

**Submission from Shellharbour City
Council**

to

New South Wales Legislative Council

Standing Committee on State Development

Inquiry into Port Infrastructure in NSW

This submission to the NSW Legislative Council Standing Committee on State Development's Inquiry Into Port Infrastructure in NSW is to support the NSW Government's Ports Growth Plan in relation to the expansion of the port of Port Kembla.

The submission addresses the second and third terms of reference. Shellharbour City Council, a member of the Southern Councils Group, has also contributed to the broader submission by Southern Councils Group. The second and third Terms of Reference have particular relevance to the Shellharbour Local Government Area.

The employment, investment and regional development opportunities for the Illawarra that could be generated by a container terminal and associated infrastructure.

The Shellharbour Local Government Area has an unemployment rate of 10.7% and youth unemployment of 34.5%. The decline in employment opportunities, particularly in semi skilled 'blue-collar' jobs is long standing, over a period of two decades. Second and third generation unemployment is characteristic of some parts of the LGA.

Some 40% of residents who are in the workforce commute to jobs outside the area because of a lack of local job opportunities.

Job losses have resulted from major re-structuring in the traditional industries such as steel, coal and manufacturing since the mid 1980s. Most of these job losses have been in 'blue-collar' occupations such as metal trades and labouring.

Many employees retrenched from these industries have been unable to re-skill and re-enter the workforce, which is now dominated by jobs in tertiary sectors such as retail and hospitality.

The development of a container handling facility at Port Kembla would be an enormous boost to the region, resulting in the generation of significant numbers of 'blue-collar' jobs. It is estimated by Port Kembla Ports Corporation that 60 jobs would be generated during the construction phase and up to 300 jobs once the container terminal is fully operational.

The multiplier effect of 50,000 containers per annum handled at a Port Kembla facility could result in between 1500 and 2000 sustainable jobs being created. These would be in construction, stevedoring, transport, stores and packing.

The construction and development of a Container Terminal would add substantial economic benefits to a labour market that is characterised by a narrow industrial base and high unemployment among unskilled and semi skilled workers.

The Buchan Report, commissioned by Wollongong City Council has highlighted the need for more than 500 jobs per annum to be created in the Wollongong LGA if unemployment levels and commuter numbers are to be contained. Neighbouring LGAs such as Shellharbour have an imperative to create a similar number of new jobs if any inroads are to be made to the high unemployment levels experienced in the area

over the past twenty years. The construction of the Port Kembla Container Terminal has the potential to generate at least some of these job opportunities.

The economic and environmental benefits and costs to the State in general and the Sydney Metropolitan area specifically associated with the development of a container terminal at Port Kembla.

It is anticipated that Sydney freight growth will be in the order of 6% per annum. Over the past decade port growth in Sydney has been 6.7%. (Source: Report of the Port Kembla Container Terminal Task Force)

Concerns about increased congestion on Sydney roads as a result of this growth will undoubtedly be addressed in submissions by Councils (and other organisations) from the areas most affected.

Moving some stevedoring operations from Port Botany to Port Kembla will alleviate congestion on Sydney roads. There is also the potential for reducing some freight costs, which are caused by traffic congestion and associated delays.

The Sinclair Knight Merz study conducted for Port Kembla Ports Corporation determined that Port Kembla can offer significant travel time and cost advantages over Port Botany, White Bay and Darling Harbour for freight distribution to South West Sydney.

In addition to alleviating the problems associated with the 'Sydney Basin freight task' by utilising regional ports, the economic benefits to a region such as the Illawarra are enormous.

The National Institute for Economic and Industry Research study into effects of a Container Terminal at Port Kembla indicate that the port could contribute \$400 million to the regional economy.

Existing manufacturers in the Illawarra, such as BlueScope Steel, will benefit from a Container Terminal located at Port Kembla, with substantial savings in transport costs. Other companies in the Illawarra and the South Coast may benefit from opportunities to develop export markets which are currently uneconomic due to transport costs.

Port Kembla is located within a long established industrial precinct. The road and rail infrastructure within the vicinity of the port is well established. Essential upgrades to this infrastructure have been identified and will be addressed. Residential areas will not be adversely affected other than some additional traffic flow on Mt Ousley (in the order of a 1% annual increase).

Summary:

The Illawarra Region has been the industrial powerhouse of NSW for some 70 years. Traditionally a large percentage of the region's population have been employed in heavy industry in a wide variety of 'blue-collar' occupations including trades in metal

manufacturing through to low-skilled jobs. This industry has ensured the region's prosperity.

Since major re-structuring in the steel and coal industries in the mid 1980s the Illawarra has made great strides forward in re-inventing itself as a tourist destination and a desirable place to live. Jobs growth has been in tertiary sectors such as retail, hospitality, personal and professional services; a result of population growth.

Shellharbour City Council has demonstrated a determination to play a vital role in the economic development and diversification of the region. Examples include:

- the development of residential lands which has generated growth in the construction industry,
- the development of the Illawarra Regional Airport and the proposed establishment of an aeronautics cluster,
- and developments in tourism including the construction of a championship golf course and plans for a marina at Shellharbour.

Although these developments have generated considerable economic activity, these new industries have not absorbed employees displaced from heavy industry and often provide only part time and casual employment.

The region has higher than average unemployment, particularly among males who have low levels of education and among young people who have left the education system. An industry that offers ongoing employment to some members of this group in our community has the potential to alleviate very real poverty and bring about a viable economic future.

The expansion of the port facilities at Port Kembla has the potential to replace 'lost jobs' from the manufacturing industry in the Illawarra Region.

Importantly, the construction of the Container Terminal at Port Kembla will revitalise a region of NSW which has struggled to overcome such massive re-structuring from its traditional industrial base.