



Illawarra Structural Adjustment:

Helping the Illawarra region to adjust to the BlueScope downsizing

A joint submission by Illawarra Business Chamber and Australian Industry Group

7 September 2015



Illawarra Structural Adjustment

This joint submission is provided by the Region's leading employer associations, the Illawarra Business Chamber and Australian Industry Group (Ai Group), with input from the Wollongong City Council.

On 23 August 2015 BlueScope announced their FY15 financial results and made their first public statement about the ongoing viability of raw steel production at Port Kembla. While the financial result was a net profit after tax of \$136M, they did outline major and unsustainable losses in raw steelmaking.

Paul O'Malley, CEO, outlined a Plan A and Plan B to shareholders in relation to their Port Kembla Steelworks operations.

Plan A is the current state of play. It is a \$200M pa cost saving requirement to continue raw steel production and remain competitive against imported Hot Rolled Coal. As part of this plan, the loss of 500 direct jobs has been foreshadowed – this will have a substantial negative multiplier effect on the Illawarra regional economy.

If Plan A is not successful, then Plan B will be implemented. It is likely that a decision will be made in the next 8-12 weeks (before the BlueScope AGM on 19 November), which will be primarily based on the run rate of cost saving achievements, as well as Enterprise Agreement discussions.

If **Plan B** is required to be put in place, this would result in:

- ceasing raw steel production at Port Kembla;
- withdrawal from direct steel supply;
- importing of Hot Rolled Coil; and
- 5,000 direct and indirect job losses (BlueScope estimate).

On 1 September 2015, Wollongong Coal announced 80 job losses at their Russell Vale Mine.

The current situation is that **580 jobs have been 'lost' to the region in the Manufacturing and Mining sectors in the last 10 days**. This alone represents nearly 1% (0.8%) of Wollongong LGA's total jobs, or 0.5% of regional jobs. For context, should 5,000 jobs be affected, this would represent 7% of all Wollongong jobs.

The Illawarra region has a **current unemployment rate of 7.6%, and a youth unemployment rate of 18%**, which is 4% higher than the national average of 14%. The Illawarra also has alarmingly low levels of workforce participation rates at 51.2%, which is considerably, >10%, below the national participation rate of 61.4%.

This current context has not considered or outlined the national economic context and low growth rates.

Recommendation

We believe it is imperative that the Australian and NSW governments make a significant contribution to support the Illawarra as it undergoes structural adjustment to expand and diversify its economic base. It is essential this adjustment proceed, regardless of BlueScope's decision to either continue or close its steelmaking operations at Port Kembla.

We recommend that the Government make a **Structural Adjustment** announcement as soon as possible to offset the current economic situation in the Illawarra region. We are not seeking a hand-out, but a hand-up – or support, particularly targeting small business. The Structural Adjustment for the Illawarra should:

- **be an immediate response from Government;**
- **have a multi-faceted response to the current situation, including an impact assessment of the ramifications of BlueScope's Plan B;**
- **provide people on the ground to deliver the programs;**
- **target small business; and**
- **deliver a mix of flexible interventions that provide short, medium and long term initiatives.**

In particular, an Illawarra Structural Adjustment should deliver a range of programs under four key areas:

- 1. Innovation**
- 2. Business Growth & Diversification**
- 3. Unlock Employment Land**
- 4. Build Skills & Capacity.**

This would also be supported by the **two key enablers** of:

- **Investment in Infrastructure, and**
- **Branding/perception campaign.**

Overarching concepts

This submission has not specifically addressed two overarching concepts, which are implicit in how we progress as a united community:

- **Leadership is a critical success factor** – and all areas of the community are expected to unite around this economic crisis.
- **All levels of Government** are urged to play their parts, act in a bipartisan way and be a part of the solution.

Learnings from Research

In the preparation of this submission, research has been conducted and learnings considered from the following sources:

- Grattan Institute – 2011
- Andrew Beer (University of Adelaide) – 2015 – IRIIF review
- Productivity Commission – 2012
- OECD evidence on effective regional growth policies
- Diversification of the Hunter Economy post BHP closure
- Newcastle Structural Adjustment Fund (NSAF) – Federal Government
- Hunter Advantage Fund (HAF) – State Government

The OECD recommended four policies to accelerate regional growth:

- provide infrastructure as part of an integrated regional approach
- Invest in human capital
- Emphasise innovation and R&D
- Focus on integrated regional policies.

