmation of, or subject to business case approval).

Phase 2 and beyond

By 2021, Transform Peel Phase 1 will have established market readiness in the Peel Food Zone, Peel Business Park Nambelup and Peel Integrated Water Initiative, as well as having established an Enterprise Competitiveness Support Program.

Beyond 2021, the focus of Transform Peel will be on securing private sector investment and continually monitoring the strategic shifts and additional facilitating infrastructure that might be required to maintain the momentum of Transform Peel into the future.

A key component of the Peel Enterprise Competitiveness Support Program will be the establishment of a regional capacity to assure the longer term monitoring and management of Transform Peel.

Subsequent phases beyond Phase 1 will be determined by progress made in previous phases.

2.4. Background

Global

Regional development in Western Australia has historically been the result of regional ability to take advantage of natural resources in facilitating trade with external markets – ultimately leading to local economic and population growth. The Peel is no different, having historically been reliant on traditional primary industries that trade on its natural resource assets (e.g. agriculture and mining), it creates value-add through bauxite refining and benefits from tourism driven by the natural amenity of the Peel Inlet, coastline, and Darling Scarp.

Industry reliant on these natural resources has failed to keep pace with the extensive urban development that has occurred as the Perth metropolitan region has expanded southwards. The result has been the development of dormitory suburbs where half the workers are forced to leave the region to attain employment. This disparity between where residents live and work is projected to get worse, with the region's population projected to grow to 444,000¹³ by 2050.

The facilitation of economic development that results in significant growth of the region's workforce is therefore a critical priority for the Peel. This is reflected in the *Peel Regional Investment Blueprint* which states:

'To cater for the anticipated growth in the Peel, it is the region's responsibility to ensure that economic growth matches population aspirations. To achieve this, attracting world-class services and amenities, maximising natural and built infrastructure, and strengthening our resilience to create sought-after communities are worthy goals'¹⁴.

The extent of the challenge in employment creation in the Peel is exemplified by the region's industry profile. Of the top ten industries by employment, eight are predominately population-driven in nature. These industries exist to service the demands of a local population (e.g. retail, healthcare and education) and typically saturate at around 30-35% of the total required jobs within a regional economy. The remaining two industries are strategic in nature, focusing on the trade of goods and services with external markets. Trends within these industries in the Peel are confronting, with most experiencing a period of stagnation or decline proportionate to workforce growth. Agriculture has seen a 15% drop in jobs since 2006 and is now only the 11th largest industry in the Peel.

Peel Development Commission believes that Transform Peel—an integrated program of complex, multi-faceted and synergistic projects comprising a food zone, integrated water initiative and a business park presents the highest value opportunity to transform the Peel and create an environment conducive to living, working and investing in 21st century Western Australia. With its focus on catalysing multi-sector investment in strategic industrial and food-related industries, Transform Peel will enhance the region's overall economic output, productivity, employment and exports and improve the natural capital base of the Peel-Harvey catchment.

Transform Peel reflects both Western Australia's and the Peel's present day need to respond to on-going economic, environmental and social challenges in:

- supporting transformation towards high productivity, niche agricultural and horticultural activities;
- developing next generation business parks and food hubs that sustainably add value to regional produce and activities;
- building a regional workforce to work in high quality local jobs; and

¹³ Perth and Peel@3.5 million

¹⁴ Peel Development Commission 2015, '*Peel Regional Investment Blueprint*':

http://www.peel.wa.gov.au/wp-content/uploads/2015/02/Peel-Regional-Investment-Blueprint-Final-Draft-Version-2.9-2014_11_07.pdf

- actively turning nutrients and by products that have a detrimental impact on the Peel environment into productive economic assets.

Transform Peel focuses on the strategic peri-urban area stretching from the edge of the Perth metropolitan region in the north to Waroona in the south within the Peel's palus plain. Currently, the Peel peri-urban area functions in a relatively unstructured and unplanned manner – largely with an historic general assumption being that land will transition to urban development over time, rather than act as a strategic asset in its own right. Against a background of a region characterised by a rapidly growing population, high unemployment, increasing social issues and decline in environmental integrity, there is clearly a need to change the current development path.

The Peel peri-urban area is part of a much larger peri-urban zone that extends into the Southwest region. The case for government intervention and investment into the peri-urban areas is compelling. As the Perth, Peel and Southwest regions continue their urban expansion, the relationship between the urban areas and adjacent peri-urban areas will become increasingly strategic and important. The peri-urban areas will become critical in their role of supporting sustainable urban growth, particularly in terms of:

- maintaining and improving the natural systems and their ecosystem services;
- a place where alternative water supplies can be generated;
- where alternative energy sources can be developed;
- where waste can be managed;
- where food can be grown; and
- to house strategic Perth metropolitan region infrastructure.

Transform Peel will significantly contribute to:

- supporting the long-term sustainability of the Peel by facilitating economic development, environmental improvement, social enjoyment and opportunity;
- improving the performance of Perth and Peel's urban systems to ensure that significant population growth can be supported whilst maintaining a high standard of living through the improvement and maintenance of regionally significant recreational areas within the Peel-Harvey Estuary and contribute to new strategic (not population-driven) jobs in the Peel to support the existing and future resident population;
- improving the natural capital of critical State assets by improving the water quality of run-off from the Nambeelup sub-catchment into the Peel-Harvey Estuary;
- supporting the diversification of the State's economy away from an over-reliance on cyclical commodity exports through facilitating the development of genuine export-oriented (strategic) activity development across a range of targeted industries in the Peel, which would not naturally occur otherwise; and
- supporting the improvement of the State's competitiveness through increases in productivity and local value-add activities by developing a genuine competitive advantage in a range of targeted industries by providing a reliable, seasonally independent industrial water supply to the Peel Food Zone.

To understand the Commission's rationale for an integrated approach to building regional resilience, an overview of Transform Peel's key initiatives is provided below.

Peel Integrated Water Initiative

It has been well documented and accepted that previous and current agricultural practices in the Peel-Harvey catchment have resulted in an accumulation of nutrients, in particular phosphorous, within the landscape. These nutrients are stored in the groundwater and in the sediments of the drainage network, and are in-part reactivated during the flow season negatively impacting the health of the Peel-Harvey Estuary.

There have been a number of detailed studies into how catchment nutrient loads can be reduced and agricultural practices improved to reduce additional nutrients accumulating within the catchment. Implementation of discrete water quality intervention projects, and/or single

landholder projects, will be unlikely to achieve the quantum of water quality outcomes required to effectively address this problem at a catchment scale. This is particularly the case if existing land management practices continue to persist into the future. **Attachment 4** entitled *Horticulture in the Peel Harvey: a guide for investors and growers*¹⁵ illustrates how the region has consensus on a commitment to improve agriculture practices to reduce nutrient losses into the natural systems.

Currently water is constraining development in the Peel, with economic, social and environmental consequences:

- excess water through rejected recharge that could contribute to economic development currently drains to the Peel-Harvey Estuary. These additional flows can exert pressure on the capacity of existing drainage systems, causing downstream flood risks, and transport nutrients and associated contaminants that would not otherwise reach the Estuary. Without appropriate intervention this will result in suboptimal environmental and economic outcomes for the region as well as further impacting the amenity of residents to enjoy the Peel-Harvey Estuary;
- the Peel-Yalgorup System (of which the Peel-Harvey Estuary is a significant part) is listed under the RAMSAR convention as being internationally significant. The *Environmental Protection Peel Inlet-Harvey Estuary Policy 1992* (EPA) and the *Water Quality Improvement Plan for the Rivers and Estuary of the Peel-Harvey System - phosphorous management* (EPA 2008), requires the phosphorous load to the Peel-Harvey Estuary to be reduced significantly through appropriate land planning, the implementation of appropriate town planning schemes, and by "local authorities and the State ensuring that decisions and actions are compatible with the achievement and maintenance of the environmental quality objectives." (EPA 1992). If development is to occur and the health of the Peel-Harvey Estuary is to be improved, then contaminants including sediment and nutrients contained in drainage water need to be intercepted before reaching the Peel-Harvey Estuary. Achieving the objectives of the Environmental Protection Authority policy and water quality improvement plan in addition to much needed regional economic development will require an integrated water management approach. The identified approach of this project is intended to deliver a whole-of-system approach to water management, integrating environmental, social and economic outcomes reflecting broad community aspirations.
- easily sourced groundwater is traditionally used as the non-potable water source across the Swan Coastal Plain. The *Murray Groundwater Allocation Plan* (Department of Water 2012) and most recent licensing information from Department of Water highlight the limited availability of groundwater in the Peel and note that groundwater allocation is close to, or at the allocation limit. Whilst the superficial aquifer is fully allocated in the Nambeelup sub-area, groundwater levels vary seasonally with the water table expressed at the surface over large areas during winter. This indicates that the aquifer has limited storage capacity leading to overland flow and interception of shallow groundwater by drains. However summer groundwater levels are more likely to influence the setting of allocations to protect environmental assets. Greater understanding of how the groundwater/surface water system works may lead to a refinement of allocations in certain areas. Without an integrated development focus this situation will deliver a suboptimal outcome for Nambeelup and the Peel Food Zone as a whole as water has the potential to become a significant constraint to development.

Peel Food Zone

With world food demand over the next 40 years set to increase at levels much faster than before, the need is greater than ever to address sustainable food security and food production for healthier outcomes across a global scale. Half of the world's population is undergoing an industrial revolution, however, the growth drivers of developing Asia are maturing as its

¹⁵ Peel Harvey Catchment Council (et al) 2015: *Horticulture in the Peel Harvey: a guide for investors and growers*

economies become more consumption centric¹⁶. Developing Asia is demanding higher quality food produce and increased dietary protein.¹⁷

Asia's demand for food is forecast to outstrip supply as the arable land footprint decreases. This presents a huge opportunity for the agricultural sector in Australia¹⁸ to supply a constrained market. Agribusiness is one of the top five sectors where Australia has a comparative advantage relative to our global competitors.

China's demand for key agricultural commodities is expected to significantly increase through to 2050. Consumption of beef products is forecast to increase by 236%, sheep and goat meat by 72% and dairy by 74%¹⁹. Similar demand patterns are expected to be seen in other developing countries, both within Asia, and in parts of Africa and Latin America.

In addition, China has been the subject of a number of food poisoning accidents causing an increased worldwide concern over China's food safety. This has resulted in a growing desire for China to regain consumer confidence in the safety of the food supply. China is increasingly looking for reliable and safe suppliers of agricultural produce that afford traceability of their product through all stages of the supply chain – this need for food provenance represents a huge opportunity for the Australian agricultural sector. There also exists significant market demand for high-end value products such as baby formula and gourmet produce, with a burgeoning Asian middle class.

The region is integrating rapidly, with Australia's recent conclusion of Free Trade Agreements with Japan, South Korea and China with ongoing negotiations with India and Indonesia.

These statistics indicate that Australia is well positioned to take advantage of these lucrative markets and more importantly, in securing the future economy and prosperity of the nation through economic diversification.

Western Australia and the Perth metropolitan region currently face food security issues. Whilst the State exports almost 70% of its food production, the bulk of this is grains and meat products. The State still imports 70% of its fresh and processed fruit and vegetables.

The ability of the State to play an increasing role in regional food security and to deal with its own internal food security issues presents many challenges. In particular, traditional low-input and land intensive production systems will need to change to more innovative and intensive production methodologies, with a keen eye on the integrity of supply chains and environmental management.

In this regard, the Perth metropolitan region needs to plan and prepare for a substantial increase in food production (particularly fresh and processed fruit and vegetables). The metropolitan region's peri-urban areas are critical areas for locating and protecting long-term intensive food growing for the domestic and export markets.

The Peel finds itself strategically positioned to contribute to the food and nutritional security of the Perth metropolitan region and Western Australia as a whole²⁰. An example of this is the significant demand for Western Australian organic meat, with inadequate supply to meet this growing demand²¹.

Ultimately Western Australia needs to lessen reliance on supply from eastern states as estimates indicate there is currently only five days' worth of food supply in major food groups if a major disruption occurred. The State also needs to develop measures for produce quality to alleviate a reliance on imported fruit and vegetable suppliers who can better manage quality control.

¹⁶ Deloitte Access Economics 2015, 'Action Plan for Transforming Agriculture in the South West', Deloitte, p.1.

¹⁷ Deloitte Access Economics 2015, 'Action Plan for Transforming Agriculture in the South West', Deloitte, p.1.

¹⁸ Our North, Our Future: White Paper on Developing Northern Australia, Australian Government, p. 1.

¹⁹ ABARES 2013, 'What Asia Wants – Long Term Food Consumption Food Trends in Asia', Deloitte.

²⁰ Internal discussion paper: Development of a food innovation district and food hub in the peel region, p. 2.

²¹ ABC Rural News 2015, 'West Australian Organic Meat Cooperative 'Desperate' for Supply to Meet Growing Demand'.

It has been well documented and accepted that current agricultural practices in the Peel-Harvey catchment are economically marginal and have led to a build-up of nutrients, in particular phosphorous. This is having a severe impact on the groundwater and drainage network, and the ecological health of the Peel-Harvey Estuary.

The Peel Food Zone will create conditions that attract investment and improve the environment. It will achieve this by putting in place critical infrastructure, training programs and management practices that will enhance the competitiveness of the Peel agricultural sector, reduce the water quality impact on the downstream environment, protect the recreational values of the Peel-Harvey catchment and create both direct and indirect employment in the Peel.

Peel Business Park Nambeelup

The Nambeelup area of the Peel was first identified as a future industrial development in the *Inner Peel Region Structure Plan (IPRSP)* [Western Australia Planning Commission (WAPC) 1997] which was adopted by the WAPC in 1997 and served as the basis for the preparation of the Peel Region Scheme. The IPRSP also recognised the importance of Gordon/Lakes Road as the future major east-west connector and Paterson Road as the potential direct link between the proposed Keralup²² residential development and Pinjarra, as well as the need for future major upgrades and widening of these roads.

In 2005, a comprehensive study was conducted by Parsons Brinkerhoff for the then Department of Planning and Infrastructure (*Nambeelup Industrial Area Draft Outline Development Plan*). It identified Nambeelup as the preferred site for a major industrial park in the Peel after consideration of State and regional planning; environment, vegetation and water quality; floodplain management, transport, traffic and infrastructure servicing; social benefits and impact; industrial land demand; opportunities and risks; and landowner intentions.

The Industrial Lands Strategy (WAPC, 2009) identified a shortfall of 356 hectares of industrial land for the Peel by 2031. The *Economic and Employment Land Strategy*²³ (WAPC, 2012) lists Nambeelup for potential medium term (4-10 years) development suggesting that it is well suited to the provision of both consumer and producer services as well as strategic export/knowledge based industries.

Industrial land supply remains unavailable in Mandurah and is limited in the greater Peel area. However, the Nambeelup Industrial Area District Structure Plan (NIADSP) has now been released. Discussions are currently underway with the Department of Planning to confirm development requirements of the NIADSP. The outcomes of these discussions will be dependent on approval of this business case.

In mid-2013, Peel Development Commission commenced discussions with key stakeholders to determine the level of government and industry interest in progressing the establishment of Nambeelup as a 21st century business park made up of the following precincts:

- new technology, education, innovation and research;
- transport, storage and logistics;
- agribusiness and bio industries;
- manufacturing and engineering; and
- light industrial and commerce.

Peel Development Commission facilitated a number of forums and focus groups to showcase its vision and highlight the opportunities that such a business park would present to the Peel. The business park would feature best practice in environmental sustainability coupled with leading edge design and innovative infrastructure that embraces and sustains the natural environment and would be pivotal to:

²² The removal of the Keralup residential area will mean that new urban developments will be required to support Nambeelup.

²³ Western Australia Planning Commission, Economic and Employment Land Strategy, page 154

- creating a significant proportion of the overall jobs required to meet sub-regional targets of 80% employment self-sufficiency as articulated in *Directions 2031*;
- generating higher income growth for the Peel corridor;
- providing for higher productive economic activity associated with the export of goods and services outside of the region;
- promoting significant private sector investment in the Peel;
- supporting the expansion of existing industries and businesses that service large regional employers;
- providing diversity in land use to accommodate broad industry mix and employment outcomes;
- creating synergies between the developing employment hubs at West Mundijong and Cardup Industrial parks; and
- facilitating development of world class environmental technologies and operations within the Peel.

In March 2015, Peel Development Commission engaged Pracsys Economics (Pracys) to:

1. conduct a comprehensive assessment of the benefits that such a business park could deliver;
2. investigate options for establishing non-seasonal and non-climate dependent sources of water; and
3. identify a best practice model for innovative food production within the Peel.

Pracsys worked very closely with Peel Development Commission and a wide range of stakeholders for over six months to confirm the strategic context²⁴ for a regional focus on non-seasonal and non-climate dependent water sources, agriculture and food innovation and a business park. A steering committee was also established to provide advice and guidance and included representatives from the City of Mandurah, Departments of Commerce; Food and Agriculture WA; Regional Development; Water; and Planning; Landcorp, Peel Development Commission, Peel-Harvey Catchment Council and Shire of Murray.

Pracsys released a pivotal document entitled *Peel Peri-urban Strategic Economic and Environmental Initiative: the Strategic Context* which has underpinned the approach that is being taken by Peel Development Commission in relation to Transform Peel. This document is at **Attachment 5**²⁵.

The most compelling finding from *Peel Peri-urban Strategic Economic and Environmental Initiative: the Strategic Context* is that without non-seasonal and non-climate dependent sources of water and a food zone focusing on innovative methods of production designed to reduce nutrient flow into the fragile Peel-Harvey Estuary, the business park **will not** be able to deliver the 21st century vision being sought through the *Peel Regional Investment Blueprint*.

The business park, which currently has approximately 1000 hectares (gross) of land suitable for development will take at least 50 years to reach its full potential but it will not be able to do this without a sustainable source of water and innovative food production methods that will provide the catalyst for high technology processing and manufacturing hubs to be established within the business park. Nor will it deliver the broadened and diversified business and commercial sectors or the new jobs required for the Peel to maintain its employment self-sufficiency targets. It will merely be another industrial park that will not transform the Peel nor address issues associated with an anticipated population growth of 444,000 to 2050.

There is a substantial opportunity cost in not developing the business park, particularly given the extensive population growth anticipated for the region. If investment is not made into the common use trunk infrastructure to allow the business park to reach market readiness, then the State will need to continue to make (inefficient) investment into roads and transportation infrastructure to allow the region's workforce to commute to work outside the region.

²⁴ Pracsys Economics, Peel Peri-urban Strategic Economic and Environmental Initiative: the Strategic Context, September 2015

²⁵ Note: Economic benefits contained in this report have been superseded by this business case

The development of the business park in coordination with the food zone and integrated water initiative, presents significant opportunity to unlock strong “industrial ecology” in the region – contributing not only to the needs of the region, but also delivering significant innovation and productivity gains beyond the region.

Recent market analysis undertaken by Marsden Jacobs²⁶ and included at **Attachment 1** has suggested that there are opportunities in the core areas of light industry/commercial, logistics, food manufacturing and processing. In addition there are opportunities associated with the approach taken to the provision of common use trunk infrastructure. For example, power to the business park generated from natural gas, and eventually from bio-gas, will in itself generate associated enterprise opportunities for the business park alone.

To support the anticipated population, the Peel needs to build an economy that incorporates many industries, adopts an innovative approach to business, and has a highly skilled and high performing workforce.

To do this, an all - encompassing systems intervention is required to change the region’s current development path and to build regional resilience.

Peel Development Commission believes that a focus on Peel Business Park Nambeelup, Peel Food Zone and Peel Integrated Water Initiative through Transform Peel will, over the next 35 years, result in:

- establishment of a new economy in the region;
- creation of 33,100²⁷ jobs in new and diverse industries; and
- protection and enhancement of the natural environment.

This proposed systems intervention has been shared with a wide range of stakeholders including members of the steering committee, regional leaders, the Department of Premier and Cabinet, Government Directors General, the Western Australian Planning Commission, the Deputy Premier and the Premier of Western Australia. There is a high level of support for this approach and the benefits that it will provide to the Perth and Peel regions. The activation of this system intervention is the subject of this business case under the banner of Transform Peel Phase 1: Activation.

