

Pre-Budget Submission 2022

to the Australian Federal Government

Submitted by RDA – Illawarra

January 2022

EXECUTIVE SUMMARY

Regional Development Australia – Illawarra (RDA Illawarra) coordinates a partnership between the region’s local governments, the University of Wollongong (UOW) and Peak Body organisations to progress **key initiatives that will deliver transformative infrastructure, a vibrant visitor economy and economic resilience** for the Illawarra-Shoalhaven. That partnership has been a success, with **over 40% of the requested funding committed within the first year** - and several other initiatives now have firm financial assurances for completion.

However, bushfires, floods and the more recent global COVID pandemic have had a **significant, negative impact on public health, the economy as well as business and consumer confidence**. The closure of international borders has affected student numbers at the UOW and led to **labour shortages in key regional industries** such as **hospitality, construction, health and aged care**. **Working patterns have changed**, with many employees working remotely and delivering ‘decentralisation by default’ as **workers migrate from capital cities to regions**.

There is increased support to **reduce carbon emissions** from the community, business and all levels of government with plans to decarbonise the Illawarra regional economy progressing rapidly.

Against this background, RDA Illawarra seeks funding from Federal and State governments to complete several **far-reaching, strategic initiatives** that will deliver:

Connectivity: Enabling infrastructure to improve connectivity between Illawarra and Sydney/Western Sydney to unlock investment opportunities

Jobs: Create a diverse economy that maximises jobs and industries for the region’s future

Resilience: Secure innovative solutions that drive a resilient and sustainable region.

The recommendations in this submission are intended to deliver **transformative infrastructure**, a vibrant and more **diverse visitor economy** as well as regional **economic resilience; fundamentally, it’s about creating jobs**. RDA Illawarra calculates that investment in these initiatives can deliver over **12,500 new jobs** to the Illawarra-Shoalhaven region, with many of those being **higher-paid roles delivering economic and social benefits** for the region.

Road and rail linkages to Sydney and Western Sydney are key enablers – promoting the transport of goods to key markets or export ports and facilitating the movement of people into commercial centres or to liveable leisure locations. RDA Illawarra considers those future-building road and rail linkages as the foundation for other transformative infrastructure.

Development of **critical entertainment and commercial infrastructure** in the regional cities will see a boost to the visitor economy and its expansion to encompass more convention attendance and an increase in major events – as well as **delivering a more liveable space** for residents.

Creation of a **Blue Highway (Marine Economy)** will deliver alternative (and bushfire resilient) visitor economy options, as well as opportunities to catalyse existing and emerging marine industry or technology and indigenous culture.

Improved transport and infrastructure will deliver **more jobs to the region**, but this submission also targets higher-quality roles by securing land and **developing the Port Kembla Industrial Precinct**; creating jobs in **Advanced Manufacturing and emerging industries** – many of which will go to apprentices and local graduates.

This submission includes recommendation for the progression of the following key initiatives:

- ▶ **South-West Illawarra Rail Link (SWIRL)** – development of a Business Case
- ▶ **Picton Road** – delivery of dual carriageway over entire length
- ▶ Port of **Port Kembla Industrial Precinct** – accelerate activation as a container port and development of a Port Kembla Industrial Precinct Master Plan
- ▶ **Blue Highway** – deliver remaining planned outcomes from South Coast Marine Strategy
- ▶ **Illawarra Sports and Entertainment Precinct** – development of a Master Plan and Business Case
- ▶ **Co-working Hubs** – incentivise development of regional Co-working Hubs.

Growth potential is currently constrained by a limited investment to unlock key local economies, but these supportive and co-dependent initiatives each have an impact on Connectivity, Resilience and will deliver Jobs.

The recommendations of this submission are:

- 1 Funding to develop a business case for a direct, dual track, electrified freight and passenger rail link between Port Kembla and Western Sydney**
- 2 Picton Road should be upgraded to a four-lane, divided carriageway along its entire length from the M1 Princes Motorway (Mount Ousley Road) in the east to the M31 Hume Motorway (near Wilton) before 2027**
- 3 Funding be established for the development of a strategic Master Plan for Port Kembla Industrial Precinct and its surrounding employment lands**
- 4 Commit funding to support the accelerated development of Port Kembla as NSW's second container terminal, for completion by 2032**
- 5 An incentive scheme be funded to support and encourage the development of co-working hubs to aid regionalisation and decentralisation**
- 6 Full Funding for completion of NSW South Coast Marine Tourism Strategy, 2019 (the 'Blue Highway') including foreshore, precinct and harbour activation; network approach to the South Coast marine destinations; and sustainable development of visitor experiences**
- 7 Funding for a comprehensive Master Planning process and development of a detailed business case for a revitalised Illawarra Sports and Entertainment Precinct with better connections to the CBD and ocean.**

Wollongong is part of a network of six cities across the Sandstone Megaregion and plays an important role in supporting **the future growth of Greater Sydney**. This has recently been recognised through the NSW government's Six Cities policy and appointment of a new Minister for Cities. **The initiatives in this submission will expand trade linkages** between regional NSW and Western Sydney to the Port of Port Kembla, which is the **NSW port of growth and the state's second container port**. The range of projects proposed will deliver transformative infrastructure, better position our NSW South Coast Visitor Economy and secure our long-term economic resilience.

