

**Submission
No 22**

**PERFORMANCE OF THE REGIONAL INVESTMENT ACTIVATION FUND AND
THE REGIONAL JOB CREATION FUND**

Organisation: Wollongong City Council

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Mr Roy Butler MP
Committee Chair
Legislative Assembly Committee on Investment, Industry
and Regional Development
Parliament of NSW
investmentindustry@parliament.nsw.gov.au

Our Ref:
Date:

24616980
1 November 2023

Dear Mr Butler

INQUIRY INTO THE PERFORMANCE OF THE REGIONAL INVESTMENT ACTIVATION FUND AND THE REGIONAL JOB CREATION FUND

Wollongong City Council welcomes the opportunity to make a submission into the Inquiry into the Performance of the Regional Investment Activation Fund and the Regional Job Creation Fund.

Wollongong is NSW's third largest city, located approximately 80km south of Sydney and is the regional capital of the Illawarra region and contributing around 61% of the Illawarra's \$20B economy. Subsequently Wollongong is the major employment centre for the broader region.

The Wollongong CBD is the largest employment hub of the Illawarra region, providing employment for around 24,000 workers; 30% of the Wollongong LGA's total employment. It is the region's business centre and is home to many knowledge service businesses including IT, financial services and shared services which provide services locally, nationally and internationally.

In the last five years, the Wollongong CBD has seen a significant increase of premium working space. Around 30,000sqm of new A-grade office stock has been completed during the last three years and there is an additional 34,000sqm in the approved pipeline. This represents a 75% uplift in A-grade office accommodation in the CBD. The CBD has seen some exciting office space constructed over recent years, including Wollongong's largest A-grade commercial building, Lang's Corner, a 12 storey building with 12,000sqm of commercial office space. A copy of the 2023 Invest Wollongong Investment Prospectus is available here: [Invest-Wollongong-Prospectus-2023-Sept-update.pdf \(investwollongong.com.au\)](#).

It should be noted the transformation of the Wollongong CBD has been largely driven by private sector investment. In fact, there has been an under investment by the state government in the Wollongong LGA and specifically the Wollongong CBD over recent decades. Wollongong City Council has spent around \$8.2M in the Wollongong CBD over the last five years on capital investment.

The Wollongong LGA does not have a consistent definition of either 'regional' or 'metropolitan' across NSW Government grant funding. This creates uncertainty and inequitable access to funding opportunities between neighbouring LGAs within the Illawarra.

Despite Wollongong playing the role of the regional capital of the Illawarra-Shoalhaven, it was excluded from many grant programs including the Regional Investment Activation Fund and the Regional Job Creation Fund. Wollongong was ineligible for both of the funds and there was no alternate source of grant funding available for Wollongong, meaning the city consistently missed out on a significant opportunity to access funding due to government criteria around eligibility. It should also be noted that Newcastle is in a similar position.

It is noted that the Greater Cities Commission is transitioning Wollongong's Regional Plan into a metropolitan one (a 'City Plan') that is set within the wider Region Plan, covering the six cities. As such, there needs to be a consistent approach and treatment acknowledging the dual regional and metropolitan identities of Wollongong and Newcastle, to enable access to appropriate funding opportunities in the future.

This submission is recommending that Wollongong be included in any future regional development funding opportunities. There are several significant opportunities within the Wollongong LGA at present that will have substantial benefits for both the Illawarra-Shoalhaven region and the state of NSW.

These include opportunities such as;


- the Illawarra Renewable Energy Zone (REZ)
- the expansion of the port at Port Kembla
- BlueScope's substantial investment at its Port Kembla operations, in addition to its Master Planning of 200 hectares of surplus industrial land currently underway
- the ongoing transformation of the Wollongong CBD.

The Committee is encouraged to look at the classification of both Wollongong (and Newcastle) under the Regional Investment Activation Fund and the Regional Job Creation Fund, including the lost revenue that both LGAs missed out on accessing.

In conclusion, it needs to be acknowledged that, as the two largest cities outside of Sydney, both Wollongong and Newcastle are unique and need to be given access to appropriate funding mechanisms, recognising their role as the major employment hubs for their respective broader regions. The Illawarra and the Hunter are the two largest regional economies in NSW and if we are to drive economic growth in these regions it is essential that the areas with the bulk of population and economic activity are not excluded from future state funding programs.

Please find attached a document detailing further information on the Committee's Terms of Reference.

For further information, please contact [REDACTED], Economic Development Manager at [REDACTED].

Yours faithfully 

[REDACTED]
Greg Doyle
General Manager
Wollongong City Council
[REDACTED] [REDACTED]

Attachment A: Performance of the Regional Investment Activation Fund and the Regional Job Creation Fund – Terms of Reference

Please find below additional commentary against each of the specific terms of reference.

a) The allocation and administration of these funds

The Wollongong LGA does not have a consistent definition of either 'regional' or 'metropolitan' across NSW Government grant funding. The eligibility of Wollongong to access funds is often dependent on each individual program and as such creates uncertainty and inequitable access to funding opportunities.