2.5. Policy and Strategic Framework

The Western Australian economy is currently experiencing a significant correction after a sustained period of exceptional growth. This correction has come about as the State’s primary mineral, oil and gas markets have slowed, causing investment conditions to weaken. The consequences are a reduction for the gross State product, an increase in unemployment and decline in immigration and overall State revenue.

This has led the Western Australian State Government to identify a need to improve the State’s competitiveness by supporting a more diverse economy that both responds to the change in economic conditions and recognises and addresses many of the other challenges of the 21st century. These strategic drivers are illustrated in Figure 3.

²⁶ Marsden Jacobs on behalf of Department of Regional Development Draft Report, Assessment of Agriculture and Food Industry market and investment support for the Peel region

²⁷ Pracsys Economics 2015: PSEEI Technical Appendices



Figure 3. WA strategic drivers²⁸

These strategic drivers are behind a number of current State Government initiatives, such as *State Planning Strategy 2050*, *Perth and Peel@3.5 million*, the *Strategic Assessment of the Perth and Peel Regions* process, and the *Peel Regional Investment Blueprint* (see Figure 4).

Transform Peel is aligned directly with the State’s strategic and policy framework, addresses priorities of regional natural management plans and supports local government authority strategic community plans. Transform Peel Phase 1: Activation will catalyse investment in the region that will deliver a range of outcomes including:

- improve the performance of Perth and Peel’s urban systems to ensure that significant population growth can be supported whilst maintaining a high standard of living through providing a regionally significant quantity of new trade and export oriented jobs in the Peel to support the existing and future residential population.
- diversify the State’s economy away from an overreliance on cyclical resources exports through driving and supporting genuine export-oriented (strategic) activity development across a range of targeted industries in the Peel, which would not naturally occur otherwise.
- improve the State’s competitiveness through increases in productivity and local value-add activities by:
 - developing a genuine competitive advantage in a range of targeted industries; and
 - providing suitable land proximate to industry supply chains and skilled labour.
- leverage the investment in common use trunk infrastructure to capture value from additional private investment by applying a variety of structures such as land development partnerships with private owners, developer contribution schemes, developer agreements, differential rates and privatisation of appropriate infrastructure.
- improve the State’s future fiscal sustainability by:
 - more efficiently utilising existing resources (including infrastructure and waste products) through development of land currently used for low-intensity rural uses for high-intensity industrial uses; and
 - providing the supply of a fit-for-purpose water resource as part of the integrated water management scheme.
- improve the natural capital of critical State environmental assets by improving the water quality of runoff from the Nambelup sub-catchment into the Peel-Harvey Estuary.

²⁸ Pracsys Economics 2015: Peri-urban strategic environmental and economic initiative: The Strategic Context

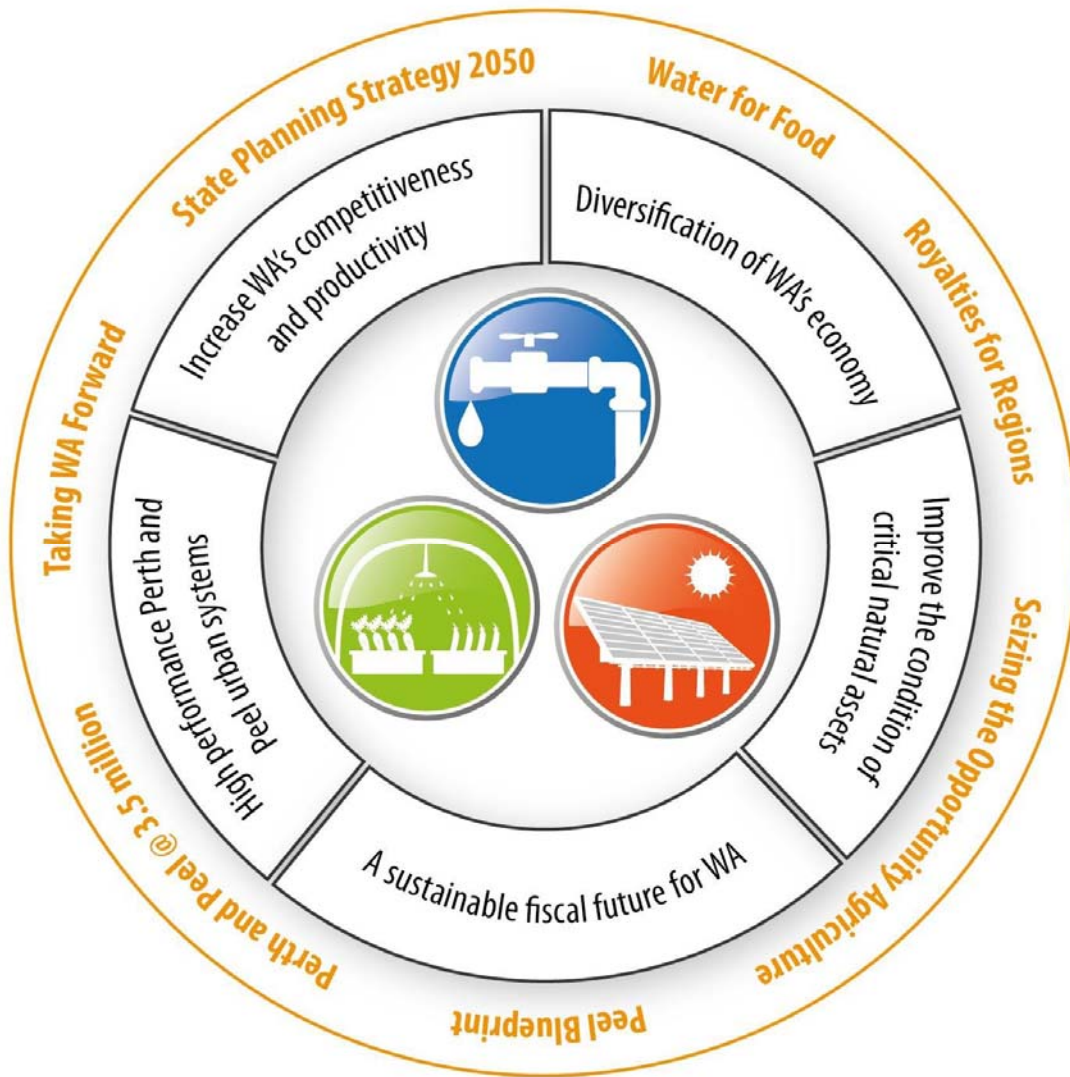


Figure 4. Transform Peel Phase 1 strategic drivers and outcomes²⁹

A detailed analysis of the policy and strategic framework overarching Phase 1 is at Table 5. This analysis illustrates alignment with:

1. Royalties for Regions Act and any related local, regional or Statewide policies, strategies, plans or projects that may be affected by this Project.]
2. State Planning Strategy 2050;
3. Royalties for Regions Policy Objectives;
4. Western Australian Regional Development Trust themes (WARDT); and
5. *Peel Regional Investment Blueprint* and other relevant State planning frameworks.

²⁹ Pracsys Economics 2015: Peri-urban strategic environmental and economic initiative: The Strategic Context

Policy and Strategic Framework

	Royalties for Regions Act	State Planning Strategy 2050	Perth and Peel @3.5 million	Directions 2031	Peel Regional Investment Blueprint	Economic and Employment Lands Strategy	Royalties for Regions Action Agenda	Seizing the Opportunity Agriculture
Overview	The object of the Royalties for Regions Act 2009 is "to promote and facilitate economic, business and social development in regional Western Australia".	The <i>State Planning Strategy 2050</i> outlines Western Australia's vision for sustained growth and prosperity. It is an integrated whole of Government view of the strategic planning needed to respond to challenges and opportunities presented by global and domestic factors that are likely to influence the State's future development.	Perth and Peel@3.5 million is comprised of four draft planning frameworks, which identify land for the future development of Perth to 2050. Overall the frameworks aim to promote the use of activity centres, public transport corridors and an integrated transport system to support urban and economic development.	Directions 2031 is a high level spacial framework and strategic plan that establishes a vision for future growth of the metropolitan Perth and Peel region; and it provides a framework to guide the detailed planning and delivery of housing, infrastructure and services necessary to accommodate a range of growth scenarios.	<i>Peel Regional Investment Blueprint</i> is a guiding document describing how the region will grow from now until 2031. Its purpose is to provide a long-term strategic and aspirational view on the key growth areas that will ensure Peel prospers, taking into account key economic, social and environmental drivers based on what we know today and believe about the future.	The aim of the Strategy is to ensure that adequate forward planning is undertaken to provide employment land in both the Perth metropolitan and Peel regions over the next 20 years and beyond.	The Action Agenda clearly sets out the Regional Development Council's priorities and outcomes for regional development in Western Australia.	Seizing the Opportunity Agriculture is a \$300million initiative made possible by the State Government's Royalties for Regions program. The initiative is helping to enable the agricultural sector to seize the opportunity of rising global demand and contributes to strengthening regional communities where agriculture is a major economic activity.
Transform Peel	<p>Transform Peel represents a current critical opportunity for broadening and diversifying the industry base of the region. The location of the Transform Peel Phase 1 is proximate to:</p> <ul style="list-style-type: none"> Major transport corridors (Kwinana Freeway/Forrest Highway); Regional hubs and support services (Mandurah and Pinjarra); Existing labour pools in surrounding residential areas; and Significant government land holdings north of Nambelup. 	<p>Transform Peel with its focus on food zone, integrated water initiative and business park is considered to be a high priority project for the Peel to 2031. With its focus on attracting strategic activity to generate economic development, sustaining communities and building their resilience through targeted investment in infrastructure aimed at protecting the region's unique environment, this project is well aligned to the interrelated strategic goals of the <i>State Planning Strategy 2050</i></p>	<ul style="list-style-type: none"> The Peel sub-region has been identified in Perth and Peel @3.5 million as a location that could host a significant amount of key infrastructure, which will support future economic growth and development. Its population will more than double by 2050 to 444,000 people. While there is land and infrastructure capacity to meet the increased demand for dwellings, ensuring the Peel-Harvey catchment area is protected remains a priority. Strategic employment, which relies on exporting goods and services from a region is necessary to make up the shortfall in employment. This type of employment in the South Metropolitan Peel sub-region is currently lacking, hence the shortfall in the ratio of jobs to residents (i.e. the employment self-sufficiency targets). Projects, such as Transform Peel which go beyond business as usual and embrace a more innovative approach to employment generation are required to change the status quo 	<i>Directions 2031</i> recognises the importance of industrial centres ³⁰ and promotes the identification of suitably located and serviced land, as identified in the WAPC Industrial Land Strategy, in order to meet the industrial and employment needs of a growing community.	The Blueprint identifies the establishment of the food zone, integrated water initiative and business park as key strategies for diversifying and broadening the Peel's economic base and providing a wide range of job opportunities for its population. The establishment of Peel Business Park Nambelup is also a strategic priority of the Peel Regional Leaders Forum Strategic Priorities Plan 2012 – 2017, a key project of the Shire of Murray Corporate Business Plan 2013 - 2017 and is identified as a success factor in the City of Mandurah Strategic Community Plan.	Economic and Employment Lands Strategy ³¹ (WAPC, 2012) lists Nambelup for potential medium-term (4 - 10 years) development, suggesting that it is well-suited to the provision of both consumer and producer services as well as strategic export/knowledge based industries. It comments that Nambelup has been identified as having government support for further planning investigation and removal of constraints, subject to the recommendations of more detailed investigations into their feasibility. However, the Shire of Murray has been lobbying for the first stage of the Peel Business Park Nambelup development to be elevated to short term priority (0 - 4 years) through the ICC Implementation Working Group.	<p>Transform Peel is directly aligned with Priority 2 of the Regional Development Action Agenda: Employment, Infrastructure and Skills and will contribute to the following outcomes:</p> <ol style="list-style-type: none"> 1. Skilling the regional workforce 2. Maximising local employment and business development 3. Greater economic diversity across regional economies 4. Public and private investment in logistics and infrastructure 	<p>Transform Peel aligns with three Seizing the Opportunity Initiatives:</p> <ul style="list-style-type: none"> Water for Food – the business park will support the development of the food zone and water initiative by providing a nearby location for processing and value-adding to agricultural and horticultural produce Infrastructure Audit and Investment Fund - The business park is intended to support land uses involved in producing high-value food products for export markets WA Open for Business - Promotion of the business park and food zone to desirable local, national and international tenants is a key component of Transform Peel's strategy for success.

³⁰ Directions 2031 and beyond: metropolitan planning beyond the horizon, Western Australia Planning Commission, 2010, page 50

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Alignment to the Royalties for Regions policy objectives

	Performance Measure	Project Impact	Expected Performance
Building Capacity in Regional Communities	Community infrastructure	Provides incubators and technical workshop space for local residents to have access to equipment and facilities to provide opportunities for entrepreneurial people seeking collegiate and qualified support	Attraction of people to the Peel and retention of existing residents Revitalisation of regional centres (Pinjarra, North Dandalup) and better use of existing facilities
	Community learning initiatives	Development of new educational programs directly relevant to local job opportunities (integrated Hub initiative currently being planned under a separate business case)	These programs will lead to the following: <ul style="list-style-type: none"> • Intergenerational skills development and transfer as industry embeds and becomes part of what the Peel is known for • Once the initial education opportunity is in place it will grow and adapt to meet future demands as the Peel Food Zone grows • Adaptability to meet skills requirements of the local industry Availability and reach will extend to all. It is envisaged that youth with marginal skills will be successfully trained, thus improving youth employability and empowerment
	Community capability initiatives	Provides the facilities to develop community capability	<ul style="list-style-type: none"> • Creates a new skill set within the Peel labour force • Creates new jobs which in turn increases relative wealth and the demand for other services within the community.
Retaining benefits in regional communities	Initiatives to support mind, body and soul	Ongoing access to the Peel-Harvey Estuary for recreational activities.	Net positive environmental benefit through nutrient reduction as a result of water collection, treatment storage and use. This will enable ongoing access and utilization of the estuary by the community into the future.
	Education and training initiatives	<ul style="list-style-type: none"> • Creation of permanent bases for research and training facilities • New educational opportunities from Post-Doctoral research through to Vocational training Certificates (included in Integrated hub initiative currently under development as a separate business case) 	Will support training of: <ul style="list-style-type: none"> • 25 number of certificate holders per year (integrated hub initiative currently under planning) • 4 post graduate students per year • Attraction of more than 30 local, national and international agricultural field experts to Peel per year
	Employment initiatives	There will be an increase of the quality and quantity of jobs available to local residents,	<ul style="list-style-type: none"> • Transform Peel Phase 1 will attract private investment into the Peel and with it the creation of 10,000 jobs (including 2,000 strategic jobs by 2031 and 33,100 jobs (8,600 strategic jobs) by 2050.
Attaining Sustainability	Population diversity initiatives (education, culture, age, gender initiatives)	Increases youth employment, particularly in the agricultural sector where the typical median age of the workforce is much higher than other industries	Increase in qualified persons Reduction in youth unemployment
	Economic investment initiatives	<ul style="list-style-type: none"> • Delivery of a research facility • Delivery of an environmental management program • Delivery of a Peel Food Zone that increases agricultural production and functions as a research and technology zone • Potential development of integrated hub facility (currently in planning as a separate business case) • Facilitates private sector investment 	<ul style="list-style-type: none"> • Overall creation of 10,000 jobs by 2031 and 33,100 jobs by 2050. • Private sector investment of \$200 million by 2031 and \$600 million by 2050 – in land sales alone. • Cumulative stamp duty to the State Government of \$100 million by 2031 and \$759 million by 2050. • By 2031 economic output of \$4.3 billion, export value of \$360 million and gross value added of \$1,5 billion • By 2050 economic output of \$16,2 billion, export value of \$1,8 billion and gross value added of \$5,3 billion
	Environmental initiatives	Reduction/elimination in nutrient run-off	<ul style="list-style-type: none"> • 25% reduction in total phosphorous (TP) load exported from the Peel Food Zone by 2031 and 50% by 2050.
Expanding opportunity	Direct employment initiatives	Provision of research and teaching facilities and expanding strategic employment prospects (as part of Integrated Hub initiative currently being planned as a separate business case)	<ul style="list-style-type: none"> • 2,000 new strategic jobs by 2031 • 8,600 new strategic jobs by 2050.
	Skills training initiatives	Enables the development and commencement of all levels of tertiary training and research (Integrated Hub initiative)	<ul style="list-style-type: none"> • Increase in 25 certification holders per year (Integrated Hub initiative) • Increase in 4 postgraduates per year
	Business creation initiatives	Puts in place the infrastructure and support to attract private investment	<ul style="list-style-type: none"> • Private sector investment in land alone of \$200 million by 2031 and \$600 million by 2050. • Significant increase in competitiveness of the region's industries and businesses.
	New job creation initiatives	Creates more employment opportunities for local residents in the Peel	Overall creation of 10,000 jobs by 2031 and 33,100 by 2050.
Growing prosperity	Initiatives aimed at economic development	<ul style="list-style-type: none"> • Delivery of a research facility • Development of an environmental management program • Integrated hub facility (separate business case currently in preparation) 	As per above under 'Attaining Sustainability'.
	Local infrastructure initiatives aimed at economic development	Initial 290 ha of land in Peel Business Park Nambelup growing up to 700 ha. Establishment of Peel Food Zone of approx. 29,000 ha.	As per above under 'Attaining Sustainability'.
	Investment initiatives	Will attract a range of local, national and international investment	As per above under 'Expanding Opportunity'.

Regional Development Trust Themes

The expected performance of initiatives developed as part of Transform Peel that will contribute to Royalties for Regions Regional Development Trust Themes are detailed on the following pages.

	Performance Measure	Project Impact	Expected Performance
Water: Regional w urban water	<ul style="list-style-type: none"> Improved soil nutrient retention performance could be achieved from improved fertiliser management and soil amendments Measurable reduction in the nutrient load across the catchment and entering the Peel - Harvey Estuary Studies (WQIP and SIP) have concluded that up to a 50% reduction in Total Phosphorus (TP) discharge to the estuary could be achieved from improved fertiliser management and soil amendments 	Reduction in nutrient movement through the catchment, an improved drain system to manage flow and nutrient movement and measureable improvement in the Peel-Harvey estuarine environment	<p>Cropping and soil augmentation trials will provide the evidence base against which to measure the increase in nutrient retention and decrease in movement</p> <p>The Stage 2 studies will deliver the evidence base that will inform the integrated water management system design to deliver the nutrient reductions</p>
	<ul style="list-style-type: none"> Quantification of the available water resource within the Peel Food Zone 	Identification of alternative water sources and potential for development.	The integrated water initiative will confirm current estimates of the available resource within Nambeelup, Punrack and Dirk Brook being 35 GL with a base flow component of approximately 35% - 39% (13 GL). The integrated water initiative will deliver the evidence base to quantify the available water resource as well as will inform the integrated water management system design that will deliver the supply to customers
	<ul style="list-style-type: none"> Seasonally independent water supply 	Provision of certainty for business to invest in the Peel Food Zone transformation	The integrated water initiative will set out the most cost effective design and operating protocol for the delivery of a seasonally independent supply throughout the Peel Food Zone
	<ul style="list-style-type: none"> Climate independent water supply 	Provision of certainty for businesses to invest in the food zone and business park.	Future phase of Transform Peel will develop storm water and treated waste water sources.
Regional and Rural Human Capacity Building	A diversified regional economy able to provide employment to meet the region's employment self-sufficiency targets.	Increased direct and strategic employment in the Peel at scale capable of impacting substantially on the region's future employment needs.	Transform Peel Phase 1 will catalyse the creation of 10,000 new jobs by 2031 and 33,100 new jobs by 2050.
	Development of a regional research and innovation facility	Development of regional intellectual property in key areas of the region's economy and building strategic employment.	The development of post-graduate capabilities with a minimum starting of four PhD visiting scientists to the region.
	Development of vocational training facilities (Integrated Hub initiative currently in planning)	Building appropriate regional skills and developing pathways for secondary school students	A minimum of 25 students completing qualifications in rural operations per annum (Integrated Hub initiative)
	Development of the Peel Business Park Nambeelup	Increased activity in logistics, food processing, food manufacturing and light industrial sector activity	Minimum private sector investment in land of \$600 million by 2050.