Investment in the Illawarra is a winner for NSW and Australia – creating jobs and growth within the region and beyond, reducing congestion in Western Sydney and creating better import/export market access.

INTRODUCTION

In October 2020, Regional Development Australia – Illawarra (RDA Illawarra) launched a bid for a City Deal in the Illawarra-Shoalhaven region, supported by all four local governments (Wollongong, Shellharbour, Kiama and Shoalhaven), the University of Wollongong (UOW) and Peak Body organisations.

The objectives of the proposed City Deal were to generate \$875M in funding from Federal, State and Local governments – along with private investment – that will deliver:

- ▶ **Transformative infrastructure:** connecting the region – and particularly the Port of Port Kembla – to Western Sydney and beyond
- ▶ Impetus for the **Visitor Economy:** increasing opportunities for visitors – for pleasure or business – to enjoy the liveable beaches and hinterland of the Illawarra-Shoalhaven
- ▶ **Economic Resilience:** developing alternative industries that can leverage the advanced manufacturing and innovative capability of the region.

The Illawarra-Shoalhaven City Deal proposal has been a success, with over 40% of the funding achieved, and several other initiatives now have firm financial commitments for completion.

However, since the launch of the Illawarra-Shoalhaven City Deal bid, the global COVID pandemic has had a significant impact on public health, the economy as well as business and consumer confidence.

The closure of international borders has affected student numbers at the UOW and led to labour shortages in key regional industries such as hospitality, construction, health and aged care.

Working patterns have changed, with many employees – and organisations – realising the benefits of working remotely; this is encouraging greater decentralisation with internal migration of people from capital cities to regions.

There is also an increased emphasis on reducing carbon emissions, which has gained broad support – and increased urgency - from the community, business and all levels of government; investigations on how to decarbonise the Illawarra-Shoalhaven regional economy are now progressing rapidly.

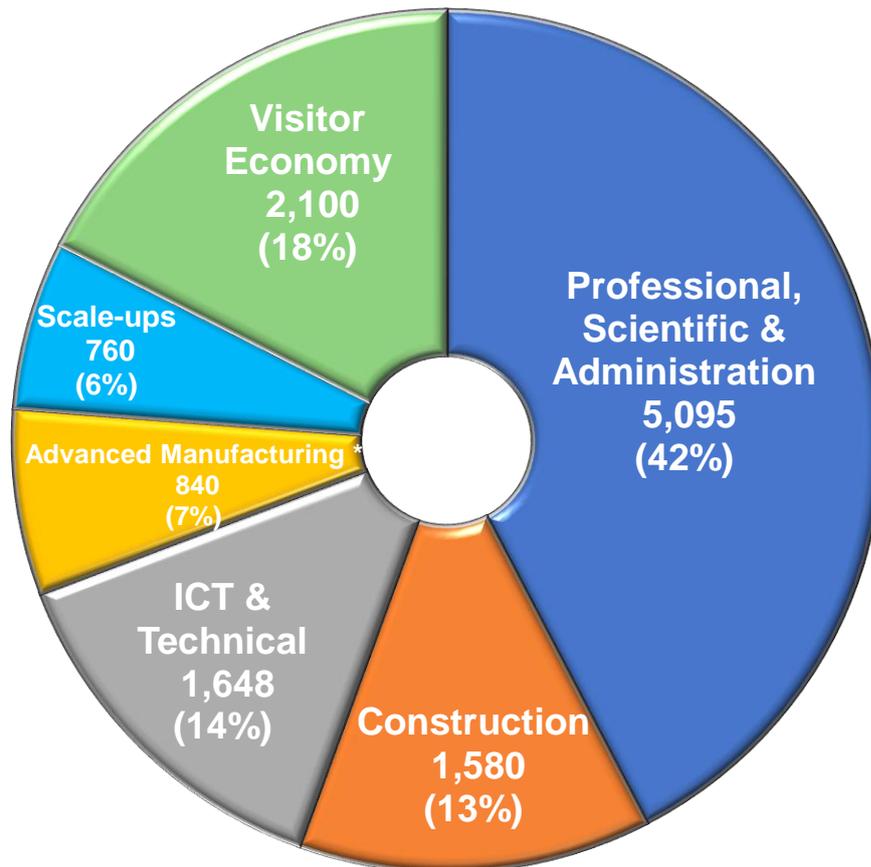
Against this background, RDA Illawarra is proposing to refine the Illawarra-Shoalhaven City Deal initiatives and seeks funding from Federal and State governments to complete a revised list of far-reaching initiatives that will deliver:

Connectivity: Enabling infrastructure to improve connectivity between Illawarra and Sydney/Western Sydney to unlock investment opportunities

Jobs: Create a diverse economy that maximises jobs and industries for the region’s future

Resilience: Secure innovative solutions that drive a resilient and sustainable region.

