

**Submission
No 42**

**CRITICAL TRANSPORT INFRASTRUCTURE SUPPORTING THE WESTERN
SYDNEY INTERNATIONAL AIRPORT AND WESTERN SYDNEY
AEROTROPOLIS**

Organisation: Business Illawarra

Date Received: 11 April 2024

Legislative Assembly Committee on Transport and Infrastructure
Parliament of New South Wales
6 Macquarie Street
Sydney NSW 2000

Re: Submission to Committee on Transport and Infrastructure: Inquiry into critical transport infrastructure supporting the Western Sydney International Airport and Western Sydney Aerotropolis (WSA)

Business Illawarra is pleased to provide a submission in collaboration with Illawarra First Members, Wollongong City Council, NSW Ports and RDA Illawarra Shoalhaven.

About Business Illawarra and Illawarra First

Business Illawarra is the peak business organisation and regional chamber that supports businesses and local chambers across the Illawarra, primarily, as well the South Coast and Capital regions, and is a division of Business NSW (formerly known as the NSW Business Chamber).

We develop policy and advocate to all levels of government on issues affecting businesses, undertake research to guide greater public and private sector investment in economic infrastructure, and support the development of workforce capacity and skills in our region.

Illawarra First is the top tier of Business Illawarra membership, harnessing best practice and thought leadership to progress key priorities including improving connectivity with Sydney, realising greater value from existing strategic infrastructure and leveraging competitive advantages to bolster economic growth. Its membership comprises of a select group of leading businesses in the Illawarra, sharing a commitment to driving the development and prosperity of the Illawarra.

Summary

The Terms of Reference (TOR) do not make mention of the linkages, both in terms of transport and employment, with the Illawarra Shoalhaven region. We urge the Committee of Transport and Infrastructure to consider the following in relation to this Inquiry:

- (i) Need for an analysis of the impact of the likely movement of people and goods/services between the Aerotropolis and the Illawarra Shoalhaven region (i.e. commuter, freight and tourism traffic) and the degree to which this could be facilitated by improved transport connections (i.e. road and rail).
- (ii) Assessment of the likely changes in employment patterns between Western and Southwestern suburbs of Sydney and the Illawarra Shoalhaven region, with a view to quantifying the impacts on existing road and rail connections between these geographic areas.
- (iii) The quantum and nature of required investment in the augmentation of existing transport infrastructure between the Aerotropolis and the Illawarra Shoalhaven Region, to mitigate against any adverse impacts (or realise economic

BUSINESS ILLAWARRA

- opportunities) as a result of the analysis conducted under (i) and ((ii) above.
- (iv) Nature of the opportunities to integrate new transport infrastructure with existing transport infrastructure related to the findings of the analyses identified at (i) and (ii).

In essence, we are asking the NSW Government to recognize the growth and potential of the Illawarra Shoalhaven region as part of the state significant solution to the growth of Western Sydney and the realization of projects such as the WSA that need to be completed.

REGIONAL CONTEXT

(i) Wollongong is the capital of the growing Illawarra Shoalhaven Region

Wollongong is the regional capital of the Illawarra Shoalhaven Region with a workforce of more than 700,000 within a one-hour commute. The region's population is expected to be greater than 550,000 people by 2041. The Region is expected to grow faster than the rest of NSW at a rate of 30% from 2021-41, with Shellharbour experiencing 39% growth, with a particularly high rate of growth in families with children. 79% of the local labour force of 185,000 employed people in the Region work within the Region and 16% work outside the Region mostly in Greater Sydney. More people commute into the region for work than commute out.¹

Wollongong CBD is the regional business hub supporting close to a third of all jobs in Wollongong LGA. Over the past decade, Wollongong's CBD has attracted substantial levels of investment with \$1.1B of projects completed or under construction, including a 50% uplift in A-grade office space in the last four years. Looking ahead, there is an exciting pipeline of \$1.5B in mixed use, residential and commercial projects within the Wollongong CBD alone.