	Performance Measure	Impact	Expected Performance
Regional Strategic Corridors	Strong, resilient and sustainable peri-urban zone in the Peel and south west of Western Australia	Strengthening the eco-system services of the palus plain and increasing economic opportunities to support the Peel's urban expansion	Healthy, eco-system services, strong food production, alternative water and energy capabilities
Regional land and food strategy and planning	Development of commercial-scale food production program	Increase in food production, value exports	Tenfold increase in food exports by 2050
	Development of suitable areas for intensive horticulture industries in the Peel Food Zone	Allows for the region to increase the production values of food as well as value-add to products.	Tenfold increase in food exports by 2050. Economies of scale come to fruition
	Development of an approvals pathway based on Peel Food Zone and agricultural policy documentation and guidelines	This will streamline the approvals process and make it more attractive for local and foreign investment.	De-risks the Peel region. Attracts local, national and international investment
	Development of benchmarks for agricultural production systems	Allows for testing which method works better for the Peel Food Zone and yields better results and product, quality etc.	This will provide information on optimal cropping practices and serve as a gold-standard to be utilized in the Peel region for optimal results, leading to efficiencies in food production and scale-ups
	Increase in dollar value of food exports	Increase in dollar value of food exports	Tenfold increase in food exports by 2050.
	Increase in gross value-add	Increase in gross value-add	To be able to produce gross-value added products for both local consumption as well as international export
	Increase productivity in land use	Allows for higher and better uses of the land	More efficient use of existing resources, enables better output. Tenfold of food exports by 2050 Closed-loop irrigation systems to be used
	Utilisation of automated processes and cutting edge technology	Increases business efficiencies Improves quality and consistency of produce	Tenfold increase in food exports by 2050 and value-added products Secondary processing and other food manufacturing industries at Peel Business Park Nambelup
Regional business and industry innovation and support	Delivery of research facility at North Dandalup	Will enable start-ups and small businesses enterprises to flourish. Provides assistance to entrepreneurs. Builds high levels skills and knowledge.	Will deliver animal genetics research initially with planned additional capabilities in water, soils, food and food provenance.
	Delivery of a vocational training capability (Integrated Hub initiative currently in planning)	Will provide students with skills in primary industries relevant to the Peel and establish career pathways.	Will deliver 25 certificate II students per year skilled in primary industries relevant to Peel (Integrated Hub initiative currently in planning)
	Delivery of food production and horticultural management benchmarks and programs for implementation	Reduction in nutrient transfer through the catchment	Will establish minimum benchmarks required of production systems in the Peel.
	Innovative integrated water management systems	Increased understanding of the how the environment works	Increased understanding of what works and what doesn't leading to the development and implementation of a continuous improvement program by operators across the Peel Food Zone
	Innovative localized infrastructure	Renewable energy and seasonal/climate independent water supplies for food production, processing and manufacturing	Renewable energy capability developed for the Peel Food Zone and Peel Business Park Nambelup. Local seasonally-independent and climate independent sources of water established.
	Increased competitiveness of the region's industries and businesses.	Strong local economy with growing employment and increasing exports	Strong employment growth, competitive enterprises, export growth.

2.6. Project Deliverables

Project deliverables for Transform Peel Phase 1: Activation are detailed on the following pages, along with performance measures for determining when each deliverable is completed and success is achieved. Performance measures have been chosen to be:

- Specific - performance measurements are specific to the deliverable;
- Measurable - progress towards completing the deliverable can be quantified;
- Attainable - deliverables are can be resourced;
- Realistic - deliverables can be achieved in the foreseeable future; and
- Timely - timeframes for achieving deliverables are set.

Outputs

	Outputs (What is being delivered? What will be physically done?)	Performance Measure (What are you measuring?)	Performance Measure method (How are you measuring it?)
Governance	1. Set up Transform Peel Phase 1 Steering Committee and working groups	Integrity of overall program. Efficient and timely completion of each project milestone, and sign-off	<ul style="list-style-type: none"> • The effectiveness of the Transform Peel vision and program
	2. Establish Program Management Unit and Project Management arrangements	Progression and integrity of the overall Transform Peel program. Budgetary performance. Delivery of program elements	<ul style="list-style-type: none"> • Overall Program delivery, delivery of each project element, budget performance, risk management, monitoring and evaluation systems
Enterprise competitiveness support program	3. Agreement of elements of the enterprise competitiveness support program	Stakeholder consensus	<ul style="list-style-type: none"> • Minutes of agreement
	4. Project elements of enterprise competitiveness support program in place	Full description of aims, objectives and strategies. Securing of project element support from existing programs	<ul style="list-style-type: none"> • Documentation • Agreements with existing programs
	5. Enterprise competitiveness support program in operation	Increased ability of regional enterprise to operate competitively in domestic and foreign markets.	<ul style="list-style-type: none"> • Increase in comparative advantage in identified industries • Training and workforce development outcomes
	6. Marketing Prospectus, negotiated bid processes and direct negotiation approaches to investors	Identification of investment opportunities and marketing to prospective investors	<ul style="list-style-type: none"> • Level of attraction of investors into Peel Business Park Nambeelup, Peel Food Zone and Peel Integrated Water Initiative

Peel Business Park Nambeelup	7. Phase 1 area environmental assessment and strategy: <ul style="list-style-type: none"> • Technical investigations and strategies • Identification of infrastructure elements • Detailed planning, design and costing of infrastructure elements. 	<p>Completion of park-wide environmental assessment and strategy to meet requirements of environmental and planning approvals</p> <p>Design meets environmental success criteria set through SAPP R process</p> <p>Costing meets set financial success criteria</p>	<ul style="list-style-type: none"> • Required environmental approvals acquired • Required planning approvals acquired • Environmental success criteria met • Costing success criteria met
	8. Park-wide urban water management strategy	Urban Water Management Strategy for Park.	<ul style="list-style-type: none"> • Required State agency and local authority approvals • Costing success criteria met
	9. Statutory planning instruments in place to define if any additional studies are required.	<p>Completion of district and local structure planning/outline development planning</p> <p>Plans meet set preliminary financial success criteria to ensure development by desired future tenants and industries is viable</p> <p>Plans set out desired timeframe to develop Peel Business Park Nambeelup and catalytic projects to ensure future employment and output targets can be met</p>	<ul style="list-style-type: none"> • Required State and Local statutory planning approvals acquired • Costing success criteria met • Timeframe success criteria met • Planning is appropriate for tenants and industries
	10. Scope, design and cost estimates for major external common use infrastructure including: <ul style="list-style-type: none"> • Waste water pump station and pressure main, • Potable water supply • Electricity supply • Gas supply • Lakes Road upgrade • Common-user infrastructure sites and access 	<p>Completion of infrastructure scoping and design</p> <p>Design and costs meet set financial and environmental success criteria</p>	<ul style="list-style-type: none"> • Required environmental approvals acquired • Required planning approvals acquired • Environmental success criteria met • Costing success criteria met • Scope optimized for tenants and industries • External infrastructure is not a barrier to development within the Park.
	11. Major external common use infrastructure construction: <ul style="list-style-type: none"> • Waste water pump station and pressure main • Potable water supply • Electricity supply • Gas supply • Lakes Road upgrade • Common-user infrastructure sites and access 	<p>Construction of infrastructure completed</p> <p>Construction cost, timeframe and quality meets set success criteria</p>	<ul style="list-style-type: none"> • Construction of infrastructure completed • Environmental success criteria met • Costing success criteria met • Timeframe success criteria met • Quality success criteria met
	12. Environmental infrastructure - Implementation and construction of projects identified in the environmental assessment.	<p>Completion of environmental project planning, design and construction</p> <p>Desired environmental outcomes achieved</p>	<ul style="list-style-type: none"> • Completion of environmental project planning • Completion of environmental project design • Completion of environmental project construction
	13. Preliminary development contribution plan (DCP) work - Agreement facilitated between government and landowners to deal with essential infrastructure and land take, prior to implementing a DCP.	Agreement between government and landowners attained	<ul style="list-style-type: none"> • Signed preliminary agreement between government and landowners

	14. Developer agreements and special area rates to detail contributions to internal infrastructure	Agreements concluded	<ul style="list-style-type: none"> • Documentation
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Peel Food Zone	15. Development of the preliminary framework for the Peel Food Zone Stakeholder map and consultation process development Preliminary framework report development	Framework document complete	<ul style="list-style-type: none"> • Peer review and sign off
	16. Establishment of Peel Food Zone	Formal establishment of the food zone and recognition in strategic and/or statutory plans	<ul style="list-style-type: none"> • % formal sign off for inclusion in strategic and/or statutory plans • # formal documents recognising the Peel Food Zone
	17. Detailed planning and design of the research facilities. Unsolicited offer process undertaken	Plans completed, costed and signed off. Completed unsolicited offer process	<ul style="list-style-type: none"> • Peer review and sign off • Successful bidder/s identified and contracted
	18. Environmental approval for all elements of the Peel Food Zone (facilities and the broader land area)	Approval by EPA/ DER and other agencies as required	<ul style="list-style-type: none"> • Approval received
	19. Construction of research facility	Facility completed on time and on budget	<ul style="list-style-type: none"> • Contract management and Peer review and sign off
	20. Environmental management program	Landholder engagement in programs of fertilizer application, soil amendment, drainage and natural assets. ficiency of fertiliser use	<ul style="list-style-type: none"> • Level of take-up of improved management techniques

Peel Integrated Water initiatives	21. Strategic analysis at a sub-catchment scale to characterise the risk of nutrient export through the system	Review of methodology, quality of technical data collection, analysis and reporting, including gap analysis	<ul style="list-style-type: none"> Peer review and sign off Integration into later outputs
	22. Sub-catchment assessment of water resources – annual drain flows, shallow and deep aquifer storage capacities, implications for groundwater allocations	Review of methodology, quality of technical data collection, analysis and reporting, including gap analysis	<ul style="list-style-type: none"> Peer review and sign off Integration into later outputs
	23. Evaluate and provide cost-benefit analysis on options for providing a seasonal and climate independent water supply	Develop and evaluate a number of scenarios covering a range of technical difficulty and economic viability options and relate to willingness to pay for costs of water	<ul style="list-style-type: none"> Peer review and sign off
	24. Identification of strategic intervention points and potential integration into MAR&R and management of natural environmental assets.	Integrate findings from the water resource assessment, nutrient export risk analysis and cost-benefit analysis, to identify locations for pilot projects taking into account existing water demands.	<ul style="list-style-type: none"> Peer review and sign off
	25. Environmental approvals for pilot project/s including alteration of drains, abstraction of surface water and groundwater, MAR&R schemes, etc.	Approval by DoW/EPA/DER and other agencies as required	<ul style="list-style-type: none"> Approvals granted
	26. Implementation of pilot projects to test planning assumptions and further develop implementation strategies for broader adoption (including a MAR&R pilot and water quality improvement works).	<p>Completion of on-ground works components and commissioning of pilot scheme and dedicated water quality improvement infrastructure.</p> <p>Review of methodology, quality of technical data collection, analysis and reporting</p>	<ul style="list-style-type: none"> Peer review and sign off
	27. Development of an integrated water balance model to assess a range of water management scenarios with the Peel Food Zone, incorporating quantity and water quality objectives for production and water for the environment	<p>Review of methodology, quality of technical data collection, analysis and reporting.</p> <p>Identification of key future management strategies for implementation.</p>	<ul style="list-style-type: none"> Peer review and sign off
	28. Develop a formal adaptive management framework to allow further catalytic development and broader scale implementation of integrated catchment management outcomes	Review of methodology, quality of technical data collection, analysis and reporting	<ul style="list-style-type: none"> Peer review and sign off
	29. Developing financial models to understand the cost of developing the seasonally independent supply	Review of methodology, quality of technical data collection, analysis and reporting.	<ul style="list-style-type: none"> Peer review and sign off
	30. Development of operating model protocols.	Review of methodology, quality of technical data collection, analysis and reporting.	<ul style="list-style-type: none"> Peer review and sign off

	31. Reporting and development of a bankable feasibility study document	Review of methodology, quality of technical data collection, analysis and reporting.	<ul style="list-style-type: none"> Peer review and sign off
	32. Peel Integrated Water Management Initiative Marketing Prospectus	Identification of investment opportunities and marketing to prospective investors	<ul style="list-style-type: none"> Level of attraction of investors into Peel Integrated Water Initiative

Outcomes

<p>Outcome 1: Improve the performance of Perth and Peel's urban systems to ensure that significant population growth can be supported whilst maintaining a high standard of living through providing a regionally significant quantity of new strategic (not population-driven) jobs in the Peel Region to support the existing and future resident population</p>		
Performance Measure (What are you measuring? See Appendix 1)	Performance Measure method (How are you measuring it?)	RfR Outcomes (How do your outcomes align with the RfR Policy Objectives see 2.5.1?)
<ul style="list-style-type: none"> New investment and industry sectors Number of total jobs created Number of strategic jobs created Export value 	<ul style="list-style-type: none"> Monitoring of new investment, jobs (strategic and population driven) and regional exports. 	<ul style="list-style-type: none"> A regional economy capable of supporting a significantly increased population into the region.
<p>Outcome 2 Diversify the State's economy away from an overreliance on cyclical commodity exports through driving and supporting genuine export-oriented (strategic) activity development across a range of targeted industries in the Peel Region, which would not naturally occur otherwise.</p>		
Performance Measure (What are you measuring? See Appendix 1)	Performance Measure method (How are you measuring it?)	RfR Outcomes (How do your outcomes align with the RfR Policy Objectives see 2.5.1?)
<ul style="list-style-type: none"> New investment and industry sectors Number of total jobs created Number of strategic jobs created Export value 	<p>Monitoring of new investment, jobs (strategic and population driven) and regional exports.</p>	<p>Attaining sustainability</p> <ul style="list-style-type: none"> Economic investment initiatives - the Peel Business Park Nambelup will attract significant private investment in population-driven and strategic industries, contributing to substantial increases in the value of exports, output and GVA from the Region. <p>Expanding opportunity</p> <ul style="list-style-type: none"> Direct employment initiatives - additional population-driven and strategic employment created through the provision of around 290 ha development-ready industrial/rural land. Business creation initiatives - attraction of new business activity to the Region through the provision of around 290 ha development-ready industrial/rural land. New job creation initiatives - additional population-driven and strategic employment created through the provision of around 290 ha development-ready industrial/rural land. <p>Growing prosperity</p> <ul style="list-style-type: none"> Initiatives aimed at economic development - additional industrial/rural land released will accommodate additional service commercial land uses for the local/regional population, facilitating Regional economic development.

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<p>Outcome 3</p> <p>Improve the State's competitiveness through increases in productivity and local value-add activities through developing a genuine competitive advantage in a range of targeted industries by providing suitable land proximate to industry supply chains and skilled labour</p>		
Performance Measure (What are you measuring? See Appendix 1)	Performance Measure method (How are you measuring it?)	RfR Outcomes (How do your outcomes align with the RfR Policy Objectives see 2.5.1?)
<ul style="list-style-type: none"> Export value Output value GVA Value of private investment attracted Industry sectors Industry training 	<p>Monitoring of new investment, jobs (strategic and population driven) and regional exports.</p> <p>Monitoring industrial sectors and new technologies</p> <p>Monitoring training and workforce development</p>	<p>Attaining sustainability</p> <ul style="list-style-type: none"> Economic investment initiatives - the Peel Business Park Nambeelup will attract significant private investment in population-driven and strategic industries, contributing to substantial increases in the value of exports, output and GVA from the Region. <p>Growing prosperity</p> <ul style="list-style-type: none"> Initiatives aimed at economic development - additional industrial/rural land released will accommodate additional service commercial land uses for the local/regional population, facilitating Regional economic development. Local infrastructure initiatives aimed at economic development - around 290 ha of industrial/rural land will be serviced and ready for development. Investment initiatives - the Peel Business Park Nambeelup will attract significant private investment in population-driven and strategic industries, contributing to substantial increases in the value of exports, output and GVA from the region.
<p>Outcome 4</p> <p>Leverage the investment in common use trunk infrastructure into Transform Peel to capture value from additional private investment by applying a variety of structures such as land development partnerships with private owners, developer contribution schemes, developer agreements, differential rates and privatisation of appropriate infrastructure.</p>		
Performance Measure (What are you measuring? See Appendix 1)	Performance Measure method (How are you measuring it?)	RfR Outcomes (How do your outcomes align with the RfR Policy Objectives see 2.5.1?)
<ul style="list-style-type: none"> Value capture as a result of government investment in Transform Peel Phase 1 	<p>Various measures including land take, stamp duty, jobs, phosphorous reduction and private sector investment measured as Transform Peel moves from Phase 1 into subsequent phases</p>	<ul style="list-style-type: none"> Increased value capture supports sustainability and expanded opportunity.

<p>Outcome 5: Improve the State's future fiscal sustainability by more efficiently utilising existing resources (including infrastructure and waste products) by developing land currently used for low-intensity rural uses for high-intensity industrial uses, and through providing a supply of waste and storm water for a district-wide waste water reuse scheme, and the potential for additional waste product recycling such as for biogas production.</p>		
Performance Measure (What are you measuring? See Appendix 1)	Performance Measure method (How are you measuring it?)	RfR Outcomes (How do your outcomes align with the RfR Policy Objectives see 2.5.1?)
<ul style="list-style-type: none"> New investment Utilisation of waste materials 	<ul style="list-style-type: none"> Monitoring of new investment Monitory waste volumes and use of waste material 	<ul style="list-style-type: none"> Maximising existing infrastructure in the region and waste technology development for the region

Outcome 6: Improve the natural capital of critical State natural assets through improving the water quality of runoff from the Nambeelup sub-catchment into the Peel-Harvey Estuary		
Performance Measure (What are you measuring? See Appendix 1)	Performance Measure method (How are you measuring it?)	RfR Outcomes (How do your outcomes align with the RfR Policy Objectives see 2.5.1?)
<ul style="list-style-type: none"> Reliable seasonally independent water supply for the Peel Food Zone, Peel Business Park Nambeelup and other enterprise needs Reduction in nutrients within the Peel - Harvey catchment Reduced flood risk within the Peel Food Zone 	<ul style="list-style-type: none"> Data collection and analysis from technical studies and financial modelling 	<ul style="list-style-type: none"> Confirmation of a reliable seasonally independent water supply for the Peel Food Zone Feasibility study that outlines fully costed and effective methods for nutrient reduction Water collection, storage and recovery process design and operating strategy outlined within the feasibility study

2.7. Stakeholder Engagement

Transform Peel, and its main sub-projects, has been in the making for a number of years. A number of strategies have been used to identify and engage potential stakeholders for the business park, food zone and integrated water initiative since early 2013.

1. A Peel Business Park Nambeelup Breakfast was held on 8 November 2013 to provide an update on the business park and the work that was required to bring this project to fruition. The Breakfast was attended by key business and community stakeholders including the Hon Don Randall MHR (Deceased), Mr. David Templeman MLA, Mr. Alan Cransberg, Chairman and Managing Director of Alcoa Australia, Mr. Eric Lumsden, Chairman of the WAPC, Peel local government authority chief executive officers and the respective Shire Presidents and Mayor plus some seventy (70) other leading business and community figures.
2. A meeting of key stakeholders was held on 17 February 2014 attended by senior representatives of MLV Group representing the new owner of Lot 530 at Nambeelup, Shire of Murray, City of Mandurah, LandCorp, Water West; Department of Planning, Department of Water and senior Peel Development Commission staff. This stakeholder meeting was seen as an important 'first step' to connecting key stakeholders with the early stages of the business park development and confirming the alignment of this development with the *Peel Regional Investment Blueprint*.
3. A regional investment breakfast was held on 18 July 2014 in Mandurah and attracted over 120 representatives from government and private agencies. The business park was discussed generating much conversation about the proposed development and its potential.
4. A meeting in October 2014 of representatives of the Peel Region's food and agricultural sector.
5. A business breakfast at Millbrook Winery on 31 March 2015, focusing on agriculture and food in the Peel.

