

Illawarra Region Joint Submission by:

1. Regional Development Australia - Illawarra
2. Illawarra Shoalhaven Joint Organisation
3. Wollongong City Council
4. Property Council of Australia

To Infrastructure Australia Audit 2019

*An Assessment of Australia's Future Infrastructure Needs,
the Australian Infrastructure Audit 2019*



October 2019

Executive Summary

This submission is provided on behalf of the Illawarra regional consortium of Regional Development Australia (RDA) Illawarra, Illawarra Shoalhaven Joint Organisation (ISJO), Wollongong City Council (WCC) and the Property Council of Australia.

An Assessment of Australia's Future Infrastructure Needs, the Australian Infrastructure Audit 2019 is an extensive and innovative approach to the challenge of doing more to enhance our quality of life and economic efficiency through continued investments in enabling infrastructure. Our submission aims to build on the findings of the Audit and inform your future work on the *Infrastructure Priority List* and *Australian Infrastructure Plan for 2021*.

Our submission has been limited to those areas of most relevance to the Illawarra and that are either an opportunity or a threat to our region. This submission provides the following recommendations and supporting evidence for the *Australian Infrastructure Audit 2019*:

1. **Wollongong, the regional capital of the Illawarra, is a Satellite City** which has the capacity to grow and take the pressure off infrastructure in fast-growing Sydney. We provide evidence on the cost of congestion, 23,000 commuters from the region and outline how our region can assist Greater Sydney and agree with:
 - Challenge 9 and
 - Opportunity 12.
2. We identify **Critical Transport Infrastructure Projects** for the Illawarra region and affirm our concern that investment is not happening on these soon enough.
3. **Freight gateways** and networks are required to allow maximisation of Australian exported products and imported goods to be received as cost-effectively as possible. **Activating NSW's Second Trade Gateway** at the **Port of Port Kembla is critical in the near term** and it will support:
 - Opportunity 72 and
 - Challenge 77 to minimise congestion in Greater Sydney.
4. **Energy Price competitiveness is critical** to the Illawarra region's high energy-intensive manufacturing and steel industries sustainability and we agree with:
 - Challenge 134.

The Illawarra's \$26 billion economy in 2017 makes it the third largest in NSW, yet travel delays are costing the region over half-a-billion a year – an amount that will only continue to grow. It is our view that there is an urgent need for embracing the Illawarra region so that Greater Sydney and the Illawarra regions can:

- decrease commuter travel times, ease Sydney’s congestion and consequently reduce costs, both actual and environmental
- increase opportunities for freight to be exported through the Illawarra region’s global gateway, the Port of Port Kembla.

1) Wollongong, a Satellite City

We commend Infrastructure Australia for putting users at the centre of infrastructure issues in the 2019 Audit. Under the four broad settlement categories the **Illawarra region is defined** as a:

Smaller cities and regional centres:

Cities with economies that are largely dominated by a few industries and that typically provide a range of important services to their surrounding regions.

Wollongong, the regional capital of the Illawarra, **is a Satellite City**: ie within commutable distance of fast-growing Greater Sydney. The Illawarra is in close proximity to major services such as Sydney Airport and planned Western Sydney Airport, as well as fast growing population centres in South-Western Sydney.

We support Opportunity 12 and believe that Wollongong can be part of the solution to Challenge 9 for Greater Sydney

Infrastructure for smaller cities and regional centres

12. Opportunity

Smaller capitals and satellite cities have capacity to grow, and in turn take pressure off infrastructure in our fast-growing cities. Satellite cities can support growth by leveraging the infrastructure of their fast-growing neighbours and smaller capitals, through leveraging infrastructure designed to support their surrounding region.

When this will impact: 0-5 5-10 10-15 15+

Where this will impact: 

9. Challenge

Rapid growth in Sydney, Melbourne, Brisbane and Perth has brought many benefits, but has also put legacy infrastructure under increasing strain. Without action, infrastructure constraints will add to economic, social and environmental costs, eroding the productivity of these cities and reducing quality of life for residents.

