

**Submission
No 35**

ESTABLISHMENT OF SPECIAL ECONOMIC ZONES

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Committee on Economic Development,
Parliament House,
Macquarie Street, Sydney NSW 2000
By email: economicdevelopment@parliament.nsw.gov.au

Dear Sir

Submission to Special Economic Zone Inquiry

Thank you for the opportunity to make a submission. In addition to that made by the Southern Councils Group (SCG) which is supported by Bega Valley Shire Council, we submit the opportunity to consider Eden and its Port as a Special Economic Zone (SEZ).

By way of background, Eden has been the subject of both timber and fishing industry structural adjustment in recent years, and together with the closing of the fish cannery and burn out of the fish processing plant, has seen population fall by 25% and unemployment rise to amongst the highest in the south east of NSW.

Council has been working with NSW Lands to prepare economic feasibilities and business case for the extension of the breakwater wharf to berth offshore support and cargo vessels, and international cruiseships, and have secured the interest of Infrastructure Australia and INSW.

While the Port is now managed by Sydney Ports Corporation, the attractiveness of the Port, and its ability to attract/retain the estimated 50 direct and indirect jobs brought about by the wharf extension and wave attenuator, also rests with pricing and tax concessions available to freight or stevedore through Eden. Tasco and Visy have shown interest to date.

Eden SEZ proposal

Most Special Economic Zones (SEZ) are developed with specific agendas that are focussed on either promoting particular industries or increasing the economic growth of an area through catalytic initiatives. This has led to direct policy interventions by governments through the initiation and promotion of SEZ. SEZs have a strong and successful track record across much of Asia and have been used to improve economic competitiveness. The benefit of SEZ has been attributed to the success of tiger economies of Singapore, Hong Kong, Taiwan and South Korea. It is well trodden path that is now used by other emerging economies like Vietnam, Thailand, Malaysia and Indonesia. An example of this agglomeration of automobile industries in the region to the north of Bangkok (Detroit of Asia) and in Penang Malaysia (Silicon Valley of Asia). What the SEZs have benefited from is an understanding that active policy intervention leads to the support of industries, creates momentum in terms of lower regulatory and enhances business viability.

Eden in South East NSW has inherent advantages that extend to location (midway between Sydney and Melbourne), natural harbour, fishing and recreational port. All these advantages are entwined with community engagement and existing support and infrastructure.

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The dwindling forestry and the closing down of the cannery has reduced economic activities in the town and the region. It is intended to reinforce these existing national advantages with move towards clustering approach that will benefit the agro food, fishing and tourism sectors.

The clustering concept has been used to develop specialisation through concentration of related economic activities in a single area. Eden could act as a hub of fishing, processing of the catch and then packaging and freight of the processed produce. Currently, the days catch is sent to Sydney wholesale markets where it is then processed and then sold back to other areas within NSW. Empirical evidence also supports this contention with income and employment numbers doubling when the fish catchers evolve into fish processors. This arises due to multiple linkages with other industries, intermediate demand and higher wages and intensive use of resources.

Sector	Income Multiplier	Employment Multipliers
Fish catching	1.76	1.44
Fish processing	3.90	2.72

Source: GT Greig, Sea Fish Industry Authority (1999)

It is with this in mind that it is proposed to investigate the possible ways and means of supporting this cluster. Eden would benefit from this proposal to support a move into higher value adding activities in a number of ways that are beneficial to the community, the local economy and to the overall prosperity of the state.

The establishment of SEZ and any incentives are premised on supporting particular industry and location through incisive and bold intervention within a limited time frame. Most support and incentives are limited to a maximum period of ten years, are targeted at getting businesses to establish in specific location and importantly catalyse new economic activities that would not have happened had there been no policy intervention. An immediate priority would be to work with existing businesses and prepare a gap analysis and model those with existing processors and industry experts to locate the type and extent of any support proposed.

I am happy to submit further. I have provided a copy of the Eden Port Development Strategy under separate cover via local member Mr Andrew Constance.

Yours faithfully



Peter Tegart

General Manager