Despite Wollongong playing the role of the regional capital of the Illawarra region, it is excluded from several significant grants including the Regional Investment Activation Fund and the Regional Job Creation Fund.

Wollongong is the regional capital of the Illawarra – Shoalhaven region, contributing around 61% of the regions \$20B economy. The Wollongong CBD is the largest employment hub of the region, providing employment for around 24,000 workers and 30% of the Wollongong LGA's total employment. Many of those employed in Wollongong are residents of the broader Illawarra-Shoalhaven. As the region's business centre Wollongong CBD is home to many knowledge service businesses including IT, financial services and shared services which provide services locally, nationally and internationally. Wollongong is host to several regional facilities and programs that provide benefit to the Illawarra region, including the Illawarra Performing Arts Centre and Wollongong Regional Art Gallery.

b) The effectiveness of these funds in achieving their aims

According to the NSW Government's website, the Regional Job Creation Fund provides 'opportunity for existing businesses to diversify into new markets and innovate in regional NSW'. It is disappointing that Wollongong businesses were ineligible to access these funds, while businesses in neighbouring LGAs in the Illawarra, including Shellharbour, Kiama and Shoalhaven Councils were all eligible.

Wollongong City Council is part of the Invest Wollongong program, which in conjunction with the Department of Regional NSW and the University of Wollongong, aims to attract businesses to the region. This long-term strategic partnership has existed for over 10 years. Further information on Invest Wollongong is available here: www.investwollongong.com.au.

As such, the exclusion of Wollongong under the Regional Job Creation Fund has resulted in an adverse effect. Invest Wollongong may promote the benefits of businesses relocating to Wollongong, however due to NSW Government funding not being available here, these businesses may then choose to move to neighbouring LGAs – while still benefiting from being close to Wollongong and all the associated benefits of the regional capital.

Moving forward, Wollongong should be able to have access to funds to help attract businesses to the region. It provides significant employment for residents of neighbouring LGAs who also come into Wollongong for work every day, with around 40% of Shellharbour resident workers working in Wollongong and around 20% of Kiama resident workers working in Wollongong.

Wollongong has missed out on significant state government funding and policy opportunities including both the Regional Investment Activation Fund and the Regional Job Creation Fund. The other significant opportunity Wollongong missed out on was benefiting from the O'Farrell Government's Decade of Decentralisation strategy, which committed to reduce at least 100,000m² of Sydney CBD office space by 2021 and commit 4,200 public service jobs to Western Sydney by 2021¹, without decentralising jobs across the state – which could have provided benefits to regional NSW.

Council was excluded from all investment under the NSW Government's Regional Growth fund with the exception of the 'Resources for Regions' program for which Council received \$10M over the last decade.

c) Council and agency support for private investor enquiries and proposals in regional areas

Wollongong City Council is committed to ongoing economic development, with the Economic Development Strategy 2019-29 endorsing a jobs target of 10,500 new net jobs over the next decade. Over the four years since the strategy's endorsement, 64% of the target has been met, equating to 6,730 new jobs (2021-22).

¹ [PAG-Year-in-Review-FINAL.pdf \(nsw.gov.au\)](https://www.nsw.gov.au/pag-year-in-review-final)

Wollongong City Council is a significant supporter of private sector investor enquiries and proposals and a significant contributor to the Invest Wollongong program.

Invest Wollongong has significant experience in the investment attraction space, having facilitated 105 business attraction projects over the past decade resulting in over 3,000 new jobs to the region.

In 2020, Wollongong City Council adopted a Major Projects Committee Charter. The Charter outlined the framework for engagement between Council's Executive team, other relevant staff and major project proponents. The Committee is made up of the General Manager, Directors and other relevant Council staff invited to attend meetings.

The Charter provides the mechanism for the proponents of major employment generating projects to brief Council's Executive team within a transparent framework. This framework has been very successful to date and has resulted in a number of significant developments in the Wollongong LGA either completed or in the pipeline.

The Minister for Planning and Public Spaces has noted that in the next decade, it is expected that Wollongong will become a net importer of workers from South West Sydney. This will mean that residents of South Western Sydney may choose to work in Wollongong, given the significant employment opportunities and its close proximity. However, there is a need for the NSW Government to invest significantly to ensure there is sufficient enabling infrastructure, including upgrades to Picton Road, improved rail connections and the south west orbital.

Wollongong City Council has worked closely with the Investment Attraction – Precincts team within the Office of Regional Economic Development, Department of Regional NSW over recent years. The ORED team have compiled a set of bespoke investment marketing collateral showcasing Wollongong's capabilities. Wollongong Council looks forward to continuing to work with the ORED team on a number of events in 2024 to promote Wollongong's capabilities and the substantial investment and employment opportunities that exist in our region.