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The Illawarra: An Economic Profile

by John Wilkinson

1 INTRODUCTION

The last decade or so has been a time of substantial economic readjustment for the Illawarra region. The closure of BHP in 1999 was one major shift in the region's economic landscape, the recent announcement by BlueScope Steel of around 800 redundancies amongst its Port Kembla workforce is another.[1]

Responding to these challenges, the region has focused on diversification, towards a more service oriented economy, in which knowledge and information and communication technologies play a key role. While unemployment has trended above the State average, it is now only slightly higher at 6% in September 2011.[2]

This e-brief offers a survey of the Illawarra region with a focus on the areas of activity that are now the main sources of employment.

2 THE REGION – URBAN AND REGIONAL PROFILE

2.1 Defining the Illawarra

The Illawarra is defined differently in different contexts. The definition adopted in this e-brief is the ABS Illawarra Statistical Division. This currently consists of the following Statistical Sub-Divisions:

- Wollongong (Wollongong, Shellharbour and Kiama LGAs);
- Nowra-Bomaderry (Shoalhaven LGA)
- Illawarra SD Balance (Wingecarribee)[3]

This appears to be consistent with the approach taken by the NSW Department of Local Government, whose website defines the Illawarra as follows:

> The Illawarra region contains the urban areas of Wollongong and Nowra, and the Minnamurra and Shoalhaven river valleys.[4]

On the other hand, a less expansive definition is adopted by Regional Development Australia (RDA) Illawarra in its *Regional Plan 2010-2015*, which states that: "The Illawarra region…includes the three LGAs of Wollongong, Shellharbour and Kiama."[5] This definitional variance needs to be borne in mind when reference is made in this e-brief to the RDA Illawarra Regional Plan.

2.2 Urban

The three urban LGAs in the Illawarra Region are Wollongong (the regional

Illawarra Statistical Division

Source: ABS, *Regional Statistics, New South Wales*, 1362.1, 2004

centre) Shellharbour and Shoalhaven. Wollongong has 46.3% of the region's population; Shellharbour 23.2%; and Shoalhaven 22.4%.

Wollongong, Shellharbour and Shoalhaven: Population (2010)[6]

Wollongong	203,487
Shoalhaven	96,967
Shellharbour	67,797

2.3 Non-Metropolitan

The non-metropolitan LGAs in the region are Wingecarribee and Kiama. In 2010, Wingecarribee had 10.8% of the region's population, and Kiama had 4.8%.

Wingecarribee and Kiama: Population (2010)[7]

Wingecarribee	46,960
Kiama	20,906

2.4 Geographical and Commercial Features

The geographical and commercial features of the five local government areas in the region are as follows:

Wollongong: Wollongong LGA covers an area of 714 square kilometres, from Helensburgh (to the north) to Lake Illawarra (to the south). Wollongong LGA accounts for 86% of total manufacturing turnover in the Illawarra region.[8] In 2007 there were 12,123 businesses in the Wollongong LGA.[9] The majority of the region's largest employers (such as BlueScope Steel, the University of Wollongong and Wollongong City Council) are all in located in Wollongong.[10]

Shellharbour: Shellharbour LGA spans an area of 154 square kilometres, from Albion Park Rail (to the north), west to Macquarie Pass and south to Dunmore. In 2007 there were 2,952 businesses in the Shellharbour LGA.[11] The major employers (such as Coles, Shellharbour Council and Woolworths) are smaller than their counterparts in Wollongong.[12]

Shoalhaven*:* The Shoalhaven LGA covers an area of 4,660 square kilometres, from Berry in the north almost to Bateman's Bay in the south. The main centres are Nowra and Ulladulla. Nowra is the home of HMAS Albatross, the RAN Fleet Air Arm.[13] In 2007 there were 6,780 businesses in the Shoalhaaven LGA.[14]