A list of stakeholders consulted since mid-2013 is included in Table 6. In addition to these stakeholders:

1. The Transform Peel initiative has been incorporated into the Peel Region Investment Blueprint and has been part of that wider consultation.
2. The Property Council Australia has identified the Peel Economic and Environmental Initiative (subsequently referred to as Transform Peel) in their recent report entitled *Keep WA Growing*. This report is at **Attachment 6**.
3. In September 2015, the Civil Contractors Federation Western Australia in partnership with Treasurer Mike Nahan, released the WA Infrastructure Report 2015: *Post-boom challenges and opportunities*. This report highlights the current opportunity presented to governments by interest rates being at historic lows and construction industry capacity at a peak in the wake of the decline in mining investment.

In January 2015, Peel Development Commission attracted funding from the Southern Investment Initiative Administration Fund to engage Pracsys to investigate the viability of establishing Peel Business Park Nambeelup, Peel Food Zone and Peel Integrated Water Initiative. The project was overarched by the Peel Legacy Projects Steering Committee which was established to provide advice and guidance to Pracsys and the Peel Development Commission and included representatives from the City of Mandurah, Departments of Commerce; Agriculture and Food WA; Regional Development; Water; and Planning, Landcorp, Peel Development Commission, Peel-Harvey Catchment Council and Shire of Murray. The terms of reference for this steering committee is at **Attachment 7**. The project ran for six months and during that time, a large number of formal meetings were held with international, State, regional and local stakeholders. The stakeholder meetings including those in attendance are at **Attachment 8**.

This project has a high level of support generally at all levels of government and industry.

At a State Government level, the Premier, Deputy Premier, Chair of the Western Australia Planning Commission and various members of the legislative assembly have indicated in principle support for Transform Peel.

Specifically CSIRO, Water Corporation, Landcorp, Shire of Murray, City of Mandurah, Peel Harvey Catchment Council, Food Fibre Timber Industries Training Council, Department of Agriculture and Food WA, CY O'Connor Foundation and Supafresh have committed to undertaking the following roles:

1. City of Mandurah and Shire of Murray have agreed to lead the implementation of Peel Enterprise Competitiveness Support Program.
2. Department of Water and Peel Harvey Catchment Council have agreed to lead the activation of Peel Integrated Water Initiative in partnership with CSIRO.
3. Landcorp has agreed to lead the activation of Peel Business Park Nambeelup.
4. Department of Agriculture and Food WA has agreed to lead the activation of Peel Food Zone.
5. Food Fibre Timber Industries Training Council has expressed its interest in discussing opportunities for the Council to be involved in various phases of Transform Peel and leading key activities such as undertaking research, consultation and skills mapping related to the Peel Enterprise Competitiveness Support Program.
6. CY O'Connor Foundation has submitted an unsolicited offer to operate and maintain a research facility in partnership with other research institutions.
7. Supafresh has agreed to cooperate in the area of food production research and science on nutrient management.

Letters of support and confirmation of involvement are included at **Attachment 9**.

Table 6: Stakeholder engagement

Stakeholder Group	Name or Organisation
Ministers: State	Hon Colin Barnett. Premier Dr Kim Hames MLA Hon Terry Redman MLA Hon Colin Holt MLA David Templeman MLA
Ministers: Federal	Hon Don Randall MHR (Vale)
Businesses and Corporations	Alcoa of Australia Ltd Baiaida and other chicken industry operations Banking Corporations Beef producers in the region Biogas C- WISE Composts Cardup Industrial Park Catholic Church Costa Group David Barnao & Co Food retail stores GD Pork, Craig Mostyn Group and other pig producers in the region George Weston Foods

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Stakeholder Group	Name or Organisation
	Golden Group Martin Biopower MLV Mundella Dairy and other dairy operations MZI Resources Perth Waste, Rivers Regional Council, Biogass, Martins Biopower and other waste management operations Precedo Developments Pty Ltd Royal Aero Club of WA Transport and Logistics Companies Trodan Produce, Spudshed and other horticultural operations
Committees/Councils	Freight & Logistics Council of WA Peel Harvey Catchment Council Peel Regional Leaders Forum Peel Workforce Development Alliance Soil Science Australia Vegetables WA Food Fibre Timber Industry Training Council
Education and Training Providers	Challenger Institute of Technology Curtin University CY O'Connor Foundation Food Fibre and Timber Training Council Murdoch University Peel Region Government and Private Schools Polytechnic West South Metropolitan Youth Link University of Western Australia
Government agencies: State	Alinta Department of Agriculture and Food Department of Environment Regulation Department of Planning Department of Premier and Cabinet Department of Transport Department of Water Forest Products Commission Landcorp Main Roads Water Corporation Western Australia Planning Commission Western Power
Government agencies: Federal	RDA Perth CSIRO RDA Peel
Local Government	City of Mandurah Shire of Boddington Shire of Murray Shire of Serpentine-Jarrahdale Shire of Waroona
Non-government agencies	Chamber of Minerals and Energy Gnaala Karla Booja Peel Chamber of Commerce & Industry South West Aboriginal Land and Sea Council
Individuals	Communities of the five local governments General public Individual landowners

2.8. Critical Assumptions

The following critical assumptions overarch Phase 1 and the longer term delivery of Transform Peel.

1. The Western Australia State Government is willing to buy-in, and invest in the long-term vision that Transform Peel represents for the Perth and Peel regions and is comfortable with this strategic program and staged delivery approach of all four phase 1 sub-projects.
2. Phase 1 will reduce the future investment risk for private investment in the required infrastructure.
3. Phase 1 is the first stage of development of an integrated system wide approach to addressing strategic imperatives associated with the urban expansion of the Perth metropolitan region.
4. Phase 1 will catalyse private investment in the Peel.
5. Transform Peel aligns with the Strategic Assessment of the Perth and Peel regions (SAPPR).
6. A coordinated response with strong governance oversight and accountability is required to deliver Phase 1 and future Transform Peel phases.

Critical assumptions explained

1. Long-Term Buy-In

Each of the Transform Peel projects has a significant history of development, with a minimum of two political terms associated with them to date. The likely timeframes associated with achievement of the identified strategic imperatives mean that it was assumed that at least five successive terms of governments will continue to recognise and address the needs that Transform Peel seeks to impact upon.

2. Reduce future private investment risk

Critical to the achievement of phase 1 is the assumption that initial investment by the State Government will be sufficient to support and encourage investment by the private sector into new enterprise with the result that there will be no further requirement for public funding and projects will be de-risked in terms of their ability to be market ready to deliver outcomes and attract private investment.

3. An integrated system wide approach

A critical assumption is that the combined bundle of projects included within Transform Peel are required to achieve the identified overarching strategic imperatives. This assumption has been based upon an understanding of the need for the Western Australian State Government to intervene to build the overarching impetus for private investment that will transform the Peel economy in a manner that supports the rejuvenation of environmental assets. This has been reflected in both consultation and modelling, with the predominate view emerging that a business-as-usual approach to service delivery will not create the disruption required.

4. Catalysing Private Sector Investment

Critical to achievement of the Transform Peel strategic imperatives will be the ability of government investment to catalyse significant further investment from other tiers of government and the private sector. The critical assumption for Phase 1 is that ultimately such investment can and will be attracted to the Peel, however the business case recognises that significant further work needs to be undertaken during project planning and implementation to ensure that the ultimate value proposition of Transform Peel allows for sustainable competitive advantages for firms within the Peel.

5. Alignment with SAPPR, Nambeelup Industrial Area District Structure Plan and the Regional Estuaries Initiative

Peel Development Commission is actively working with its key stakeholders to ensure that the development strategy for Phase 1 is aligned with both the SAPPR, the Nambeelup Industrial Area District Structure Plan and the Regional Estuaries Initiative.

6. Coordinated Governance Response

There are a large number of public sector stakeholders whose ongoing engagement and buy-in will be integral to the achievement of the *Peel Regional Investment Blueprint* vision for Transform Peel.

2.9. Economic and Financial Analyses

Macro Level Analysis of Transform Peel

State Government investment of \$68,834,296 into Phase 1 of Transform Peel and subsequent investment by the private sector will result in a wide range of economic and environmental benefits. A macro-modelling exercise undertaken as part of this business case³² shows projected benefits to 2031 and 2050 as summarized in Table 7.

Projected benefits to 2031	Projected benefits to 2050
10,000 jobs of which 2,000 are strategic	33,100 jobs of which 8,600 are strategic
Economic output of \$4.3 billion	Economic output of \$16.2 billion
Export value of \$360 million	Export value of \$1.8 billion Gross
Gross value added of \$1.5 billion	value added of \$5.3 billion
Rates income for local government of \$18 million per annum	Rates income for local government of \$50 million per annum
Private sector investment of \$200 million (land sales only)	Private sector investment at full build out will be \$600 million (land sales only)
Cumulative stamp duty accruing to the State of \$110 million	Cumulative stamp duty accruing to the State of \$759 million
Reduction of Total Phosphorous (TP) load from across the Peel Food Zone by 25%	Reduction of Total Phosphorous (TP) load from across the Peel Food Zone by 50% (See attachment 10)
Private sector investment into buildings in Peel Business Park Nambeelup of \$16 billion	Private sector investment into buildings in Peel Business Park Nambeelup of \$2.5 billion
Land tax contribution to the State will be conservatively \$39,000 per annum (year in year out) from the developed lots by 2031	Land tax contribution to the State will be conservatively \$100,000 per annum (year in year out) from the developed lots

Table 7: A snapshot of projected Phase 1 economic and environmental benefits

The population of the Peel is set to increase rapidly according to *Perth and Peel@3.5 million*. Phase 1 has been developed in accordance with the likely future needs of the Peel and greater Perth's population. With this in mind four different options and their contribution to the estimates provided in *Perth and Peel@3.5 million* were identified and assessed.

Economic modelling assumptions are summarised in Table 8. The key considerations being:

- rate at which land can be irrigated and released to market in a given timeframe;
- amount of land which can be irrigated and released to market in a given timeframe;
- The proportion of population-driven to strategic activity that can be achieved with upfront investment in services and market attraction;
- productivity of the land; and
- amount of private investment that can be attracted to the area.

For further details of the economic modelling method and assumptions please refer to the *PSEEI Technical Appendix* at **Attachment 11**³³.

Assumption	Option 1	Option 2	Option 3	Option 4
Peel Business Park Nambeelup	25 ha developable land by 2025, fully tenanted by	50 ha developable land by 2019, fully tenanted by	74 ha developable land by 2020 and a further 120 hectares developable land	74 hectares developable land by 2020, and a further 120 hectares of developable land de-constrained by

³² Pracsys Economics 2015 PSEEI Technical Appendices

³³ Note. Economic benefits described in this document have been superseded by this business case

Assumption	Option 1	Option 2	Option 3	Option 4
	<p>businesses by 2031</p> <p>Presence of population-driven industries</p>	<p>businesses by 2031</p> <p>Presence of population-driven industries</p> <p>Presence of some strategic industries</p>	<p>de-constrained by 2031. Fully tenanted by businesses by 2031</p> <p>Catalytic industry presence by 2020</p> <p>Presence of population-driven industries</p> <p>Presence of significant strategic industries</p>	<p>2031. Fully tenanted by businesses by 2031</p> <p>Significant catalytic industry presence by 2020</p> <p>Presence of population-driven industries</p> <p>Increased presence of significant strategic industries due to combined effect of Peel Food Zone and Peel Integrated Water Initiative</p> <p>Potential northern extension to northern government land holdings</p> <p>Peel enterprise competitiveness support program to strengthen existing and new enterprise</p>
Peel Food Zone	<p>No land specifically designated for agriculture</p>	<p>500 ha of land for agriculture use by 2031</p> <p>2000 ha of land for agriculture use 2050</p>	<p>1500 ha of irrigated agriculture land with limited water supply by 2031</p> <p>3000 ha of irrigated agriculture land with limited water supply by 2050</p>	<p>1500 ha of irrigated agriculture land with water pipeline supply by 2031</p> <p>3000 ha of irrigated agriculture land with water pipeline supply by 2050</p>
Peel Integrated Water Initiative	<p>Change only occurs to the sub-catchment water quality via activism and through “firefighting” interventions. Eventual cost of cleaning up environmental collapse far higher than the Peel Integrated Water Initiative</p>	<p>Environmental actions improve the water quality, however with no strategic focus there is no sustainable benefit</p>	<p>Evidence base is developed across the catchment, exercise in science and technology, in the absence of a market for the harvested water, there is no implementation and therefore limited long-term environmental benefit</p> <p>Option runs the risk of being an expensive Option 2</p>	<p>Evidence base is developed across the catchment – seasonally independent water supply for Peel Food Zone is quantified and the potential for substantial improvement to the sub-catchment water quality outlined.</p> <p>Limited investment model by Government and encouragement for private Investment in infrastructure that delivers the first 1500 ha of the Peel Food Zone</p>

Assumption	Option 1	Option 2	Option 3	Option 4
Employment and Productivity	Benchmarked Employment and productivity ratios			
Total output	National averages (ABS 2011)			
Private investment value	\$40,000/ha to develop medium intensity irrigated land (ex. Advanced closed loop irrigation systems in Option 4)			

Table 8 Economic modeling assumptions³⁴

Micro Level Analysis Peel Business Park

With specific regard to the Peel Business Park Nambeelup sub-project, more detailed analysis by Landcorp indicates that the initial 74 hectares of land can be broadly allocated to industry sectors as shown in the dialogue box below.

Peel Business Park – First 10 Years Industry Attraction
 The Peel Business Park is focussed on **job creation** through delivering **industry development** opportunities focussed around two transformational industry clusters and the provision of population driven industries and service opportunities.

The quantum of land uses being targeted for **industry attraction to the Guaranteed Net Developable Area of 74ha** are:

Industry Grouping	% of NDA	Hectares
Agri-food and Agri processing	30% of total	22Ha
Transport and Logistics	35% of total	26Ha
General and Light Industries (including transformational support industries)	25% of total	18.5Ha
R&D / Training / Large Format Retail / Commercial	10% of total	7.5Ha

Additionally there will be a further 6 hectares developed to accommodate on-site servicing solution requirements.

With industry attraction and land take up rates as shown in the dialogue box below

Peel Business Park - Industry Attraction and Land Take-Up Forecast (First 10 Years)
 The Peel Development Commission and LandCorp have had approaches from several firms already around potentially relocating or establishing businesses in the Peel Business Park who would meet the ‘transformational’ industries clusters identified in the vision. In addition there are other industries who have expressed interest in the Park being part of their long term considerations.

The Marsden and Jacobs Report into the Agri-Food & Agri-Industries transformational industry clusters also confirmed that there are easily identifiable firms within the Perth Metropolitan area who will require alternative sites within the next 10 years in response to pressures on the existing operations from surrounding land uses or in order to expand and achieve efficiency gains. As part of the Transform Peel Project, industry attraction through

³⁴ Source: Pracsys 2015

marketing and business liaison will form an important ‘whole of Government’ element to the successful achievement of the Government’s jobs creation goal. This will include utilising the skills of the new agriculture unit within the Department of State Development.				
Year	Agri-Food & Agri-Processing	Transport & Logistics	General & Light Industry	R&D / Training/ Large Format Retail / Commercial
1			3 lots (1Ha)	
2	Noodle Producer (5Ha)	Transport Facility (2Ha)	4 lots (1.5Ha)	R&D Campus Stage 1 - 10 units (1Ha [#]) 5 Commercial lots (1Ha)
3	Mushroom Producer (4Ha)		3 lots (1Ha)	
4		Transport Facility (1Ha)	4 lots (2Ha)	
5	Animal Feed Producer (4Ha)	Vegetable Packing (1Ha)	3 lots (1Ha)	Strata Commercial - 10 units (1Ha*)
6		Vegetable Packing (1Ha)	4 lots (2Ha)	R&D Campus Stage 2 - 10 units (2.5Ha [#])
7			6 lots (2Ha)	
8	Chicken Processor (4Ha)	Vegetable Packing (1Ha)	4 lots (1.5Ha)	5 Commercial lots (1Ha)
9		Common User Growers Co-op/ Market (5 Ha)	4 lots (2Ha)	
10	Milk Processor (5Ha)	Milk Distribution linked to Processor (15Ha)	6 lots (2Ha)	5 Commercial lots (1Ha)
<p>Additionally the common user infrastructure and on-site services lot will be developed in Year 1 (4ha) and Year 4 (2ha)</p> <p>Assumes: TAFE obtains site adjacent to but not inside Peel Business Park Nambeelup (due to need for paddocks); a new combined service centre / truck stop / fuel station on Lot 604 – entrance to estate – for the early provision of food services for Park employees; and the Campus style development is similar to Bentley Tech Park/ AMC Jackovich Centre.</p> <p>The private sector is only likely to activate their land after year 5 (Optimistic) or more likely Year 10 and will be when land values reflect the necessary commercial margin over the estimated land development cost. The initial government land development will be necessary demonstrate demand for the Peel Business Park and generate the transformational anchor industries which will then support ancillary activities.</p>				

And with estimated development costs and revenue as per the next dialogue box

Peel Business Park – Estimated Development Costs and Revenue (per sqm)			
<p>The Government has a stated objective of job creation through delivering industry development opportunities in the Peel. The early activation of Peel Business Park will not be achieved unless there is State Government intervention in the provision of expensive trunk infrastructure, with funding provided via Royalties for Regions and the assistance of LandCorp in guaranteeing delivery of lots to the market.</p>			
Lots size - Hectares	Estimated Revenue - Conservative ¹ \$/sqm	Estimated Revenue - Optimistic ² \$/sqm	Estimated Development Cost - Traditional ³ \$/sqm
< 2,000 sqm	\$95	\$145	\$110
2,000 – 5,000 sqm	\$90	\$140	
5,000 – 10,000 sqm	\$80	\$130	

10,000 sqm – 30,000 sqm	\$70	\$120
> 30,000 sqm	\$60	\$110

¹ **Conservative** estimated land rates for Nambeelup based on lot size range and current 2016 sales evidence taken from the following estates:

- Pinjarra
- Port Kennedy
- Rockingham
- Picton
- Bullsbrook

Larger scale lots are also aggressively priced to attract anchor tenants in the identified transformational industries which will drive associated ancillary businesses and generate the highest flow on job creation.

It should be noted that market values within Peel’s industrial areas have declined in the past 12 months. There has been a lack of recent sales transactions at the mentioned estates and the current lots on market asking prices has resulted in the lots becoming stagnant (not being attractive to purchasers).

² **Optimistic** land rates based on market rates returning to those achieved pre-2012, and smaller lots under 5,000 sqm more closely reflecting the premium rates achieved in the tightly held Gordon Road area.

³ **Estimated Development Costs** are based on advice from Cossill & Webley for traditional servicing and development without achieving any innovation (as innovative solutions will require further detailed engineering costings and also approvals from the necessary regulators).

Due to the need to for internal infrastructure, significant fill and drainage requirements (unless lower cost innovative solutions can be found), development cost will average \$110/sqm – (based on costing estimate for first stage lots) and excluding the cost of trunk infrastructure.

The expected economic outcomes are as per the next dialogue box.

