



WYONG SHIRE COUNCIL

SUBMISSION

TO

THE HOUSE OF REPRESENTATIVES
STANDING COMMITTEE

ON

PRIMARY INDUSTRIES AND REGIONAL SERVICES

INQUIRY INTO INFRASTRUCTURE AND THE
DEVELOPMENT OF AUSTRALIA'S REGIONAL AREAS

APRIL 1999

TABLE OF CONTENTS

1	INTRODUCTION	2
2	PROFILE OF WYONG SHIRE	3
3	INFRASTRUCTURE AND REGIONAL DEVELOPMENT	4
3.1	Provision of Infrastructure	4
3.2	Potential for Development in Regional Areas	4
3.3	Identifying the Infrastructure Solutions	4
3.3.1	<i>The Central Coast Situation</i>	4
3.3.2	<i>The Alternative Infrastructure Solutions</i>	5
3.4	Case Study: Bushells Ridge	6
3.4.1	<i>Introduction</i>	6
3.4.2	<i>Deficiencies in Infrastructure which Currently Impede Development</i>	6
3.4.3	<i>The Extent to which Infrastructure Development would generate Employment in Regional Areas</i>	7
3.4.4	<i>Funding of Infrastructure</i>	7
4	THE ROLE OF THE DIFFERENT LEVELS OF GOVERNMENT AND THE PRIVATE SECTOR IN PROVIDING INFRASTRUCTURE IN REGIONAL AREAS	8
4.1	National Infrastructure Authority	8
4.2	Benefit to the National Economy of a Consolidated Government Approach	8
5	CONCLUSION	9
6	BIBLIOGRAPHY	10

1 INTRODUCTION

Wyong Shire (part of the Central Coast Region of NSW) has long recognised the disparity in employment levels between the regions and the capital cities, and has formally identified "*achieving significant employment generation*" as one of its key strategic tasks in its five year plan.

Wyong Shire Council has prepared this submission from two perspectives :

- As a player with an interest in the economic development of the region; and
- As a party reliant on cooperation between levels of government in the implementation of strategies to stimulate economic growth and employment in the region.

The submission commences with a profile of Wyong Shire to provide some background information and this is followed by a discussion of infrastructure and regional development. The case of the Bushells Ridge Industrial Area is used as an example to illustrate this discussion. The submission concludes with Council's view of how infrastructure planning strategies could be implemented and co-ordinated in an effort to reduce regional unemployment.

2 PROFILE OF WYONG SHIRE

Wyong Shire (826 square kilometres) is part of the Central Coast Region of New South Wales. In addition to its local government role, Wyong Shire Council also jointly administers the regional Water Supply Authority.

Over the past 20 years, the Central Coast has acted to absorb much of the population overflow from metropolitan Sydney and as a consequence this region has experienced growth rates of around four times the state average.

"Shaping Our Cities" - the strategy document for development of the Greater Metropolitan Region of New South Wales - confirms that this high growth rate will continue well into the future. Much of this future growth on the Central Coast will be concentrated in the northern part of Wyong Shire.

Population growth in the region has necessitated a significant investment in infrastructure to accommodate the residential development.

Unfortunately this huge growth in population on the Central Coast over the last 20-30 years has not been paralleled by similar growth in local employment. Consequently large numbers of the working age population are either subject to long periods of unemployment, discouraged out of the workforce or are forced to resort to long distance commuting. Some 30-35,000 people (representing approximately one-third of the total workforce) commute daily to work outside the Central Coast, with the majority heading into Sydney.

Despite Wyong's very low labour force participation rates, unemployment remains unacceptably high, not only by Sydney, state and national levels but also in comparison with our immediate southern neighbour, Gosford City. It is not surprising then, that a large proportion of the Shire's population is socio-economically disadvantaged.

Future growth in employment can be achieved either by increasing the economic base of the Central Coast or by increasing the number of commuters to other areas or by a combination of the two. The preferable solution, from economic, social and environmental perspectives, is to secure long term local employment.

3 INFRASTRUCTURE AND REGIONAL DEVELOPMENT

3.1 Provision of Infrastructure

The emerging economic consensus, fragile as it is, generally views one of the government's core roles as being associated with ensuring (though not itself necessarily supplying) good quality basic infrastructure services. Infrastructure (i.e. physical, economic and social) is a necessary foundation for long term regional private sector economic development. It is the foundation that enables firms to attain and retain competitive advantage in the market place.