Wingecarribee*:* The Wingecarribee LGA covers an area of 2,700 square kilometres, usually referred to as the "Southern Highlands". There are three principal towns in the Wingecarribee: Moss Vale is the location of the Wingecarribee local government administration; Bowral is the commercial hub; and Mittagong is the centre for industry.[15] In 2007 there were 4,842 businesses in the Wingecarribee LGA.[16]

Kiama: Kiama LGA covers an area of 256 square kilometres, from the Minnamurra River (to the north), west to Knights Hill and south to a point just north of Gerroa. In 2007 there were 1,587 businesses in the Kiama LGA.[17] The handful of major employers in the Kiama LGA (such as Kiama Council which, in 2005, employed 330 people) are smaller than their equivalents in either Wollongong or Shellharbour.[18]

2.3 The Illawarra and the Sydney Greater Metropolitan Area

For planning purposes, the three LGAs in the Illawarra are part of the Sydney Greater Metropolitan Area. In 1993 the Fahey Government released *Sydney's Future: A Discussion Paper on Planning the Greater Metropolitan Region*. The paper foreshadowed the integration of Newcastle and Wollongong into a Great Metropolitan Region, declaring that:

> Newcastle and Wollongong, as a result of improvements to transport links over the last twenty years, and generally closer economic integration, now have a much closer functional interrelationship with Sydney…It is no longer appropriate to plan for Sydney as the only focus of the region.[19]

The growing integration of the Illawarra, with the Sydney region, is clearly illustrated by the number of people that commute from the Illawarra to Sydney. In 2006, 15.8% of the Illawarra's workforce commuted to Sydney.[20]

3 ECONOMIC HISTORY OF THE ILLAWARRA REGION

3.1 Coal Mining and Dairy in the 19th Century

Like the Hunter region, during the nineteenth century two of the Illawarra's major industries were coal mining and dairying. Coal mining was slow to start. According to Terry Kass, this was because of "the monopoly the Australian Agricultural Company [AAC] had on coal production for its Newcastle mines."

In 1848, however, the colonial government ended the AAC's monopoly and coal production began in the Illawarra, with James Shoobert opening a small mine in 1849. From then on, coal mining gradually expanded. Terry Kass writes that:

> Booming conditions from the 1870s to the 1890s, and strong demand for coal, ensured the opening of a number of collieries in the Illawarra.

> By the 1880s and 1890s the district was split just south of Wollongong. To the north, coal mining was the main economic activity and to the south it remained dairying country.[21]

3.2 Metal Manufacturing and Shipping in the Twentieth Century

Metal manufacturing in the Illawarra initially developed during the First World War. Copper products, previously imported from Germany, became unavailable. In response, British Insulated and Helsby Cables, together with a group of Australian companies, formed Metal Manufactures (MM) which opened a plant at Port Kembla in 1918 to manufacture copper tubes, wires and electrical conductors.[22]

Manufacturing expanded during the 1920s when George Hoskins decided to relocate the Esk Bank iron and steel works (first opened in Lithgow in 1874) to Port Kembla, to take advantage of the harbour. Hoskins started to build a blast furnace in 1927 but could not on his own raise enough money for the venture. The following year he merged with two British companies, Baldwins and Dorman Long (then building the Sydney Harbour Bridge) to form Australian Iron and Steel (AI&S). In August 1928, AI&S completed the blast furnace and began operations. In the same year, Metal Manufactures acquired Austral Bronze.

With the onset of the 1930s depression, in 1935, AI&S was taken over by BHP. During the Second World War production at BHP Wollongong expanded rapidly. In Yasmin's Rittau's words,

> Port Kembla…became an important industrial site for Australian armaments…[in] 1940 [BHP] built an electric steel plant and in 1941 it installed six open-hearth furnaces. It made…ammunition, vessels, marine engines and aircraft.[23]

After the war, production accelerated at BHP and this changed the employment landscape in the Illawarra. Yasmin Rittau explains:

> By the end of the war, the changes to Wollongong's economy were distinctive…Between the censuses of 1921 and 1947 farming's share in the workforce was reduced from 8 per cent to 3 per cent. Manufacturing surpassed mining as the dominant industrial activity, with 43 per cent of the workforce employed in manufacturing and 14 per cent employed in mining and quarrying…BHP's share of this [manufacturing] workforce…[was] 49 per cent by 1949.[24]

A worldwide recession in the early 1980s, however, reduced the prominence of manufacturing in the region. By the mid 1990s, the Port Kembla steel works employed around 14,000 fewer workers than at the beginning of the 1980s, as the accompanying table shows.

