



A division of NSW Business Chamber

# Draft Economic Development Strategy 2019-2029

Submission from the Illawarra Business Chamber to  
Wollongong City Council

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## Introduction

The Illawarra Business Chamber (IBC) welcomes Wollongong City Council's (Council's) consultation on its draft Economic Development Strategy 2019-2029 (draft Strategy), and is pleased to have provided advice and feedback to inform its development through participation in the Reference Group.<sup>1</sup>

On behalf of the businesses that comprise our membership, and in the interests of the wider business community, we offer our strong support for the intent and specific measures detailed in the draft Strategy.

The Wollongong Local Government Area (LGA) performs the heavy lifting for the broader Illawarra economy. The city centre and immediate surrounding suburbs are home to 29 percent of all employment in the region (26,000 jobs) and 58 percent of its Gross Regional Product. Economic development must be a key focus of Council, and should inform the work it does at every level. In particular, Advantage Wollongong has contributed significantly to Council's work on this front, and the draft Strategy contains some welcome acknowledgements of where it can improve; particularly in the handling of major Development Applications.

Job creation is a key component of economic development, and the IBC shares Council's concern at the underlying jobs deficit within the Wollongong economy, as well as the lack of growth in higher-paying full-time jobs. A strategy of job retention should not be neglected, and the IBC highlights the importance of both sectors at the peak of the value chain (such as mining, steelmaking and manufacturing), as well as growth sectors (such as aged care, disability support and healthcare).

All efforts must be undertaken to position Wollongong to attract investment, in particular as a place for large employers in key sectors to relocate. The IBC commits itself to working with Council and other stakeholders as part of a regional collaboration that saw the Australian Industrial Energy consortium recently select Port Kembla as the site for its Liquefied Natural Gas (LNG) Import Terminal ahead of other options. We support Council's identification of key sectors for this focus, and commend the aspiration for the region that is represented by its jobs target of 10,500 jobs in the next 10 years.

Opportunities to unlock the potential of major underutilised sites in the LGA, including employment lands and the Entertainment Precinct, should be addressed by Council in the near term.

Finally, the IBC agrees that through the delivery of game-changing projects (in particular major infrastructure; notably Council's priorities entirely align with the IBC's in this respect), and by using its policy levers (including civic leadership and local procurement), Council will be well placed to fulfil its role as economic steward for Wollongong and the surrounding region.

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<sup>1</sup> Wollongong City Council, *Draft Economic Development Strategy 2019-2029*, <<https://www.haveyoursaywollongong.com.au/economicdevelopmentstrategy-2019-2029>>, accessed 5 June 2019.

## Summary of recommendations

The IBC recommends that Council:

- **Recommendation 1** Adopt the draft Economic Development Strategy 2019-2020, with consideration of the recommendations contained in this submission.
- **Recommendation 2** Introduce a dedicated Major Projects Unit within Council and expedited processing times (<6 months) for significant commercial Development Applications.
- **Recommendation 3** Undertake necessary efforts to connect under-developed employment lands to sewerage, water and power and publicise these efforts to attract commercial and industrial property development.
- **Recommendation 4** Lead an Entertainment Precinct Masterplan that incorporates the broadest zone available and examines opportunities to be derived through a public-private partnership.
- **Recommendation 5** Consider revisions to the Local Environment Plan, or other planning measures, to protect the commercial core from increased residential encroachment.
- **Recommendation 6** Create greater opportunities for local businesses by reviewing Council's procurement policy with a view to implementing a target for local procurement.
- **Recommendation 7** Consider the impact of salary, diversity of opportunity and career progression on employees' decisions to work locally, and the impacts on the assumed talent pool.
- **Recommendation 8** Consider opportunities to leverage the expected growth of the Health Care and Social Assistance sector.
- **Recommendation 9** Continue strong advocacy in support of key infrastructure priorities and ensure they are 'shovel-ready' at a local planning level.
- **Recommendation 10** Support measures to realise the potential of Port Kembla in the short-to-medium term, such as projects like the LNG terminal and other expanded uses.

## Recommendations

### Adopt the draft Strategy

The IBC recommends that Council adopt the draft Strategy and deliver the measures contained within it. We hope that the contributions contained in this submission will be given the consideration that our previous input has throughout the process.