RDA Illawarra has calculated that investment in these initiatives can deliver up to **12,500 new jobs** to the Illawarra-Shoalhaven region; with many of those being higher-paid roles that will generate additional economic and social benefits for the region.



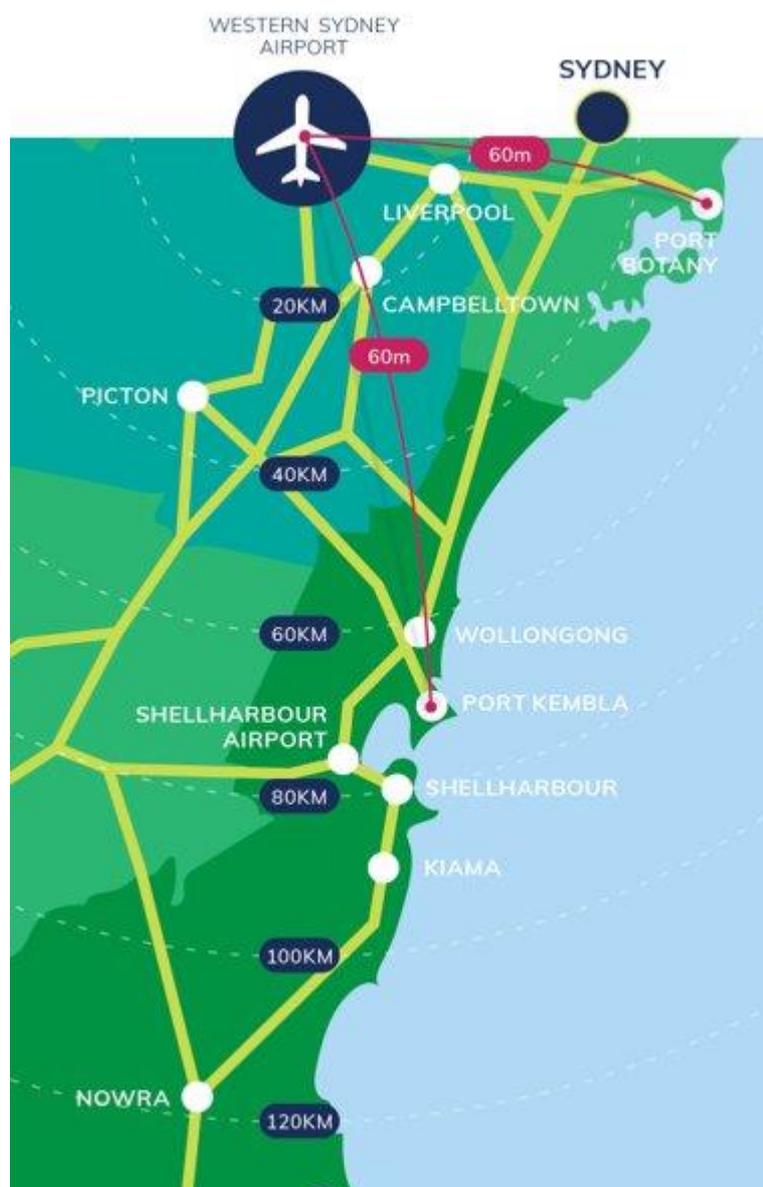
*Investment on Connectivity and Resilience in the Illawarra can deliver over 12,000 new Jobs in predominantly higher-paid roles.
* Advanced Manufacturing includes Defence & Medical*

This forecast mix of growing occupations closely mirrors those of the Western Parkland City, which forecast Construction and Manufacturing as ‘Important Growth Industries’ and Accommodation and Food Service (the Visitor Economy), Health Care and Social Assistance, Education and Training and Public Administration as ‘Important Mature Industries’.

Further, the Western Parkland City Authority estimates that 16% of jobs in the Parkland City will be in ‘Other’ locations² – and that commuting between LGAs will be necessary. Effective, efficient and direct transport linkages – especially public transport - will be vital to the success of the emerging Parkland City.

BACKGROUND

The Illawarra is the second major trade gateway for Greater Sydney, after Port Botany.



Land-side congestion in Sydney creates a situation where travel times between Western Sydney and Port Botany or Port Kembla are equivalent

kilometres of Wollongong by 2031. Enhancements to major road corridors, such as duplication of Picton Road, upgrades to Mount Ousley Road and Interchange and access for residents of new housing developments from the southern extension of the M1 are a key part of this transformational framework.

Job creation in Advanced Manufacturing is targeted through the expansion of the Port Kembla Industrial Precinct and the Albatross Aviation Technology Precinct at Nowra. Better road and rail access will attract investment in manufacturing, green energy, ICT and tourism in the liveable South Coast.