Workers Employed at BHP Wollongong: 1980s-1990s[25]

1981	20,305
1993	7,700
1996	6,000

With the decline in steel production, activity in coal mining declined as well. Employment levels were nearly halved, between the 1980s and the early 1990s, as shown in the following table:

Workers Employed at in the Illawarra Coalfields: 1981-1991[26]

1981	5,720
1991	2,953

3.3 Government Assistance for the Illawarra since the 1990s

As a means of assisting employment in the Illawarra during the 1980s, the Wran Government transferred the State's major bulk grain export facility from Glebe Island to Port Kembla.[27] This inaugurated a process of relocating major export shipping from Sydney to Port Kembla.

Following BHP's closure in both Newcastle and Port Kembla in 1999, the Carr Government replicated its Hunter Advantage Fund in the Illawarra by launching the ILAF (Illawarra Advantage Fund). $10 million was provided to finance ILAF's operations.[28]

Between financial years 1999-2000 and 2010-11, just over $19 million was provided to 170 companies or organisations. According to the NSW Department of Trade and Investment and Regional Infrastructure Services (DTIRIS), over the 12-year period, 4,292 jobs were created through the ILAF: 63% of assistance was for expansion; 25% for start-up; and 12% for relocation.[29]

The Carr Government further assisted the region by relocating the former Superannuation Administration Corporation (currently Pillar Administration) to Wollongong between 2001 and 2003, transferring 314 jobs to the region.[30]

Recently, in response to BlueScope's August 2011 announcement of around 800 redundancies, the Gillard Government and the O'Farrell Government have jointly declared that (together with BlueScope) they will establish a $30 million Illawarra Region Innovation and Investment Fund. Of this, $20 million is to be provided by the Commonwealth; $5 million by the State; and $5 million by BlueScope. The package contains provisions enabling workers to gain immediate access to the services of Job Services Australia and to gain assistance with relocation to other employment.[31]

Subsequently, in October 2011, the Prime Minister Gillard and the federal Minister for Infrastructure and Transport, Anthony Albanese, announced that the Commonwealth would provide $25.5 million for in-detail design work towards the building of the Maldon-Dombarton rail freight link.[32]

The O'Farrell government recently introduced changes to regional assistance. First, it abolished the Illawarra Advantage Fund (and Hunter Advantage Fund) and instead established a Regional Industries Investment Fund (RIIF*)*, which is open to all of regional NSW*.*

The RIIF aims to encourage business growth and job creation in regional NSW by helping businesses to overcome impediments to investment projects. Applicants must be able to demonstrate the long term viability of a project, and set out the planned increase in new jobs.[33]

On 8 September 2011, Greg Pearce, Minister for Finance and Minister for the Illawarra, responded to a question without notice about the abolition of the Illawarra Advantage Fund, stating:

> There is a $53 million fund in addition to the $30 million fund that has been announced as a joint Federal-State fund, with the assistance of BlueScope Steel, to address the BlueScope problems in the Illawarra. We are keen to provide assistance and funding in the Illawarra. We are doing that in

> the most efficient and financially accountable way that we can.

The O'Farrell Government also recently established the $77 million State Investment Attraction Scheme.

