

**Submission  
No 38**

## **ESTABLISHMENT OF SPECIAL ECONOMIC ZONES**

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Submission ~ Inquiry into the establishment of special economic zones.

## 1. Introduction.

This submission addresses the significant economic potential represented by Newcastle Airport Limited (NAL) and RAAF Base Williamtown, near Newcastle, NSW.

**Newcastle Airport** is a fast growing regional airport, servicing Sydney, Melbourne, Brisbane, Gold Coast, and Ballina/Byron with major passenger jet (Boeing 737 or Airbus A320) and turboprop aircraft. The airport is jointly owned and operated by Newcastle City Council and Port Stephens Council, and has been established on a leasehold basis (Department of Defence is the lessor). Passenger numbers are around 1.1 million per year, with around 2 million 'meet and greet' visitors per year. The airport makes a significant economic contribution to the Hunter region.

Refer to [www.newcastleairport.com.au](http://www.newcastleairport.com.au)

**RAAF Base Williamtown** is a significant RAAF base, and will become a key base for the Joint Strike Fighter when it is delivered. Williamtown is currently the base for F18 fighters and Wedgetail aircraft. The base houses approx. 3500 personnel, and makes a significant economic contribution to the region.

Refer to <http://www.airforce.gov.au/bases/williamtown.aspx>

## 2. Growth potential.

The potential for significant growth and development around Newcastle Airport has been recognised by both the private and public sectors for some time. In 2003, Port Stephens Council received a detailed report from Kellog, Brown & Root regarding potential growth scenarios and the need for land use planning in the area

(<http://www.portstephens.nsw.gov.au/images/documents/portstephens/mig/1391-T01-004.pdf>). On numerous measures, NAL has exceeded the growth forecasts by a significant factor. Port Stephens Council has also recently included an 'Eastern Growth Corridor' in its Planning Strategy, to be endorsed by NSW Dept Planning and infrastructure.

The significant visitation, passing vehicle numbers and arterial road location combine to provide attractive conditions for private investment, job creation and economic growth in this precinct. This growth is unlikely to abate. Newcastle Airport is the main gateway to the Hunter Region's mining industry.

Whereas employment and development clusters have emerged around most airports of any significance, to date, there has been little development in the immediate vicinity of Newcastle Airport. Contributing factors include a lack of appropriately zoned land; physical constraints; poor coordination between government agencies.

Port Stephens Council, the Dept of Defence, the Dept of Planning and private interests did work collaboratively for some time to create the Defence and Airport Related Employment Zone (DAREZ) immediately adjoining Newcastle Airport in recent years. It is intended that this 'zone' will allow industry to cater to the increasing demand for Defence and Airport related facilities close to NAL and the RAAF Base. Up to 5600 employees were to be catered for when this zone was created / approved.

**The DAREZ itself does need the support of complementary business development, which will require complementary land use planning and infrastructure.** A key role of Government should be to create the conditions required for private investment in employment generating activities to occur (strategic and land use plans).

Major employers including WesTrac (Caterpillar) and Sandvik have established major operations within 5 – 10km of Newcastle Airport, partly due to the airport's proximity (fly in / out personnel). The potential to attract other major employers to the area is clear.

### **3. Infrastructure and servicing.**

Williamstown has been a relatively isolated location in terms of infrastructure and facilities for some years. More recently, improvements to infrastructure have been implemented or planned, including the provision of sewerage infrastructure (under construction), and a power supply upgrade.

Infrastructure improvements in road access (arterial road widening, etc), and stormwater management would greatly enhance the economic potential of the precinct, and would complement the infrastructure upgrades underway.

### **4. Stimulating economic activity and growth.**

The NSW Government can take a range of actions to help realize the economic potential around Newcastle Airport, including :

- 4.1. Make relatively minor investments in critical infrastructure. The key arterial roads servicing the airport must be improved.
- 4.2. Proactively examine land use planning around the airport as a priority. Private investment in employment generating activities will occur in this location IF the opportunities exist.
- 4.3. Consider tax or levy relief to encourage the establishment of new employment generating activity. This could include :
  - 4.3.1. eliminating or deferring GST on new land created by developers
  - 4.3.2. subsidised S94 contributions
  - 4.3.3. stamp duty relief for investors or businesses
  - 4.3.4. payroll tax relief for businesses establishing in the special economic zone.

### **5. Contact.**

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Figure 1 - Proposed developments in the precinct