

Deloitte Access Economics

Transition Illawarra initiative: Stage One

Regional Development
Australia - Illawarra

EXECUTIVE SUMMARY AND
RECOMMENDATIONS

17 December 2013



An Australian Government Initiative



A NSW Government Initiative

Deloitte.

Executive Summary

Deloitte Access Economics has been contracted by Regional Development Australia (RDA) Illawarra to undertake a comprehensive research project of the Illawarra economy. The research forms the first stage of the Transition Illawarra Initiative. Further stages will build on the evidence base provided in this report.

The Transition Illawarra Initiative is being led by RDA Illawarra for the purpose of identifying and promoting economic diversification in the Illawarra region.

Illawarra economic profile

RDA Illawarra defines the Illawarra region as consisting of three local government areas (LGAs): Kiama, Shellharbour and Wollongong.

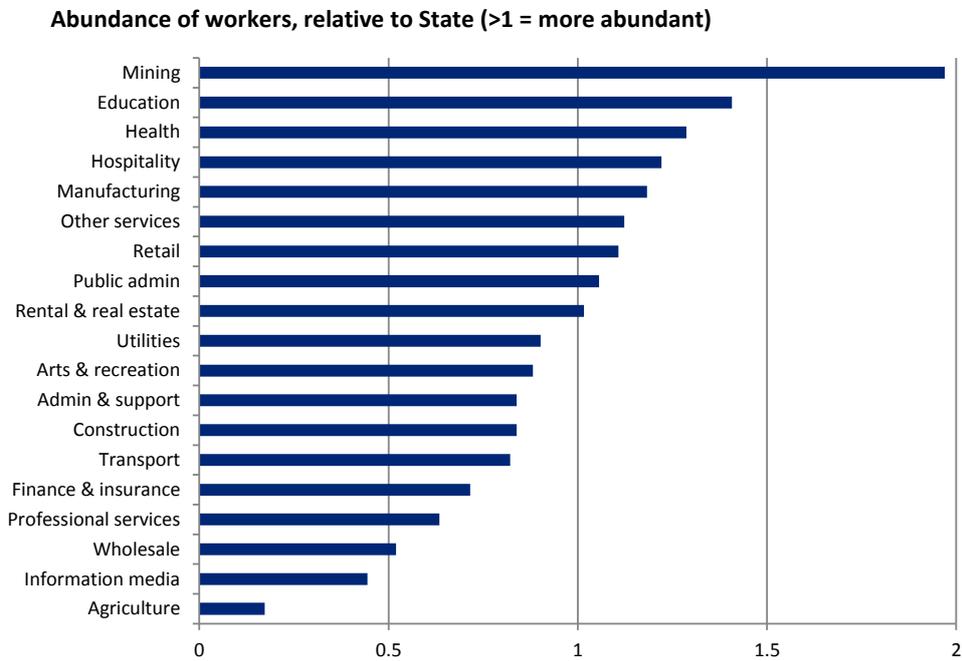
The Illawarra is a region which has experienced relatively slow economic and population growth for some time. The Illawarra region recorded average annual population growth over the five years to 2011-12 of 0.6%. That compares to growth of almost 1.2% in New South Wales and almost 1.8% in Australia.

The Illawarra's unemployment rate has been higher than the State average since the late 1980s (from when consistent data are available), and its labour force participation has been consistently lower.

In brief, the Illawarra's workforce is comprised of a relatively high share of 'blue collar' occupations such as labourers and technicians, and a lower share of highly skilled occupations such as professionals and managers.

The industry with the greatest degree of over-representation in the Illawarra relative to NSW is mining. This is followed by education, given the notable role of the University of Wollongong, and health care, given the region's relatively older demographic. Hospitality and manufacturing are also over-represented within the Illawarra region. IT services, professional services and finance and insurance all have representation well below the State average.

Chart i: Industry intensity, Illawarra relative to NSW



Source: 2011 Census

The region's slow population growth and workforce growth have also kept Illawarra housing values relatively low compared to other regions. Despite high house prices in certain suburbs, the Illawarra has traditionally been amongst the more affordable regions in NSW to buy a house, certainly when compared to many parts of Sydney.

The Illawarra's regional plans from RDA Illawarra and NSW Government agencies focus on economic development, infrastructure, communities and the environment. Over time, there has been a shift in emphasis away from business attraction towards a greater focus on attracting people and skills to regions.

A number of major regional development strategies currently exist for the Illawarra, including the:

- Regional Action Plan for the Illawarra, from the NSW Department of Premier and Cabinet;
- RDA Illawarra Regional Plan 2010-2015; and the
- Illawarra Regional Strategy, from the Department of Planning and Infrastructure.

In general, the priorities identified in each of these regional plans can be classified into four main themes:

- economic development;
- infrastructure improvements;
- community development; and,
- environmental sustainability.