Port Kembla is an asset of strategic national significance responsible for handling diverse cargo through 18 berths, including motor vehicles, machinery/equipment, bulk agricultural, bulk mineral, bulk liquid and construction cargo. It handles almost all of NSW's motor vehicle imports and is the largest grain export port on the east coast of Australia, connecting farmers and producers with the world. It has direct rail links with Greater Sydney and regional NSW and is ideally located to support current and future renewable energy industries, including offshore and onshore wind, critical minerals and green hydrogen. Port Kembla has been approved by the NSW Government as the site of the state's next container terminal once Port Botany nears capacity. Its proximity and access to Sydney's west and south west means Port Kembla is well positioned to handle the expected growth in freight volumes.

Wollongong is also emerging as a global clean energy hub with a number of major projects in green hydrogen production, dual fuel power generation, gas pipeline and terminal infrastructure planned or already operating across the region. BlueScope has proposed over \$2B of major manufacturing projects in the region and released a Master Plan for 200ha of land at Port Kembla that is surplus to their operations.

¹ Business Illawarra (2023) *Solutions to the Affordable Housing Crisis in the Illawarra Shoalhaven Advocacy Report*, p12.

BUSINESS ILLAWARRA

Council's Economic Development Strategy 2019-29 sets a jobs target of 10,500 net new jobs in Wollongong LGA over the decade to 2028. This can be achieved through a number of 'game-changing' projects including achieving greater transport connectivity between Wollongong and South West Sydney, which will have positive economic benefit for Wollongong, the broader Illawarra Shoalhaven Region and NSW.

On 8 April 2024, Wollongong City Council endorsed for public exhibition its *Draft Integrated Transport Strategy* (ITS) which sets the vision and direction for sustainable transport options to enable economic development and job creation, limit congestion and environmental impacts and maintain the quality of life in Wollongong LGA.

The draft ITS recognises that the increasing significance of Port Kembla will require a rethink of how freight moves through the region and subsequently the need for a dedicated freight link between Port Kembla and South West Sydney. Additionally, the Strategy highlights the risk of continued reliance on the South Coast Rail Line for both passenger and rail services to Sydney. Included in the Action Plan is the delivery of the South West Illawarra Rail Link (SWIRL) for freight and passenger services as a medium term (3-5 years)/long term (5-10 years) action with Transport for NSW as the lead agency.

(ii) Strategic Alignment - Wollongong City Council Community Strategic Plan

We also note this project strongly aligns with Council's Community Strategic Plan - *Our Wollongong 2028* and, more specifically, Goal 6 "We have affordable and accessible transport" and the following Objectives:

- 6.1 Wollongong is supported by an integrated transport system;
- 6.2 Connections between our city and Sydney are strengthened;
- 6.3 Provide connected and accessible places and spaces.

(iii) Future Land Use Growth

The NSW Government's Illawarra-Shoalhaven Regional Plan 2015 (Regional Plan) estimates that by 2050 the Illawarra-Shoalhaven region will have a population of about half a million people. It is expected that much of this population will live in the Wollongong local government area. The region's beachside lifestyle, its stunning natural environment and proximity to Sydney have combined to attract an increasing number of people seeking to make the region their home.

Wollongong City Council estimates the West Dapto Urban Release Area will provide about 19,500 dwellings and an additional population of about 56,500 people once fully developed over 50-plus years.

KEY PROJECTS CONNECTING THE WSA AND THE ILLAWARRA SHOALHAVEN

1) South West Illawarra Rail Link (SWIRL)

SWIRL is the necessary infrastructure link to enable the future operation and growth of the economies of the Illawarra Shoalhaven and south-western Sydney. Linked to Port

BUSINESS ILLAWARRA

Kembla, the state's next container terminal, the SWIRL presents a complete freight bypass to the congested east-west corridor of Sydney. As a dual track line, it also links passengers from the growth centres across the Illawarra Shoalhaven and the growing substantial population of South West Sydney and subsequent growing interconnectedness of our two regions. A passenger line will support business employment and leisure trips for Wollongong and Western Sydney by transferring single occupancy vehicle trips from Picton Road to a more sustainable mode of transport.