3.4 Changing economic landscape

As Regional Development Australia Illawarra (RDA Illawarra) observed, in its 2010-2015 regional plan:

> The Illawarra has undergone considerable change in the last ten years. The old "Steel City" has become a city of innovation, exporting not just steel but also knowledge and information and communication technology (ICT) to the world. However the region's traditional manufacturing and mining industries remain major contributors to our economy.[34]

Nowhere is the change in the region's economy more evident than amongst the major employers in the Illawarra. In 2009, 17 out of the region's 23 major employers were in the services sector, as listed alphabetically in the table below.

Major Employers in the Illawarra: 2009[35]

Australian Health Management Group
BlueScope Steel
CSC Communications
Figtree Private Hospital
Gujerat NRE
IMB Banking Services
Illawarra Area Health Service
Illawarra Coal (BHP)
Illawarra Mercury
Illawarra Retirement Trust
Illawarra TAFE
Integral Energy
Manildra Starches
Metal Manufactures (MM Kembla)
Novotel North Beach
Port Kembla Coal Terminal
Oasis Superannuation
Pillar Superannuation
Shoalhaven Council
University of Wollongong
Wideform Group
WIN Television
Wollongong Council

4 KEY ECONOMIC FACTS AND FIGURES

4.1 Value of Gross Regional Product

In 2009-10 the value of the region's gross regional product (GRP) was $15.5 billion, 3.8% of the State's gross State product (GSP).[36] Finance and insurance services was the sector that contributed the most to GRP (11%).[37] It was followed by manufacturing (10%), basic metal products (7%), construction (7%), and health (6%).

4.2 Business Entries and Exits

In 2007 there were over 28,000 businesses in the Illawarra. The figures for concerns operating in the region, as well as for business entries and exits were as follows:

Businesses Active in the Illawarra Region (plus Entries/Exits): 2007[38]

Total Businesses	28,284
Entries	4,461
Exits	4,131

4.3 Employment and Unemployment

Between August 2010 and August 2011 the following numbers of people, on a twelve-month average were employed in the Illawarra, compared to the number unemployed:

Employed/Unemployed: Illawarra (Average August 2010–August 2011)[39]

Employed	193,868
Unemployed	13,792

As shown in the table below, the unemployment rate in the Illawarra region has fluctuated over the last decade. It reached a peak of 10.8% in 2006 but has declined since then to 6% (in September 2011). The region's unemployment rate has generally been above the NSW unemployment rate.

Unemployment Rate (%): Illawarra Region/NSW/Australia (September 1999 – September 2011)[40]

Year	Illawarra	NSW	Australia
1999	6.6	6.6	7
2000	7.4	5.2	6
2001	5.8	6.3	6.9
2002	10.2	6	6.4
2003	7.3	5.7	5.8
2004	5.2	5.1	5.4
2005	9	5.4	5
2006	10.8	5.3	4.7
2007	8.1	4.7	4.2
2008	5.1	4.9	4.3
2009	5.6	5.4	5.7
2010	6.7	5.1	5.1
2011	6	5.4	5.2

Youth unemployment continues to be a significant problem in the region.[41] In the year to June 2011, the average youth unemployment rate for the whole Illawarra region was 15.1%.[42] In the Wollongong statistical region, the average youth unemployment rate was 41.9% (for the year to October 2011) compared to only 1.6% for the rest of the region (for the same year).[43]

4.4 Employment by Sector

The breakdown of employment by industry for Wollongong, and the Illawarra excluding Wollongong, can be set out separately as follows (the figures are 12 month averages from August 2010 to August 2011):

Wollongong Employment: 2010-2011[44]

Health Care and Social Assistance	15,790
Manufacturing	13,158
Retail	12,886
Public Administration and Safety	12,126
Education	11,268
Property and Business Services	10,513
Other Services/ Arts	10,192
Building and Construction	9,158
Accommodation and Food Services	8,480
Transport, Postal and Warehousing	6,778
Financial and Insurance Services	5,544
Mining	4,371
Electricity, Gas, Water and Waste Services	2,452
Wholesale	2,378
Communication Services	1,768
Agriculture, Forestry and Fishing	954
TOTAL	**127,816**