When this will impact: 0-5 5-10 10-15 15+

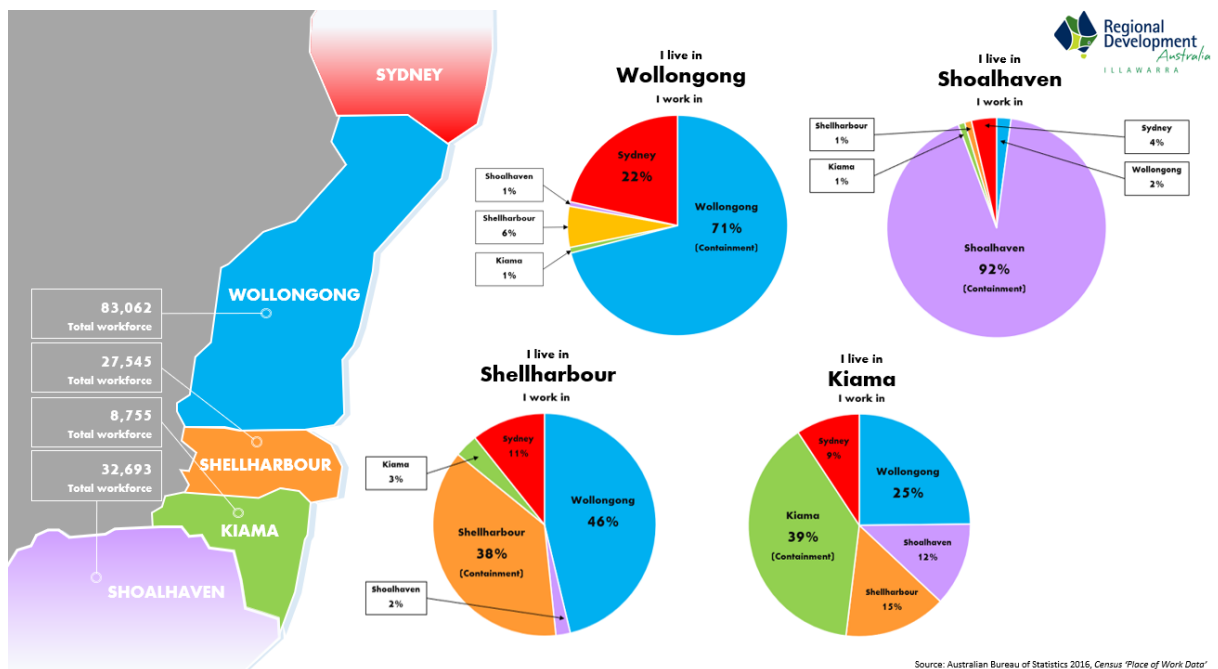
Where this will impact: 

Commuter Corridor

Without intervention, travel times from the Illawarra to Greater Sydney will steadily increase, with the cost of delays estimated at \$640 million per annum by 2031.

There are currently 23,000 people commuting daily to Sydney from the Illawarra Shoalhaven regions, the majority of whom travel by road. Some parts of Sydney are practically speaking inaccessible by rail, with extensive commute times to South-Western Sydney from the Illawarra Shoalhaven. On average a one-way journey takes around 1½ hours, however there is a real cost to health and wellbeing for a large number of Illawarra commuters who spend 3-4 hours per day travelling.

The graphs below demonstrate the high levels of commuting Illawarra Shoalhaven residents and the inter-twined nature of our economies and workforce.



2) Critical Transport Projects for the Illawarra Region

While the transport infrastructure projects below are agreed as critical for the Illawarra Region, our concern is that **investment is not happening soon enough and only earmarked for planning.**