As a passenger train this will also link the amenity of the beach with the population growth areas of western Sydney and widen the labour market on a higher capacity route. The aim is to create a stronger economic relationship between southwestern Sydney and the Illawarra Shoalhaven.

At present, the South Coast Line is the Illawarra Shoalhaven's sole rail connection to Greater Sydney and will reach capacity by 2040 for both freight and passengers, according to Transport for NSW. This includes:

- In just over a decade, by 2036, the South Coast Line will be at capacity for passengers and freight; the Port Kembla Container Terminal will be only five years away and population growth at Wilton will necessitate the construction of a station and a rail connection to the Main Southern Line, delivered most cost-effectively by the SWIRL.
- By 2050, the population of the Illawarra is expected to grow by 60,400 and the Wollondilly by 50,000. Commuters from the Illawarra to Greater Sydney will grow from 26,000 (in 2016) to 46,000 by 2041 and from the Wollondilly from 16,000 (2016) to 39,000 by 2041.
- It is estimated that by 2041, freight rail constraints will cost our regional economy \$230 million annually, and the productivity loss due to extended commuting times will cost our economy \$680 million.

Freight rail access to Port Kembla' is also included on Infrastructure Australia's priority list project, with a medium-term timeframe of 5-10 years. It is still at stage one of the process 'early-stage proposal' with the recommendation that the NSW Government identify and analyse potential investment options as part of stage 2 of the assessment framework.

Two major Business Illawarra research reports undertaken by the University of Wollongong's SMART Infrastructure Facility in 2017 and 2020 have refined the economic case for a South West Illawarra Rail Link proposal to connect Port Kembla to the Western Sydney Aerotropolis and beyond, to the freight hub of St Marys in outer western Sydney.

According to these reports, SWIRL would be an electrified dual track, passenger and freight line along the pre-existing 35km-long Maldon-Dombarton rail corridor. This base option also includes the electrification of the 7km-long section of the existing Moss Vale-Unanderra Line between Dombarton and Unanderra. Freight trains would mainly travel between Port Kembla, using the South Coast Line between Coniston and Unanderra, then onto the SWIRL and arrive at Maldon. There have also been two complementary extensions to the first proposal, including:

BUSINESS ILLAWARRA

- SWIRL-WSA: a 30km-long extension of SWIRL towards the future WSA, electrified, dual purpose (passenger and freight) line.
- SWIRL-St Marys: an 18km-long extension of SWIRL-WSA to St Marys and the future Western Sydney Freight Terminal and a dual purpose, dual track electrified connection to the Main Western Line for passengers.

SWIRL is expected to provide the following economic benefits:

- 15–20-minute faster journey between Wollongong and Western Sydney by 2041 for 18,500 daily commuters, providing a productivity gain of \$73M per year.
- Removal of rail and road bottleneck developing in the Illawarra that by 2056 will result in a \$1B economic loss.
- Relieve rail and road congestion through the east-west Sydney corridor by providing a freight bypass to the South West. Congestion also relieved in major roads connecting the Illawarra and South Western Sydney: Picton Road, Appin Road and Heathcote Road.
- Reduced time travel cost for commuters.

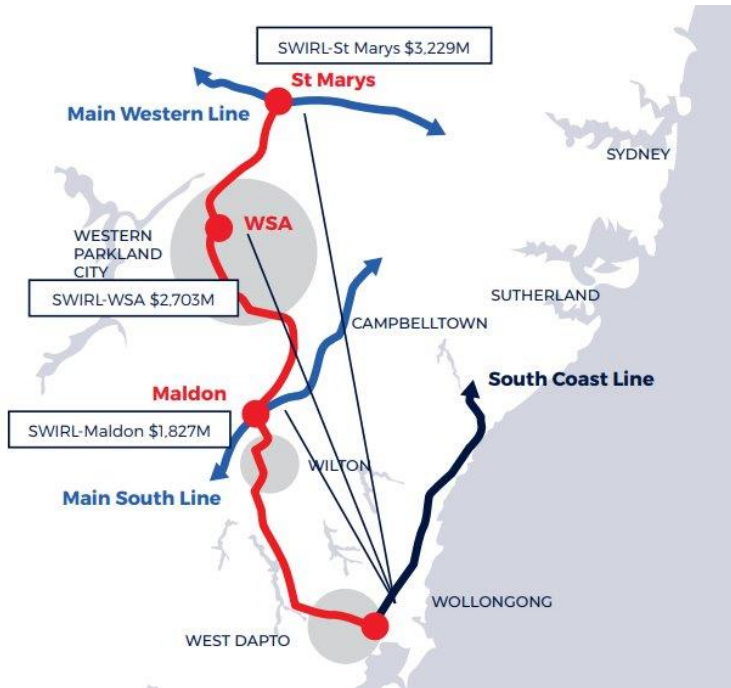
The total cost of all three stages of SWIRL is projected to be \$3.2 billion and will avoid economic losses to the state economy of \$1 billion per annum for freight and \$73 million per annum for passengers.