Impact Assessment

We are very concerned about the businesses in the supply chain to BlueScope. The vast difference in job loss estimates – from 5,000 to 10,000 is concerning.

There have been two assessments of the impact, should raw steel production cease at Port Kembla. The first was research by University of Wollongong, commissioned by the Australian Workers Union, Port Kembla, and assessed the employment impact of 10,000 jobs and \$3.3 billion loss to gross regional product.

The second impact assessment was from BlueScope, who advised that a withdrawal from direct steel supply at Port Kembla would result in approximately 5,000 direct and indirect job losses.

There are difficulties in assessing the impact of ceasing raw steel production as the supply chain of BlueScope is not straight forward. For example, one of IBC's members employs 100 people, who are 100% reliant on BlueScope continued raw steel operations as they form a part of the actual raw steel operations. The question of whether these are considered 'direct' or 'indirect' impacts remains unclear due to the complicated supply chain. This also means that assessing the economic flow-on impact is a complicated exercise.

Vision for the Illawarra

Transition Illawarra is the vision for the future of the region. This document is currently being updated by RDA Illawarra, and should form a part of the strategic landscape, moving forward.

Illawarra Structural Adjustment Program – a multi-faceted response

	Program	Brief description
INNOVATION	Expanded Entrepreneurs' Programme (similar to that being rolled-out in Northern Australia)	Entrepreneurs' Programme management advice and other business support services expanded to Illawarra growth sectors; BlueScope supply chain and Illawarra small businesses.
	Innovation and Technology Vouchers (shared publically funded research facilities)	Funding 'vouchers' to help Illawarra businesses create products, services and processes which utilise publicly funded research facilities including TAFE Illawarra and University of Wollongong facilities.
UNLOCK EMPLOYMENT LAND	Serviced Employment Land	Funding to service Illawarra Employment Lands such as the Illawarra Regional Airport and the proposed Shellcove business park, making the cost of land competitive with other regional areas.
	Unlock BlueScope Land	BlueScope has around 1,000 hectares of industrial land (almost half of all the industrial land in the region). There are land holdings that are not totally utilised and in the future could be redeveloped for other industrial uses. The development of a Masterplan of surplus BlueScope land is the first step in unlocking BlueScope land for the economic benefit of the entire region.
	Navy maintenance facility	Establish a 24/7 maintenance facility at Port Kembla to support the Navy with ship maintenance and repair function.
BUSINESS GROWTH & DIVERSIFICATION	Economic Gardening	Fund the Economic Gardening Program to help local SMEs grow their business, achieve increased profits and deliver sustainable growth.
	Illawarra Business Growth Program (IBGP)	To diversify the regional economy and create employment, through the attraction of new businesses and the expansion of existing businesses by reducing initial cost impediments.
	New Market Expansion Program	Assistance to eligible Illawarra businesses for approved marketing activities related to developing new national and international markets.
	Smart Work Hub	Provide a co-working space and innovative local business hub for local businesses to use.

Program		Brief description
BUILD SKILLS & CAPACITY	Youth Employment Pathways	Provide funding to the Advantage Wollongong campaign to promote the region and help attract business investment & growth.
	Industry Skills Development Program (ISDP)	Identify, support and encourage Illawarra business, particularly SMEs, to provide training and employment pathways for unemployed youth and older workers through employing an Apprentice and/or Trainee.
	JobsRoad Pilot	An innovative approach led by the business community to match unemployed youth in social housing localities together with tradespeople to deliver programmed maintenance services to social housing stock under a two year pilot.
ENABLERS	A. Infrastructure	<ol style="list-style-type: none"> 1. Reduce travel time on the Illawarra rail line to 60 minutes – complete engineering and timetabling upgrades to resolve structural issues between Wollongong to Sydney 2. M1 (F6) Extension – complete the extension of the Freeway between Waterfall to St Peters by 2020, including investigations to link to the Westconnex South 3. Maldon Dombarton – complete the construction of the dedicated freight rail corridor by 2020
	B. Advantage Wollongong Marketing Campaign	Advantage Wollongong represents a best practise approach to regional economic development. It is a long-term, strategic approach to creating sustainable new jobs and productive investment for Wollongong. It is a brand and series of resources and initiatives that help promote Wollongong as a superior business location.

