



Regional  
Development  
*Australia*  
ILLAWARRA

# Pre-Budget Submission – 2023

to the Australian Government - January 2023



An Australian Government Initiative



## Illawarra Region: Unprecedented Opportunity in Challenging Times

The Illawarra Region is entering a period of unprecedented growth, with \$33 billion in construction and infrastructure development planned for completion by 2040. This includes projects to reduce sovereign risk around steelmaking; developing sustainable supplies of renewable energy; delivering housing and services for 65,000 new residents and improving the connectivity of the region by road, rail and digitally.

In this Budget Submission, Regional Development Australia (RDA) – Illawarra has used its considerable local knowledge and regional network to develop recommendations for the Australian Government on four key themes:

- Critical **Infrastructure**
- Development of the Port of **Port Kembla**
- Satisfying an ageing and growing **Population**
- Fulfilling **Housing** demand.

RDA Illawarra believes that physical connectivity by rail and road is fundamental to the future prosperity and productivity of the region and is requesting support from the Australian Government for two key infrastructure projects: the delivery of a dual carriageway along Picton Road and delivery of a network plan and business case for a direct rail link from Port Kembla to south-west Sydney.

Port Kembla itself is an underutilised asset that will be at the heart of international trade as other NSW ports reach capacity over the next decade. RDA Illawarra is recommending that Port Kembla is formally recognised as an Australian Government designated Hydrogen Hub in view of its current and historic production capability, the importance of hydrogen in future steelmaking operations, proximity to natural gas injection points and availability of a deep-water port from which to export liquefied gas. Funding should be allocated to accelerate development of the hydrogen industry, similar to that in the Hunter. Planning for the development of the Port will also be assisted by a speedy, favourable decision on the location of Navy assets and/or Fleet Base East relocation to Port Kembla.

As the Illawarra population continues to grow and age, RDA Illawarra is calling for support from the Australian Government to further promote female participation in the regional workforce, provide additional support for the elderly and improve the Skilled Migration program. Increasing female participation in the Illawarra workforce to be on parity with men would generate an additional 9,600 workers in the region – without the need for any additional housing. RDA Illawarra is requesting support for the creation of an additional eight childcare centres in the region to overcome an acute shortage of places. Similarly, additional support is requested for in-home care of the elderly, which will alleviate the current waiting list and reduce the pressure on residential aged care centres. Also, with our region's population growth so dependent on overseas migration, RDA Illawarra is calling on the Australian Government to streamline and simplify visa application and processing systems and allocate funding for locally developed support programs for new migrants so that their skills are retained in the region.

Finally, the shortage of suitable housing in the Illawarra is acute and chronic at a time when the region needs to attract and house a construction workforce estimated to peak at over 4,000 for key infrastructure projects. House prices and rents are high; availability of housing is low and waiting list for social housing are long – whilst housing is a key factor to attract and retain skilled and essential workers. RDA Illawarra is calling for 12,350 “well located” homes be allocated to the Illawarra under the National Housing Accord with 125 new homes directly funded by the Australian Government and 250 social and 125 affordable dwellings funded for the Illawarra from the Housing Future Fund at an estimated funding cost of \$17.5m to help secure workers to deliver infrastructure investments of \$33 billion.

# Infrastructure



## Picton Road Duplication

Divided Highway over full length – Productivity & Safety

**Funding Request - \$650m**

Picton and Mount Ousley Roads comprise a major freight connection between the Illawarra and Western Sydney.

Currently this 27km stretch of road is largely single lane, with only 8km of passing lanes divided over several sections.

Heavy vehicles make up 25% of the 20,000+ daily vehicle movements along this vital arterial link, which operates at capacity during daily peaks. Growth in the adjacent Wilton and Macarthur growth areas is expected to deliver an additional 35,000 homes by 2040, placing further pressure on commuter corridors.

Picton Road is forecast to reach capacity by 2025 and should be upgraded to a four lane, divided carriageway along its entire length.

## South-West Illawarra Rail Link (SWIRL)

Direct Rail Link from Port Kembla to South-West Sydney

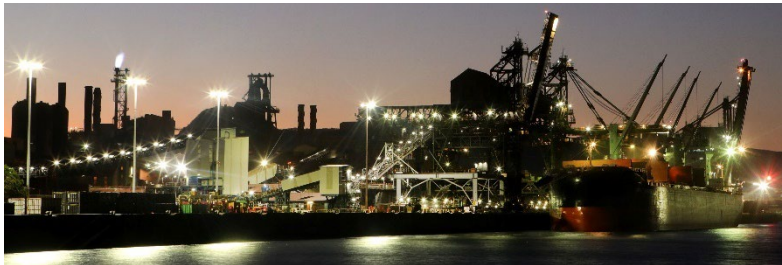
**Funding Request - \$30m**

By 2041, the population of the Illawarra is forecast to grow by 65,000 and commuters to Greater Sydney will increase by 20,000.

Freight movements make up 40% of east-west peak road traffic and there is currently no rail alternative. A rail connection between Port Kembla and Western Sydney is needed to alleviate expected land-side freight congestion as Port Kembla expands.

This initiative urgently requires the funding and commissioning of a detailed network plan and business case to improve the resilience and connectivity of the Illawarra-Shoalhaven's rail network - including clear timeframes for delivery, detailed costings for each improvement and a complete investigation of the South-West Illawarra Rail Link concept.