Table 8: Critical Transport Projects for the Illawarra Region

Sector	Reduce travel time by	Benefits Illawarra/yr	Project cost	Required by (IBC)	Transport 2056	2019 Infrastructure Australia priority list
South West Illawarra Rail Link (SWIRL)	31 mins (Campbelltown) 34 mins (Liverpool)	\$74m	\$1.7b	2028	10-20 years investigation	0-5 years (freight component - rail access for Port Kembla)
Mt Ousley interchange and widening	Unavailable	\$46m	\$220m - \$330m (Widening)	2025	0-10 years committed (Interchange only)	No comment
Picton Rd upgrade (Dual Carriageway)	Unavailable	\$42m	\$180m - \$220m	2025	0-10 years investigation	5-10 years (not full dual-carriageway)
F6 extension (Stages 1,2,3)	27 mins (Sydney CBD)	\$67m	\$8.6b - \$10.4b	2025	0-10 years committed (Stage 1) 0-10 years investigation (Stage 2 & 3)	5-10 years
South Coast Line upgrade	15-30 mins (Central Station)	\$55m	\$2b	2030	0-10 years investigation	10-15 years

Source: Illawarra Business Chamber (2017) Upgrading rail connectivity between Illawarra and Sydney; Illawarra Business Chamber (2018) Upgrading road connectivity between the Illawarra and Greater Sydney; NSW Government (2018) Future Transport Strategy 2056; Infrastructure Australia (2019) Infrastructure Priority List

If you take the South West Illawarra Rail Link example above, Infrastructure Australia sees this as a near term priority (0-5 years), however, the NSW Government's Transport 2056 document sees it as subject to investigation in the next 10-20 years. We believe that this project, as well as others are increasingly becoming urgent enabling infrastructure projects, in line with the thrust of the Infrastructure Australia Audit 2019.

3) Second Major Trade Gateway for Greater Sydney

In addition to being a Satellite City, Wollongong is also home to the Port of Port Kembla, the **second major trade gateway for Greater Sydney**. It is our contention that to achieve jobs and growth within our region we need to expand export and import trade links and enhance connectivity between Western Sydney, regional NSW and Wollongong.

The Port of Port Kembla is an economic asset of national significance, critical to the 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 'NSW port of growth'. The area also has major potential with regards to attracting further investment and increasing employment opportunities within the precinct. It is also a key economic driver for not only the Illawarra Shoalhaven, but also the greater SE/SW regions of NSW. In other words, unlocking enabling infrastructure could assist and support the growth of NSW.

We therefore support Opportunity 72 and contend that activating Port Kembla as a trade gateway would assist Challenge 77 to minimise congestion in Greater Sydney.



As shown in the Western Sydney isochrone proximity map below, both Port Botany and Port Kembla are located just over 60 minutes by road from the Western Sydney Priority Growth Area. This means that both current freight times and therefore domestic road freight costs (which are directly proportional to journey time), are comparable from both Port Botany and Port Kembla. This assessment of journey times is based on the current road network and congestion levels.

Transport for NSW assessed freight costs contribute to approximately 30% of the final cost of goods for consumers in the Sydney region, the impact of rising costs of freight costs to consumers in Western Sydney will have a significant impact on the region’s economic development and cost of living. Therefore, Port Kembla offers a significant opportunity to reduce the freight costs for goods to and from Western Sydney, as well as diversifying and strengthening existing supply chains via Port Botany.

Travel Time – Western Sydney to Port Kembla & Port Botany



4) **Energy price competitiveness is critical to the Illawarra**

134. Challenge

Regaining energy price competitiveness is important for lower business costs and improving productivity of Australian firms. Australia risks becoming uncompetitive in some energy intensive industries due to rising energy costs.

When this will impact: 0-5 5-10 10-15 15+

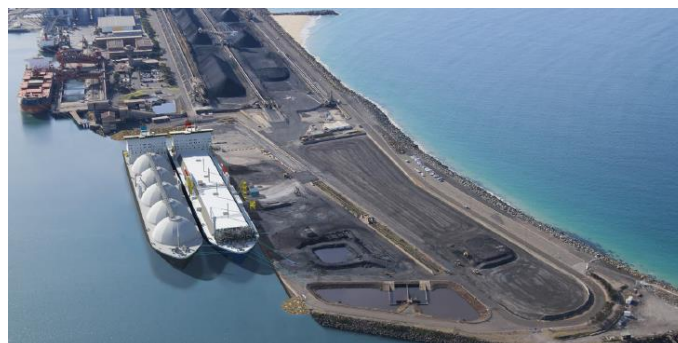
Where this will impact: Australia, Manufacturing, Energy

We agree wholeheartedly with challenge 134. In the Illawarra region, we have a significant number of high energy-intensive manufacturing and steel industries, including BlueScope, Bisalloy and Manildra who are at risk of becoming uncompetitive due to the rising costs of energy.