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**Recommendation 1** Adopt the draft Economic Development Strategy 2019-2020, with consideration of the recommendations contained in this submission.

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### Facilitate major commercial and industrial developments

An increase in the availability of commercial office space is critical to attracting new businesses to Wollongong, as well as supporting any relocation of government departments. Respondents to Council's Business Survey picked "planning – faster Development Application approval times" as the top means by which Council can assist business, which accords with anecdotal feedback received by the IBC.

In this draft Strategy, Council has flagged the opportunity to build on the success of its Small Business Planning team to facilitate major commercial developments. The IBC views it as imperative that Council establish a Major Projects Unit to work with potential proponents and ensure that this kind of investment does not readily escape the LGA. Further, Council must work to expedite processing times for significant commercial Development Applications to less than 6 months.

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**Recommendation 2** Introduce a dedicated Major Projects Unit within Council and expedited processing times (<6 months) for significant commercial Development Applications.

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### Unlock the latent capacity of the city

A number of opportunities exist to 'unlock' a number of precincts within the Wollongong LGA that are underutilised or in need of investment. The IBC supports the work of the NSW Government to identify vacant employment lands for future development, and Council is right to identify this opportunity within the draft Strategy.<sup>2</sup> It is crucial that land be available for efforts to secure investment and job creation in the region to be successful.

#### *Undeveloped employment land*

The audit conducted by the NSW Government found 282 hectares of undeveloped employment land in the Wollongong LGA, and the IBC notes the findings of a 2014 audit that found much of it is underserved by sewerage, power and water. The IBC recommends Council examine innovative

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<sup>2</sup> Wollongong City Council, *Draft Economic Development Strategy 2019-2029*, p51.

means of unlocking and connecting undeveloped employment land in the LGA, as part of a well-publicised effort to attract commercial and industrial property development in the region.

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**Recommendation 3** Undertake necessary efforts to connect under-developed employment lands to sewerage, water and power and publicise these efforts to attract commercial and industrial property development.

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#### *Entertainment Precinct Masterplan*

The Metro Wollongong Precinct Study undertaken by JOC Consulting for the NSW Department of Planning and Environment recommends the development of an Entertainment Precinct Masterplan for the area containing the Wollongong Entertainment Centre, WIN Stadium and the Illawarra Performing Arts Centre.<sup>3</sup>

The IBC believes the development of a masterplan for the Entertainment Precinct should be a high priority, and proposes it be led by Council in consultation with the NSW Government and other major landholders nearby. We believe that the broadest possible definition of this precinct should be examined for redevelopment opportunities, which should be open to an all-encompassing public-private partnership.

Ideally, this should deliver a modern conferencing facility, a hotel and an appropriate mix of residential and commercial developments as part of an integrated precinct that incorporates existing entertainment assets. It is important that better linkages to Wollongong Train Station be examined, potentially via a shuttle bus on event days.

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**Recommendation 4** Lead an Entertainment Precinct Masterplan that incorporates the broadest zone available and examines opportunities to be derived through a public-private partnership.

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#### Maintain the commercial core of Wollongong CBD

The IBC acknowledges the risk of increasing residential developments in and around the commercial core of Wollongong's CBD, which is identified by the draft Strategy. Council should take steps to maintain the commercial core, and consider revisions to the Local Environment Plan to facilitate this.

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**Recommendation 5** Consider revisions to the Local Environment Plan, or other planning measures, to protect the commercial core from increased residential encroachment.

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<sup>3</sup> JOC Consulting, *Metro Wollongong Precinct Study*, June 2019.

## Support local businesses

Council should support local businesses through its procurement programs whenever possible. The IBC supports the proposal within the draft Strategy that would see Council review its procurement policy to expand opportunities for local businesses to their maximum potential.

The IBC believes that Council should set a percentage target for local procurement which should be supported by measures to actively promote opportunities to businesses. The IBC would be pleased to help facilitate such a measure. In relation to Council's Policy Lever, 'Business Support and Development', the IBC notes the activities listed have cross-over with the role and function of IBC and we appreciate the strong support and engagement from Council in these initiatives.

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**Recommendation 6** Create greater opportunities for local businesses by reviewing Council's procurement policy with a view to implementing a target for local procurement.