Illawarra structural adjustment program snapshots

Expanded Entrepreneurs' Programme (similar to that being rolled-out in Northern Australia)	
DETAILS	<ul style="list-style-type: none"> • Extend Entrepreneurs' Programme management advice and other business support services to: <ul style="list-style-type: none"> ○ BlueScope supply chain businesses ○ Illawarra growth sectors: Illawarra businesses in the tourism, knowledge services, design & construction and transport & logistics industries ○ Illawarra small businesses by lowering the minimum turnover or operating expenditure threshold to \$750,000. • Appoint Illawarra-based resources to administer the Entrepreneurs' Programme and other federal programmes (the Illawarra-based Entrepreneurs' Programme Advisers' contracts were discontinued in 2015).
PURPOSE	<ol style="list-style-type: none"> 1. Increase accessibility of the Entrepreneurs Programme for Illawarra small and medium businesses and businesses in the BlueScope supply chain. 2. Increase accessibility of the Entrepreneurs Programme for businesses to industry sectors where businesses in the Illawarra have the greatest potential for growth.
PROGRAM OUTCOMES	<ul style="list-style-type: none"> • Fostering greater innovation and leadership in the Illawarra region will assist in improving the region and Australia's competitiveness. • To drive entrepreneurship and innovation in Illawarra growth sectors, SMEs and the businesses directly impacted by BlueScope downsizing.
PARTNERS	Illawarra Business Chamber, Ai Group, AusIndustry

Innovation and Technology Vouchers

(shared publically funded research facilities)

DETAILS	Funding 'vouchers' to help Illawarra businesses create products, services and processes which utilise publicly funded research facilities including TAFE Illawarra and University of Wollongong facilities.
PURPOSE	<p>The local innovation and technology centres aims to improve the innovation capability and capacity of small and medium sized enterprises (SMEs) to help then transition their business offerings to the new Illawarra economic landscape.</p> <p>The Innovation and Technology Vouchers would be used for technological and applied research, pilot lines and early product validations.</p>
PROGRAM OUTCOMES	The Innovation Voucher Program aims to improve the innovation capability and capacity of small and medium sized enterprises (SMEs) and publicly funded research organisations (TAFE and UOW). It helps SMEs access the facilities and know-how needed to innovate and help TAFE and UOW improve their ability to service industry projects.
PARTNERS	University of Wollongong, TAFE Illawarra
PROGRAM COST	Innovation and technology vouchers - \$25,000 per participant

Serviced Employment Land

PURPOSE To diversify the regional economy and create employment, through the attraction of advanced manufacturing businesses.

BACKGROUND The Wollongong area has a very limited amount of serviced employment land. This makes it very difficult to attract new businesses as both the cost associated with purchasing the land and installing the necessary utilities is prohibitive.

There is the potential to attract new businesses and develop advanced manufacturing clusters around sites such as the Illawarra Regional Airport and the proposed Shellcove business park. This proactive approach has been successful elsewhere in the Region, for example, the South Nowra Industrial Park and Albatross Aviation Technology Park.

Funding is needed to service these types of areas, making the cost of the land competitive with other regional areas.

PARTNERS All Illawarra Regional Councils and Joint Organisation
State Government

Unlocking BlueScope land	
DETAILS	<p>Bluescope has around 1,000 hectares of industrial land (almost half of all the industrial land in the region). There are land holdings that are not totally utilised and in the future could be redeveloped for other industrial uses.</p> <p>BlueScope has tended to withhold land from the market and this has restricted opportunities for the region. Where land has been declared surplus, BlueScope has put it to market via an EOI process. There has been limited uptake due to the non-viable parameters put to the marketplace, especially in the term of offer.</p> <p>A more strategic approach is required in using these lands particularly in how it transforms of the region. The government owns little land in the Illawarra and these surplus lands could heavily contribute to shaping the future of the area. By taking a strategic approach it will focus on growing the region, providing employment diversification and opening up trading for new companies.</p>
PURPOSE	To undertake a review of BlueScope land and develop a Masterplan that would address: program timeframes, key deliverables, budget/finance, risk, strategic context, marketability, resources, agency/community consultation, adjoining neighbours, implementation and media.
PROGRAM OUTCOMES	<p>The development of a Masterplan of surplus BlueScope land.</p> <p>The future of BlueScope's assets are linked to the strength of the region in terms of natural resources, deep water port, advanced manufacturing, the University of Wollongong, skilled workforce, lifestyle and landscape, support services, proximity to Sydney and road and rail infrastructure. Potential opportunities for the surplus lands include: CSIRO/Univeristy research, institutional operations, defence (manufacturing and logistics), port related uses (including bulk products handling and storage, warehousing and storage), vehicle processing, training and education centres, mining and pipelines, renewable technologies, ethanol/biodiesel, water supply and treatment.</p>
PROGRAM PARTNERS	BlueScope, Wollongong City Council, NSW Department of Planning