Illawarra Employment (excluding Wollongong): 2010 - 2011[45]

Health Care and Social Assistance	8,779
Retail	8,417
Manufacturing	8,037
Accommodation and Food Services	6,453
Building and Construction	6,383
Property and Business Services	5,759
Other Services/ Arts	5,675
Education	4,050
Public Administration and Safety	3,013
Agriculture, Forestry and Fishing	2, 278
Transport, Postal and Warehousing	2,084
Financial and Insurance Services	2,021
Electricity, Gas, Water and Waste Services	1,246
Wholesale	758
Communication Services	433
Mining	369
TOTAL	**63,757**

4.5 Illawarra Employment by Industry: State-Wide Comparison

Specific industry levels in the Illawarra tend to be a reflection of industry levels across the State generally:

Employment by Industry 2010 - 2011: % Illawarra and % NSW Employment[46]

	% Illawarra	% NSW
Health Care and Social Assistance	12.7	11.5
Manufacturing	11.1	8.2
Retail	11	10.7
Property and Business Services	8.4	13.8
Other Services/ Arts	8.2	5.9
Building and Construction	8	8.1
Education	7.9	7.4
Public Administration and Safety	7.8	5.7
Accommodation and Food Services	7.7	7.3
Transport, Postal and Warehousing	4.6	5.6
Financial and Insurance Services	3.9	4.9
Mining	2.4	1.1
Agriculture, Forestry and Fishing	1.7	2.5
Wholesale	1.6	3.9
Electricity, Gas, Water and Waste Services	1.9	1.2
Communication Services	1.1	2.3

4.6 Employment Growth Sectors

For comparative purposes the two sources of regional employment statistics employed in this e-brief are the 2003 Australian Bureau of Statistics (ABS) publication *Census of Population: Selected Education and Labour Force Characteristics for Statistical Local Areas (New South Wales 2001)*[47] and the figures provided in the Labour Market Information Portal of the federal Department of Education Employment and Workplace Relations (DEEWR).[48]

An issue that arises, in employing these two sets of figures, is that before 2006 the ABS used 17 occupations of employment, whereas after 2006 19 occupational categories were employed. In effect, this emerged as a result of the division of the pre-2006 occupation of "property and business services" into three post-2006 categories: "professional, scientific and technical services"; administrative and support services"; and "rental, hiring and real estate".[49] For the purposes of comparison, these three categories have been recombined to correspond to their pre-2006 counterpart.

The E-brief has also recombined the post-2006 categories of "other services" and "arts and recreation" to correspond to the 2001 census category termed "other" (which included the pre-2006 ABS occupational categories of "personal and other services" and "cultural and recreational services").[50]

On that basis, ranked in terms of absolute increase in employment, the biggest growth sectors in the decade from 2001 to 2011 are set out below. Growth in employment is also expressed in percentage terms. As well as identifying the areas of employment growth over the last decade, this section points to the key players and developments in several industries.

***Health Care and Social Assistance*:** Health care and social assistance is foremost amongst a group of four occupations which, in the Illawarra, have witnessed employee increases of between 6,000 and 10,000 in the last ten years. The increase is indicated below:

Employment in Health Care and Social Assistance (2001-2011)[51]

2001	15,365
2011	24,569
Increase	**+9,204 (60%)**

In 2008-09 there were 16,148 full-time equivalent (FTE) staff in the combined South-East Sydney Illawarra Area Health Service (SESIAHS). Amongst the major public hospitals in the Illawarra there were: 1,918 FTE staff employed at Wollongong Hospital; 448 FTE staff at Shellharbour Hospital; and 286 FTE staff Port Kembla Hospital.[52] There are also a number of private hospitals in the Illawarra, such as Figtree Private Hospital and Lawrence Hargrave Private Hospital. In addition, there are nearly 40 aged care facilities in the Illawarra.[53]

***Public Administration and Safety*:** Public administration and safety not only experienced the second-highest increase in employment, but experienced the third-highest *rate* of increase:

Employment in Public Administration and Safety (2001-2011)[54]

2001	6,638
2011	15,139
Increase	**+8,501 (128%)**

HMAS Albatross (the Navy's Fleet Air Arm at Nowra), and associated defence support, is responsible for over 1,200 jobs in the Illawarra. Local government is another major employer in the region, with Wollongong Council employing 992 staff; Shellharbour Council 345; and Kiama Council 293.[55] As noted above, the Carr Government relocated Pillar Administration to Wollongong.[56] Pillar Administration employs around 600 staff.

