



Mr John Alexander OAM MP
Chair
Standing Committee on Infrastructure,
Transport and Cities
PO Box 6021
Parliament House
CANBERRA ACT 2600

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Dear Mr Alexander

A place for everyone - the future of Australia's cities

Wollongong City Council and Regional Development Australia (RDA) Illawarra welcome the opportunity to make a submission to the Standing Committee on Infrastructure, Transport and Cities inquiry into the Australian Government's role in the development of cities.

Wollongong is a city transformed. Traditionally known for its world class steel making and coal making industries, Wollongong is today an important knowledge services centre, a globally connected international trade hub and a leading university city.

Wollongong is NSW's 3rd largest city, approximately 80km south of Sydney. Wollongong is strategically located just over an hour south of Sydney International Airport, just over 2 hours' drive from Canberra and has global connections through the port of Port Kembla. The Sydney-Wollongong commuter corridor is one of the busiest in Australia, with some 20,000 people travelling daily between the two locations. The Wollongong City population forecast for 2017 is 212,630, and is forecast to grow to 253,792 by 2036.

Wollongong is the regional capital of the Illawarra region, contributing around 61% of the Illawarra's \$20B economy. The Wollongong economy is diversifying with the top 5 sectors (by employment) including: Health, Manufacturing, Education, Retail and Food/Hotels. The Wollongong City Centre or 'Metro Wollongong' plays an important role as an administrative centre for the Illawarra region, with over 20,000 people employed in the city centre. The Wollongong City Centre has undergone a significant transformation in recent years, seeing \$1.3B in investment and a further \$300M in the pipeline. Major projects completed as part of this investment include: the \$200M investment by GPT in Wollongong Central, the new \$120M Wollongong Private Hospital and the \$134M expansion of the Wollongong Public Hospital. As a result of this investment, forecasts predict a 150% increase in the city centre population over the next 2-3 years. Alongside these

developments, the cities dining culture has thrived with 65 new small bars and cafes opening over the past 3 years.

The importance of Metro Wollongong was further recognised in the NSW Government's Illawarra Shoalhaven Regional Plan, which stated that: 'at the economic and cultural heart of the region will be built on the potential to generate jobs from the integration of education, healthcare, business and tourism precincts in Metro Wollongong.'

The Infrastructure NSW State Infrastructure Strategy (2012) identified that the Illawarra region is becoming increasingly integrated with the economy of the Greater Sydney region. Wollongong's close proximity - just over an hour's drive from Sydney means it is well placed to benefit from the continued growth of Sydney. Sydney is suffering from a number of issues, including congestion, high rental costs for businesses and a lack of affordable housing for workers. Wollongong can assist in overcoming many of these challenges, through offering workers an affordable and high quality alternative to living in Sydney and lower rental costs for businesses often found in capital cities. However, to ensure that Wollongong is able to continue to grow as NSW's 3rd largest city, governments at both a state and federal level need to invest in increased infrastructure and enhance connectivity for workers. This will allow for regions such as the Illawarra to become an extension of Sydney and help the NSW Government to overcome many of the issues currently being faced by Sydney workers.

Wollongong has many attributes to offer, including superb liveability, a supportive business environment, global connectivity and a world class university. A recent study by Deloitte (2015) found that in regards to the Knowledge and Shared Services sector, Wollongong offers a competitive alternative to Sydney, with 15% lower salary costs, 50% lower rents and a 95% staff retention rate (compared to 75% in Sydney). This creates a stable, reliable and efficient working environment with significant savings in recruitment and improved retention of corporate knowledge.

Wollongong's economy continues to diversify and change. Whilst manufacturing still plays an important role in the local economy, Wollongong has also seen the emergence of key sectors that have helped to diversify the economic landscape. These sectors are attracting increased interest from outside the region and highlight the future direction of the city. Wollongong has a strong footprint in the Knowledge Service sector, including ICT, superannuation and shared services. These sectors are employing over 5,200 people across 75 locations. Wollongong also boasts some of the lowest staff turnover rates in Australia with retention rates in Wollongong at 95% compared to 75% in Sydney. Staffing costs are around 15% lower and leasing costs are also significantly less in this sector compared to Sydney.

Advanced manufacturing is another important growth sector for the local economy with a large number of organisations using advanced methods and technology to compete on a domestic and global scale. Wollongong manufacturing companies compete locally, nationally and internationally by targeting niches which value high quality, high performance manufactured products. Advanced manufacturing in Wollongong currently employs around 11,000 people. Wollongong is very competitive to Sydney in this sector, with staff wages around 90% of those in Sydney, Wollongong staff turnover typically 5% or less and industrial rents are typically 30-50% lower than Sydney.