Navy maintenance facility	
DETAILS	Establish a 24/7 maintenance facility at Port Kembla to support the Royal Australian Navy ship maintenance.
PURPOSE	<ul style="list-style-type: none"> • Offset the significant impact on the Illawarra economy and workforce • Provide business opportunities for the BlueScope supply chain • Provide the Royal Australian Navy with a superior east coast 24/7 maintenance facility
PROGRAM COST	<p>Extensive ship maintenance and repair is undertaken within the constrained environs of Fleet Base East at Garden Island. Recent estimates place this expenditure at \$260–\$320m per year. When the new Air Warfare Destroyer (AWD) and Landing Helicopter Docks (LHD) are located at Garden Island, this sustainment expenditure is likely to increase to around \$1.1bn a year.</p> <p>Establishing a 24/7 maintenance facility at Port Kembla would provide a superior service and supply chain opportunity for Defence. The current maintenance at Garden Island is significantly constrained due to nearby neighbours, however this issue does not exist at Port Kembla.</p> <p>Highly skilled labour from the Port Kembla Steelworks depth of skill base would be readily available to assist Defence maintenance opportunities and have plentiful industrial land adjacent to the Port of Port Kembla. The benefits to Defence include:</p> <ul style="list-style-type: none"> • Efficient maintenance, which is not subjected to costly time restrictions at Garden Island • The minimisation of residential encroachment issues of noise pollution and congestion. <p>Further work with the Commonwealth and NSW Governments is required to cost this proposal.</p>
PARTNERS	<p>Department of Defence BlueScope I3net State Government</p>

Economic Gardening	
DETAILS	<p>The Economic Gardening program helps local businesses grow their business; achieve increased profits and sustainable growth. It helps businesses to thrive and expand by building on their success. The program includes:</p> <ul style="list-style-type: none"> • Business Boot Camp: The Boot Camp will identify management principles and strategies that work in successful high growth businesses for local businesses to implement locally. • Workshops: Four interactive workshops to improve business growth. • Business Coaching: Possible one-on-one coaching from a business specialist to help identify systems, procedures and strategies to achieve business growth. <p>Economic Gardening also provides networking and business-to-business opportunities and access to a range of practical resources.</p>
PURPOSE	<p>The Economic Gardening Program is a unique business learning opportunity that is designed to help businesses thrive and expand. It is delivered by business professionals and facilitated locally. Businesses that most benefit from the program are those with sound business models, who are ready to mature to the second stage of their development.</p>
PARTNERS	<p>Wollongong City Council, Shellharbour City Council and Kiama City Council Service provider</p>
PROGRAM COST	<ul style="list-style-type: none"> • \$160,000 for 4 programs run during 2015-16. • Additional \$40,000 for further one on one mentoring with specified businesses. • Total cost: \$200,000 per year <p>Existing funding of \$80,000 p.a. has been provided by Wollongong City Council, Shellharbour City Council and Kiama City Council.</p> <p>This additional funding requested would allow for a significant expansion of the program and increased intake.</p>
PROGRAM OUTCOMES	<p>As part of the programs, businesses learn to:</p> <ul style="list-style-type: none"> • develop strategic business plans; • manage finances for growth; • use targeted marketing strategies to achieve growth; • implement effective customer management systems; • identify niche markets; • use the internet to fast track business growth; and • use search engine optimisation (SEO) & online advertising.

Illawarra Business Growth Program (IBGP)

PURPOSE To diversify the regional economy and create employment, through the attraction of new businesses and the expansion of existing businesses by reducing initial cost impediments.