To achieve jobs and growth within our region we need to enhance connectivity with Western Sydney and regional NSW, create investment in emerging technologies and service industries, and capitalise on our growing visitor economy.

The Port of Port Kembla is an asset of national significance, critical to the future economic growth and development of NSW. Port Kembla is currently underutilised and is deemed by NSW Ports as the state's second container port and a 'NSW port of growth'.

Freight in Greater Sydney is set to double in the next 40 years, most of the growth is in the west and south-west of Sydney. The freight and passenger rail corridor developed through investment in a South-West-Illawarra Rail Link (SWIRL) will reduce freight on the near-capacity South Coast rail line and enable faster, more frequent and direct passenger movements to and from Western and Greater Sydney, which is a significant daily commuter corridor for over 26,000 people.

Population growth in South-West Sydney will see an additional 70,000+ households within 50

Visitor economy opportunities will be derived through unlocking tourism and social infrastructure in the region, including upgrades to the Illawarra Sports and Entertainment Precinct, and the creation of a Marine Infrastructure Network (‘Blue Highway’) linking Sydney with the South and Sapphire Coasts. The Illawarra offers not only lifestyle benefits but is also the ‘beach’ and playground for people from Western Sydney. The COVID pandemic has seen a large and continuing internal migration of people from Sydney and Western Sydney into regional areas; Illawarra has been a popular destination due to its liveability and proximity to Sydney.

Failure to deliver infrastructure to meet the growing freight and population challenges will condemn future generations in Greater Sydney to an increasingly congested and costly import-export network. Waiting until the South Coast passenger and freight line hits capacity, or until congestion worsens on Sydney’s already pressured road network is not the answer. Wollongong is now part of “city region of six cities”, with planning coordinated by the Greater Sydney Commission across the Sandstone Megaregion. The Illawarra plays an important role in supporting the future growth of Greater Sydney, and that has recently been recognised through the NSW government’s Six Cities policy³ and appointment of a new Minister for Cities. Investment in the Illawarra is a winner for NSW and Australia - creating jobs and growth within the region and beyond, reducing congestion in Western Sydney and creating better import/export market access.

Growth potential is currently constrained by a limited investment to unlock key local economies. Additional investment from NSW government will allow the Illawarra to reach its full potential as a much needed ‘release valve’ for a congested Sydney.

The initiatives in this submission will expand trade linkages between regional NSW and Western Sydney to the Port of Port Kembla, which is the NSW port of growth and the state’s second container port. The range of projects proposed will deliver transformative infrastructure, better position our NSW South Coast Visitor Economy and secure our long-term economic resilience.

Delivery of the projects proposed in this submission will have a transformative impact on the regional economy. The strategic objectives are to create up to 12,500 high-quality jobs in the next decade by delivering investment in key industries that attracts new businesses and retains employees as residents in one of Australia’s most liveable regions.

OUTCOMES

The initiatives discussed in this submission are intended to deliver transformative infrastructure, a vibrant and more diverse visitor economy as well as regional economic resilience; fundamentally it’s about creating jobs.

Road and rail linkages to Sydney and Western Sydney are key enablers – promoting the transport of goods to key markets or export ports and facilitating the movement of people into commercial centres or to liveable leisure locations. RDA Illawarra considers those future-building road and rail linkages as the foundation for other transformative infrastructure. This view of better connectivity with Western Sydney is supported in the Western Parklands City Draft Economic Roadmap⁴, and by the regional connections of the Greater Sydney Region Plan 2018⁵.

Development of critical entertainment and commercial infrastructure in the regional cities will see a boost to the visitor economy and its expansion to encompass more convention attendance and an increase in major events – as well as delivering a more liveable space for residents.

Creation of a Blue Highway (Marine Economy) will deliver alternative (and bushfire resilient) visitor economy options, as well as opportunities to catalyse existing and emerging marine industry or technology as well as indigenous culture.

Improved transport and infrastructure will deliver more jobs to the region, but this submission also targets higher-quality roles by securing and developing the Port Kembla Industrial Precinct; creating jobs in Advanced Manufacturing and emerging industries – many of which will go to apprentices and local graduates.

Key outcomes expected from the integrated suite of initiatives are:

Connectivity: Enabling infrastructure to improve connectivity between Illawarra and Sydney/Western Sydney to unlock investment opportunities

Jobs: Create a diverse economy that maximises jobs and industries for the region’s future

Resilience: Secure innovative solutions that drive a resilient and sustainable region

We are seeking investment in the future of the Illawarra and New South Wales.

KEY INITIATIVES

This submission includes recommendation for the progression of the following key initiatives:

- ▶ South-West Illawarra Rail Link (SWIRL) – development of a Business Case
- ▶ Picton Road – delivery of dual carriageway over entire length
- ▶ Port of Port Kembla Industrial Precinct – accelerate activation as a container port and development of a Port Kembla Industrial Precinct Master Plan
- ▶ Blue Highway – deliver remaining planned outcomes from South Coast Marine Strategy
- ▶ Illawarra Sports and Entertainment Precinct – development of a Master Plan and Business Case
- ▶ Co-working Hubs – incentivise development of regional Co-working Hubs.