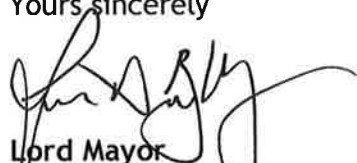
The Committee should also note the work of Advantage Wollongong, a partnership between the NSW Department of Premier and Cabinet, the University of Wollongong and Wollongong City Council. Advantage Wollongong represents a long term strategic approach to creating sustainable new jobs and productive investment for Wollongong. This is achieved through facilitating new business investment projects and the expansion of existing business operations. This collaboration aims to promote Wollongong on a national scale and takes advantage of its close proximity to Sydney and its global position. To date, Advantage Wollongong has facilitated over 2,200 new jobs

for Wollongong, through over 80 business attraction and expansion projects. One of Advantage Wollongong's most recent major achievements was attracting NEC to Wollongong to set up a new corporate office. This \$25M investment in Wollongong has seen an additional 130 FTE jobs for Wollongong, which REMPLAN modelling estimates has contributed \$59M to the local economy per annum.

Please find attached more detail in regards to sub-inquiry 2: *Growing new and transitioning regional cities and towns*. A copy of the recently released Wollongong Investor Prospectus is attached for your information. Please contact Mark Grimson, Economic Development Manager at mgrimson@wollongong.nsw.gov.au should you require further information.

We invite the committee to Wollongong to see first-hand how the city has transformed and gain a better understanding of our future opportunities for economic growth. We look forward to discussing this submission with the Committee in further detail.

Yours sincerely



Lord Mayor
Councillor Gordon Bradbery OAM
Wollongong City Council



Debra Murphy
Chief Executive Officer
RDA Illawarra

SUB-INQUIRY 2 - GROWING NEW AND TRANSITIONING REGIONAL CITIES AND TOWNS

a) Promoting the development of regional centres

Wollongong understands the importance of promoting the development of regional centres. A partnership: *Advantage Wollongong*, between the NSW Department of Premier and Cabinet, the University of Wollongong and Wollongong City Council was established in 2008 to promote Wollongong on a national scale and take advantage of its close proximity to Sydney. This collaboration between state and local levels of government and the university sector works to attract jobs and investment to Wollongong.

Advantage Wollongong represents a long term strategic approach to creating sustainable new jobs and productive investment for Wollongong. This is achieved through facilitating new businesses, projects and the expansion of existing business operations. This long term strategic approach has allowed the three partner organisations to pool resources and avoid costly duplication of effort.

Advantage Wollongong attends a number of trade shows each year, focusing on Wollongong's key growth sectors to promote Wollongong's competitiveness in key areas. These have included the Shared Services and Outsourcing Week, CeBIT, Auscontact Shared Services Conference, Land Forces, the Avalon International Aerospace and Defence Expo and was the first region to exhibit at the World Business Forum held annually in Sydney. Advantage Wollongong also promotes Wollongong's transformation through a series of marketing promotions, including social media and other channels. Advantage Wollongong recently released a new Investor Prospectus, upgraded website and video and has a dedicated social media campaign.

Advantage Wollongong has helped to diversify the economic base of the region away from its traditional industries of steel making and coal mining. The work of Advantage Wollongong has generated significant momentum over the past decade.

Advantage Wollongong has demonstrated success in facilitating jobs for the Wollongong economy. To date, Advantage Wollongong has facilitated over 2,200 new jobs for Wollongong through assisting in 81 business attraction and expansion projects. One of Advantage Wollongong's most recent major achievements was attracting NEC to set up in Wollongong. NEC employs around 130 FTE employees, which REMPLAN modelling estimates has added \$59M to the local economy per annum. This major business investment project was a direct result of facilitation through Advantage Wollongong. This is an example of how activities to promote a regional location, an objective of the program can result in significant new investment and jobs.

Further information on Advantage Wollongong is available at advantagewollongong.com.au and social media channels.

b) Promoting the competitive advantages of regional locations for businesses

Advantage Wollongong recognises the importance of promoting the competitive advantages of Wollongong. Under the Advantage Wollongong partnership, Wollongong is promoted using the four key advantages:

Advantage #1: Globally Connected

Wollongong offers a competitive base for businesses to benefit from access to domestic and global markets.

- **Digital:** Wollongong offers a high quality broadband network with double and triple fibre redundancy options and NBN access in the city.
- **Road:** Located just one hour south of Sydney International Airport, Wollongong is also close to the Hume Highway corridor and the proposed Badgery's Creek Airport.

- Port: Situated just 5km south of Wollongong, Port Kembla is NSW's largest motor vehicle import hub and grain export terminal, and second largest coal export hub.
- Rail: Wollongong is part of the Sydney train network, which helps to transport the majority of grain and coal coming into the port.

Advantage #2: Superb Liveability

Wollongong provides an enviable coastal lifestyle for people of all ages.

- Affordable living: Housing and apartments across Wollongong are currently priced around 35-40% less than the greater Sydney average.
- Coastal lifestyle: Just south of the Royal National Park, Wollongong's spectacular national environment includes 17 patrolled beaches framed by the backdrop of the Illawarra escarpment, offering an abundance of recreational activities to enjoy.
- Bar/café culture: The city has experienced a burst of activity within its bar and café scene with 65 new venues opening in the past three years.