BACKGROUND Each application for assistance is assessed on a case-by-case basis on factors such as level of investment, generation and retention of employment, potential for exports or import replacement, technology diffusion, and compatibility with a region's competitive strengths.

At least one of the following criteria should be satisfied:

- potential for a substantial increase in employment
- relocation from outside NSW or Sydney
- significant new investment in operations
- potential for exports or import replacements
- setting up of a new industry/business operation
- clear improvement in the competitiveness of an existing business.

To be eligible, firms must provide evidence of business planning which documents anticipated investment and employment levels over three years, and illustrates the long term viability of the business venture.

The total assistance package offered for a project depends on:

- direct employment generated;
- value of capital investment; and
- state revenue generated.

The IBGP may provide financial assistance to offset costs incurred by businesses. This will generally be in one of the following areas:

1. Establishment - A one-off contribution towards the costs of establishing a new business.
2. Expansion - A one-off contribution towards the expansion costs existing businesses incur in gaining sustainable domestic or export orders.
3. Business Planning and Technical Consultancy - A subsidy towards the cost of engaging external expertise to help enhance business competitiveness and/or prepare the business for significant growth.
4. Skills Training - A subsidy towards the costs of training new employees at a regional location.
5. Contribution towards Infrastructure - A subsidy towards upfront charges incurred in providing external infrastructure to a regional site.
6. Offsetting Local Government Charges - A subsidy towards upfront charges incurred in meeting local government regulations.
7. Contributions to Payroll and Land Taxes and Stamp Duty

Tax concessions will only be considered for approval where:

- the business can show long term viability without recurrent government support
- the project will create significant direct or indirect employment forgone revenue will be recouped by the Government in the shortest possible breakeven point in their operations.

New Market Expansion Program

DETAILS	<p>The Illawarra Business Chamber 2015 member survey found that marketing is the number one challenge facing businesses in the Illawarra. The need for business to undertake improved marketing activities will increase in the economic climate following the BlueScope downsizing.</p> <p>Assistance would be available to eligible Illawarra enterprises for approved marketing activities related to developing new national and international markets. The New Market Expansion Program is designed to assist Illawarra enterprises in planning and implementing their national and international marketing activities, the scheme may provide assistance to:</p> <ul style="list-style-type: none"> • commission market research and business matching services • undertake promotional activities including advertising • develop promotional materials • attend trade exhibitions and promotions • assist with inbound buyers' visits to Illawarra • travel to undertake marketing activities. <p>The marketing support would include:</p> <ul style="list-style-type: none"> • provide financial assistance of up to \$40,000 per year to help with new market expansion activities • cover up to 40% of the cost of eligible activities
PURPOSE	Assist Illawarra enterprises in planning and implementing their national and international marketing activities to access new markets.
PROGRAM OUTCOMES	To drive new market development in Illawarra growth sectors, SMEs and the businesses directly impacted by BlueScope downsizing.
PARTNERS	Illawarra Business Chamber (existing programs such as Small Biz Connect and the Business Enterprise Centre would be used in the development of marketing plans and strategies).

Smart Work Hub	
DETAILS	<p>Illawarra Smart Work Hub - multiple businesses can be located in shared offices¹.</p> <ul style="list-style-type: none"> • Flexible and connected workspaces • Fosters connections between organisations • Workspaces that people want to come to • Utilise the Illawarra's NBN connection <p>Tenants benefit from efficiency of scale usually of available to large organisations (e.g technology, work spaces, training and networking).</p>
PURPOSE	<ol style="list-style-type: none"> 1. Provide a hub for local large and small often home-based businesses to collaborate and drive projects 2. Enable both larger public and private sectors workers to work from the Illawarra smart work hubs in jobs based in Sydney, Canberra and beyond.
PROGRAM OUTCOMES	<ul style="list-style-type: none"> • Help to bring home-based businesses out of their homes and grow their potential through connectivity to 'like-minded' businesses • Small businesses growth and collaboration: costs saving compared to separate office and collaborative and connected work environment. • New job creation and reduction in unemployment: expand pool of potential jobs for Illawarra residents. • Reduction in commuting costs: 18,950 Illawarra residents commute to Sydney each day at a cost of \$17,100 per annum.² • Reduction in commuting: talented locals no longer need to leave the region for work (currently about 20,000 people commute out of the region each day for work mostly to professional jobs in Greater Sydney) - <ul style="list-style-type: none"> ○ Reduction in direct travel cost (e.g fuel) and opportunity costs of commuting. ○ Reduced environmental impact ○ Reduced demand on infrastructure including Sydney's roads and rail ○ Better work/life balance • Decade of Decentralisation – State and federal Government agencies could have staff based in the Smart Work Hub to help achieve NSW Government Decade of Decentralisation targets without the need to relocate offices and help realise the Australian Government's goal of doubling Australia's level of telework by 2020.
PARTNERS	Illawarra Business Chamber, GPT