These initiatives are mutually supportive and co-dependent, with an impact on Connectivity, Jobs and Resilience, which is depicted in the table below:

INITIATIVE	CONNECTIVITY	RESILIENCE	HIGH-VALUE JOBS	
			CONSTRUCT	OPERATE
South-West Illawarra Rail Link (SWIRL)	●	●	●	●
Picton Road Duplication	●	●	●	
Port Kembla Industrial Precinct	●	●	●	●
Co-working Hub Incentives		●	●	●
Blue Highway completion	●	●	●	●
Illawarra Sports & Entertainment Precinct		●	●	●

CONNECTIVITY

South-West Illawarra Rail Link (SWIRL)

RDA Illawarra is recommending funding to develop a **business case** for a direct, dual track, electrified rail link between Port Kembla and Western Sydney.

The so-called South-West Illawarra Rail Link (SWIRL) is a proposed passenger and freight line connecting Wollongong and Western Sydney. It will provide an important direct connection between the growth area of Western Sydney and the Port of Port Kembla.

As a dual track line, it also links passengers from the growth centres across the Illawarra and at Wilton to new opportunities in Western Sydney.



Delivery of a direct rail link from Port Kembla to Western Sydney will facilitate passenger and freight movements, reduce congestion on the South Coast line and create opportunities for intermodal facilities

By 2050, the population of the Illawarra is expected to grow by 60,400 and the Wollondilly by 50,000. Commuters from the Illawarra to Greater Sydney will grow from 26,000 (in 2016) to 46,000 by 2041 and from the Wollondilly from 16,000 (2016) to 39,000 by 2041.⁶

Without infrastructure investment, this population growth will see existing jobs deficits increase significantly in the Illawarra. The 200,000 jobs projected for Western Sydney within 20 years present nearby opportunities for residents but there are no planned direct passenger rail linkages between the regions.

Container volumes are forecast to triple in the next 30 years. Port Botany has a potential 7.5M TEU waterside capacity, however land-side constraints will limit capacity to 4-5M TEU. Existing and planned intermodal facilities will reach capacity within the next 30 years and are also at risk of land-side constraints. An alternative port solution is needed within 20 years with capacity estimated at 2.5M TEU.

The NSW Government has declared Port Kembla as the next container terminal in NSW. A concept plan for Port Kembla outer harbour expansion has been approved with 1.2M TEU capacity, which can be increased to over 2.5M TEU. This provides a potential port solution.

However, the Illawarra’s rail network reaches capacity in 2036 (according to Transport for NSW) and after 2041 the planned container terminal at Port Kembla will add 9,300 additional train paths

to the network and a further 1.6 million road trips.⁷ Freight and passenger movements will be severely constrained.

Freight movements make up 40% of east-west peak road traffic and there is currently no rail alternative. Key freight roads, particularly Picton Road, will reach capacity by 2025.

Commuter volumes east-west are forecast to exceed north-south within 20 years, however there is currently no public transport option. By 2041 it is estimated that 32,000 people will commute from the Illawarra to Western Sydney; with no public transport option, 97% of these journeys will be by car⁸.

A freight and commuter rail connection between Port Kembla and Western Sydney is needed to alleviate expected land-side freight and passenger congestion.

Absent any investment, it is estimated that by 2041 freight rail constraints will cost the regional economy \$230 million annually, and the productivity loss due to commuting will cost our economy \$680 million⁹.

Conservative estimates contained in a 2017 report¹⁰ indicate SWIRL would deliver an additional \$2.6 billion in Gross Regional Product and 1,100 new jobs for the region. The investment would also reduce congestion on connecting road infrastructure, assist in accommodating expected population growth, improve freight productivity and provide an important alternative rail connection to the ageing South Coast Line, which was built in the 19th Century and is a serious impediment to employment, growth and regional investment.

In addition to these assessments, the decision to proceed with Western Sydney airport and the development of Bradfield provides further economic and social benefits that have not been previously assessed and which did not exist when the Maldon-Dombarton rail line was originally conceived.

The previously considered Maldon-Dombarton rail corridor is preserved, largely cleared and partially constructed. There is a significant area of underdeveloped land at Maldon near major road and rail junctions servicing Sydney, ACT and central NSW markets; this has the potential for an intermodal hub.

Urgent action is required to secure freight links at the completion of Western Sydney Airport in 2026, and to meet the growing freight task with sufficient time for construction.

Recommendation 1:
Funding to develop a business case for a direct, dual track, electrified freight and passenger rail link between Port Kembla and Western Sydney.

Picton Rd

RDA Illawarra recommends that Picton Road should be upgraded to a four lane, divided carriageway along its entire length from the M1 Princes Motorway (Mount Ousley Road) in the east to the M31 Hume Motorway (near Wilton). This is based on the need for better connectivity and safety as well as the deliverable economic benefits compared to the cost of further delay.