SWIRL may be able to alleviate a great deal of the additional passenger and freight trips from the South West Sydney growth. However, this is only if SWIRL is prioritised in a timely fashion to aid in the configuring of land uses both in the Illawarra and in South West Sydney. It should be considered as a proactive approach to helping arrange land uses and growth, not a later reactive approach which may no longer 'fit' in hardened land-use patterns.

In summary, SWIRL would help address regional job deficits in both the Illawarra Shoalhaven and Wollondilly Shire by connecting the two growing populations; release the capacity of the Port of Port Kembla and prevent congestion costs and loss of productivity to both the regional economy and NSW.

In 2023, Business Illawarra sought and received an election commitment for an allocation of \$10 million funding for the development of a Southern Rail Network Resilience Masterplan for the region by Transport for NSW, which should include a feasibility study and business case analysis, including land value uplift, for SWIRL.

BUSINESS ILLAWARRA



2) Picton Road Upgrade and Mount Ousley Interchange

Picton Road is the sole heavy road connector between the Illawarra Shoalhaven and the Western Sydney Aerotropolis. Picton Road is a pivotal link connecting the region to South West Sydney and requires a multi-modal upgrade that will match the future travel demands of both South West Sydney and our Region.

The Transport for NSW Regional Transport Plan recognises that Picton Road provides a nationally-significant east-west transport link between Metro Wollongong and Western Sydney.

As one of the state's busiest freight corridors, it carries a high proportion of heavy vehicles that is unrivalled in NSW. The annual growth of traffic, including heavy vehicles, has been significant and is set to balloon for both passengers and freight, with the planned population increase at Wilton and the development of the Western Sydney Airport and Aerotropolis.

The 2018 Business Illawarra/NRMA Road Connectivity Report found that Picton Road will reach daily capacity by 2025 and is already at peak capacity. Further, it is a dangerous thoroughfare that pits heavy vehicles (which make up 25 percent of traffic on the road) against passenger vehicles at 100 km/h on lengthy, unseparated single-lane sections.

Hence, Business Illawarra established the Picton Road Motorway Coalition which called for the upgrading of Picton Road as a necessary infrastructure link to enable the future operation and growth of the economies of the Illawarra and South-Western Sydney.

Backed by local MPs, councils, industry and the community, the advocacy campaign achieved a commitment of \$44 million for planning and a business case was achieved. Of this initial commitment, \$14 million was allocated to this work in the 2021-22 NSW

BUSINESS ILLAWARRA

Budget.

In 2021, the upgrade of Picton Road to motorway standard was found to deliver total economic benefits of around \$33.5M per year, including: \$25M in travel time savings; \$7M in vehicle operating cost savings; and \$1.5M savings from crash reductions.

This report also found that the Princes Motorway (M1) at Mount Ousley is a major bottleneck for freight and passengers moving to and through our region, including Port Kembla, and following our joint advocacy with the University of Wollongong and NSW Ports, the Mount Ousley Interchange redevelopment project is now fully funded. The NSW Government has committed \$60 million, and the Federal Government has committed \$240 million to the Mount Ousley Interchange project.

Business Illawarra has noted that an amount of \$6.3 million was allocated to this work in the 2021-22 NSW Budget.