# Port Kembla



## Hydrogen Hub

Recognition of Port Kembla's capability and capacity for hydrogen generation

**Funding Request - \$180m**

Designating the Illawarra as a Hydrogen Hub will leverage existing infrastructure for the production and distribution of hydrogen at Port Kembla, providing immediate opportunity for the use of hydrogen in existing industrial processes; gas injection to decarbonise the natural gas grid; transport - with specific use in heavy haulage; and a longer-term opportunity for export through the expansion of existing port facilities that can deliver export capacity and capability by 2030.

The Illawarra already has the inputs to deliver 5GW or 1,500 tonnes/day of hydrogen capacity into a cost-effective supply chain with major hydrogen consumers concentrated in one industrial precinct. A further competitive advantage for this location is that stakeholders have the social license to progress to this new stage. The delivery of a planned \$2.4 billion in transformative investment opportunities will result in the creation of over 11,000 regional jobs.

Funding equivalent to that announced for the Hunter region is sought to accelerate development of the hydrogen industry.

## Navy East Coast Base

Commitment to Port Kembla as new east-coast Naval Base

**Policy Announcement Request**

Port Kembla is a key strategic option for basing submarines on the East Coast of Australia and would have a significant, positive economic impact for the Illawarra whilst complementing existing defence capability in the region.

The Port of Port Kembla has significant competitive advantages for Defence, including:

- A deep-water port, with fast access to the continental shelf
- Adjacent available land for facilities
- Advanced manufacturing capability
- Ease of access and supply logistics
- Nearby affordable housing development opportunities
- Access to highly skilled workforce & spousal employment opportunities
- World-class education facilities and R&D capabilities.

Economic modelling by RDA Illawarra indicates the creation of 14,000 regional jobs and \$3.2 billion in GRP by committing to Port Kembla for East Coast Navy Base.

# Population

## Female Workforce Participation

More childcare options to support female participation

### Funding Request - \$16m

Female participation rates in the Illawarra mirror the national trend and are historically lower than that of their male counterparts.

Reasons for lower female participation are varied and include access to training or transport; job flexibility; childcare opportunities; access to Government parenting subsidies; domestic violence as well as a commitment to homemaking. However, if participation rates could be equalised there would be an additional 9,600 workers available in the region – without the need for any additional housing.

Illawarra childcare vacancy rates are at less than 40% and only for specific weekdays. Facilitating a further 8 regional childcare centres will add supply of long day care places and support women back into the workforce.

## Aged Care In-Home Support

More in-home care packages to deal with demand

### 750 more Home Care Packages

Over the next 20 years, the average age of the Illawarra population will increase as people live longer, healthier lives. More elderly people can age-at-home with appropriate levels of care and assistance.

The government-subsidised Home Care Packages Program already provides appropriate assistance to over 4,200 approved recipients in the Illawarra, but the number of approved places nationally is planned to increase by 188 over the forward estimates.

There are currently over 750 elderly people waiting 3-6 months to receive the appropriate level of in-home care in the Illawarra.

Funding an additional 750 places over the four care levels (L1/2/3/4 : 50/360/320/20) would help address the issue and reduce pressure on residential aged care.

## Skilled Migration

Targeted, robust process using RDA local knowledge

### Funding Request - \$1m

The Illawarra, and particularly Wollongong, is heavily reliant on overseas migrants for population growth and the skilled occupations needed to support economic growth.

The region has historically welcomed over 2,500 migrants each year but its reputation as a location of choice is under pressure due to housing affordability and availability as well as the complexity and slowness of the visa approval system.

RDA Illawarra requests a simplification of the visa processing system and utilisation of the knowledge of local organisations (such as RDAs) in developing meaningful and topical regional occupation lists.

Funding is requested to support ongoing skills-need research and to establish a locally developed support program for new migrants.



## Housing

Addressing the housing shortage that is now both a social and economic issue for the region

### Funding Request - \$17.5m

One consequence of COVID-related restrictions has been an exodus of people from major cities into regional areas. Latest regional population data indicates that over 5,000 people left Greater Sydney for other regional areas in the year to June 2021. More than 1,850 people resettled in the Illawarra region during that time.

The regional impact of this influx has been seen in increased house prices, rents and the low availability of dwellings; median house and unit prices have peaked at over \$1M and weekly rents increased by nearly 10% to rival those being achieved in Sydney. Availability of rental properties has plummeted, with vacancy rates of less than 1.0%.

Social housing waiting times in the Illawarra local government areas range between 5 and 10 years for properties of any size, with over 2,500 general applicants awaiting placement in social housing as well as a further 240 on the priority waiting list.

The shortage of suitable dwellings in the Illawarra is acute and chronic at a time when the region needs to attract and house a construction workforce estimated to peak at over 4,000 in the next decade for key infrastructure projects in steelmaking, renewable energy, gas, housing, energy and transport with a value of over \$33bn.

Recent Budget announcements regarding housing promise to address the issue, but detail is yet to be released on the location of additional homes under the National Housing Accord, and for social and affordable housing funded by the Housing Australia Future Fund.

The Illawarra region has no shortage of available land for housing and RDA Illawarra is calling on the Australian Government to commit to the delivery of housing in the Illawarra at least in line with the region's share of population:

- 12,350 homes allocated to the “well located” Illawarra under the National Housing Accord with 125 new homes directly funded by the Australian Government
- 250 social and 125 affordable dwellings funded for the Illawarra from the Housing Future Fund

The estimated value of this funding for the region is \$17.5m and will help to secure investments on major projects of \$33 billion.

# Housing