Recent safety improvements to this major arterial road have not addressed the key issues of journey duration, capacity constraints and future needs. Continuation of a piecemeal approach will not deliver what is required - fast, easy and safe access to and from the Illawarra region.



Duplication of Picton Road from Mt Ousley to Wilton will deliver a key transport link to western Sydney and growing residential areas along its route

The development of the Port of Port Kembla and the increasing importance of Western Sydney require direct, capable and efficient connectivity between these two locations. Similarly, the growth of residential and commercial centres at Wilton and Greater Macarthur will increase demand on transport corridors between the Illawarra and south-western Sydney. The NSW government draft Western Parkland Blueprint¹¹ supports this, proposing road and rail linkages with Liverpool and the Wilton growth area.

On average, over 20,000 vehicles use Picton Road each day, with heavy vehicle use (at 25 per cent in 2019) growing faster than passenger vehicles. There is not a thoroughfare like Picton Road elsewhere in NSW that carries 20,000 vehicles per day with a heavy vehicle proportion as high as 25 per cent. The Hume Highway near Gundagai carries half the daily volume as Picton Road, with a similar heavy vehicle proportion, but is of freeway standard with two lanes in each direction.

Infrastructure Australia regards Picton Road safety and capacity as a problem requiring a “Near Term (0-5 years)” solution. This is also the stated position of regional Peak Bodies and Local Governments of Wollongong, Shoalhaven, Kiama and Shellharbour. Delays in completing this key link to the west are estimated to reach \$130M per year in travel times by 2031 and nearly \$9M a year in crash costs for fatalities and serious injury.

Long-planned improvements to the Mount Ousley Interchange at the foot of Mount Ousley Road (on the M1 Princes Motorway) have recently been **fully funded for imminent completion**. This improvement – though needed and most welcome – is only part of the transformative change that will result from a complete upgrade in the road link between Port Kembla and the M31 Hume Motorway. RDA Illawarra submits that the upgrade to **Mt Ousley Interchange and duplication of**

Picton Road over its entire length are best delivered together; doing one without the other is a sub-optimal solution with long-term ramifications.

The economic benefits of developing Picton Road as a four-lane divided highway (at an estimated cost of \$180M) have been calculated to deliver: 360 ongoing jobs; \$40.5M in additional annual overall output and \$225M in yearly GSP. Additionally, completion will deliver nearly \$42M by savings in travel time, vehicle operating costs and safety¹².

RDA Illawarra advocates that the \$44M currently slated for safety improvements on Picton Road be incorporated into a **comprehensive plan to deliver a \$180M four lane, divided carriageway** from Mt Ousley Road to the Hume Highway **within the next five years**.

Recommendation 2:

Picton Road should be upgraded to a four-lane, divided carriageway along its entire length from the M1 Princes Motorway (Mount Ousley Road) in the east to the M31 Hume Motorway (near Wilton) before 2027.

JOBS & RESILIENCE



RDA Illawarra makes two recommendations regarding the Port of Port Kembla: that plans to develop the port as NSW's second container port are accelerated to reduce the load on Port Botany; and that the NSW Government establishes a Strategic Plan for the considerable areas of industrial land surrounding the port precinct.

The Port of Port Kembla is an economic asset of national significance, critical to the future economic growth and development of NSW. Port Kembla is currently underutilised and has capacity for growth.

NSW Ports have deemed Port Kembla as 'the NSW port of growth'. It will continue to be NSW's largest motor vehicle import hub and bulk grain export port, while catering for a growing range of dry bulk, bulk liquid and general cargo. Port Kembla will also be home to NSW's second container port.

There are significant developments underway in the industrial precinct surrounding the port. Squadron Energy has recently announced plans to construct one of Australia’s first gas-hydrogen co-fired power stations at Port Kembla. The \$1.3 billion investment forms part of the company’s broader strategy that will also see an LNG gas import terminal established within the industrial hub of Port Kembla. The proposed 635MW power station will have the ability to co-fire with as much as 30 per cent hydrogen by volume during the initial stages of its operation, with the ability to transition the plant to run entirely on hydrogen by 2030. It will augment a similar power station proposed by EnergyAustralia at its nearby Tallawarra gas generator.

BlueScope Steel has also announced an alliance with Shell Energy Operations Pty Ltd to jointly explore and develop renewable hydrogen projects at BlueScope’s Port Kembla. The collaboration encompasses two projects:

- ▶ Pilot renewable hydrogen electrolyser plant at the Port Kembla Steelworks. This initial project will investigate designing, building and operating a pilot-scale 10MW renewable hydrogen electrolyser to explore and test the use of green hydrogen in the blast furnace at BlueScope’s Port Kembla Steelworks. The ambition is to demonstrate hydrogen as a pathway towards low emissions steelmaking.
- ▶ Develop Illawarra hydrogen hub concept. BlueScope and Shell will collaborate with other organisations to develop a “hydrogen hub” in the Illawarra. This project will explore options for hydrogen supply and offtake, renewable energy supply and hydrogen and electricity infrastructure. The project will also examine the logistics infrastructure required for a commercially viable hydrogen supply chain in the Illawarra.