Advantage #3: City of Innovation

Wollongong is home to a sophisticated and well developed innovation eco system that supports industry collaboration and excellence.

- University of Wollongong: Consistently ranked in the top 2% of universities worldwide, the University of Wollongong has earned its place through world class research and teaching and routinely rates among the top Australian universities in key areas including graduate satisfaction and starting salaries.
- Innovation Campus: The University of Wollongong's Innovation Campus is an award winning research technology and commercial precinct. Set on 33 hectares by the beach, the \$600M site encourages innovative organisations from around the world to co-locate with UOW's leading research institutes with 1,500 people currently working on the campus.
- iAccelerate: iAccelerate is the region's first purpose built incubator, providing a permanent home for 280 entrepreneurs across 4,000m². The iAccelerate program is built around a robust educational program, formalised business monitoring and one to one mentoring and offers two streams to cater for businesses in either the start-up phase or growth phase.

Advantage #4: Supportive business environment

Wollongong provides a supportive environment with considerable advantages for businesses located in the area.

- Competitive costs: With competitive rents and wages compared to Sydney and higher than average staff retention rates, Wollongong provides significant cost savings in an increasingly competitive and global commercial environment.
- Industry base: A significant strength is the size and diversity of the economy with a number of large national and multinational companies already part of the business landscape. Supporting these businesses are a range of professional services including legal, financial, accounting, human resourcing, marketing and IT companies.

- Skills: Wollongong has a large experienced multilingual workforce, with skills ranging from traditional manufacturing expertise to high technology and knowledge based capabilities. Around 20,000 Wollongong residents commute to Sydney each day for work, providing an attractive pool of potential employees for any businesses operating in the city.

c) Identifying the infrastructure requirements for reliable and affordable transport, clean energy, water and waste in a new settlement of reasonable size, located away from existing infrastructure.

A regional city of Wollongong's critical mass, so close to the global city of Sydney, can provide significant opportunities to a fast growing major city, such as Greater Sydney, such as more affordable housing and competitive business locations. Taking the pressure of Sydney's 'growing pains' can be achieved if vital road and rail transport infrastructure linkages are improved to and from Wollongong. These two important transport infrastructure issues will require leadership by the Australian Government and will require greater longer term city planning to address these issues.

Regional capitals like Wollongong need 'ahead of the curve' planning and infrastructure investment and the creation of bold futures in lieu of ad-hoc structural adjustments. The federal government's City Deals initiative provides a framework to guide action and agreed long term future investments. We believe that City Deals will be effective when city leaders are willing and ready - Wollongong, as the capital of the Illawarra region, is willing and ready to embrace a City Deal.

Road connectivity

The M1 Princes Motorway and Princes Highway is the primary entry and exit point for passenger traffic and the only entry/exit point for freight traffic between Sydney and Wollongong. This stretch of road has been identified as Australia's busiest inter urban road corridor (2007). This problem has increased in recent years, with the rise in Wollongong's population and the increasing influx of people moving from Sydney to Wollongong, due to its relative affordability and close proximity to Sydney.

Wollongong is just over an hour's drive from major infrastructure, including Sydney International Airport and the proposed Western Sydney Airport.

- An average of over 42,000 passenger and freight vehicles per day travel between the Illawarra and the Sydney CBD and metropolitan area on the M1 Princes Motorway - the main road corridor between the Illawarra region and Sydney.
- Around 15% of the region's workforce commute to Sydney and its southern and western suburbs to go to work and 10,000 people living in Sydney work in the Illawarra region.

Council has previously called for the extension of the Federal Auslink network from the bottom of Mt Ousley Road, to Port Kembla Outer Harbour a distance of some 11km. Given the Port's significance to the State and Nation, this minor extension will enable Federal funding opportunities to become available to upgrade this part of the Wollongong - Sydney corridor.

Rail connectivity

Commuter times on the passenger rail services between the Illawarra and Sydney are in excess of an hour and a half each way. The efficiency of the South Coast line has also been impacted by increased congestion with passenger and freight trains competing for space on the line. This problem will only get worse over time, as the demand for freight services on the line is expected to double over the next 20 years and passenger demand will continue to increase.

The Australian Government's report: The National Rail Program: Investing in rail networks for our cities and regions recognises the many issues with the Wollongong-Sydney rail line, which was built in the 19th century and runs well below speeds that convention rail can achieve. The report states

that the 'average speed today between Sydney and Wollongong is 56 km/h over an 82 km long track. Among the factors that constrain the speed is that at one location there is a tunnel only large enough for one line, meaning trains often need to wait for the train coming from the other direction before they can pass through.' This rail line has also been identified as a key strategic passenger rail corridor that would benefit from improving commuter times and deliver economic, social and regional benefits to Wollongong and NSW.

The Illawarra has advocated for a 60 minute commute from Sydney to Wollongong for many years. This is an opportunity to connect Wollongong to Greater Sydney which is realistic and practically feasible. If this infrastructure led investment is implemented then the Sydney and Illawarra economies can be linked and an economic agglomeration impact realised.