<p><u>Peel Business Park - Expected Economic Outcomes from Industry Attraction (First 10 Years)</u></p> <p>All results are based on LandCorp/Pracsys “Rule of Thumb” Study (RoT). The study is based on ABS statistics with Capital Cost based on Rawlinsons figure of \$1000/sqm and Site Covers between 20-40% of NDA The current Canningvale, Kewdale, Malaga, Osbourne Park and Kwinana have been used as proxies for each of the identified industry clusters within the Peel Business Park.</p> <ul style="list-style-type: none"> • Jobs (these are the jobs created in permanent workforce businesses operational phase – doesn’t reflect civil or land development construction workforce which is additional) • Business capital investment (reflects Buildings and Infrastructure capital only and does NOT include capital investment into Plant and Equipment which is additional) • Output Contribution is to Gross State Product

Industry	NDA Ha	Minimum # of Businesses based on lots	RoT Business/ Ha	RoT Total Businesses by Year 10	RoT Jobs/ Ha	RoT Jobs by Year 10	Private Sector investment in Buildings and	RoT Capital Investment by Year 10	P.A. Contribution to GSP/ Ha	RoT GSP/ Ha by Year 10
Agri-food & Processing (Canningvale)	22	5	1.6	35	25	550	Site Cover 30% \$3m	\$66m	\$10.4m	\$228m /pa
Transport & Logistics (Kewdale)	26	7	0.8	21	16	416	Site Cover 20% \$2m	\$52m	\$8m	\$208m /pa
General & Light Industry (Malaga)	18.5	41	3.9	72	28	518	Site Cover 30% \$3m	\$55m	\$11.5m	\$213m /pa
Commercial / R&D (Osbourne Park)	7.5	45	4	30	49	367	Site Cover 40% \$4m	\$30m	\$16.5m	\$124m /pa
Common User Infrastructure (Kwinana)	6	4	0.2	1	1.9	11	Site Cover 10% \$2.5m	\$15m	\$2.5m	\$15m /pa
Estimated Contribution expected by/at Year 10	80Ha	102	159 Businesses Established	1862 Jobs Created			\$218m Private Capital Invested	\$788m /pa Contribution to GSP		

In addition there will be other development benefits including construction jobs

Creation of Construction Jobs in the development of Business Park to Year 10			
	\$ Capital Spend	Jobs** /\$m	Total Additional Jobs from Construction Activities
Actual Service Delivery Traditional Commo User Trunk Infrastructure (Cossill & Webley Estimates)	\$45m	6.7/\$m	151 construction contractor jobs/pa for 2 years (301 contractor jobs)
Land Development – first 120Ha (Cossill & Webley Estimates of \$1.1m/ha)	\$81.4m	6.7/\$m	54.5 construction contractor jobs/pa over 10 years (545 land development contractor jobs)
Civil Construction (private sector) – first 120Ha	\$218m	6.7/\$m	146 construction contractor jobs/pa for 10 years (1461 civil construction jobs)

Total Local Construction Jobs Generated			351.5 jobs/pa Years 1 - 2 200.5 jobs/pa Years 3-10
<p>** The employment impact estimated using the methodology outlined above should be expressed as the average number of FTE jobs <i>supported</i> by \$1 million of final demand for construction services, rather than jobs generated (Source: Employment supported by final demand for construction services, Queensland Treasury, Office of Economic and Statistical Research, Technical Note, June 2011) – see attachment 13. The FTE employment ratio of 6.70 jobs per \$1 million relates to only government gross fixed capital formation relating to construction services in 2011-12.</p>			

As well as revenue from sales as per the dialogue box below

Peel Business Park – Total Forecast Revenue from Sales			
<p>This is based upon the Industry Attraction and Land Take-Up Forecast (First 10 Years) with the sales rates based on 2016 and no escalation. There are both conservative and optimistic /sqm rate shown as outlined in the Estimated Development Costs and Revenue (per sqm).</p>			
Year	Total land area sold Ha/yr	Forecast Revenue - Conservative	Forecast Revenue - Optimistic
1	1	\$850,000	\$1,350,000
2	10.5	\$7,300,000	\$12,550,000
3	5	\$3,250,000	\$5,750,000
4	3	\$2,250,000	\$3,750,000
5	7	\$4,650,000	\$8,150,000
6	5.5	\$4,000,000	\$6,750,000
7	3	\$2,400,000	\$3,900,000
8	8.5	\$6,000,000	\$10,250,000
9	7.5	\$4,950,000	\$8,700,000
10	23	\$14,650,000	\$26,150,000

Micro Level Analysis Peel Integrated Water Initiative

The Peel Integrated Water Initiative is important both in terms of the water capture value as well as the significant impact it will have on the reduction of nutrient flows across the Peel Food Zone.

In terms of water supply; the Peel Integrated Water Initiative has a number of direct and indirect benefits including reducing the use of potable water and enabling industry and enterprise with a high level of dependency on water.

Over 10 years of operation, a new water management scheme could deliver up to 50Gl of water. If this saves the equivalent of 10% of its volume in potable water supplies at a current price of \$2 per kl, the value of water saved over this period is approximately \$10m in total.

As a development enabler, the new source of water that would derive from the Peel Integrated Water Initiative will be a critical part of securing long term seasonably independent water for the regions mining enterprises, to support new urban development anticipated in the region, and to support new investment into the Peel Food Zone and the Peel Business Park.

In terms of environmental impact, the Peel Integrated Water Initiative will have the capability of reducing nutrient flows across the Peel Food Zone by up to 50% therefore meeting the target set by the Water Quality Improvement Plan for the Nambeelup sub-catchment which equates closely with the Peel Food Zone (**see Attachment 10 Part A**).

The successful demonstration of this approach will act as a forerunner to a more substantial program under SAPPR, across the whole of the Peel-Harvey Catchment.

The direct and indirect benefits of maintaining water quality in the Peel Regions waterways has been captured on an internal paper written by the Peel Development Commission in 2013 (**see Attachment 10 Part B**).

The direct and indirect use values of the natural systems and waterways are deemed to have an approximate value of \$5 billion per annum³⁵. Given that the food zone represents approximately 5% of the land area of the Peel Region and is responsible for approximately 15% of total phosphorous losses into the Peel Harvey system, the Peel Integrated Water Initiative has the ability to ensure stability in the natural systems through appropriate land uses and water management systems and maintenance of the value in those systems.

Micro Level Analysis Peel Food Zone

The Peel Food Zone brings a number of significant benefits to the overall Transform Peel initiative, including providing a strategically planned and managed State asset/facility, a critical environmental management initiative, and the development of a research and innovation capability that reaches beyond the State and into major international markets.

With regard to the planning and establishment of a dedicated food production zone, the Peel Food Zone establishes a critical zone to attract food production activities proximate to the Perth Metropolitan Region, maximizing use and efficiency in the crucial peri-urban zone of the Perth Metropolitan Area which has for so long remained undefined and subsequently inefficient. In addition, the Peel Food Zone plays a crucial role in the process of shifting food production systems to more modern techniques and technologies.

The environmental program that is a core element of the Peel Food Zone incorporates the key initiatives identified in the SAPPR process requiring urgent attention in the Swan Coastal Plan – namely fertiliser management, soil amendment, drainage work and key natural assets. This environmental program is an important forerunner to a larger SAPPR initiative and will develop significant lessons for SAPPR.

The research project in the Peel Food Zone is the result of both an unsolicited offer from a world-class research foundation, and the proposed formation of new Australian Government supported Co-operative Research Centre investigating and researching new water sources as a major theme. The research initiatives already in planning are of a nature where the results will have international implications - where the intellectual property can be commercially captured and where the research can lead directly to innovation.

³⁵ 2008 Prices

2.10. Assessment of Options

Four options were considered for Phase 1 as outlined below.

a) Option 1: Business as usual

With no public funding and no intervention, development in the sub-projects of Transform Peel will be attributable to existing market drivers only. There will be only minimal investment in Peel Business Park Nambeelup, with a likely focus on light industrial uses. There will be minimal new investment in food production beyond a small number of growers with small market access. There will be no integrated water management approaches beyond ad hoc initiatives, and a continued deterioration in the state of the waterways.

b) Option 2: Progress

Minor public sector interventions and incentives would see a larger area of Peel Business Park Nambeelup developed with some attraction of strategic industry. Small investment in food production would be supported through the provision of some infrastructure, some measure of intervention in water resource development and nutrient management, but insufficient to impact at a scale required.

c) Option 3: Buy In

A greater level of public sector funding and support, but not sufficient to significantly transform the region's economy.

d) Option 4: Transformation

Recognition of the transformational potential of Transform Peel, and a concerted level of support. Recognition of the importance of an integrated approach for the sub-projects of Transform Peel, supported by an enterprise competitiveness program. Strong agglomeration economies, more rapid vertical integration of enterprise and increased employment and productivity. Strong export markets and substantial levels of strategic employment.

Preferred Option

Based upon extensive consultation with public and private stakeholders *Option 4 – Transformation*, in which each element of Phase 1 (integrated water initiative, food zone, business park and enterprise competitiveness support program) are all funded, has the greatest alignment to the strategic imperatives of the Western Australian State Government and the vision of the *Peel Regional Investment Blueprint*. This option provides a scenario in which the food zone could use the water resources created through the integrated water initiative to support enhanced outcomes for Transform Peel as a whole, as well as providing a means of generating direct employment and increased export food value and contributing to significant employment and economic value in the business park. In addition it would go beyond the significant economic values through environmental and social benefits that would result from improvements in water quality in the Peel-Harvey Estuary.

Some of the benefits would be:

- increase in strategic jobs and resultant population-driven increase in employment that can be achieved with upfront investment in infrastructure delivery and market attraction;
- amount of total job increase from 2031 through to 2050;
- amount of private investment that can be attracted to the area; and
- marked increase in output value and gross value-add.

Table 9 summarises the four options that were considered for funding the delivery of Phase 1.

	Peel Business Park Nambeelup	Peel Water Initiative	Peel Food Zone
Option 1: Business as usual	<ul style="list-style-type: none"> 25 ha developable land by 2025, fully tenanted by businesses by 2031 Presence of population-driven industries 	<ul style="list-style-type: none"> No water reuse infrastructure No change to the sub-catchment water quality 	<ul style="list-style-type: none"> No private sector investment by 2025 No increase in higher intensity agriculture land uses
Option 2: Progress	<ul style="list-style-type: none"> 50 ha developable land by 2019 fully tenanted by businesses by 2031 	<ul style="list-style-type: none"> Water capture, treatment and disposal infrastructure at Peel Business Park Nambeelup No water stored or reused Minimal improvement to the sub-catchment water quality 	<ul style="list-style-type: none"> \$10 million private sector investment by 2020 No increase in higher intensity agriculture land uses
Option 3: Buy in	<ul style="list-style-type: none"> 74 hectares of developable land by 2020 and a further 120 hectares of developable land de-constrained by 2031. Fully tenanted by businesses by 2031 Catalytic industry presence by 2019 Presence of population driven industries Presence of significant strategic industries 	<ul style="list-style-type: none"> Water capture, treatment and disposal infrastructure at Peel Business Park Nambeelup Substantial improvement to the sub-catchment water quality. 	<ul style="list-style-type: none"> \$25 million private sector investment by 2025 Significant increase in medium to high intensity agriculture land uses
Option 4: Transformation	<ul style="list-style-type: none"> 74 hectares of developable land by 2020 and a further 120 hectares of developable land de-constrained by 2031. Fully tenanted by businesses by 2031 Catalytic industry presence by 2020 Presence of population driven industries Increased presence of significant strategic industries due to combined food zone and integrated water initiative Potential northern extension to northern government land holdings Implementation of enterprise competitiveness support program 	<ul style="list-style-type: none"> Water capture, treatment and disposal infrastructure at Peel Business Park Nambeelup State of the art integrated water management outcomes within the Peel Food Zone. Significant water quality improvements in environmental flows. Optimize water resources and facilitate economic growth. . 	<ul style="list-style-type: none"> \$50 million private sector investment by 2025 Transformational increase in higher intensity agriculture land uses. Security of fit-for-purpose water supply for the Peel Food Zone

Table 9: Four options considered for funding delivery of Phase 1

In translating the gains from Option 4 into economic terms the disparity between the options in terms of quantity of job creation and value of improved productivity and attraction of private investment is substantial as illustrated in Table 10.

Area of Outcome	2011	2031				2050			
		Option 1	Option 2	Option 3	Option 4	Option 1	Option 2	Option 3	Option 4
Total jobs	410	1,700	2,500	9,600	10,000	6,000	11,000	22,800	33,100
Strategic jobs	120	400	500,	1,800	2,000	1,100	3,000	4,700	8,600
Export value	\$42M	\$54M	\$80M	\$300M	\$360 M	\$200M	\$500M	\$900M	\$1,800M
Output value	\$192M	\$700M	\$1,000 M	\$4,000M	\$4,300 M	\$2,400M	\$5,000 M	\$10,200 M	\$16,200M
GVA	\$57M	\$300M	\$400M	\$1,300M	\$1,500 M	\$800M	\$1,700 M	\$3,300 M	\$5,300M

Area of Outcome	2011	2031				2050			
		Option 1	Option 2	Option 3	Option 4	Option 1	Option 2	Option 3	Option 4
Total private investment	Unknown	\$21M	\$42M	\$200M	\$200M	\$166M	\$310M	\$500M	\$600M

Table 10. Comparison of options and return on investment against each option

The Peel Food Zone helps contribute to a transformational increase in employment and economic value for Peel Business Park Nambeelup as per Table 11.

Option 4 Transformation Benefit in Peel Business Park Nambeelup (Increase from Option 3) from development of the Peel Food Zone	2031	2050
Total Employment	500	11,000
Strategic Employment	200	4,000
Export (\$)	160 M	2,100 M
Output	300 M	6,000 M
Gross Value Add	200 M	2,000 M

Table 11. Option 4 Peel Business Park Nambeelup increase in value and employment

Given the modelled outputs and the rationale for the comparison it is clear that Option 4 - Transformation will meet the strategic imperatives outlined within this business case, and is aligned with government policy objectives and Royalties for Regions goals. A detailed analysis of all options is included at **Attachment 12**

2.11 Funding Strategy

The business case funding strategy is based on a “gateway’ approach. This business case seeks overall approval of \$68,834,296 from the Royalties for Regions Program, with a firm initial commitment to fund \$49,309,806 for elements of all sub-projects deemed necessary to advance the Transform Peel program. The balance of \$19,524,490 to be made available after a further approval is secured at a gateway as is more fully detailed in the following Section 2.12

Sub-project	Initial firm commitment	Additional funding following gateway approach	Total
1. Program management	\$1,205,310	\$2,089,690	\$3,295,000
2. Enterprise Competitiveness Support Program	Included in above	Included in above	Included in above
3. Peel Business Park Nambeelup Activation	\$45,211,296	0	\$45,211,296
4. Peel Food Zone	\$643,200	\$7,859,800	\$8,503,000
5. Peel Integrated Water Initiative	\$2,250,000	\$9,575,000	\$11,825,000
TOTAL	\$49,309,806	\$19,524,490	\$68,834,396

Table 12: Budget summary

Transform Peel is a long term program of development directed at meeting the needs of a growing Peel and meeting the strategic imperatives of a changing Western Australia.

Transform Peel Phase 1 is concerned with the activation of three significant investment projects (Peel Business Park Nambeelup, Peel Food Zone, and Peel Integrated Water Initiative), and one critical support project – the Peel Enterprise Competitiveness Support Program.

This activation will take place over the period 2016 to 2021 and includes funding of a set of technical elements, infrastructure and institutional processes deemed necessary to properly plan, de-risk and prepare Transform Peel projects for market readiness.

The sub-projects that make up Phase 1 have all been in planning for a number of years in different configurations, and have come together in Transform Peel as a single program.

The infrastructure elements created in Transform Peel Phase 1 all have governance arrangements in place (ownership, operations and maintenance).

Within the funding requests is provision for administration costs of an overarching steering committee, a program management unit, the appointment of Project Managers for each of the four sub-projects and consultant/contractor costs for the different sub-projects.

The funding strategy has seven components:

1. \$45,211,296 for design and construction of common use bulk infrastructure to catalyse investment on the first 200 hectares of developable land (290 hectares gross) of Peel Business Park Nambeelup. Common use trunk infrastructure includes:
 - a) planning initiatives
 - b) road development
 - c) electricity and gas
 - d) packaged waste water treatment plant
 - e) potable water
 - f) data
 - g) managed aquifer recovery and recharge infrastructure – a separate application for funding has been submitted by the Department of Water to the Australian Government for funding for technical investigations at Nambeelup.

Treaties or deeds of agreement will be formalised between landowners in relation to funding internal infrastructure not deemed to be common use infrastructure. This is more fully detailed in Table 13: Value Capture.

LandCorp’s current strategic land holding would be applied to achieve project outcomes over the development lifecycle of the project:

2. Release of an initial \$643,200 to plan the food zone and establish detailed design of the research facility and environmental management elements. Release a further \$7,859,800 for the implementation of the food zone elements, after gateway approval;
3. Release of an initial \$2,250,000 to undertake key technical preparation work for the Peel Integrated Water Initiative. Release of a further \$7,859,800, after gateway approval, for implementation of capital works and establishing replicability for the SAPPR program;
4. Release of an initial \$1,205,310 to establish a Program Management Unit to oversee all elements of Transform Peel, support the overall Steering Committee, establish the Enterprise Competitiveness program and undertake planning of the food zone;
5. Depending on the scope of the research component associated with the integrated water initiative there is the potential for CSIRO to contribute up to 40% (approximately \$2 million) to the funding of research components undertaken in partnership with CSIRO (as outlined in letter of support). The details of this potential partnership will be available as a result of the detailed planning that will be required once this business case has been endorsed by Cabinet;
6. The Department of Water has recently applied to the National Water Infrastructure Development Fund for funding to investigate technical aspects of the aquifer conditions below the Business Park Nambelup;
7. The gateway approach to the funding for this business case recognises the longer term “program” nature of Transform Peel, the need for risk management in the program, and the potential for other funding to become available for sub-projects of Transform Peel during implementation of the program.

Additional strategies to ensure value capture for the activation of 290 hectares of land within Peel Business Park Nambelup as outlined in Table 13 will be actively considered by Landcorp during the planning of Phase 1. These strategies typically represent the variety of options available for value capture.

Model and Options	Comment
Developer Agreements between Land Owners	Cost sharing agreements and pre-funding agreements are also an element of project delivery (for internal infrastructure) and represent a way to secure private contributions and returns over time as development progresses.
Developer Contribution Scheme/s	State Planning Policy 3.6 sets out development contribution provisions for standard infrastructure items applied by the Western Australian Planning Commission (WAPC) on the subdivision, strata subdivision, or development of land. It also provides a consistent, accountable and transparent system for local governments to plan and charge for community infrastructure items which are not included in the standard provisions through development contribution.
Future Returns from specific LandCorp Land	Through development of this land, over time Government will receive further returns including project returns flowing into LandCorp’s annual tax equivalence and dividend payments to the Consolidated Fund.
LandCorp Partnership Agreements	LandCorp is engaged in a number of discussions with land owners within the Nambelup Industrial Area on partnering models which aim to ensure land supply is activated and also that value uplift is captured as land is de-constrained, made project ready then released to the market.
Rates, Taxes and Charges	The State and local governments authorities stand to realise future revenue streams arising from Stamp Duty (on land and also improved property as it changes ownership) including local government rate payments on industrial and commercial land uses (which are much higher than the current rural land rates) and land tax from developed property held by investors and businesses (and not owner occupied)
Differential Rate	There is scope and precedent for local government authorities to apply in the future a differential rate to the Nambelup Industrial Area, to reflect any specialised services it provides to the land owners/ businesses in the area.

Table 13: Value capture

With specific regard to the Peel Business Park Nambeelup, Landcorp will be pursuing value capture revenue sources as is more fully detailed in Consult Australia June 2015 report in **Attachment 14** and as summarized in the dialogue box below:

<p>Peel Business Park - Value uplift and capture opportunities</p> <p>The Consult Australia June 2015 report Value Capture Roadmap outlines examples of potential value capture revenue sources (Listed in Table 4 on page 27 of the report).</p> <p>This provides a framework that can be used to evaluate these sources for a given location and those that could be applied to Nambeelup Business Park are outlined in bold.</p> <p>LandCorp will be pursuing potential value capture revenue sources for the Nambeelup Business Park using the Consult Australia June 2015 report framework as follows:</p>		
Retail sales taxes (GST)	Transfer (stamp) duty	Payroll taxes
Property taxes	Council rates	Development contributions
Voluntary planning agreements	Special rates	Sale of bonus gross floor area
Sale / lease of air rights	Sale / lease of development sites	Parking levies
Hotel taxes	Capital gains taxes	Property development
<p>LandCorp believes that the most effective approach to value capture is with commercially negotiated Developer Agreements with the private sector landowners and proponents. These agreements provide greater certainty to landowners and businesses moving to the Park. They are also represent a reduced financial risk to government, both local and State compared to a development scheme. Additionally the setting of a special area rate can be used to fund specific local government infrastructure with less regulatory cost and red tape obligations</p>		

2.12 Budget

2.12.1 Total Budget

Table 14 identifies the total budget requirements across the four sub-projects of Phase 1.

This Business Case and LandCorp’s internal business case for the development of current landholdings (which may include partnering agreements with private sector land owners) are interdependent with each relying on the other to collaboratively leverage capital investment to establish and nurture demand for new industries within the Peel.