The Illawarra's diversity of sectors across industry, energy, transport infrastructure, minerals and mining, combined with research and academic partnerships, makes it well-placed for further collaborations to develop hydrogen technology and support the region's decarbonisation efforts.

To reach their potential, both these projects will require considerable volumes of ‘green’ hydrogen – generated by renewable energy produced by (offshore) wind, waves, solar, hydro or other renewable source. These industries – and the advanced manufacturing and service organisations that support them – will require significant employment land in a co-located industrial precinct.

Port Kembla is a deep-water harbour surrounded by large parcels of employment-generating industrial land, and presently vacant employment land gives Port Kembla significant capacity for future growth.

However, the growth of the Port of Port Kembla will only be realised through greater transport connectivity to Sydney and Western Sydney. That is why transformative projects such as upgrading the full length of Picton Road and a South-West Illawarra Rail Link (SWIRL) are also included in this submission.

It is proposed that Port Kembla will act as a progressive overflow facility for Port Botany once its operational capacity has been reached after 2040. Port Kembla will require prior development to increase its capacity to accommodate the overflow and RDA Illawarra proposes that Port Kembla could be enabled with efficient rail and road transport connectivity to support growth sooner than 2040. This would result in investment in rail and road networks to meet the long term planned freight growth of NSW.

Ports and related rail and road infrastructure are crucial facilitators of economic activity and growth. As well as contributing to the Illawarra regional economy, port activities currently add

valuable export revenue to the NSW economy. The movement of cargoes through Port Botany and Port Kembla could be optimised if they were treated as part of a single system, maximising the efficiency of the whole transport network through a single integrated freight transport system.

Recommendation 3:
Funding be established for the development of a strategic Master Plan for Port Kembla Industrial Precinct and its surrounding employment lands

Recommendation 4:
Commit funding to support the accelerated development of Port Kembla as NSW's second container terminal, for completion by 2032.

Co-working Hubs



RDA Illawarra is recommending funding incentives to support and encourage the establishment of Co-working Hubs to develop the professional services opportunities in the region.

The enforced lockdowns and work-from-home directives during COVID have shown employers and employees the benefits of remote working, for those who can do so. In the Illawarra region, 65% of our commuting workforce of 26,000 can work remotely for at least some days during the week. It is envisaged that remote working will continue, with a hybrid model of two or three days per week in the office and the remainder worked remotely.

However, at-home working arrangements are constrained by house size - the ability to set up one room as a 'home office' free from distractions, availability of fast internet access and the need for office facilities and services. As a result, co-working spaces located near to home are becoming

increasingly popular. Businesses are also considering talent retention as a reason to set up ‘hubs’ that are remote from Head Office and closer to where employees live – giving the opportunity for less commuting time without the need to set up a home office. The option then exists for workers to enjoy a short commute and transition to ‘work mode’; all the facilities available at their head office; the company of colleagues who may live in the same area and social interaction. This provides flexibility for the employee and allows organisations to significantly downsize the floorspace required in a head office.

However, the Illawarra region has limited co-working options. The Central Coast – with the same commuting time and distance to Sydney CBD – has three and a half more co-working hubs than the Illawarra.

One way to stimulate Co-working Hubs, especially when operating models are challenging, is for government to incentivise their uptake. It is proposed that incentives be provided for Co-work hubs to kickstart their establishment in regions. Further, we propose that the incentives are developed using a tiered approach, whereby regions such as the Illawarra receive less funding than regions in more rural and remote locations. The Illawarra already has significant competitive advantages through proximity to major cities, especially Sydney, therefore less incentive is required.

RDA Illawarra proposes that Co-work Hub incentives are provided along the same lines as the Building Better Regions Fund allocations, as shown below:

Tier	Allocation	Location
Tier 1	\$1 for \$1 establishment funds	Illawarra and similar / Gateway Regions
Tier 2	\$2 for \$1 establishment funds	Rural and Remote Regions

Recommendation 5:
An incentive scheme be funded to support and encourage the development of co-working hubs to aid regionalisation and decentralisation

Blue Highway (Marine Tourism Strategy)



Completion of the NSW Marine Tourism Strategy, or Blue Highway, will establish a marine-based visitor economy for the Illawarra & South Coast

RDA Illawarra recommends funding outstanding actions from the ‘New South Wales South Coast Marine Tourism Strategy, 2019’¹³.

Recent completion of the Shellharbour Marina and the imminent implementation of plans to activate the Nowra Waterfront in the Shoalhaven mean that the NSW South Coast excels as a marine tourism destination. This project will advance marine tourism and recreational use of the South Coast by the completion of a ‘Blue Highway’ from Wollongong-Shellharbour-Kiama-Nowra-Jervis Bay-Ulladulla and on to the Sapphire Coast.