The steel industry in the Illawarra employs around 3,500 people directly and up to 10,000 people indirectly. This high-energy intensive industry is facing significant pressure from the rising costs of energy. BlueScope has made public statements that the **energy cost to produce steel in Australia is three times the energy cost to produce steel in the United States**. This means investment decisions are going off-shore (\$1bn) and puts increased pressure on the domestic steel industry to compete globally.

An Illawarra based opportunity for long term cost-effective and certain supply of energy has been the Australian Industrial Energy (AIE) consortium who have proposed to import LNG through Port Kembla. The proposed **Port Kembla Gas Import Terminal** is a capital investment of \$200m - \$300m and would provide 130-150 construction jobs and between 40 – 50 jobs ongoing operational jobs. Furthermore, stage two could see a new 850MW gas-fired power station in the region at around \$750m capital investment. Illawarra regional stakeholders have supported and endorsed this development which could activate Berth 101 at the Port of Port Kembla.

Critical State Significant Infrastructure Status approval was granted by the NSW Government, however a modification to allow higher demand and more ships turning around in Port Kembla is currently under review. This investment is awaiting financial closure by AIE and it is hoped that this will investment opportunity will soon come to fruition.



About The Illawarra Shoalhaven Region

The Illawarra Shoalhaven region is located one hour south of Sydney and spans an area of 1,124 square kilometres. It is situated on a narrow coastal strip from Helensburgh in the north to Durras Waters in the south, a distance of over 230 kilometres. It encapsulates four local government areas of Wollongong, Shellharbour, Kiama and Shoalhaven and enjoys a mixed terrain of coastal, rural and urban environments.

Wollongong is the third largest city in New South Wales and the tenth largest city in Australia. The Illawarra Shoalhaven has a population of 404,000 (2016) and is projected to grow to over 480,000 people by 2036.

The region is connected via three main road transport links being the F6 to Sydney, Picton Road to the west and the Princes Highway to the South Coast and beyond. A rail link extends from Bombaderry in the Shoalhaven to Kiama right through to Wollongong and the Sydney CBD.

The region has a strong industry base of manufacturing, mining, engineering, finance and business services, tertiary education, tourism, agriculture/dairy and retail.

The Port of Port Kembla

The Port of Port Kembla is one of Australia's most important deep-water ports, located 80 kilometres south of Sydney's CBD. The Port is Australia's largest vehicle import facility, has the largest grain handling terminal on the East Coast and is the second largest coal export facility in NSW. It is a key driver of economic growth in the Illawarra region, with capacity to expand following further Outer Harbour infrastructure development.

NSW Ports in their '[Navigating the Future, NSW Ports' 30 year Master Plan](#)', October 2015, state that Port Botany and Port Kembla are economic assets of national significance, critical to the future economic growth and development of NSW as the "NSW Port of growth".

As identified in the '[2019 Infrastructure Australia Priority List](#)', Port Kembla's Outer Harbour development is expected to attract overflow containers from Port Botany (p91). 'NSW Ports Five Year Port Development Plan' (March 2014) notes, however:

"The greatest challenge facing the Port-related transport-logistics chain is the provision of efficient road and rail connections to and from the Ports. As Port-related throughput increases over the next five years and beyond, landside transport volumes will increase. Improvements in the efficiency and productivity of landside transport operations, optimising the use of existing infrastructure and building new infrastructure to provide additional capacity."

Submitted to Infrastructure Australia – 29 October 2019 via Portal

Contact:

RDA Illawarra admin@rdailawarra.com.au

+61 (02) 4258 3610



Debra Murphy
CEO RDA Illawarra

For and on behalf of Illawarra

Illawarra Region Joint Submission by:

1. Regional Development Australia - Illawarra
2. Illawarra Shoalhaven Joint Organisation
3. Wollongong City Council
4. Property Council of Australia