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## Grow job opportunities for locals and others

A key assumption of the draft Strategy is that an identified talent pool of 23,000 commuters and a large annual cohort of University of Wollongong (UOW) graduates will actively seek to work within the LGA if opportunities present. The intent of the draft Strategy is to grow the local economy and create job opportunities that leverage the skills base of the local workforce; an ambition that the IBC fully supports and considers necessary in order to grow the economy.

Council's efforts to match this skills base with target sectors make sense. Equally it is important to consider the assumed attractiveness of local job opportunities from a prospective employees' perspective. A competitive salary, diversity of opportunity and career progression that presents in Sydney and outside the LGA may outweigh a desire to work locally for the benefit of a reduced commute. Conversely, greater job opportunities in Wollongong will attract residents from elsewhere.

Therefore, Advantage Wollongong's identified selling point of lower staffing costs, and the draft Strategy's case study of the Knowledge Services Sector, should be reviewed in light of this. Local prospective employees may not accept a lower salary, or compromise in terms of their career development, which will impact the availability and willingness of this talent pool. However, with improved transport connectivity, Wollongong could expand its potential workforce pool to areas well outside its borders; one of the reasons why advocacy on game-changing infrastructure makes sense.

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**Recommendation 7** Consider the impact of salary, diversity of opportunity and career progression on employees' decisions to work locally, and the impacts on the assumed talent pool.

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## Target future sectors, and leverage our strengths

The IBC notes that Health Care and Social Assistance is not identified as a targeted future sector, on account of average medium income, ratio of full to part-time staff, and the capacity of the labour force to cover the expected growth of the sector. The IBC accepts that this growing sector lies outside of Council's proposed 'interventionist' approach. Even so, this sector will grow exponentially into the future and employs some 17.2 percent of the population, as at 2017/18, up 2.2 percent since 2012/13.<sup>4</sup> This is above the state average and an opportunity to be leveraged, as is the development of the UOW Health and Wellbeing Precinct.

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### Recommendation 8 Consider opportunities to leverage the expected growth of the Health Care and Social Assistance sector.

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The draft Strategy is right to acknowledge the importance of the Mining sector and the steelmaking industry. These sectors provide well-paying, secure jobs and sit at the top of a value chain that includes a broad range of manufacturing and related industries in the Illawarra. It is important to note that BlueScope remains operational in the region due to its proximity to port and supply of high quality metallurgical coal.

The IBC notes the inclusion of Public Administration and Safety as a targeted sector. The availability of appropriate office space is key to convincing state and federal governments to relocate public sector agencies to regional cities. Given the significant economic uplift this has created in regional cities like Geelong, the IBC believes that further representations should be made to governments as part of Council's business attraction efforts.

## Strengthen the case for critical transport projects

Improved connectivity will facilitate more efficient trade with Greater Sydney and other markets, increased utilisation of Port Kembla, and growth of the Illawarra economy.

The IBC welcomes the alignment of Council's key infrastructure priorities, outlined in the draft Strategy, with its own, which are based on independent, directed research.<sup>5</sup> We will continue this work, and are currently undertaking a second phase of research with UOW's SMART Infrastructure Facility to assess the economic benefits of linking the Aerotropolis at Badgery's Creek to Port Kembla and the Illawarra economy. Council's support of this project, both financial and otherwise, is invaluable and the IBC looks forward to it being a major partner in the advocacy work that will follow the release of the next piece of rail connectivity research in August.

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<sup>4</sup> idcommunity, *Wollongong City Council*, <<https://economy.id.com.au/wollongong/employment-by-industry>>, accessed 24 June 2019.

<sup>5</sup> University of Wollongong SMART Infrastructure Facility, *Upgrading rail connectivity between Illawarra and Sydney* (August 2017), <<https://www.nswbusinesschamber.com.au/NSWBC/media/WebsiteResources/PDF/Master-Final-Report-Rail-Research-July-2017.pdf>>, accessed 27 June 2019.

University of Wollongong SMART Infrastructure Facility, *Upgrading road connectivity between the Illawarra and Greater Sydney* (May 2018), <<http://www.nswbusinesschamber.com.au/NSWBC/media/Regional/Illawarra/ILWRA-to-GS-CONNECTIVITY-REPORT-FINAL-ELECTROINC-v2.pdf>>, accessed 27 June 2019.