The availability of infrastructure ensures that the conditions are created for the private sector to invest in employment generation.

3.2 Potential for Development in Regional Areas

The mere provision of physical infrastructure will not guarantee economic growth in regional economies.

Infrastructure needs to be provided in an environment that is conducive to economic development. The attempts at regionalisation by decentralising government agencies to Albury-Wodonga and Bathurst-Orange have only met with limited success because not all the factors necessary to promote growth in these regions have been present.

Industries tend to gravitate towards areas which facilitate economical and efficient establishment and operation. In particular, they look for locations close to potential workforces and with adequate communication and transport infrastructures to connect them with suppliers and markets. In addition, lifestyle considerations can play an important part in location decisions.

It also needs to be recognised that in order for the growth that is brought about by investments in economic infrastructure to be sustainable, there needs to be an accompanying investment in social and environmental infrastructure.

3.3 Identifying the Infrastructure Solutions

3.3.1 The Central Coast Situation

The major problem for Wyong Shire is the continuing high unemployment rate and this, coupled with low income levels, has resulted in an imbalance in the area's socio-economic profile. This situation has arisen because the high population growth has not been paralleled by economic development and employment generating activities

Wyong Shire Council considers that the issue for the Central Coast region is employment. Unfortunately, the solution that is often proposed to overcome this problem is to augment the freeway link to Sydney.

3.3.2 The Alternative Infrastructure Solutions

The NSW Roads and Traffic Authority (RTA) proposes the widening of the F3 Freeway between Wahroonga and Calga to solve the problem of congestion and delays and to reduce travel times between the Central Coast and Sydney.

This situation illustrates the ability to identify an infrastructure solution which is not appropriate due to a misdiagnosis of the problem.

In this situation, from the RTA's perspective, the problem is interpreted as traffic delays on the freeway. However, taking a "big picture" approach to infrastructure planning would recognise that the underlying problem is the lack of a range of local employment opportunities which necessitates commuting to Sydney.

The solution to this problem is infrastructure : not roads infrastructure, but infrastructure to support local job generation.

Augmenting the road links between the Central Coast and Sydney would add to the problems associated with commuting, including the:

- Negative environmental impacts associated with vehicle travel;
- Escape expenditure from the region; and
- Negative social impacts of long periods away from home.

This example illustrates the risk of taking a narrow approach to identifying infrastructure solutions. The proposed expenditure to widen the F3 Freeway is \$197.5m (NSW RTA January 1999). In comparison the cost estimate to provide water, sewerage and drainage infrastructure to a proposed industrial precinct of 600 hectares is only \$11.3m (see Table 1).

Table 1 - Infrastructure Costs to facilitate Development at Bushells Ridge

Infrastructure	Cost (\$m)
Sewerage	
- Pump Station	1.00
- 450 diameter rising main	1.00
- 750 diameter carrier	0.30
- other carriers	0.84
Major Drainage	
- Detention Basin	1.00
- Wetlands	1.10
Water Supply	
- 20ML Reservoir	2.80
- 600 diameter trunk main	3.24
Total	11.28

Source : Wyong Shire Council Engineering Estimates

3.4 Case Study: Bushells Ridge

3.4.1 Introduction

Bushells Ridge, comprising 635 hectares between the freeway and the railway line on the northern boundary of Wyong Shire, is a largely undeveloped site with a zoning of 4(e); *Regional Industrial and Employment Development*. It is seen by Wyong Shire Council and the NSW Department of Urban Affairs and Planning as the "major industry" component in an employment corridor of 1,500 hectares that stretches from Bushells Ridge in the north to Warnervale Airport in the south, a zone in which residential development is to be precluded in favour of job creating commercial and industrial activities.

3.4.2 Deficiencies in Infrastructure which Currently Impede Development

Bushells Ridge is clearly identified as a large scale strategic resource, yet its development is being impeded by a lack of infrastructure.

Bushells Ridge was identified in the NSW Government's 1987 *Draft Sydney Regional Environmental Plan* as a priority strategic industrial site for the state, to be primarily targeted for major developments by national and international companies interested in locating or relocating within New South Wales.

Wyong Shire Council has already fielded several inquiries from national and international organisations seeking large industrial sites. These inquiries have come from a broad range of industry sectors including a proposal for an energy park, a motor assembly plant, aluminum manufacturing, an armaments manufacturing facility, and information technology manufacturing, but a lack of infrastructure meant these industries could not be accommodated at Bushells Ridge.