Sub--project	Milestone	Main activity	Budget (\$)	Source of Funds	Quality of estimates	Has the Funding been Secured?
GOVERNANCE	Establish governance structure, system and communications strategy	Establish Program Steering Committee	0	n/a		n/a
		Establish Program Management Procure Project Directors for sub-projects	1,205,310 2,089,690	RfR	Costs based on four years, with operational budget to undertake program management and various allocated technical elements of transform Peel (including enterprise competitiveness program and peel food zone planning)	No
		Governance Sub Total	1,205,310 2,089,690	RfR		No
PEEL ENTERPRISE COMPETITIVENES	Program elements agreed	Stakeholder consultation	0	n/a	To be undertaken by Program Management Unit under operational budget	n/a
	Program elements developed and ready for implementation	Design of support program with stakeholders /partners	0	n/a	To be undertaken by Program Management Unit under operational budget	n/a
	Program elements in implementation	Implementation of support initiatives for 2 years	0	n/a	To be undertaken by Program Management Unit under operational budget	n/a
		Peel Enterprise Competitiveness Project Sub Total	0	n/a	To be undertaken by Program Management Unit under operational budget	n/a

Department of Regional Development

Sub--project	Milestone	Main activity	Budget (\$)	Source of Funds	Quality of estimates	Has the Funding been Secured?	
	Conduct assessments	Phase 1 area environmental assessment and strategy: <ul style="list-style-type: none"> • Technical investigations and strategies • Identification of infrastructure elements • Detailed planning, design and costing of infrastructure elements. 	See Attachment 15	RfR	See Attachment 15 for detailed costings.	No	
		Statutory planning instruments in place to define if any additional studies are required.			See Attachment 15 for detailed costings.	No	
	Major external common use infrastructure	Scope, design and cost estimates for major external common use infrastructure including: <ul style="list-style-type: none"> • Waste water pump station and pressure main, • Potable water supply • Electricity supply • Gas supply • Lakes Road upgrade • Common-user sites and access 		See Attachment 15	RfR	See Attachment 15 for detailed costings.	No
		Major external common use infrastructure construction: <ul style="list-style-type: none"> • Waste water pump station and pressure main • Potable water supply • Electricity supply • Gas supply • Lakes Road upgrade • Common-user sites and access 				See Attachment 15 for detailed costings.	No
		Detailed planning, design and construction (if viable) of interim internal infrastructure				See Attachment 15 for detailed costings.	No
		Environmental infrastructure - Implementation and construction of projects identified in the environmental assessment.				See Attachment 15 for detailed costings.	No
	Project management	Project Director fees and costs		See Attachment 15	RfR	See Attachment 15 for detailed costings.	No

Department of Regional Development

Sub--project	Milestone	Main activity	Budget (\$)	Source of Funds	Quality of estimates	Has the Funding been Secured?
		Peel Business Park Nambelup Estimated maximum budget of \$52 million to be confirmed by Landcorp	45,211,296	RfR	See Attachment 15 for detailed costings.	No
PEEL FOOD ZONE	Framework for the establishment of the Peel Food Zone	Work with stakeholders to establish framework for Peel Food Zone	0	n/a	To be undertaken by Program Management Unit	n/a
	Detailed planning and design of essential supporting infrastructure projects (including approvals)	Environmental program – engagement	100,000	RfR	Estimated engagement of community and industry on the environmental project elements. Peel Harvey Catchment Council estimates Attachment 2 to business case	No
		Research facility – detailed design and costing	350,000	RfR	Shire of Murray cost estimates. Funding required for design work and for governance arrangement. Unsolicited offer process to be followed, requiring legal/financial expertise	No
	Planning and establishment of Food Zone	Consultation with Stakeholders	0	n/a	To be undertaken by Program Management Unit under operational budget	n/a
		Determining planning instruments	0	n/a	To be undertaken by Program Management Unit under operational budget	n/a
		Develop management system	0	n/a	To be undertaken by Program Management Unit under operational budget	No
		Establish Peel Food Zone	0	n/a	To be undertaken by Program Management Unit under operational budget	No
	Implementation of essential supporting infrastructure	Environmental program – implement	4,130,000	RfR	PHCC estimate. Attachment 2 to Business Case	No

Department of Regional Development

Sub--project	Milestone	Main activity	Budget (\$)	Source of Funds	Quality of estimates	Has the Funding been Secured?
		Research facility – contracting, construction, completion	3,150,000	RfR	PDC, CYO Foundation and Shire of Murray. Original unsolicited offer, with follow-up consultations and discussions with the Shire of Murray on the specific site issues requiring attention at North Dandalup	No
	Project Management	Project Management	193,200 579,800	RfR	Estimated at 10% of project cost	No
		Peel Food Zone Sub Total	643,200 7,859,800	RfR		No
PEEL INTEGRATED WATER INITIATIVE	Preparation towards integrated water management system	Alignment with all other government and non-government actions in the same sub-catchment (SAPPR, Regional Estuaries Initiative etc)	30,000	RfR	Costings provided by Department of Water, CSIRO and Peel Harvey Catchment Council, through discussion and agreement	No
		Review of existing data – best bet analysis of aquifer properties to include assessment of current water allocations and potential aquifer supply capacity. Gap Analysis and recommendations for further investigation.	120,000	RfR	Costings provided by Department of Water, CSIRO and Peel Harvey Catchment Council, through discussion and agreement	No
		Preliminary drilling to support investigations into aquifer properties and response.	390,000		Costings provided by Department of Water, CSIRO and Peel Harvey Catchment Council, through discussion and agreement	
		Quantification of seasonal water availability from all sources. Development of supply-side water balance to understand water availability and seasonal fluctuation.	120,000	RfR	Costings provided by Department of Water, CSIRO and Peel Harvey Catchment Council, through discussion and agreement Costings provided by Department of Water, CSIRO and Peel Harvey Catchment Council, through discussion and agreement	No
		Strategic analysis at sub-catchment level to characterise risk of nutrient export and identification of potential integrated water management options including identification of options for priority “pilot” works.	90,000	RfR	Costings provided by Department of Water, CSIRO and Peel Harvey Catchment Council, through discussion and agreement	No

Department of Regional Development

Sub--project	Milestone	Main activity	Budget (\$)	Source of Funds	Quality of estimates	Has the Funding been Secured?
		Sub-catchment scale quantification of in-catchment infiltration, storage and retrieval capacity in addition to improved management of water and terrestrial environmental assets through implementation and assessment of pilot works. Quantification to , include cost-benefit analysis of various (short and longer term) options, ranging from low technology/low cost solutions to more advanced technology/higher cost solutions, with water cost to consumer as comparison.	1,500,000	RfR (potential additional CSIRO funding)	Costings provided by Department of Water, CSIRO and Peel Harvey Catchment Council, through discussion and agreement	No
		Identification and planning of intervention points, MAR&R locations, drain interception locations, drain design changes, water treatment options and environmental and planning approvals.	2,000,000	RfR (potential additional CSIRO funding)	Costings provided by Department of Water, CSIRO and Peel Harvey Catchment Council, through discussion and agreement	No
	Implementation of pilot project water capture, treatment and storage project and undertake trials	Construction of identified priority works emerging from investigations and preliminary assessment of pilot works program.	4,650,000	RfR	Costings provided by Department of Water, CSIRO and Peel Harvey Catchment Council, through discussion and agreement	No
		Assessment and analysis of implemented works.	1,200,000	RfR (potential additional CSIRO funding)	Costings provided by Department of Water, CSIRO and Peel Harvey Catchment Council, through discussion and agreement	No
	Establishing replicability of integrated water management system	Development of formal adaptive management framework for broader scale implementation	200,000	RfR	Costings provided by Department of Water, CSIRO and Peel Harvey Catchment Council, through discussion and agreement	No
		Hydraulic model of supply and delivery model, including operating protocols	200,000	RfR	Costings provided by Department of Water, CSIRO and Peel Harvey Catchment Council, through discussion and agreement	No

Department of Regional Development

Sub--project	Milestone	Main activity	Budget (\$)	Source of Funds	Quality of estimates	Has the Funding been Secured?
		Identification of private sector investment opportunities, additional supporting elements required (development of concept papers, and preparation of investment prospectus)	250,000	RfR	Costings provided by Department of Water, CSIRO and Peel Harvey Catchment Council, through discussion and agreement	No
	Project management	Project Director fees and costs	1,075,000	RfR	Estimated at 10% of total cost of Peel Integrated Water Initiative	No
		Peel Integrated Water Initiative Sub Total	2,250,000 9,575,000	RfR		No
		TOTAL BUDGET TRANSFORM PEEL: PHASE 1	49,309,806 19,524,490	RfR		No

Table 14: Phase 1 Total Budget

Funding amounts in black against elements of sub-projects are those considered essential to progressing the initiative.

Funding amounts in red against elements of sub-projects are funds that will be sought and disbursed only after securing further Cabinet (or other) approval.

This is summarised in Table 15 below.

2.12.2 Royalties for Regions Funding Amount

Table 15 identifies the timing for use of the funding.

Elements	2016/2017 \$	2017/2018 \$	2018/2019 \$	2019/2020 \$	Initial Cabinet Approval 2016	Gateway Approval To be confirmed by Cabinet 2018	Total Transform Peel Business Case
Governance and Peel Enterprise Competitiveness project outcomes	516,560	688,750	823,750	1,265,940	1,205,310	2,089,690	3,295,000
Peel Enterprise Competitiveness project	Incorporated above	Incorporated above	Incorporated above	Incorporated above	Incorporated above	Incorporated above	Incorporated above
Peel Business Park	2,000,000	20,000,000	23,211,296	0	45,211,296	0	45,211,296
Peel Food Zone	643,200	3,144,900	3,144,900	1,570,000	643,200	7,859,800	8,503,000
Peel Integrated Water Initiative ^[1]	1,125,000	1,125,000 4,680,000	3,465,000	1,430,000	2,250,000	9,575,000	11,825,000
TOTAL	4,284,760 0	21,813,750 7,824,900	23,211,296 7,433,650	0 4,265,940	49,309,806	19,524,490	68,834,296

Table 15: Timing of funding use

A “gateway” approach is proposed regarding the disbursement of funding. Funding amounts in black against each of the sub-projects of Transform Peel are those considered essential to progressing the initiative and to activating the next stage of work. Funding amounts in red against sub-projects are funds that will be disbursed only after securing further Cabinet (or other governance arrangement as might be deemed sufficient by Cabinet) approval. The gateway approach significantly allows risk, to be managed, and it also allows for other funding options to be considered and secured as the complex program unfolds – including other State and Commonwealth funding options, as well as private capital where deemed appropriate.

2.12.3 Sustainability and Ongoing Viability

Once the initial costs of providing the infrastructure required to activate Transform Peel sub-projects are approved, on-going costs are expected to be fully met by the land owners and tenants. In addition, recovery of a proportion of the costs of providing common use utility services to Peel Business Park Nambeelup will be pursued from individual landowners benefitting from this investment through all means available including the implementation of a deed of agreement between individual landowners and the Shire of Murray. No additional funding will be required for assets created under Phase 1.

[1] Funding from CSIRO is possible under the Peel Integrated Water Initiative

2.13 Project Timeframe and Key Milestones

Table 16 provides a detailed description of the key milestones, the major activities relating to those milestones, completion dates and responsible lead agency.

Project Governance			
Milestone	Main Activities	Milestone Date	Responsibility
Establish governance structure, system and communication strategy	Establish Transform Peel Phase 1: Activation Program Steering Committee	Oct 2016	Peel Development Commission
	Establish parameters for Project Management Office	Oct 2016	Peel Development Commission
	Procure Project Directors for the sub-projects (MOU's)	Oct 2016	Program Steering Committee
	Establish governance systems, communication strategy etc	Oct 2016	Program Steering Committee

Peel Enterprise Competitiveness support			
Milestone	Main Activities	Milestone Date	Responsibility
Program elements agreed	Stakeholder consultation	June 2017	Program Management Unit, City of Mandurah and Shire of Murray
Program elements developed and ready for implementation	Design of enterprise competitiveness support elements with stakeholders/partners. Securing funding/resources for the program	June 2018	Program Management Unit, City of Mandurah and Shire of Murray
Program elements in implementation	Commence implementation of enterprise competitiveness support elements	From July 2018	Program Management Unit, City of Mandurah and Shire of Murray

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Peel Business Park Nambeelup ³⁶			
Milestone	Main Activities	Milestone Date	Responsibility
Conduct assessments	Phase 1 environmental assessment and strategy: <ul style="list-style-type: none"> • Technical investigations and strategies • Identification of infrastructure elements Detailed planning, design and costing of infrastructure elements.	Dec 2017	Landcorp
	Park-wide urban water management	Dec 2016	Landcorp
	Statutory planning instruments in place to define: <ul style="list-style-type: none"> • Staging • Lot layout Additional studies required	June 2017	Landcorp
Major external common use infrastructure	Scope, design and cost estimates for major external common use infrastructure including: <ul style="list-style-type: none"> • Waste water pump station and pressure main, • Potable water supply • Electricity supply • Gas supply Lakes Road upgrade	Dec 2017	Landcorp
	Major external common use infrastructure construction: <ul style="list-style-type: none"> • Waste water pump station and pressure main • Potable water supply • Electricity supply 	Dec 2018	Landcorp

36 In relation to Peel Business Park Nambeelup, Landcorp has confirmed the Work Break Down Structure and Scheduling (with key milestones and dates and lead responsibilities) details are currently being sought for common use trunk infrastructure and with the scope now defined are as follows: Road Network, Electricity and Gas Network, Water Network, Waste Water Network and Communications Network

Previous work break down structure and scheduling for the project does give a sense of timeframes, though this is dependent also on third parties such as servicing authorities over the five years. It is important to note the final work break down structure and scheduling analysis is still being confirmed. Previous estimates show the majority of infrastructure physical civil works being conducted in the later part of the five years, with the earlier years involved in technical and statutory approval, project management, infrastructure design and construction costing work.

It is important to note that the scope of the project envisages a further private sector and LandCorp work program associated with the 'internal' land development works of LandCorp's existing landholdings within Peel Business Park Nambeelup and subsequent sale of developed lots should the project be approved. (LandCorp has not at this time completed a detailed analysis of delivery schedule 'proposed projects' in any of its forward estimates without the approval of the Department of Treasury).

This Royalties for Regions Business Case and LandCorp's internal business case for the development of current landholdings (which may include partnering agreements with private sector land owners) are inter-dependent with each other. Works scheduling and key milestones will need to integrate to ensure return from the capital investment within the Peel.

LandCorp is engaged in negotiations with land owners and is also undertaking detailed scheduling and cost estimates for both business cases. A full Gantt chart will be developed once the project scope and scheduling is fully determined (and based on critical input of land owners and servicing authorities).

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	<ul style="list-style-type: none"> • Gas supply • Lakes Road upgrade • Common-use infrastructure site and access 		
	Detailed planning, design and construction of interim internal infrastructure (if required)	Dec 2017	Landcorp
	Environmental infrastructure - Implementation and construction of projects identified in the environmental assessment.	Dec 2018	Landcorp

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Peel Food Zone			
Milestone	Main Activities	Milestone Date	Responsibility
Framework for the establishment of the Peel Food Zone	Work with stakeholders to establish framework for Peel Food Zone	Dec 2016	Department of Agriculture and Food WA
Detailed planning of essential supporting infrastructure projects (including approvals)	Environmental program – engagement design	Dec 2016	Department of Agriculture and Food WA
	Research facility – design and costing	June 2017	Department of Agriculture and Food WA
Planning and establishment of Food Zone	Consultation with Stakeholders	June 2019	Department of Agriculture and Food WA
	Determining planning instruments	Feb 2018	Department of Agriculture and Food WA
	Develop management system	June 2018	Department of Agriculture and Food WA
	Establish Peel Food Zone	June 2019	Department of Agriculture and Food WA
Implementation of essential supporting infrastructure projects	Environmental program – commence, closure	Dec 2018	Department of Agriculture and Food WA
	Research facility – contracting, construction, completion	June 2020	Department of Agriculture and Food WA

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Peel Integrated Water Initiative			
Milestone	Main Activities	Milestone Date	Responsibility
Preparation towards integrated water management system	Alignment with all other government and non-government actions in the same sub-catchment (SAPPR, Regional Estuaries Initiative etc)	Dec 2016	Department of Water and Peel Harvey Catchment Council
	Review of existing data, – best bet analysis of aquifer properties to include assessment of current water allocations and potential aquifer supply capacity. Gap Analysis and recommendations for further investigation.	Mar 2017	Department of Water and Peel Harvey Catchment Council
	Preliminary drilling and investigations to support aquifer investigations	Mar 2017	Department of Water and Peel Harvey Catchment Council
	Quantification of seasonal water availability from all sources. Development of supply-side water balance to understand water availability and seasonal fluctuation	May 2017	Department of Water and Peel Harvey Catchment Council
	Strategic analysis at sub-catchment level to characterise risk of nutrient export and identification of potential integrated water management options including identification of options for priority “pilot” works.	Sept 2017	Department of Water and Peel Harvey Catchment Council
	Sub-catchment scale quantification of in-catchment filtration storage and retrieval capacity in addition to improved management of water and terrestrial environmental assets, Quantification to include a cost-benefit analysis of various short and longer term options, for example comparison of low technology/low cost solutions to more advanced technology/higher cost solutions, with water cost to consumer as comparison	Mar 2018	Department of Water and Peel Harvey Catchment Council
	Identification and planning of intervention points, MAR&R locations, drain interception locations, drain design changes, water treatment options and environmental and planning approvals.	May 2018	Department of Water and Peel Harvey Catchment Council
Implementation of pilot project water capture, treatment and storage project and undertake trials	Construction of identified priority works emerging from investigations and preliminary assessment of pilot works program.	Feb 2019	Department of Water and Peel Harvey Catchment Council
	Assessment and analysis of implemented works.	Dec 2020	Department of Water and Peel Harvey Catchment Council
Establishing replicability of integrated water management system	Development of formal adaptive management framework for broader scale implementation	Dec 2020	Department of Water and Peel Harvey Catchment Council
	Hydraulic model of supply and delivery model, including operating protocols	Dec 2020	Department of Water and Peel Harvey Catchment Council

	Identification of private sector investment opportunities, additional supporting elements required (development of concept papers, and preparation of investment prospectus)	June 2021	Project Director and contractor
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Table 16: Project milestones and timeframes

2.14 Risk Analysis

Strategic, operational and project risks have been identified in consultation with relevant stakeholders. These have been analysed using the Peel Development Commission Risk Assessment Tool at **Attachment 16** which is aligned to Riskcover's risk management framework. The full risk assessment is at **Attachment 17**.

Transform Peel Phase 1: Activation strategic risks, likelihood, consequence and control adequacy have been identified in Table 17.

Peel Development Commission will develop a risk management plan to overarch management of risks associated with Transform Peel Phase 1: Activation. Risks will be monitored regularly for the duration of the project by the Project Management Office and Project Manager. A risk log will also be developed once the project has been initiated to ensure that new risks are identified, assessed and appropriate treatments and controls put in place to manage those risks.