¹ A \$1.5 million NSW Government pilot program was use to establish smart work hubs in Western Sydney(x 3) and Central Coast (x2) but none in the Illawarra Region.

² This cost included out of pocket cost (operating / parking costs, rail fares) and time costs. Sources: PwC estimates based on Google Maps and Sydney Trains data; TfNSW, 2013, Principles and Guidelines for Economic Appraisal; and ATC, 2006, National Guidelines.

Youth Employment Pathways

PURPOSE	To assist disengaged young people, aged 15-18 years, to get back into school, move into the workforce or start vocational education.
BACKGROUND	<p>Expand the whole Industry Skills Fund Youth Stream to the Illawarra (including Training and Employment Scholarships). Currently the program is limited to the Central Coast, Hunter (excluding Newcastle) and Sydney – Outer West and Blue Mountains</p> <p>Given the very high levels of youth unemployment in the Wollongong area this program needs to be delivered as a matter of urgency.</p> <p>The Industry Skills Fund - Youth Stream includes two pilot programmes:</p> <ul style="list-style-type: none"> • Training for Employment Scholarships and Youth Employment Pathways, which address youth unemployment by supporting businesses to employ more young people; and community organisations to help young people return to school, start vocational training or move into work. • Youth Employment Pathways supports community organisations assist disengaged young people, aged 15 to 18 years, to get back into school, start vocational training, or move into work. Community service organisations may be eligible for financial support to purchase or provide services to meet individuals' needs such as intensive case management, job search, mentoring and other services relevant to young people.
PROGRAM OUTCOMES	<ul style="list-style-type: none"> • improve employer understanding about the benefits of investing in training, including apprentices & trainees; • enhance the employability of targeted young people through assisting to access pre-vocational training in skill shortage areas. This training covers over 250 hours of 1st year TAFE apprenticeship training, and give candidates the necessary basic skills, productivity and safety awareness that employers find lacking in commencing apprentices; • provide mentoring and post-placement support for both the Apprentice/Trainee and the employer for a minimum of 3 months; and • develop pre-employment workshops in chronic skill shortage sectors (eg. Aged Services Sector) – larger employers would provide training and on-the-job experience for small groups of unemployed people with a view to placing candidates into apprenticeships or traineeships.

Industry Skills Development Program (ISDP)

PURPOSE	To identify, support and encourage Illawarra business, particularly SMEs, to provide training and employment pathways for unemployed youth and older workers through employing an Apprentice and/or Trainee.
BACKGROUND	<p>The Illawarra has consistently had an unemployment rate above the national average. In particular, the region has been burdened with high levels of youth unemployment. Despite these high unemployment rates, local employers have consistently reported that they are facing skill shortages.</p> <p>This scenario points to a mismatch of skills across the region. One obvious solution to the skill shortage/youth unemployment challenge is for employers in these sectors to invest in training and take on apprentices or trainees.</p>
PROGRAM OUTCOMES	<ul style="list-style-type: none"> • Improve employer understanding about the benefits of investing in training, including apprentices & trainees. • Enhance the employability of targeted young people through assisting to access pre-vocational training in skill shortage areas. This training covers over 250 hours of 1st year TAFE apprenticeship training, and give candidates the necessary basic skills, productivity and safety awareness that employers find lacking in commencing apprentices. • Provide an incentive to employers to employ an apprentice or trainee – employers (less than 200 employees) and registered group training organisations, who employ an apprentice/trainee under 19 years of age and undertaking a Certificate III or IV level of qualification will be eligible to receive a commencement bonus payment and incentive payments at the 6 month and 1 year employment milestones. • Provide mentoring and post-placement support for both the Apprentice/Trainee and the employer for a minimum of 3 months. • Develop pre-employment workshops in chronic skill shortage sectors (eg. Aged Services Sector) – larger employers would provide training and on-the-job experience for small groups of unemployed people with a view to placing candidates into apprenticeships or traineeships.