Other Services /Arts and Recreation: The third-largest increase occurred in the categories that, in the 2001 census, were combined together as "other". This category included "personal and other services" and "cultural and recreational" services. Personal and other services covered the small business sector and included: funeral services; dry cleaning and hair dressing; security services; video hire services; and veterinary care for pets.[57]

Employment in Other Services/Arts and Recreation (2001-2011)[58]

2001	8,934
2011	15,867
Increase	**+6,933 (78%)**

Accommodation and Food Services: Accommodation and Food Services was the fourth occupation where there was a major increase in employment.

Employment in Accommodation and Food Services: (2001-2011)[59]

2001	8,246
2011	14,933
Increase	**+6,687 (77%)**

Accommodation and food services effectively encompasses the tourism sector. 74% of visitors to the Illawarra are domestic day visitors. Between 2003-04 and 2007-08 there was a steady increase in such visitors, from 2.6 million to 3.3 million. However, as a result of the global financial crisis (GFC), in 2009-10 the number of domestic day visitors declined to 2.9 million.[60]

Building and Construction: Building and construction is foremost amongst a group of occupations which, in the Illawarra, have witnessed employee numbers grow by just over 3,000 during the last ten years.

Employment in Building and Construction: (2001-2011)[61]

2001	12,196
2011	15,541
Increase	**+3,345 (27%)**

Some contribution derives from a steady increase in dwelling construction. Between 1996 and 2006 the number of private dwellings in the Illawarra rose from 132,418 to 151,616, an increase of 14%.[62]

In 2005, then Premier Morris Iemma, officially announced a plan to build new cargo facilities and a third berth at Port Kembla, at a cost $140 million. Two years later Sydney's East Darling Harbour was closed and Port Kembla received its first shipment of cars.[63]

Another recent contribution to construction was the Tallawarra A power station project. Commenced by TRUenergy in 2006, construction was contracted to Alstom which, in turn, engaged 400 workers. The station began operating in 2009.[64]

Some of the major projects that were underway in the Illawarra region as at April 2011 are shown below.

Major Developments in the Illawarra by Value (IRIS Presentation): 2011[65]

Picton Road Upgrades	$41 m
SMART Infrastructure Building	$40 m
P & DII Building	$33 m
Wollongong (13 Storey Commercial Development)	$32 m
Enterprise 1 Building	$31 m
WIN Stadium Western Grandstand	$27 m

Nan Tien Educational and Cultural Facilities	$26 m
Wollongong (Housing Commission) Pensioner Housing	$18 m
Figtree Princes Highway Intersection	$15 m
Aviation Support Facility (Yerriyong)	$9 m

Mining: After the downturn in the mining industry during the 1980s, activity has again increased in recent times. From 2,953 in 1983, employment in the Illawarra coalfields declined to just over 1,500 in 2001. Between 2001 and 2011, however, employment in mining increased by more than 3,000.

Employment in Mining: (2001-2011)[66]

2001	1,523
2011	4,740
Increase	**+3,217 (311%)**

The increase in employment is partly a result of increased demand from Japan. In 2006, 38% of coal, shipped through Port Kembla went to Japan. Between the years March 2009/March 2010 and March 2010/March 2011, production in the Illawarra coalfields increased from 12.6 million tonnes to 14.4 million tonnes (13.9%). Also contributing to the increase was investment by Gujarat NRE of India. Between 2004 and 2007, Gujarat NRE bought 2 mines which had formerly belonged to BHP. In 2008 Gujarat NRE announced plans to invest $500 million in the Illawarra.[67]

Financial and Insurance Services: Financial and insurance services is the third occupation, in the Illawarra, where employment over ten years rose by more than 3,000.

