

State Plan Priority P6
Regional Business Growth Plan – Illawarra Region
July 2008

1. The region

The Illawarra region includes the major centres of Wollongong, Shellharbour, Kiama, Nowra and Bowral. As at June 2007 the region had a population of 417,901 which grew by 3.3 per cent between June 2002 and June 2007¹. The main industries include: steel production; manufacturing; mining; business and financial services; defence/aviation; education and tourism. Growth industries include: business and financial services; advanced manufacturing; education and logistics.

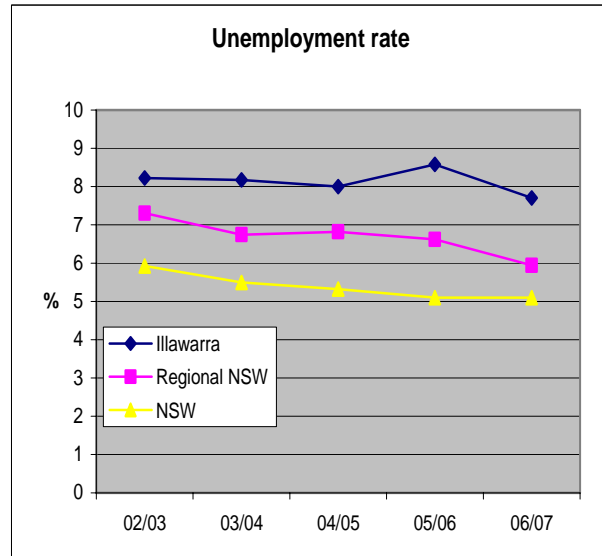
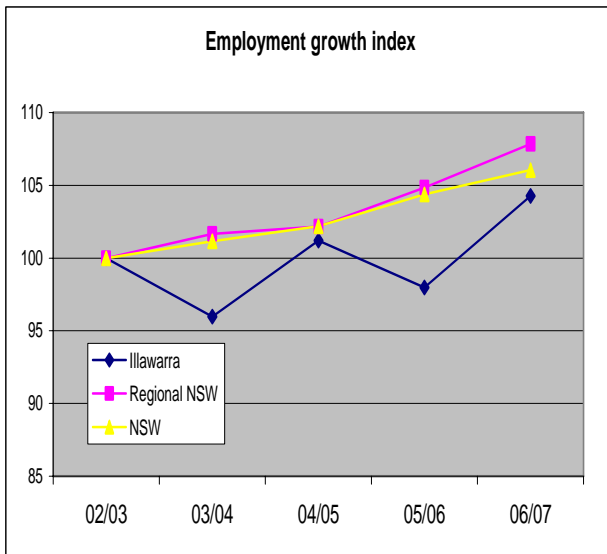
2. Regional opportunities and challenges

TYPE OF ISSUE	OPPORTUNITIES	CHALLENGES
Industry development	<ul style="list-style-type: none"> • Logistics and port related industries linked to expansion of Port Kembla • Manufacturing sector due to proximity to Sydney and existing supply chain opportunities • Business and financial services including ICT with Wollongong as key hub • Collaborative research and business development opportunities with University of Wollongong and its Innovation Campus • Tourism investment as result of opening of Sea Cliff Bridge, marketing of Grand Pacific Drive and 'Food and Wine Trail' related activities • Defence industry especially in rotary wing areas generated by the growth of HMAS Albatross and the Albatross Aviation Technology Park at Nowra • Light aeronautics linked to continued development of the Illawarra Regional Airport at Albion Park • Value-added niche food and beverage products • Emerging boat building industry based primarily in the Shoalhaven • Biomedical research and business opportunities linked to Garvan Institute's new Australian BioResearch facility at Moss Vale • Exploration and development of petroleum 	<ul style="list-style-type: none"> • Local economy to a certain degree still dependent on the steel industry • Vulnerable manufacturing sector due to offshore competition

¹ Source: ABS, Cat No. 3218.0, Regional Population Growth, Australia, 2006-07.