JobsRoad Pilot	
DETAILS	<p>JobsRoad is an innovative approach led by the business community through NSW Business Chamber to match unemployed youth in social housing localities together with tradespeople to deliver programmed maintenance services to social housing stock under a two year pilot. JobsRoad key features include:</p> <ul style="list-style-type: none"> • Programmed maintenance services delivered at market competitive rates to the required quality standards. • Small work crews, each headed by a suitably qualified and experienced tradesperson provide supervision and training for young people • Young people develop practical workplace skills including pre-apprenticeship and accredited training and receive specialist support to overcome barriers and foster improved life skills • Management of all activities ensuring success, including stakeholders; trades and youth recruitment and induction, transition into ongoing employment or education including apprenticeships.
PURPOSE	<p>The primary goal of the JobsRoad Pilot is to support unemployed youth in social housing localities by providing them with new pathways to economic independence.</p> <p>JobsRoad objective is to reduce youth unemployment by creating real jobs locally and helping youth improve their capacity to secure and maintain employment and to live independently, without government support .</p>
PROGRAM OUTCOMES	<p>Successful implementation of JobsRoad will lead to outcomes including:</p> <ul style="list-style-type: none"> • Improved skills, capacity, and economic participation of the local workforce • Increased amenity and safety of social housing areas, thus improving asset value • Reduced cost burdens on the social welfare, public health and justice systems.
PARTNERS	NSW Business Chamber, JobsRoad, BoysTown
PROGRAM COST	<p>The viability and scale required to make an impact requires an annual programmed maintenance expense allocation of between \$2m - \$5m for the pilot.</p> <p>JobsRoad provides an alternative delivery model to existing programmed maintenance solutions and is not about profit maximisation. It will match service delivery at lower margins, however the JobsRoad pilot is initially expected to carry higher operating costs than traditional contractors.</p> <p>Independent cost benefit analysis of two similar narrower focused projects provide a baseline for JobsRoad. The calculated SROI was up to \$3.50 per dollar spent, clearly demonstrating the potential economic and social value of social enterprise projects.</p>

Enablers

Deliver critical economic infrastructure

- 1.** Reduce travel time on the Illawarra rail line to 60 minutes – complete engineering and timetabling upgrades to resolve structural issues between Wollongong to Sydney.
 - Commit \$100 million for completing targeted works on speed restriction and pinch points by 2019
 - Commit \$1 billion for capital works by 2024 to reduce travel time to 60 minutes between Wollongong and Sydney
- 2.** M1 (F6) Extension – complete the extension of the Freeway between Waterfall to St Peters by 2020, including investigations to link to the Westconnex South.
- 3.** Maldon Dombarton – complete the construction of the dedicated freight rail corridor by 2020:
 - Commit \$200 million towards the construction, to be matched by at least \$500 million in private sector funding immediately
 - Proceed with preferred tender from the private sector immediately

The above priority transport infrastructure projects that would lead to the highest benefits for the Illawarra region. They would result in transformational benefits that would flow throughout the Illawarra and Australia as a whole.

There is strong agreement across the region that these are the priority infrastructure projects for the region. They were outlined in a 2014 [joint Rebuilding NSW submission](#) from a consortium of peak business, local government and community stakeholder groups in the Illawarra Region.

There are four key ways that investment in the above infrastructure would return benefits to Australia and NSW as well as the broader region. Investing in these economic opportunity boosting infrastructure projects will help provide employment for displaced BlueScope and flow-on workers both during construction and in the long-term.

Help support the diversification and economic growth of the Illawarra

The Government can best support this diversification of the Illawarra economy by strengthening the transport connectivity to Sydney and help to support the solid growth in output and productivity demonstrated over recent years. Given its close proximity, a strong and thriving Illawarra region that is effectively and efficiently connected to Sydney will create a genuine network of cities to generate a range of benefits for Sydney and NSW as a whole, by:

- attracting increased investment
- increasing access to job and business opportunities
- improving the efficiency of the movement of goods and people

Increased investment and agglomeration benefits

The close proximity of NSW's three largest cities, Sydney, Newcastle and Wollongong and Canberra presents the opportunity through improving transport links to create an effective network of cities in order to capture increased trade, investment and economic activity across this network.