Each of the lead agencies responsible for delivery of Transform Peel sub-projects will be required to conduct comprehensive risk assessments and develop and implement a robust risk management plan that will be reviewed by the steering committee at its bimonthly meetings. **In addition, lead agencies will be required to report on the risk management plan in their interim reports to Peel Development Commission, the parameters of which will be confirmed in the memorandum of understanding between Peel Development Commission and each of the lead agencies.**

Table 17: Transform Peel Phase 1 Strategic risks

Risk Description	Risk Owner	Risk Consequence	Risk Likelihood	Initial Risk Rating	Control Description	Existing Controls
Business case not supported by DRD	PDC	Moderate	Moderate	6	Business case, evidence, financial analysis and stakeholder consultation and networks	Concept paper completed, project identified in DRD SII pipeline. Close communication with DRD. Internal review and feedback allows revision of business case
Business case not supported by Treasury	PDC	Major	Moderate	7	Business case, evidence, financial analysis and stakeholder consultation. Review of business case	RfR decision frameworks, Treasury requirements, State and Regional imperatives. Extensive stakeholder consultation
Business case is not supported by Minister	PDC	Catastrophic	Unlikely	7	Business case, evidence, financial analysis and stakeholder consultation and networks. Review of business case	R4R decision frameworks, Treasury requirements, State and Regional imperatives. Extensive stakeholder consultation
Business case is not supported by Cabinet	PDC	Catastrophic	Unlikely	7	Business case, evidence, financial analysis and stakeholder consultation and networks. Review of business case	R4R decision frameworks, Treasury requirements, State and Regional imperatives. Extensive stakeholder consultation and evidence in the business case
None of the funding request is approved through RfR	PDC	Catastrophic	Unlikely	7	Business case, evidence, financial analysis and stakeholder consultation. Review of business case	RfR decision frameworks, Treasury requirements, State and Regional imperatives. Extensive stakeholder consultation and evidence in the business case
Some of the funding request is not approved through RfR	PDC	Moderate	Moderate	6	Business case, evidence, financial analysis and stakeholder consultation	RfR decision frameworks, Treasury requirements, State and Regional imperatives. Extensive stakeholder consultation and evidence in the business case
Inability to reach agreement on a strong governance arrangement, and governance structure does not provide the necessary risk management leadership, advice and advocacy required	PDC	Major	Unlikely	6	Networks, consultation and Business case	RfR decision frameworks, Treasury requirements, State and Regional imperatives. Extensive stakeholder consultation and evidence in the business case
The PBPN project does not have the support of government	All	Catastrophic	Unlikely	7	Business case, evidence, financial analysis and stakeholder consultation. Review of business case	RfR decision frameworks, Treasury requirements, State and Regional imperatives. Extensive stakeholder

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						consultation and evidence in the business case
SAPPR process does not allow the Peel Food Zone to proceed	Land Owners	Major	Unlikely	6	Consultation with stakeholders, Peel Integrated water initiative	Strategic communication with the Department of Premier and Cabinet
Lack of support from Government for the initiative	PDC	Catastrophic	Unlikely	7	Consultation and content of Business Case, consultations, stakeholder agreements	RfR decision frameworks, Treasury requirements, State and Regional imperatives. Extensive stakeholder consultation and evidence in the business case
SAPPR process does not allow the Peel Integrated Water Initiative to proceed	PDC	Catastrophic	Unlikely	7	Consultation, business case, Stakeholder support	Strategic communication with the Department of Premier and Cabinet
Lack of support from government for the initiative	PDC	Major	Moderate	7	Consultation, business case, stakeholder support	Business Case, stakeholder agreement
Approved DSP for Nambeelup and/or landowners do not support additional "all of park" environmental assessment to proceed ahead of more detailed local structure planning for the PBPN	All	Major	Unlikely	6	Consultation, explanation of benefits	Strategic communication with Department of Planning and major landowners
Approved DSP for Nambeelup and/or landowners do not support additional "all of park" drainage assessment to proceed ahead of more detailed local structure planning for the PBPN	All	Catastrophic	Unlikely	7	Consultation, explanation of benefits	Strategic communication with Department of Planning and major landowners
Approved DSP for Nambeelup and/or landowners do not support nor agree with more detailed "all of park" land-use plan for the PBPN	All	Major	Moderate	7	Consultation, DCS	Strategic communication with Department of Planning and major landowners
A stormwater capture, treatment and storage initiative is not developed for PBPN	All	Moderate	Moderate	6	Consultation on benefits	Strategic communication with Department of Planning and major landowners
Inability to reach agreement on how Governments funding of common use trunk infrastructure is to be designated and therefore treated - grant or partially/fully recoverable	All	Major	Moderate	7	Consultation, DCS and other developer agreements to address this	Consultation with all stakeholders
If common use trunk is infrastructure costs are to be partially or fully recoverable -	All	Major	Moderate	7	Consultation, DCS and other developer agreements to address this	Consultation with all stakeholders

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inability to reach agreement with landowners on the details of this recovery						
Inability to agree on whether to pursue a developer contribution scheme or other form of agreement for infrastructure beyond common use trunk infrastructure	All	Moderate	Moderate	6	Consultation, options are available	Consultation with all stakeholders
Time delays associated with the development and implementation of a DCS	All	Minor	Moderate	5	Consultation	Strategic communications with Shire of Murray, Department of Planning and Landcorp
Inability to reach agreement on ownership/operational management of key common use trunk infrastructure elements	All	Moderate	Moderate	6	Consultation	Strategic communications with Shire of Murray, and State Government Agencies
Inability to reach agreement with key stakeholders on a framework for the Peel Food Zone	All	Moderate	Moderate	6	Consultations, examples	Consultation with all stakeholders
Inability to secure the necessary planning instruments to enable the implementation of the Peel Food Zone	All	Moderate	Unlikely	5	Consultation, other examples	Consultation with Department of Planning
Some or all of the associated catalytic projects - research facility, trial cropping project and rural operations training facility - are not supported and/or funded	All	Moderate	Unlikely	5	Consultation, business case	Business case, stakeholder consultation and support
Inability to coordinate with Regional Estuaries Initiative	All	Moderate	Unlikely	5	Consultation	Consultation with Department of Water
Inability to coordinate with Regional Centres Development Phase 2 program	All	Moderate	Unlikely	5	Consultation	Consultation DRD and Peel Region local governments
Inability to reach agreement with stakeholders on the program elements and detail	All	Moderate	Moderate	6	Consultation	Consultation Peel Region Local Governments
New private sector investment is not forthcoming in the sub-projects	PDC	Major	Unlikely	6	Consultation, stakeholder engagement and various strategies such as reverse investment. Land options to increase market opportunity. Efficient and innovative infrastructure	RfR decision frameworks. Market-side consultation and marketing program
Opportunities for new private sector investment exist but sub-projects do not present compelling value propositions	PDC	Moderate	Moderate	6	Phase 2 program	Business case. Market-side consultation

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Insufficient monitoring and review of sub-projects	PDC	Major	Unlikely	6	Phase 2 program	Governance structure
Insufficient demand for strategic industrial land	PDC	Moderate	Moderate	6	Phase 2 program	RfR decision frameworks. Market-side consultation and marketing program
Developer contribution scheme is not developed in time frame agreed and therefore delays project	Shire of Murray	Moderate	Unlikely	5	Phase 2 program	Governance structure
Land take requirements for open space, drainage and common use trunk infrastructure too great for developers and not agreed	All	Major	Unlikely	6	Phase 2 program	Governance structure. Project management. Negotiations
Peel Integrated Water Initiative is not able to effect the anticipated reduction in TP across the Peel Food Zone	All	Major	Unlikely	6	Phase 2 program	Review Design of Integrated Water Management system
Peel Enterprise Competitiveness Support Program cannot be continued beyond Transform Peel activation	All	Moderate	Unlikely	5	Phase 2 program	Review design and implementation

2.15 Local Content

This proposal will benefit the local contracting sector with regionally based businesses and consultancies likely to be involved in the building the ultimate development.

On completion of construction there will be employment opportunities for the local community in both full time and part time employment. The operation of the agribusiness, transport and logistics, light and general commercial businesses constructed on the site will be linked to significant opportunities for supply chains supporting the development and opportunities to source services and goods locally. Employment and training opportunities will provide local people with regular and secure employment while delivering portable skills that have both national and international application.

In accordance with the Buy Local Policy, local content will be maximised by including “Local Content” as a selection criteria with a minimum weighting of 20%. This will require Tenderers to demonstrate how regional/local skills and economic development will be maximised via the procurement process.

As the pre-tender estimate for the sub-project to be led by Landcorp will exceed \$20 million for the construction of common use infrastructure, Landcorp will be required to meet the requirements of the “Over-Arching” Industry Participation Plan that has been developed in consultation with the Department of Commerce.

The MOU between Peel Development Commission and each of the lead agencies will confirm strategies to maximise local content.

2.16 Aboriginal Participation

The opportunity for Aboriginal people to be involved has been described previously. This opportunity has particular reference to recognising and protecting Aboriginal culture and heritage within the Nambeelup sub-catchment.

High level discussions have been held with Gnaala Karla Boodja at various times over the past six years, concerning Transform Peel and other projects. The interaction with this body will be intensified during Phase 1 of the Peel Integrated Water Initiative and specific opportunities for Gnaala Karla Boodja will be identified in the deliverable beyond Phase 1 will be investigated in partnership with Gnaala Karla Boodja.

Peel Development Commission is also seeking to progress an Indigenous Economic and Employment Strategy that will identify opportunities for increasing Indigenous participation in the economy. This strategy will be aligned with the South West Native Title Settlement and the *Peel Regional Investment Blueprint* and will involve a high degree of consultation with relevant stakeholders to ensure regional representation and benefits. Landcorp is a signatory to the South West Settlement and is committed to implementing the resultant Economic Development Strategy

The MOU between Peel Development Commission and each of the lead agencies will confirm strategies to increase Aboriginal participation in economic activities, education, training and the workforce.

For example, LandCorp encourages employment and training of Aboriginal people through its civil contractors and landscapers who, to be prequalified with LandCorp, must comply with the Guidelines for Aboriginal Participation. This and other joint LandCorp and Civil Contractors Federation initiatives have increased Aboriginal and Torres Strait Islander employment within the civil contracting industry State-wide from 3.7% in 2011 to almost 5.2% in 2013. As part of its commitment to reconciliation through Landcorp’s Reconciliation Action Plan, information is requested from tenderers on their previous project experience in creating partnerships with Aboriginal owned businesses and training, employment and economic development initiatives within local Aboriginal communities as part of its standard civil tendering processes and the awarded contractor has an amended AS2124 contract with the following mandatory contract provisions:

1. Cultural Awareness Training

The Contractor is to ensure for contracts over \$4 million over 80% of site supervisors proposed for the project will have received Aboriginal cultural awareness training, from a certified trainer.

2. Site Specific Cultural Awareness Briefing

Prior to site possession LandCorp may advise the Contractor of the requirement for the Contractor's site supervisors to participate in a site specific cultural awareness induction. The Contractor is to contact a representative of the Traditional Owners to establish costs and details of the site specific cultural awareness induction.

3. Reporting and Review

The Contractor is to:

- prior to site possession, provide a written statement to LandCorp about the expected % of total man hours - Aboriginal staff will be working on the site (their roles and their years of service in the civil construction sector);
- Report at site meetings on Aboriginal employment on site, progress against any agreed initiatives related to training or employment programs, successes and challenges to these initiatives; and
- Quarterly provide a written report to LandCorp, on Aboriginal employment (% of man hours) achievements and challenges encountered on the site.

In addition to compliance with legal obligations around Native Title and Heritage, LandCorp has also created opportunities for recognition of local Aboriginal culture and heritage through recognition of significant flora and fauna in landscaping initiatives, plaques placed along walkways telling the stories of local Elders as well as public art contributions by Aboriginal Artists. All these opportunities will be incorporated as part of the Batavia Coast Marina.

2.17 State Funded Infrastructure and Apprenticeship Participation

Potential tenderers for the construction of identified infrastructure will be required to indicate how many apprentices they and/or their subcontractors employ as a consequence of the sub-project, or to components of the sub-project, and the number of those apprentices that will be or are employed from the local area. **The MOU between Peel Development Commission and each of the lead agencies will confirm the number of apprentices and the components of the sub-project that they will be engaged with.** A key performance indicator associated with the number of apprentices will be included in the MOU for inclusion in contracts between the lead agencies and contractors. Those tenderers who are sub-contracting components of the work will be required to inform sub-contractors of the Priority Start Building Policy and to work with them to identify how many apprentices will be employed in the project or components of the project.

3. IMPLEMENTATION STRATEGY

3.1 Communication Plan

The communication plan will focus on communication with key stakeholders with regard to implementation of Transform Peel Phase 1: Activation and its progress against agreed outcomes. It is anticipated that the steering committee through the Peel Development Commission will provide progress on the project to Ministers and key stakeholders on a regular basis.

Any media and communication strategies relating to this project will be managed in accordance with the protocol established by Peel Development Commission. The majority of communication will occur at achievement of agreed milestones. Communication against milestones will be jointly managed by Peel Development Commission and agencies leading sub-project implementation.

The communication plan ensures regular and timely information is provided to the key stakeholder groups identified in Table 18.

This plan is designed to:

- share information and ensure alignment between stakeholders and agreed outcomes;
- manage stakeholder and community information and expectations; and
- maintain the focus of communication through implementation of Transform Peel Phase 1.

Table 18: Phase 1 Communication Plan

Target audience	Objective		Media/Method	Timeline	Tier
Board	To ensure the Board is aware of project implementation progress and strategies to address strategic risks	Briefings, memos and reports	Face to Face	Quarterly	1
Ministers	To ensure the Ministers are aware of project implementation progress and strategies to address strategic risks	Briefings, and reports	Documentation	Quarterly	1
Identified key stakeholders	To manage stakeholder needs and expectations	Events, Forums, meetings	Face to Face	As required	2
Peel Regional Leaders Forum	To ensure this leadership group is aware of project implementation progress and strategies to address strategic risks	Regional meetings	Face to Face	Quarterly	2
Transform Peel Steering Committee	To ensure information is shared in a timely manner in relation to sub-project implementation	Project meetings	Face to Face	Three monthly	
Public	To showcase project progress	E newsletter, website, media releases	Electronic	At agreed milestones	3
Public	To showcase project progress	PDC Quarterly	Hard copy document	Three monthly	3

3.2 Project Management

Transform Peel Phase 1 will be delivered by Peel Development Commission through establishment of a Program Management Office. The Program Management Office will:

- ensure identified stakeholders bring the necessary level of commitment to and acceptance of the project;
- ensure that there is a coherent program and project organisation structure;
- ensure that the overall scope and objectives of the program are clear and in line with the requirements of the Project Control Group and identified stakeholders;
- ensure communication and procurement strategies are managed in alignment with State Government and Peel Development Commission protocols;
- ensure that the risks are being tracked and mitigated as effectively as possible; and
- approve the end of project report and ensuring that any outstanding issues are documented and passed on to the appropriate body.

Transform Peel Phase 1 sub-projects will be managed by identified lead agencies in accordance with memorandums of understanding.

The Project Management structure aligns with the project governance structure and ensures that the project produces the required products, to the required standard of quality and within the specified constraints of time and costs. The Project and sub-projects management teams are also responsible for producing results that are capable of achieving the benefits defined in the section entitled 'Deliverables'.

The Project Management team is responsible for:

- developing staged planning documents for the project;
- developing, implementing and maintaining project action plans;
- directing and motivating project teams;
- taking responsibility for the overall progress against the agreed schedule and budget, use of resources and initiating corrective action where necessary;
- identifying and obtaining any support and advice required for the management, planning and control of the project;
- being responsible for change control and any required configuration management;
- reporting to the project teams and steering committee and ensuring ongoing regular communication with teams, committees and stakeholders;
- scheduling meetings;
- preparation and circulation of agendas and minutes;
- managing the risks, including the development of contingency plans;
- engaging stakeholders in the resolution of issues as required;
- preparing End of Project reports; and
- acquitting funds associated with project.

All components of the project will be managed using a standardised approach to project management in line with the project management body of knowledge (PMBOK). The project will be guided by project documentation and project proposals which will clearly communicate the scope, objectives, tasks, roles and responsibilities, costs and deliverables relating to the project and which provides the framework within which projects are implemented.

Specifically the project documents will cover the following areas:

- an outline of the approach to be adopted for the implementation of the project;
- details of the project organisation structure, roles and responsibilities, functions, and activities associated with the implementation of the project;
- information on the major components to be delivered during the course of the project, together with the development and sign-off responsibilities;
- quality plan, risks, project controls and exception process; and
- budget allocation and controls.

These documents will also serve as a means of communicating key aspects of the project to:

- Local government authorities;
- Landcorp; Peel-Harvey Catchment Council, Department of Agriculture and Food WA, CSIRO, Department of Water, Food Fibre Timber Industries Training Council, Department of Regional Development and Minister for Regional Development
- key stakeholder groups supporting the project.

Project execution plans, detailing the work breakdown schedule, will be developed to monitor the implementation of the project and to ensure that the project remains on track. The execution plan will be used as a basis for reporting to stakeholders.

Controls over the projects will be covered by:

- regular reporting by the Project Management team.
- a managed approach to the assessment and mitigation of project risks.
- conducting quality checks for both building workmanship and materials and components incorporated in the identified infrastructure.
- assessment of the progress of the project by the Project Manager to ensure adherence to the project objectives.

The MOU between Peel Development Commission and each of the lead agencies will confirm the approach to management of the sub-projects.

For example Landcorp delivers its projects in accordance with LandCorp's governance arrangements and delegation schedule, under the oversight of the LandCorp Board as illustrated below.



LandCorp will manage any purchase of land and subsequent development of the land as outlined in the LandCorp Procedures Manual.

Any sale of englobo, development super lots or finished lots will occur with strict development clauses and buy back options to ensure the site does not remain undeveloped. These are bespoke legal conditions of contract tailored to meet the objectives of the business case.

3.3 Project Governance

To succeed, this project requires a robust governance structure with clearly defined participant roles and responsibilities confirmed in individual governance committee and project team terms of reference and agreed to by participants and stakeholders. A clear communication strategy is required as well as defined reports detailing type and frequency.

A Transform Peel Phase 1: Activation Steering Committee will be established in line with the following overarching governance structure. The terms of reference for the steering committee is at **Attachment 18**.

Transform Peel Phase 1 Governance Structure

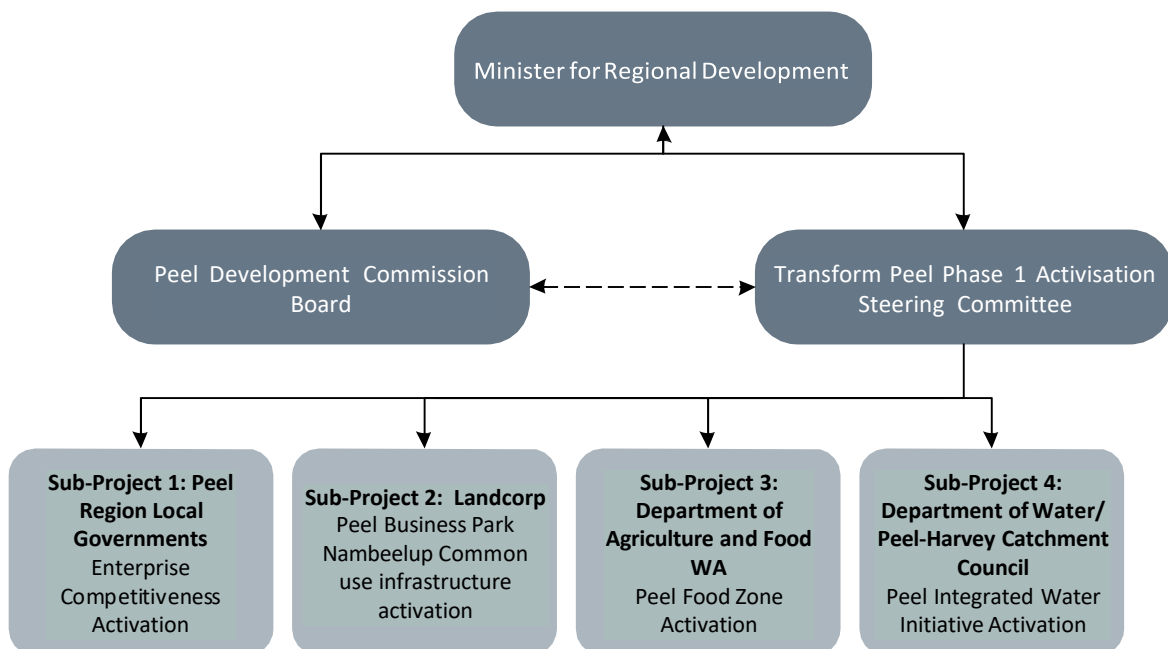


Figure 5: Phase 1 Governance Structure

Communication and reporting against each sub-project will be undertaken by lead agencies in accordance with agency protocols.

The Peel Development Commission Project Management Office will ensure communication and reporting to the Peel Development Commission Board, Department of Regional Development and Ministers in accordance with the Communication Plan on page 86.

Project control groups (PCGs) will be established and will remain in operation through all phases of the projects.

The PCGs will meet at agreed intervals for the duration of sub-projects. Progress will be reported every three months to the steering committee.