TYPE OF ISSUE	OPPORTUNITIES	CHALLENGES
Infrastructure	<ul style="list-style-type: none"> • TRUenergy gas fired power station at Tallawarra and planned Delta Energy gas fired power station at Nowra • Revitalisation of Wollongong City Centre • Upgraded Port of Port Kembla with increased capacity • Upgrade of Gerringong to Nowra section of the Princess Highway to dual carriageway • Continued development of the Illawarra Regional Airport at Albion Park • Safe 'year-round' port entrance strategies to promote increased transport and recreational uses of existing ports • Opportunities for development contributions to enable the provision of infrastructure necessary to respond to changing demands 	<ul style="list-style-type: none"> • Alignment of freight transport links southward with business growth opportunities. • Balancing development contributions to ensure housing and employment lands affordability and delivering appropriate community infrastructure
Land use/Planning	<ul style="list-style-type: none"> • Supply of industrial land at Nowra attracting footloose industries/investment • Supply of 600 hectares of industrial land at the Wingecarribee Employment Zone (WEZ) • Development of the Tallawarra Business Park • Planning reforms will improve operation of planning system by providing: streamlined approach to rezoning; transparent assessment of major proposals; faster assessment of routine developments; and improved accountability and affordability of development contributions • <i>Regional Strategy</i> in place for the South Coast and Illawarra Regions – strong focus on the identification and protection of employment lands – <i>Sydney Canberra Corridor Regional Strategy</i> (Wingecarribee) is expected to be released late June/early July 2008. LEP for Wingecarribee has been exhibited. • Each council in the region is reviewing and modernising its land use planning framework as part of the Standard LEP • Identification of significant land release for residential and employment lands at West Dapto • Wollongong City Centre LEP completed to provide substantial boost to the development capacity of Wollongong accompanied by an infrastructure plan for civic improvements • Recent gazettal of the Rural Lands SEPP provides greater certainty about resolving rural land use conflict 	<ul style="list-style-type: none"> • Limited broadacre employment lands, in particular large lot industrial land and land with suitable access to Port Kembla • Retention of land for food and wine production
Skills & Employment	<ul style="list-style-type: none"> • Strong capacity of the University of Wollongong and TAFE Illawarra to develop highly skilled workforce • New trade schools in Wollongong and Shellharbour • Wollongong Teaching Hospital in collaboration with the University of Wollongong 	<ul style="list-style-type: none"> • Pockets of economic disadvantage • High youth unemployment • Large number of commuters to Sydney due to lack of suitable local jobs • Skills shortages in some sectors • Alignment of transport with workplace and training needs

3. Regional indicators and measures

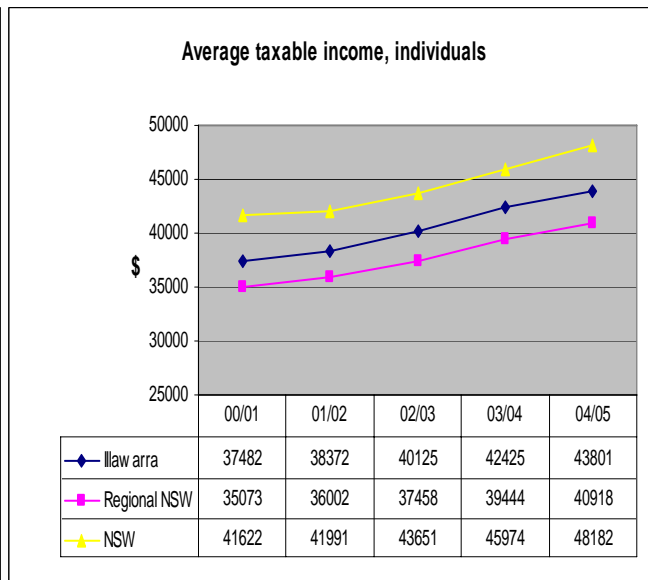
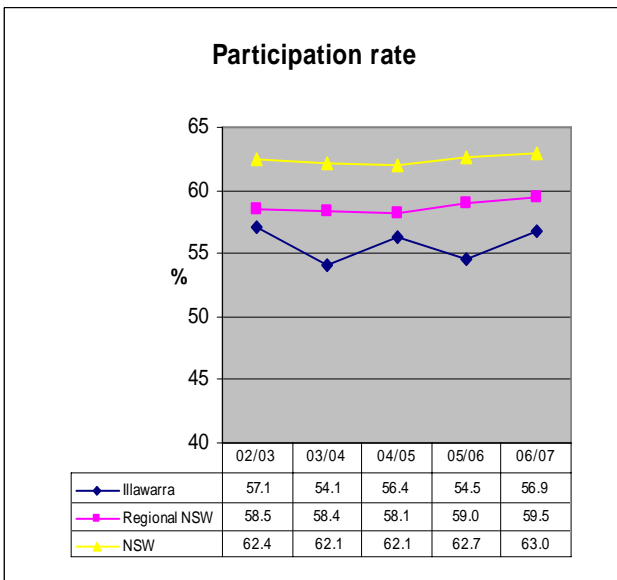