The Wollongong City Council considers active transport an important mode of transport to be included in all major project designs. On the verges of Picton Road and at all intersections, design considerations can be made for active transport links. Given the volume and speed, a preferred alignment will be of a 'separated' facility buffered from the motor vehicles and with clear traffic sign and markings at intersection crossing points. An example of a piece of active transport infrastructure which could support connectivity from the Illawarra and Western Sydney is the path network provision provided along the M7 motorway with connectivity to this network.

In summary, the proposed upgrade to Picton Road represents a unique opportunity to provide safe, efficient multi modal transport links that will deliver major economic benefits nationally as well as to metro Wollongong.

The importance of this upgrade is itemised in a number of government strategies, including Infrastructure Australia's priority list, the Regional NSW Services and Infrastructure Plan and the NSW Freight and Ports Plan 2018-2023. Without upgrade, Picton Road is rapidly becoming unfit for purpose.

Combined, these projects will help account for the growing economic importance of South-West Sydney with its new residents, light manufacturing and new airport all seeking a link to Port Kembla.

It will also assist with growing the Illawarra Shoalhaven region and support the significant economic development proposed across key sectors including Knowledge Services, Trade and Logistics, Advanced Manufacturing, Defence, and Education (including the University of Wollongong with its focus on technological innovation and strong international connections).

Business Illawarra's research recommended the Picton Road Motorway project and Mount Ousley Interchanges be completed by 2025 and has sought commitments in the upcoming NSW Budget for additional funding and cashflow allocations to expedite detailed design and planning work.

3) Western Sydney bulk intermodal facility

Port Kembla currently handles a range of bulk construction materials including cement and gypsum. Demand for construction material imports is linked to population growth and the need for housing and infrastructure, together with availability of local sources and adoption of more sustainable products such as low carbon and recycled products.

Growth in cement and gypsum volumes through Port Kembla is expected, together with diversification of construction material imports – it is anticipated future import trades could include sand and aggregate. Given the linkages between construction materials and population growth, it is likely that significant volumes of construction material will be required in Western Sydney.

Some cement is currently transported by rail from Port Kembla to a rail receival terminal in Clyde. Approximately 350 rail wagons carrying cement are moved each month saving about 4,200 truck movements on the roads of the Illawarra and southern Sydney every year. The ability to transport increased volumes of cement by rail is limited by the lack of rail receival locations in Greater Sydney and availability of rail access on the existing network, with the largest constraint being the availability of the Illawarra Line to handle additional freight activity.

The ability to move bulk construction materials by rail from Port Kembla to Western Sydney will enhance the productivity and sustainability of these supply chains and will reduce the growth of trucks on the road network and vehicle emissions and improve safety. However, to achieve this, the NSW Government will need to identify and plan for rail receival sites for construction materials in Western Sydney.

There are existing bulk material rail IMTs at Rooty Hill, Clyde, Enfield, St Peters and Glenlee. To cater for future construction material demand, additional bulk material IMTs in Western Sydney are required, connected to Port Kembla via the proposed SWIRL.

This requires the identification and planning of new rail receival sites in Western Sydney and their subsequent rail connections to Port Kembla. Ideally, a new bulk receival facility would be co-located at or near the future Western Sydney Intermodal Terminal north of the Western Sydney Airport site along the future Western Sydney Freight Line.

4) Western Sydney Airport fuel pipeline

Western Sydney Airport is expected to open by 2026 and at full operational capacity, the airport could require 50 to 65 B-double fuel tanker deliveries per day, which would add to congestion on Sydney's road network and increase vehicle emissions.

At present, Western Sydney Airport is expected to open without fuel pipeline infrastructure, with fuel trucked in until the airport reaches sufficient volume to commercially justify a direct fuel pipeline.

BUSINESS ILLAWARRA

It is recommended the NSW Government expedite the identification of the most appropriate fuel pipeline route and then engages with industry on protection of the fuel pipeline corridor to ensure future infrastructure needs are met in the most economically productive manner.

On behalf of our collaborating partners, thank you again for the opportunity to provide this submission. Business Illawarra stands ready to provide further assistance.

Kind regards



Paula Martin
Acting Director
Business Illawarra