The PCGs are responsible for:

- developing the Project Mandate, Project Brief and Business Plan;
- monitoring the progress of the sub-projects;

- approving all major plans;
- authorising any major deviations from approved Project Plans;
- committing resources within project tolerances;
- making recommendations to relevant Ministers, local government authorities and Board/Councils when sub-projects are outside approved project tolerances; and
- ensuring project assurance.

Sub-Project Governance Structures

Transform Peel Phase 1: Activation comprises four sub-projects. Each sub-project will be project managed by a different lead agency. Each lead agency will establish a sub-project governance structure that meets the project governance requirements of Peel Development Commission and aligns with lead agency governance controls. Peel Development Commission's preferred model of project governance is illustrated at Figure 6 however we acknowledge that different projects will require different structures which will need to be negotiated with our partners. For example strategic oversight of the sub-project to be led by Landcorp will be from two main sources:

- LandCorp's Board; and
- Transform Peel Phase 1:Activation Steering Group

LandCorp is the Western Australian Government's land and property development agency. One of the important roles for LandCorp is the identification, design and implementation of a diverse range of state-wide land and infrastructure projects. LandCorp in 2013/14 had over 160 projects spanning metropolitan, regional, industrial, tourism and commercial developments. These included projects ranging in scale from the Ord Expansion Project, through to projects like Mandurah Ocean Marina, Albany Waterfront, Oakagee Industrial Estate, Morawa SuperTown and small Local RDAP projects.

The MOU between Peel Development Commission and each of the lead agencies will confirm the sub-project governance arrangements.

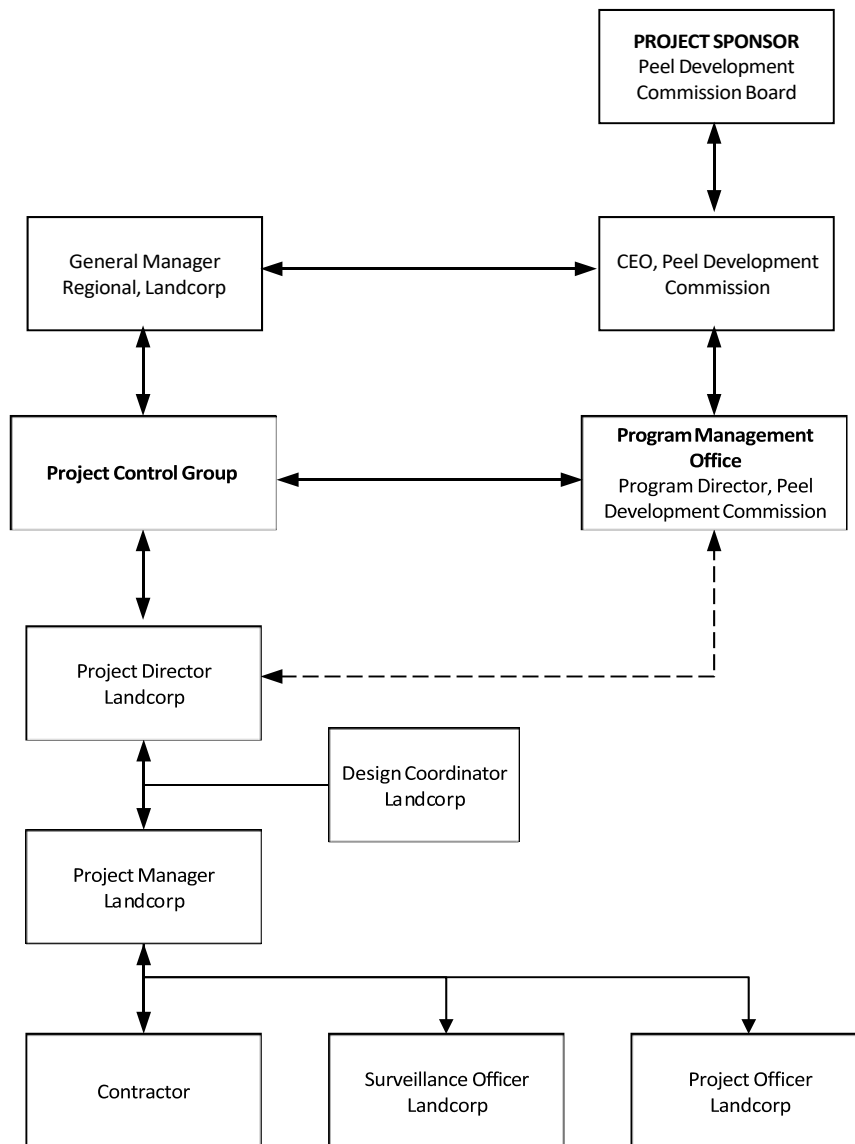


Figure 6: Peel Development Commission preferred project governance structure

3.4 Procurement Strategy

Peel Development Commission will use a two pronged approach to procurement for Transform Peel Phase 1: Activation.

1. Direct procurement

Peel Development Commission will procure goods and services directly in line with its procurement policies and procedures which are consistent with Department of Finance policies and protocols on procurement. To ensure the procurement is managed in an open, transparent and accountable manner Peel Development Commission uses a Procurement and Contract Management Strategy to overarch the purchase of goods and services associated with the implementation of *Peel Regional Investment Blueprint* initiatives aligned to Royalties for Regions Program funding. The Procurement and Contract Management Strategy provides clear guidance on the approach to procurement, identifies the parameters for procurement and assists officers with the planning and delivery of procurement related activities. The Procurement and Contract Management Strategy ensures that all procurement activities are transparent and consistent. It provides confidence to the public of Western Australia that purchasing is managed in an accountable manner with due regard for the State's investment in regional development.

Peel Development Commission's procurement and contract management strategy has been developed in close consultation with the Western Australia Department of Finance, the input of which is greatly appreciated. The Procurement and Contract Management Strategy that overarched the work undertaken by Pracsys independent of this business case is at **Attachment 19** to illustrate the approach taken by Peel Development Commission.

2. Memorandums of Understanding

Peel Development Commission will enter into a memorandum of understanding with each of the following lead agencies for the implementation of Transform Peel Phase 1: Activation sub-projects: Landcorp, Department of Water and Peel-Harvey Catchment Council, Department of Agriculture and Food WA, City of Mandurah and Shire of Murray. The MOU will confirm the manner in which procurement will be progressed and the documents which will be required by Peel Development Commission to provide confidence that procurement will be managed in an open, transparent and accountable manner in line with State Supply Commission purchasing requirements. The MOU will also confirm the approach to governance, risk and project management, maximising local content, Aboriginal participation and apprentice engagement.

3.5 Supporting Documents

The following supporting documents are attached:

- Attachment 1:** Assessment of Agriculture and Food Industry market and investment support for the Peel region
- Attachment 2:** Proposal for the integrated environmental management program
- Attachment 3:** Initial approach made by the Research Foundation to the Shire of Murray
- Attachment 4:** Horticulture in the Peel Harvey: a guide for investors and growers
- Attachment 5:** Peri-urban Strategic Economic and Environmental Initiative: the Strategic Context
- Attachment 6:** Keep WA Growing
- Attachment 7:** Legacy Project 1 Steering Committee terms of reference
- Attachment 8:** Legacy Project 1 Stakeholder Meetings
- Attachment 9:** Letters of Letters of support and confirmation of involvement from lead agencies

Attachment 10: Notes informing PDC legacy project submissions

Attachment 11: Peel Peri-urban Strategic Economic and Environmental Initiative Technical Appendices.

Attachment 12: Detailed Options Analysis

Attachment 13: Employment Supported by Final Demand for Construction Services - June 2011 Technical report - OLD Treasury

Attachment 14: Value Capture Roadmap Report June 2015 - AECOM

Attachment 15: External Infrastructure and Engineering Methodology and Cost Estimate -with Cossill and Webby costings - Landcorp

Attachment 16: Peel Development Commission Risk Assessment Framework

Attachment 17: Transform Peel Phase 1: Activation Risk Assessment

Attachment 18: Transform Peel Phase 1: Activation Steering Committee terms of reference

Attachment 19: Legacy Projects Group 1 Procurement and Contract Management Strategy

5. SIGNING OF BUSINESS CASE

I confirm that the information contained in this Business Case is true and correct.

Business Case Authors

David Arkwright and Sue Leonard

A/CEO Signed

Norman Baker

Signed 

Completed by

David Arkwright

Approved by


Norman Baker

Position

Manager Policy and Planning

Position

Acting Chief Executive Officer

Date



Date

17/3/2016

ATTACHMENT TWO

Environmental Management Project informing the PDC Legacy projects (Transform Peel)

Environmental Management Project informing the PDC Legacy projects

(prepared by Matt Giraudo for the Peel – Harvey Catchment Council)

Background

Regional and sub catchment scale integrated natural resource management planning, including the Peel-Harvey Water Quality Improvement Plan (WQIP) and the Sub catchment Implementation Plan (SIP) have identified priority intervention strategies for achieving agreed environmental outcomes including improvements in water quality. In particular, the WQIP and SIP have highlighted the need to integrate improved fertiliser management, adoption of soil amendment and improved drainage management to reduce nutrient leaching from agricultural land to sensitive aquatic environments.

Although a range of management practices have previously been trialled, there is still work to be done at the proof-of-concept level, particularly associated with integration of various management components at a sub catchment scale. Proposed projects will provide proof-or-concept assessment, and demonstrate sub catchment scale integrated management, and in doing so inform broad-scale adoption of integrated catchment management strategies.

There is also a growing recognition of the inter-relationship between socio-economic and environmental systems in effectively achieving natural resource management outcomes. This inter-relationship is critical to achieving effective environmental outcomes in the Peel-Harvey region because of scale at which changes in land management are required. The scale of adoption required means that implementation will need to be industry driven. In addition, the marginal economic nature of agriculture in the region also means that effective strategies need to provide underlying economic benefits.

It is also recognised that whilst providing economic solutions to improved environmental management is important, economics isn't the only driver for practice change. A "one size fits all" approach is clearly not relevant with respect to voluntary adoption. This project seeks to adopt new practices needed to facilitate broader scale adoption of changed management practice by better engaging industry and embracing the complex social science behind landholder practice change.

It is essential to demonstrate that implementation of proposed management strategies will increase the profitability and resilience of the agricultural sector in addition to achieving measurable environmental outcomes and in particular improvements in water quality. As a result the implementation model adopted for this project attempts to better engage industry in achieving broad scale adoption of improved land management practice.

It is considered essential that proof of concept of proposed changes in management be undertaken at a sub catchment scale. This will not only demonstrate / test the effectiveness of measurable sub catchment-scale impacts of integrated catchment management, but also to bed down a range of details associate with implementation to inform future investment. Presented are project components for the Food Zone that seek to build on previous work in the region and engage industry by road-testing an integrated soil and water management approach.

The proposed *Environmental Management Program* aims to build on the knowledge and skills base developed through previous investment within the region, whilst complementing the proposed *Trial food production program*.

The future development of more intensive agricultural industries in the Peel-Harvey catchment, including annual horticulture and intensive animal industries represents potential economic benefits but also presents heightened environmental risks. In achieving the broader objectives of the region,

it is essential that development in the region contribute to both the economic and environmental goals of the region. Management of environmental impacts associated with developing agricultural industries will be addressed in a parallel project “*Trial food production program*”.

Project overview

At a functional level this project seeks to implement a model to achieve four key improvements in management practice within an overarching framework of environmental management:

1. Improved fertiliser management, through implementation of soil testing and technical support to landholders, with the view to increasing landholder awareness and skills in soil – fertiliser management. This approach applies the model and learnings of the “Farm Nutrient Mapping” project.
2. Application of soil amendments, through provision of an incentive program to stimulate adoption.
3. Improved drainage management, through identification and implementation of drainage modification works within an adaptive management framework. This approach falls under the scope of the Peel-Harvey Coastal Catchment Drainage Reform Plan (*Reference: Del Marco, A 2007: Drainage Reform Plan Peel-Harvey Coastal Catchment, A report by Ironbark Environmental for the Peel Harvey Catchment Council, Mandurah, Western Australia*).
4. Environmental asset management, including the identification, protection and enhancement of environmental asset within the target area.

Implementation of the *Environmental Management* project focuses on industry engagement, and aim to engage relevant industry and Landcare groups in identifying drivers for adoption of practice change and finalising the precise nature of implementation, particularly in relation to the application of the soil amendment program. There is a recognition of the need to better engage industry in the delivery of improved production based management systems in gaining traction for measurable improved water quality outcomes.

1. Improved fertiliser management

Improved fertiliser management is essential to achieving improved water quality and increased production within the region. Soil testing to guide more efficient and appropriate fertiliser application is broadly recognised as a cornerstone of improved fertiliser management and has previously been implemented within parts of the Peel – Harvey catchment and adjacent regions with considerable success through the Farm Nutrient Mapping project. These programs included undertaking extensive soil testing and provision of professional advice to landholders to support fertiliser management decisions.

Implementation of this project component has confirmed positive landholder reactions in addition to changes to fertiliser management practice by participating landholders. However, getting landholders to continue to monitor soil fertility, and subsequently adjust fertiliser application regimes, after completion of the program remains a challenge. Feedback from landholders has indicated that the “package” that the project offers is highly valued by them and a strong driver for engagement in soil testing. Preliminary evaluation has found that landholders are unlikely, for a range of reasons, to continue soil testing, especially at the scale required, without external support. In this instance, it is envisaged that fertiliser management be linked to the application of soil amendments in an attempt to get greater buy-in from landholders, with a stronger overall focus on management of soil health.

Objective:	Activity	SIP Project Equivalent	Budget
1. Engage landholders in better understanding soil fertility constraints.	Soil testing for participating landholders	Project 12	\$ 320k
2. Improved fertiliser application and reduced nutrient leaching through improved fertiliser management.	Provision of technical advice to support improved fertiliser management	Project 12	\$ 80 k
3. Assessment of the effectiveness of improved fertiliser management	Paddock scale monitoring of drainage water to assess potential changes to water quality.		\$ 80 k
Total			\$ 480k

2. Improved soil health through application of soil amendments

Improved soil health provides a range of economic and environmental benefits in addition to improved production and reduced leaching of nutrients. Improved management of soil health protects the underlying soil resource of the catchment, which is central to the resilience of the agriculture sector, and the socio-economic value of the region.

The Peel-Harvey WQIP (*Water Quality Improvement Plan for the Rivers and Estuary of the Peel-Harvey System – Phosphorus Management*, EPA, 2008) identifies the application of soil amendments (WQIP Management Measure - 4.1.2) as central to achieving improved catchment water quality, whilst increasing (or maintaining) the current productive capacity of agricultural land and the economic viability of agriculture in the region.

Access to a range of commercially available soil amendments remains a potential impediment to broad scale implementation of this project component. This issue will need to be addressed at least in part during implementation of the proposed project. Background to this issue is presented in the review of the implementation of the WQIP (*Peel-Harvey Catchment Council (2013) Peel-Harvey Catchment Water Quality Improvement Plan Implementation Review 2008-2011 Report*), prepared by the Peel-Harvey Catchment Council. This review identifies a range of “core-enabler” projects to overcome key impediments to implementation of core elements of the WQIP. Core enabler project “CE3-SA1” states: “Government to establish a clear policy and approvals framework for the use of soil amendment products to improve water quality in the Peel-Harvey”. Developing this policy and approvals framework will need to be undertaken in parallel to the proposed *Environmental Management Program*.

Previous investigations of the impacts of soil amendment and improved drainage management have demonstrated effective reductions in nutrient leaching from treated soils in addition to increased production. The key issue that needs to be addressed is how to stimulate broad scale adoption. This project seeks to engage industry in increased adoption through identification and removal of barriers to adoption.

Objective:	Activity	SIP Project Equivalent	Budget
1. Identify and overcome barriers to adoption	Undertake social analysis to identify drivers for landholders for adoption of practice change		\$ 70 k
2. Engage landholders and industry groups in the development of partnership arrangements for development of approvals process (with Government) & implementation.	Develop an industry focussed model for implementation through identification and reduction of barriers to adoption.		\$ 80 k
3. Undertake evaluation of the effectiveness of soil amendments – water quality and production outcomes. Work with industry to develop benchmarks and implementation programs	Provide subsidy for application of amendments.	Project 23	\$1,37m
4. Assess effectiveness of implementation strategy and water quality impacts	Water quality analysis to assess physical impacts and review implementation methodology	Elements of project 18 / 22	\$ 80
5. Re-engage industry in the future development of implementation model	Identify and pursue industry vectors for ongoing implementation.	Elements of project 18 / 22	\$ 40 k
Total			\$1,640m

The overwhelming long term goal of this of this project component is to achieve on-ground application of soil amendments for improved soil health, through a concerted and deliberate attempt to engage industry in the underlying need to improve production systems and maintain broader social and environmental responsibilities. However, it is recognised that there are a range of impediments influencing longer term adoption of soil amendments. Identification and removal of these barriers to adoption is essential to facilitate longer term adoption.

3. Integrated Drainage Management

Integrated drainage management is a fundamental building block towards effective catchment management and central to achieving improved water quality outcomes in the region. Previous water management activities have often addressed environmental water management, water resources and drainage management objectives separately or in isolation from one another. Ultimately, the key to successful water management is an integrated approach which considers whole of water cycle management.

Whilst improve drainage management is almost universally accepted as an essential component of improved catchment water quality outcomes, there are some technical issues associated with improved drainage management that require further quantification. In particular:

- Extent, distribution and speciation of the nutrient composition of sediments contained in the drainage network and their impact on water quality.
- Better understanding of the change in speciation of nutrients within drains and the impact on water quality.
- Assessment of the effectiveness of the range of drainage modification practices in removing nutrients in drain flow, including: in drain vegetation, re-contouring and lining of drains and temporary off-line storage.
- Integration of drainage management into catchment production (including farming systems) and environmental asset management.

Implemental of drainage management reform in the Peel-Harvey catchment is in its infancy. Adoption of an adaptive management approach is essential to achieving long term objectives for improved drainage management and associated water quality outcomes.

Barriers to adoption for improved drainage management in the region have previously been identified in a range of formal policy reviews, including those carried out by DoW and the Peel-Harvey Catchment Council. These policy reviews have universally concluded that drainage management reform in the region is essential. In particular, adherence to the “72 hr rule” for drainage maintenance and management in the region by the Water Corporation appears to have no particular relevance to the current predominant agricultural management systems within the region. In addition, separation of drainage management and maintenance from broader integrated catchment water management objectives, including water quality improvement is not only counter intuitive but has been counter-productive to achieving environmental outcomes for the region.

Whilst this project component focusses on achieving key water quality outcomes it also attempts to set the groundwork for a longer term investment, including facilitating well-documented changes to drainage management policy within the region. This will be achieved through the implementation and assessment of an integrated drainage management model at a sub catchment scale. The objectives of the project include better understanding the role of drainage in buffering nutrients and implementation of best-bet management responses and assessing their effectiveness at an applied scale.

Objective:	Activity	SIP Project Equivalent	Budget
1. Improved understanding of the buffering capacity of the drainage network.	Drain sediment and water quality analysis to inform the development of conceptual sub catchment models of nutrient distribution and movement/speciation pathways.	Informing Projects 45, 48, 50 & 51	\$ 180 k
2. Implementation and assessment of identified drainage management works – and testing of conceptual models.	Implementation drainage management works, including re-contouring, lining, control structures, management of in-drain and riparian vegetation and/or development of off-line storage.	Elements of Projects 45, 48, 50 & 51	\$ 1,500 k
3. Development of an adaptive management framework to support future investment	Develop a spatial data framework to support decision making about future investment	Informing project 49	\$80 k
4. Engage relevant stakeholders	Collate information and data and undertake a range of activities aimed at engaging key stakeholders in an adaptive management approach	Elements of project 49	\$70 k
Total			\$1.83m

4. Environmental asset management

A key objective of integrated catchment management is the identification, protection and enhancement of natural environmental assets including areas of remnant native vegetation and wetland environments.

Objective:	Activity	SIP Project Equivalent	Budget
1. Identify and define environmental assets in the catchment	Detailed environmental assessment of natural assets.		\$ 30 k
2. Protect and enhance the identified environmental assets.	Work with landholders to protect and enhance identified assets, including fencing, revegetation, weed & pest management and related environmental management activities.		\$ 250k
Total			\$280k

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