Total Employment, (000's)

	02/03	03/04	04/05	05/06	06/07
Illawarra	169	162	171	165	176
Regional NSW	1186	1206	1212	1243	1279
NSW	3118	3154	3187	3255	3307

Total Unemployment (000's)

	02/03	03/04	04/05	05/06	06/07
Illawarra	15.1	14.4	14.8	15.5	14.6
Regional NSW	93.6	87.2	88.7	88.2	80.7
NSW	196.6	183.6	179.3	175.0	177.8



Notes: (1) ABS Labour Force regions approximate DSRD regions. (2) Labour force data for the financial year is based on the average of four quarters at August, November, February and May. (3) Taxable income for regions has been based on the postal area – statistical division concordance based on the ABS Cat No 2905.0.55.001, ABS Postal Area Classifications, Aug 2006. The concordance as at 2006 has been applied to previous years. As a result, changes in postal areas or additions and deletions of postal areas in previous years have not been considered. Sources: Labour Force data sources from ABS Cat No 6291.0.00.003 and unpublished ABS data. Taxable income data sourced from the Australian Tax Office at www.ato.gov.au.

4. High priority and high impact strategies to address barriers to business investment

Strategy 1 Improve access to, and development readiness of employment lands

The lack of supply of well serviced large lot industrial land is a constraint to the continued growth of the region, particularly Wollongong. An expanding industrial base and an upgraded Port of Port Kembla both translate into an increasing demand for industrial land in Wollongong. The increasing demand must be balanced against a limited supply of available and suitable land.

High Priority and High Impact Initiatives

- Promote and implement the Department of Planning's (DOP) *Illawarra Regional Strategy* and the *South Coast Regional Strategy* which have identified opportunities in West Dapto, Port of Port Kembla expansion, Kembla Grange, land surrounding Illawarra Regional Airport, Innovation Campus, Tallawarra Employment Lands, and Shell Cove Marina.
- The Illawarra Employment Lands Taskforce (IELT) was established in 2006. Based on the findings of Stages 1 to 4 of the *Illawarra Employment Lands Strategy*, a total of twelve (12) regionally significant employment land precincts have been identified. These include: Innovation Campus, Wollongong; Tallawarra Employment Lands; Port of Port Kembla; Illawarra Regional Airport; Kembla Grange; Bombo Quarries, Kiama; Flinders Industrial Estate, Nowra; Albatross Aviation Technology Park, Nowra; and Wingecarribee Enterprise Zone (WEZ). The Local Environmental Plan for Wingecarribee has been exhibited.
- Undertake a review of 'brownfield' and NSW Government owned sites in the Wollongong Local Government Area (LGA) as sources of employment land supply. Through the IELT coordinate the approach of owners of 'brownfield' and other under-utilised employment land sites to ascertain their status and availability.

Impacts

- Take up of available land at Port Kembla has been strong. The limited stock of available industrial land close to Port Kembla means that other options to leverage off the relocation of the NSW car importation business from Sydney to Port Kembla need to be pursued. The challenge is to consider relocating non-essential port activities to other sites and promote key linkages between the Port and new employment land opportunities (e.g. at Tallawarra).
- Increase supply of useable industrial land (subject to addressing contamination issues on some sites) and resolve key issues with regard to development readiness of employment land through IELT.

Resources

- The IELT, through DOP, is working with each of the five (5) Illawarra Local Councils to improve the usability of the Employment Land Database developed as part of the *Illawarra Employment Lands Strategy*. The project improves the effective monitoring and identification of existing employment lands in the region.
- A review of 'brownfield' and NSW Government owned sites will be undertaken.
- Work is underway by the Department of Lands to quantify development opportunities upon Crown lands.

Strategy 2 Assist the manufacturing sector with innovation to increase productivity and global competitiveness

The manufacturing sector has seen a sizeable shift in products being manufactured overseas. In the last three (3) years there has been a significant number of business closures and downsizing within the manufacturing

sector in the Illawarra, e.g. the closure of Gates Rubber in Nowra during 2006 with the loss of some 150 jobs; and the closure of the Bluescope Tin Mill resulting in a loss of around 250 direct jobs in 2007.