The IBC believes that arguments for infrastructure must be made on a benefit-cost ratio (BCR) basis, which is the measure used by governments to assess if the benefits of a project exceed the costs. If the benefits exceed the costs, the BCR is said to be greater than 1. Where possible, we must make arguments for key infrastructure on this basis, in order for it to have credibility with government and other investors.

This methodology should overcome the barriers faced by Wollongong as it is excluded from regional funding, as well as perceived shortcomings in advocacy noted on page 59 of the draft Strategy. For its part, Council must take all measures to ensure it is prepared to receive any state, federal or private sector infrastructure investment in the LGA by making sure key priority projects are 'shovel ready' from a local planning perspective. It is imperative that local planning issues do not hamper major infrastructure investments by state and federal governments.

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**Recommendation 9** Continue strong advocacy in support of key infrastructure priorities and ensure they are 'shovel-ready' at a local planning level.

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### Realise the potential of Port Kembla

A KPMG report commissioned by NSW Ports has indicated that a container terminal will not be required at Port Kembla until the 2040s<sup>6</sup>. In the interim, the IBC agrees that there is an opportunity to expand operations and encourage other uses of the Port, while ensuring that it is ready for a future container terminal.

Australian Industrial Energy's (AIE) prospective LNG Import Terminal – which will accommodate LNG carriers, an LNG handling facility, wharf infrastructure and a pipeline to connect to the existing NSW east coast gas transportation network – is one such additional use, as is a potential gas fired power station.

NSW Ports forecasts that trade activity at Port Kembla will grow considerably during this time; chiefly additional bulk liquid, motor vehicle imports, and dry bulk goods, with the potential for increased cruise vessel visits. The Port has the landside capacity to support these forecast demands through optimised use of existing infrastructure. Road and rail infrastructure will become integral to future expansion, lessees' productivity and competitiveness, and building a case for an eventual container terminal.<sup>7</sup> It is therefore important that Council support other expanded uses of the Port in the short-to-medium term as a key driver of regional economic growth.

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**Recommendation 10** Support measures to realise the potential of Port Kembla in the short-to-medium term, such as projects like the LNG terminal and other expanded uses.

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<sup>6</sup> KPMG, *Quay conclusions: the best choices for additional NSW port capacity*, <<https://home.kpmg/au/en/home/insights/2019/02/best-choices-additional-nsw-port-capacity.html>>, accessed 27 June 2019.

<sup>7</sup> NSW Ports, *NSW Ports' 30 Year Masterplan: Navigating the future*, <<https://www.nswports.com.au/about-us/what-we-do/30-year-master-plan/>>, accessed 27 June 2019.

## About the Illawarra Business Chamber and Illawarra First

The Illawarra Business Chamber (IBC) is the peak business organisation for the Illawarra, defined as spanning from Helensburgh to Batemans Bay, and encompassing the Southern Highlands. The IBC is a Division of the NSW Business Chamber – a founding member of the Australian Chamber of Commerce and Industry.

The IBC represents the interests of all of the 27,000 businesses across the Illawarra, including some 13,400 in the Wollongong LGA, and provides support to the following Wollongong-based local chambers of commerce:

- Albion Park Chamber of Commerce
- Corrimal Chamber of Commerce
- Dapto Chamber of Commerce
- Northern Illawarra Chamber of Commerce
- Port Kembla Chamber of Commerce.

In doing this, the IBC develops policy, advocates to all levels of government on issues affecting businesses, undertakes research to guide greater public and private sector investment in economic infrastructure, and supports the development of workforce capacity and skills in our region.

Illawarra First is the top tier of IBC membership, harnessing best practice and thought leadership to progress key priorities including improving connectivity with Sydney, realising greater value from existing strategic infrastructure and leveraging competitive advantages to bolster economic growth.

Illawarra First membership comprises a select group of leading businesses and employers in the Illawarra, sharing a commitment to driving the development and prosperity of the Illawarra. Through their leadership and direction, the Chamber has commissioned research on road and rail connectivity between the Illawarra and Greater Sydney, which is referenced in this submission.

The IBC has its origins as the Wollongong Business Chamber and continues to fill this role and function. The IBC retains a focus on the city centre, and wider LGA, as the regional economic capital and employment centre of the Illawarra.