Employment in Financial and Insurance Services: (2001-2011)[68]

2001	4,439
2011	7,565
Increase	**+ 3,126 (70%)**

According to Buchan Consulting, employment in financial and insurance services in the Illawarra is located in the "regional offices and major branches of banking, financial advisory, insurance and superannuation" concerns.[69]

Transport, Postal and Warehousing. Transport, postal and warehousing is one of four occupations in the Illawarra which have seen employee numbers grow by over 2,000 during the last ten years.

Employment in Transport, Postal and Warehousing: (2001-2011)[70]

2001	6,100
2011	8,862
Increase	**+2,762 (45%)**

Contributing to the increase in employment in this area is the relocation of car deliveries to Port Kembla, as well as deliveries to the Port Kembla Coal Terminal (PKCT). In 2008 there were 420 coal truck movements to the PKCT every day, 6 days a week, totalling over 130,000 truck movements a year.[71]

Education and Training: Education and training is the second occupation, in the Illawarra which has seen an increase in employee numbers by over 2,000 during the last ten years.

Employment in Education and Training:(2001-2011)[72]

2001	12,584
2011	15,318
Increase	**+2,734 (22%)**

In 2010 there were 27,000 students enrolled at the University of Wollongong (UOW). These students were supported by 2,215 full-time (and fractional full-time) staff. TAFE Illawarra runs 14 campuses in the region, providing training to 34,500 students. There are also 181 primary and secondary schools in the Illawarra.[73]

In 2008, the UOW opened the first-stage of its $32 million Innovation Campus (iC). By 2011, a total of 4 iC buildings had been completed.[74]

***Electricity, Gas, Water and Waste Services*:** The third occupation in the Illawarra which has witnessed employee numbers rise by more than 2,000, is electricity, gas, water and waste services.

Employment in Electricity, Gas, Water and Waste Services: (2001-2011)[75]

2001	1,155
2011	3,698
Increase	**+2,543 (220%)**

***Property and Business Services*:** Property and business services ("professional, scientific and technical services"/"administrative and support services"/"rental, hiring and real estate services") is the fourth occupation, in the Illawarra which has seen employee numbers rise by more than 2,000.

Employment in Property and Business Services: (2001-2011)[76]

2001	13,730
2011	16,272
Increase	**+2,542 (18%)**

***Manufacturing*:** Another three sectors have experienced modest to small increases in employment. The first is manufacturing.

Employment in Manufacturing: (2001-2011)[77]

2001	20,314
2011	21,465
Increase	**+1,151 (5%)**

In regard to manufacturing, the situation in the Illawarra has been described by the Green Jobs Illawarra Project Steering Committee as follows:

> Manufacturing in the Illawarra is dominated by BlueScope Steel. Of the 792 manufacturing firms in the Illawarra, half employ 4 people or less and 85 per cent employ less than 19 people. One third of the region's manufacturing workforce…are direct or contract employees of BlueScope Steel.[78]

Not all large-scale manufacturing, in the Illawarra is accounted for by BlueScope. Metal Manufactures (now trading as MM Kembla) also ranks as a major employer in the region. It has two components. First, MM Kembla's electrical merchandising business (the second-largest Australian electrical product wholesaler) is involved in: the manufacture and sale of copper rod for power and communications cables; the design and manufacture of mining electrical substations; and precision machining of tools for the mining and industrial sector. Secondly, its building products division manufactures copper tubes and polyethylene pipes and fittings for the building industry.[79]

The other two sectors to experience modest to small employment growth are as follows:

Employment in Agriculture, Forestry and Fishing: (2001-2011)[80]