High Priority and High Impact Initiatives

- Implement aspects of the Department of State and Regional Development's (DSRD) Lean Manufacturing Program consisting of:
 - Lean Awareness Workshops: to be held in Wollongong, Nowra and Moss Vale to raise awareness of the benefits of Lean Manufacturing in helping companies to improve both product quality and customer service and also reduce costs.
 - Lean Diagnostic, subsidised diagnostic review and assessment.
 - Lean Implementation Consultancy: tailored implementation program to address the key recommendations from the Lean Diagnostic.
 - Assess the feasibility of establishing Lean Implementation Groups in the region to build awareness and ensure Lean implementation projects remain on track.
- Formulating quick response strategies to sudden job losses in the manufacturing sector due to business or industry restructures and/or closures.
- Facilitation and development of business clusters and networks in local manufacturing sector (e.g.: i3net; Southern Highland Manufacturers Cluster; and Shoalhaven defence industry cluster). Support group marketing opportunities and other collaborative activities (e.g. attendance at industry events such as National Manufacturing Week) that can help boost the sales of local manufacturers.
- Activities associated with the *Illawarra Food and Wine Strategy*. The focus of this Strategy is on manufactured processed food and beverages products. Given the proliferation of small, niche food and wine producers in the region, the key direction of the Strategy is to provide group marketing opportunities, especially to access the nearby Sydney market.
- Working with the Commonwealth Government to attract overseas investment prospects for the local manufacturing sector where the region demonstrates a competitive advantage.

Impacts

- Over 500 identified jobs have been lost in the Illawarra region over the past three (3) years from plant closures and downsizing activities.
- Improved competitiveness of local manufacturers through the application of Lean Manufacturing techniques and procedures.
- Improved sustainability of small businesses in the food and beverages sector.

Resources

- Implementation of a Lean Manufacturing Program in the Illawarra region.
- Implementation of components of the *Illawarra Food and Wine Strategy*:
 - Regional Food and Wine Showcase at the Restaurant 2008 event
 - Illawarra Food and Wine Directory
 - Business development workshops
- Initiatives will be funded from within existing DSRD regional program funds.

Strategy 3 Develop initiatives to bring skills to the region and to retrain the existing workforce

The Illawarra region is experiencing a shortage of skilled and qualified people in many occupations, including: engineering; mechanical trades; and health services.

High Priority and High Impact Initiatives

- Collaboration between DSRD and the Illawarra Institute of TAFE to improve flexibility of training delivery for industries and enterprises.

- The Illawarra Regional Development Board (IRDB) will identify skills shortages and suitably qualified persons in the local labour market.
- DSRD will work in cooperation with the Regional Coordination Management Group (RCMG) on developing strategies to address workforce changes and skills shortages for local industries.

Impacts

Lack of skilled labour results in:

- Restricted growth potential for local businesses (e.g. manufacturing and engineering companies in the region). The more highly skilled the position, the greater the difficulty in filling the job. The focus of local industry appears to be on up-skilling existing employees through ‘on the job’ training or short targeted courses run by TAFE NSW and other providers.
- Local businesses/industry not maintaining operations in the region and off-shoring operations.
- Limiting growth of emerging industries such as port related industries including transport and logistics, ICT, and business and financial services.

Resources

- The Department of Education and Training’s (DET) State Training Services group is working with the Department of Premier and Cabinet (DPC) to extend the Corporate Partners for Change Program into the Illawarra region. This Program assists disadvantaged people to gain skills and jobs in skill shortage area and will commence in 2008.
- The COAG Illawarra Virtual Work Experience Project seeks to engage students and small and medium-sized enterprises (SMEs) by bringing them together in a virtual workspace to help address shortages in high end ICT, manufacturing and advanced engineering sectors. It also aims to strengthen links between school leavers and high technology SMEs. There is potential to build on this model of working with small businesses to attract and retain young people in the region.
- Wollongong and Shellharbour Trade schools are being established within the Illawarra Institute of TAFE. This will broaden the opportunities to engage students in training in skill shortage areas including engineering, construction, automotive and health sciences.
- The budget for skills related projects is to be negotiated between the DSRD and relevant partners.
- Between 2008/10, DET is implementing a regional Corporate Partners for Change employment and training program with local businesses in the region to assist up to 50 unemployed people to make the transition into employment and provide a skilled workforce in employment growth areas.