The Central Coast office of the NSW Department of State and Regional Development indicates that the Greater Sydney Metropolitan Region is running out of large parcels of land, to the north and west of Sydney, which meet developers' criteria in terms of cost, size and access (see Table 2). Servicing Bushells Ridge and bringing it onto the market would help to meet this market demand.

Table 2 - Comparative Size and Cost of Large Industrial Land Parcels in the Sydney GMR

Site	Area ha	Land Price \$/ha of serviced land
Australian Defence Industries, St Marys	80	\$425,000
Erskine Park	130	\$804,000
Norwest Business Park	60	\$1,250,000
Bushells Ridge	635	\$180,000

Source : DSRD July 1997

The major hurdle to be overcome in the development of Bushells Ridge is the provision of significant up-front funding to extend water, sewerage and drainage infrastructure. Although the money would ultimately be recouped from developer contributions (and there is minimal risk to the financier), it is well beyond Council's financial capacity to undertake this up-front expenditure.

3.4.3 The Extent to which Infrastructure Development would generate Employment in Regional Areas

A site specific economic development strategy, funded by the NSW Department of State and Regional Development and the Central Coast Regional Development Corporation, was completed in July 1997 and established that Bushells Ridge, as a major industry park, had a direct employment potential of at least 20,000 and an associated multiplier effect of at least 40,000 throughout the wider region.

The establishment of a large manufacturer on the site, particularly an international firm, would have positive implications for both the national, state and regional economies. In addition, due to the location of Bushells Ridge, the jobs created in both the relocating and associated industries would positively impact on both the Hunter and Central Coast regions' unemployment rates.

3.4.4 Funding of Infrastructure

There are two main streams of thought regarding the funding of infrastructure. The first is that infrastructure investment is undertaken to pursue growth objectives and facilitate economic development and as a consequence its cost is not meant to be directly recovered.

It is alternatively argued that infrastructure investment costs should be recovered either by developer contributions or by ongoing user charges. The latter course, although taking a longer time to recoup the upfront investment, is a more fair and equitable solution.

As noted above, Wyong Shire Council does not have the ability to fund the provision of infrastructure at Bushells Ridge. Equity issues prevent Council from borrowing the funds to undertake this project, because as Council has no means of taxing the incoming industry on a user pays basis this would result in existing residents having to meet the financing costs of this investment.

4 THE ROLE OF THE DIFFERENT LEVELS OF GOVERNMENT AND THE PRIVATE SECTOR IN PROVIDING INFRASTRUCTURE IN REGIONAL AREAS

4.1 National Infrastructure Authority

Many state and federal government agencies play important roles in economic development and employment generation. However, the number of government departments and statutory bodies involved in this activity can lead to a lack of coordination between agencies, differing agendas in different agencies and, in some cases, a lack of responsibility and an unnecessary increase in red tape.

Wyong Council believes that there is a need for an overall agency charged with the responsibility of regional economic development and employment generation, empowered to make quick decisions and to coordinate activities by other government departments or statutory bodies. It is important that such a co-ordinating body embraces both the federal and state arenas and is properly resourced to effectively carry out its function.

Reporting to this agency should be a National Infrastructure Authority. The Authority would take a broad perspective of infrastructure development including the analysis of the long term benefits of potential projects and innovative financing arrangements.

4.2 Benefit to the National Economy of a Consolidated Government Approach

As noted above, greater effectiveness and economy of effort would result if all three levels of government could consolidate their efforts aimed at fostering regional development. This could be achieved through joint public (three levels of government) and private sector funding of regional development organisations; set up to devise regional economic development and employment strategies and implement consequent action plans and initiatives.

Competition between the states is generally regarded as healthy but this is not the case when it comes to attracting overseas industry. When states or regions bid against each other the end result can be detrimental to Australia as a whole, with the only winner being the overseas company. This can result in infrastructure deals which address the wrong problems due to the political imperative to win a key industry for a particular state or region.

In order to overcome this problem a federal approach to infrastructure development and industry attraction needs to be adopted. Detailed industry development policies (at both the state and national level) would ensure an integrated response and a better outcome for Australia.

5 CONCLUSION

The most successful method of creating job opportunities is creating an environment in which industry can be competitive. This involves ensuring that the appropriate infrastructures and support mechanisms are available and that government processes are unobtrusive and efficient.

An overriding requirement is that any government actions should be coordinated to ensure a consolidated approach to regional employment generation and that different government agencies are not working at cross purposes.

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