2001	2,317
2011	3,323
Increase	**+1,006 (43%)**

Employment in Information Media and Telecommunications: (2001-2011)[81]

2001	2,175
2011	2,201
Increase	**+26**

4.7 Declining Industries in the Illawarra Region 2001 to 2011

A decrease in employment over the period from 2001 to 2011 is recorded in two sectors, as follows:

Employment in Wholesale: (2001-2011)[82]

2001	5,670
2011	3,163
Decrease	**-2,507 (-44%)**

Employment in Retail: (2001-2011)[83]

2001	23,729
2011	21,303
Decrease	**-2,426 (-10%)**

An upturn in employment in the retail sector is likely following Stockland's 2010 decision to begin a $330 million redevelopment of Stockland Shellharbour, and GPT's 2011 decision to begin preliminary work on its $200 million West Keira shopping centre.[84]

5 CURRENT ISSUES AND FUTURE PROSPECTS

From this summary, the economy of the Illawarra emerges as something of a mixed bag. On one side, certain sectors have recorded strong employment growth, including health care and social assistance, and public administration and safety. The mining sector has also experienced a revival in fortune in recent years.

On the other hand, employment growth in the traditionally strong area of manufacturing has been more modest and is likely to come under pressure following the announcement of job losses by BlueScope Steel. In the words of RDA Illawarra,

> The recent announcement by BlueScope Steel to reduce production at its Port Kembla Steel Works and move its business away from export sales and concentrate on the domestic market brings a range of new and demanding challenges.[85]

The same report noted the need for the Illawarra to "consciously reinvent itself", stating that "To grow and develop a sustainable economy, it is essential to build new economic drivers to replace the ones that served the city and region in the past…"

It has been suggested that the challenges facing the Illawarra are similar to those confronting the Hunter region after BHP closed its Newcastle steelworks in 1999. As outlined in our economic profile of the Hunter region, the Hunter has prospered over the last decade. A recent article in the *Sydney Morning Herald* stated:

> Comparisons with Newcastle – which farewelled its steelworks 12 years ago and, according to Newcastle lord mayor John Tate, is better for it – is a regular theme in the Illawarra.
>
> The two regions are more alike than dissimilar, and the Illawarra is not without prospects. At about half a million people, it is within the Newcastle ball park. It has skilled labour, a lot of coal, proximity to Sydney, good ports. Like Newcastle, health and university are its biggest employers.[86]

Similarly, a recent article in *The Australian* commented:

> Wollongong has a population of more than 200,000; it is big enough to absorb the BlueScope losses. Manufacturing accounts for about 12 per cent of jobs and there are many other strong employment sectors. Tourism, retail, health care, education and construction are all big.
>
> Phil Ruthven of IBISWorld [a market research company] said recently that he expects the Illawarra region to move increasingly away from

> manufacturing jobs and towards a tourism-based economy.[87]

However, there is some suggestion that the Illawarra might face a tougher test than the Hunter did in 1999. The NSW director of Australian Industry Group, Mark Goodsell, has recently been quoted as saying:

> Newcastle had more options – it had a stronger tourism [sector], it had wine, and a bigger coal sector.[88]

The Prime Minister, Julia Gillard, has expressed strong optimism about the Illawarra's future. In a speech to the Illawarra Regional Leader's Summit on 18 October 2011, the Prime Minister said that "I travel all over Australia, and few regions have the assets that you do".[89] While noting that the Illawarra would keep manufacturing (based increasingly on innovation and value-adding), and continue to produce coal, the Prime Minister also said:

> The Illawarra will keep building on the region's growing presence in industries like information technology, tourism, financial and property services, and the arts.[90]

In addition to continuing to diversify its economy, the Illawarra must deal with some major issues that are facing a number of regions. These include land use issues, notably the debate over coal seam gas exploration, developing the region's infrastructure[91], and planning for the Illawarra's ageing population.

This is a time of transition for the Illawarra's economy. The region faces real challenges but it is also well placed to take advantage of significant opportunities for growth.

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