Strategy 4 Develop tourism strategies to capitalise on the opening of the Sea Cliff Bridge and focus on the coastal Grand Pacific Drive

The ‘Grand Pacific Drive’ tourism brand was developed to capitalise on the relaunch of the region’s major tourism route. The construction of the \$49 million Sea Cliff Bridge has renewed interest in developing the tourism potential of the coastal drive and villages between Sydney and Wollongong. The 120 kilometre Grand Pacific Drive extends beyond Wollongong taking in the regions of Shellharbour, Kiama and Shoalhaven (with return links to Sydney via the Southern Highlands).

High Priority and High Impact Initiatives

- The Grand Pacific Drive Scoping Study and Masterplan which was released in July 2007, provides a strategic blueprint and vision for the region for the next 10 to 15 years. The project involved collaboration between the five (5) Illawarra Local Councils (Wollongong, Kiama, Shellharbour, Shoalhaven and Wingecarribee), the IRDB, DOP, Tourism Illawarra and its LGA based tourism bodies.
- A total of 12 priority actions have been identified across five (5) broad strategy areas including: brand development; product development; infrastructure; marketing; and structure/capacity building.
- Development of better quality tourism product in the Shoalhaven.

- Marketing of the 'Food and Wine Trails' across the Illawarra.

Impacts

- Tourism is a significant contributor to the economies along the route of the Grand Pacific Drive. In the 12 months to June 2006, domestic overnight visitors alone spent \$240 million in the Illawarra, sustaining around 6,510 jobs or 5.3 per cent of total employment in the region. The day trip market spent \$186 million during the same period in the region.
- Significant investment in tourism infrastructure and product has occurred or is planned in the region. This includes: the establishment of IBIS, Mercure, Medina, Best Western and Parkview Hotels in Wollongong; Shellharbour Marina and Wollongong Harbour redevelopment; 'Illawarra Fly' skywalk at Robertson; and the expansion of the Jamberoo Recreational Park in Kiama.

Resources

- Activities associated with the Grand Pacific Drive Scoping Study and Masterplan are progressively being scoped and costed on an individual basis by the relevant proponents. For example, the Signage Strategy for the Grand Pacific Drive attracted Commonwealth Government funding through the Australian Tourism Development Program.

Strategy 5 Develop initiatives to attract new business investment in key selected service sectors

High Priority and High Impact Initiatives

- The objective of the *Wollongong Business and Financial Services Strategy* is to position Wollongong as a key business and financial services precinct in Australia. Key target sectors include shared service/operation centres, contact centres, ICT, insurance and funds management services.
- The *Wollongong Business and Financial Services Strategy* has 4 key elements:
 - Business Attraction: recruit new businesses to Wollongong;
 - Business Development: help existing business to grow;
 - Talent: ensure enough skilled labour to support industry needs; and
 - Infrastructure: ensure adequate infrastructure to support growth strategies.
- The Strategy also represents a key action initiative of the Wollongong City Centre Revitalisation Plan
- DSRD is working closely with Wollongong City Council and the Innovation Campus to implement aspects of the Strategy.

Impacts

- Implementation of the Strategy will result in potential \$2 million investment and 100 jobs annually. This is based on an existing pipeline of potential projects.

Resources

- A Business Development Manager has been appointed by DSRD to help implement activities associated with the Strategy.
- Development of marketing material to support the implementation of the *Wollongong Business and Financial Services Strategy*.

Strategy 6 Develop initiatives to attract potential investment in coal and petroleum

The Illawarra region has potential for coal and petroleum exploration.

High priority and high impact initiatives

- The Department of Primary Industries will complete the detail (two by 2 km) coverage for gravity in the Sydney Basin which includes the Illawarra region.
- The evaluation of the detailed gravity data and analysis of outcropping granitic rocks will determine geothermal resource potential in the region.
- Shallow stratigraphic core hole drilling will be programmed in trying to monitor heat flow, measure rock conductivity and select a ‘pilot’ hole, in collaboration with Geoscience Australia, towards the ‘geothermal for cities project’.

Resources

- The NSW Government has committed \$16.5 million to the New Frontiers exploration initiative across NSW over the next three years.
- This is expected to be supplemented by additional funding from industry and the Commonwealth Government.

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