This will be achieved by adding new boating assets and infrastructure along the Illawarra-Shoalhaven Coast. Integrating passive marine sightseeing with land-based activities (food/wine tours, coastal walks, cultural and indigenous activities) and in-destination events delivers a year-round visitor experience and will assist with bushfire and COVID recovery activities on the South Coast of NSW.

The key outcome of this initiative is to establish a marine-based visitor economy, through:

- ▶ Foreshore, precinct and harbour activation, focusing on growing yield from visitor trips
- ▶ Establishing a network approach to delivering on the economic potential of the NSW South Coast
- ▶ Encouraging the sustainable development of visitor-based experiences as a means of addressing seasonality challenges.

The Illawarra & South Coast region hosted an estimated 10 million visitors in 2017, spending \$2.6 billion; which is forecast to rise to over 14 million visitors by 2030.

RDA Illawarra is recommending funding to establish a Marine Boating Network Plan (the ‘Blue Highway’ Plan) that identifies infrastructure requirements; prioritises partnerships to develop capital investment; provides for recreational demand; and identifies commercial operators to activate the network. The plan will include identified opportunities for harbour activation in major hubs of Wollongong, Shellharbour, Kiama, Nowra and south to Ulladulla, Eden and Batemans Bay. This can be achieved through the enhancement of working waterfront space, moorings, storage, maintenance and support services and associated amenities.

Recommendation 6:

Full funding for completion of NSW South Coast Marine Tourism Strategy, 2019 (the ‘Blue Highway’) including foreshore, precinct and harbour activation; network approach to the South Coast marine destinations; and sustainable development of visitor experiences

Illawarra Sports and Entertainment Precinct



RDA Illawarra recommends that the Illawarra Sports and Entertainment Precinct (ISEP) undergoes a comprehensive Master Planning process and development of a detailed business case for the development of a revitalised entertainment precinct with better connections to the CBD and ocean.

The Illawarra Sports and Entertainment Precinct includes the NSW Government owned assets of the WIN Entertainment Centre and

WIN Stadium, as well as the foreshore area (with its links to the Blue Highway) and commercial opportunities nearby. Wollongong’s 6,000 seat WIN Entertainment Centre (WEC) was opened in 1998 and constructed at a cost of \$20 million - funded by the NSW Government. Since 1998, no significant capital works have taken place apart from the Northern Grandstand, thus limiting the ability of the twenty-three-year-old facility to provide up to date and desirable visitor experiences.

For Wollongong to realise its potential as a regional conferencing and major event destination, a modern purpose-built conference facility would be required alongside new hotel stock and appropriate residential and commercial developments. The objectives of the precinct revitalisation are to deliver the following elements:

- ▶ Capability to target Tier 2 domestic conventions
- ▶ Modernise existing multi-use facility, including technological upgrades
- ▶ Include state-of-the-art sound, visual, seating, acoustic and entertainment facilities
- ▶ Additional floor space
- ▶ Environmental & façade improvements
- ▶ New cafés and activation of street frontages
- ▶ Better, seamless connections to the CBD and ocean.

The desired outcome is to stimulate the visitor economy by delivering a precinct that integrates the CBD with the seafront and incorporates upgraded entertainment assets as well as inviting public spaces for the community. This precinct development would include a convention centre, upgraded sports facilities and stimulate private investment in hotel and hospitality opportunities.

There are 1.5 million people who live within one hour's drive of the ISEP – this is a similar catchment to the Adelaide Entertainment Centre and the Adelaide Convention Centre. Creation of the

Illawarra Sports and Entertainment Precinct will see the second largest convention centre in NSW, with the capability to compete against other states and locations, attracting more business to NSW and the Illawarra.

The initiative would be a major economic boost for the region. Economic analysis estimates development of the precinct has the potential to:

- ▶ Attract at least 80 events and over 40,000 additional visitors to Wollongong (and NSW) annually – supporting the local accommodation, hospitality and retail sectors, which have been ravaged by the COVID pandemic
- ▶ Create regional economic benefits of \$39 million per year
- ▶ Support up to 287 ongoing jobs, in addition to the current 270 full time equivalent roles generated by the venues.

Developing the Illawarra Sports and Entertainment Precinct would position the Illawarra as the State's prime satellite conference venue, providing business leaders, sporting and interest groups with a high-quality venue for their events.

**Recommendation 7:
Funding for a comprehensive Master Planning process and
development of a detailed business case for a revitalised
entertainment precinct with better connections to the CBD and ocean**

ABOUT RDA ILLAWARRA

Regional Development Australia (RDA) Illawarra has an active and facilitative role in the Illawarra region, with a clear focus on growing a strong and confident regional economy that harnesses competitive advantages, seizes on economic opportunities and attracts investment.

RDA Illawarra Board, its CEO and staff are neutral brokers and collaborators across all levels of government, community, business and stakeholders for the growth of the Illawarra's economy (including Wollongong, Shellharbour and Kiama LGA's).

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