Optimise the utilisation of existing infrastructure asset – Port Kembla

The State Infrastructure Strategy emphasises the need to build on existing assets. The Port of Port Kembla is Australia's leading port for steel and the primary port in NSW for motor vehicle imports. Its close proximity to Sydney and potential to play a role as the overflow container terminal as freight volumes are expected to double over the next 20 years, positions it well as an asset that could be better utilised to service the needs of NSW and play a larger part in managing the State's international trade. Greater access to and from the Port could increase its utilisation for Western Sydney taking the pressure off Port Botany and Sydney's transport network, and also South Western NSW which would currently use Victorian ports.

Increase tourism numbers and expenditure in NSW

The close proximity to the airport and natural beauty of the region, means that improved connectivity to Sydney could increase the growth of tourism to the region and help to attract and retain more domestic visitors and international visitors to NSW. Such investment would also help Wollongong to position itself as an 'adventure playground' tourist destination to complement the already well established tourism offering on the South Coast.

Advantage Wollongong Marketing Campaign

Advantage Wollongong represents a best practise approach to regional economic development. It is a long-term, strategic approach to creating sustainable new jobs and productive investment for Wollongong.

Advantage Wollongong represents a collaborative partnership between local government (Wollongong City Council), state government (NSW Trade & Investment) and the University of Wollongong. It is also a brand and series of resources and initiatives that help promote Wollongong as a superior business location.

As part of its business attraction and expansion program, Advantage Wollongong promotes four key advantages that make Wollongong a competitive business location: globally connected, superb liveability, Australia's City of Innovation and supportive business environment. Advantage Wollongong currently targets four key growth sectors: knowledge services (ICT, business services and financial services), manufacturing, mining technology & port and services. These are key sectors generating external income for the city and have demonstrated a competitive advantage for the Wollongong economy.

This project would see the Advantage Wollongong partnership engage a public relations firm to:

- aggressively promote the Illawarra region;
- help to bring about perception change;
- leverage the existing work of Advantage Wollongong in key industry focus areas;
- further diversify the region's economic base; and
- attract business investment.

PURPOSE

Funding would be provided for a range of advertising mediums, including:

- the purchase of publication space in newspapers and trade magazines;
- online media;
- hosting events to actively promote Wollongong, including: various CFO/CEO forums, Knowledge Service Forums, specific one-on-one meetings with interested businesses, and promotion events at Parliament House and various trade shows.

PARTNERS

Ai Group, Illawarra Business Chamber, Wollongong City Council, NSW Department of Industry and University of Wollongong.

SERVICE PROVIDERS

Wollongong City Council, NSW Department of Industry and University of Wollongong.

PROGRAM COST

(Existing funding of \$80,000 in 2015-16 has been provided by Wollongong City Council).

Further funding of \$200,000 is requested under this program per year for 5 years (\$1,000,000).

PROGRAM OUTCOMES

Assist to bring about perception change in the Illawarra and attract business and industry growth.

ABOUT US:

Illawarra Business Chamber (IBC)

The Illawarra Business Chamber (IBC), a branch of NSW Business Chamber, is a member-based not for profit business support organisation with over 1,300 members in the Illawarra and over 18,000 members across NSW.

As the leading business organisation in the region, the IBC is committed to representing the interests of its members by providing a powerful voice to all levels of Government and key decision makers.

The IBC is also represented on the NSW Business Chamber State Council, and in turn at a Federal level through the Australian Chamber of Commerce & Industry (ACCI).

Ai Group

Ai Group is one of Australia's peak industry associations which, along with its affiliates, represent the interests of more than 6,000 businesses employing nearly a million people. They include members in manufacturing; engineering; construction; automotive; transport; information technology; telecommunications; call centres; labour hire; printing; defence; mining equipment and supplies; airlines; and other industries.

Ai Group provides services across a range of areas: workplace relations; work health Safety & workers' compensation; education & training; recruitment and management; standards and regulatory development; business sustainability including environmental & energy management; and international trade and export.