Future economic drivers – the rise of Asia

Looking forward, expectations of the future path for the Illawarra's economy cannot be formed in isolation from the broader economy.

Many of the key trends seen across the Australian economy will also be of relevance to the Illawarra, and there is no more significant trend than the continued economic rise of Asia – what has been dubbed the 'Asian century'.

While growth rates may not be achieved evenly over time, it is expected that global economic growth over the next decade will be dominated by China and India, with other emerging Asian markets such as Indonesia, the Philippines and Malaysia also making strong contributions.

But the nature of Asia's economic growth is also changing. As Asia becomes more prosperous, its burgeoning middle class will want better housing, higher quality food, a sound education, more holidays and a better environment. Those new opportunities cover a range of sectors.

The Illawarra region is well positioned to meet these new demands. **Port Kembla** for example is the State's largest grain exporter and the third largest in Australia, and is well positioned to take advantage of a rising demand for grain. The **University of Wollongong** is already a major provider of international education, with approximately 40% of its student base being international students.¹ And finally, the region's natural amenity combined with its close proximity to Sydney mean huge opportunities to tap into the **growing Asian tourist market**.

That said, important challenges exist. Despite the potential for an expansion of other forms of trade, coal remains the key player, and the outlook for coal demand is clouded with uncertainty. In this regard the Illawarra region also faces intense competition from other ports, with the vast majority of current coal investment being undertaken in Queensland and the Hunter coal fields. Also, uncertainty exists over the profile of China's growth in coming decades.

Future economic drivers – an ageing population

Australia's population is ageing at a rapid rate, and that is particularly true for the Illawarra.

The **Illawarra's dependency ratio** (the ratio of population over 65 to working age population aged 15-64 years) is estimated to be 26%, rising to 39% over the next twenty years. NSW's dependency ratio is estimated to be 23%, rising to 32% over the next twenty years.

On average, people on retirement incomes generally have lower incomes than the working-age population, so a higher share of retirees means a lower average income for the Illawarra region looking forward. Those incomes may also be more dependent on factors occurring outside the region, such as decisions on the aged pension, and the performance of superannuation funds and other investments.

¹ This figure represents total enrolments. The UOW has campuses throughout the South Coast region, two in Sydney, as well as one in Dubai. The available data do not show enrolments by campus.

But there are also opportunities which open up as a result. As the population grows older, it will demand a greater level and range of **health services** including hospital and other medical treatment, as well as aged care services such as meals on wheels, community services and residential care (which may be broadly termed 'health care'). Strong employment growth is expected here over the next 20 years, with potential for the region to become a 'centre of excellence' in such service delivery.

With more and more of the future workforce likely to be employed in health care, it follows that **education in the health care sector**, both tertiary and vocational, represents a key opportunity for the region.

Future economic drivers – technological change

Failure to adapt to the digital transformation sweeping the economy has the potential to leave businesses both without a customer base and with a higher cost structure.

While the retail sector is generally front of mind in relation to digital trends, the truth is that most Australian workplaces are going to be affected in some form over the next few years. Many of the sectors most likely to drive the Illawarra's economy looking forward are also amongst the sectors most exposed to digital disruption – that is, professional services, health care, education and finance. Adapting to digital transformation is therefore especially important for the Illawarra's economic future.

Heavily regulated sectors such as education, health, utilities and transport also face large amounts of digital disruption, but the regulated nature of these sectors means change will come slower.

In line with these trends, IT services are seen as holding key opportunities for the region. The University of Wollongong (UOW) has the fourth largest IT student intake in Australia, but the majority of these students do not remain in the region upon completion of their studies.

While the UOW's Innovation Campus offers promise, the Illawarra region faces significant competition from larger and well established IT precincts in Sydney.

Teleworking has the potential to significantly affect the Illawarra region's current business model. By expanding the pool of potential jobs for Illawarra residents, teleworking means that many talented locals no longer need to leave the region in order to find a job. As teleworking becomes more and more commonplace, people will have a greater capacity to find their 'ideal' job, which will ultimately lead to both productivity and workforce participation benefits.

Future economic drivers – business/industrial development

The Illawarra region has, and will likely continue to have for some time to come, a relatively high share of its economy in the mining and manufacturing industries.

But despite the region's traditional (and continued) reliance on blue collar industries, it is clear that some diversification is beginning to take place, with a greater emphasis on the services sectors today relative to ten years ago, and with that trend looking set to continue.

Facilitation of new business growth is important for a region undergoing structural change, and **small businesses** will play a key role in this. There are many small business assistance programs, all of which are aimed at alleviating (or if possible, eliminating) one or more of the barriers faced by small businesses in seeking to expand. These barriers can be broadly classified as cost, workforce, information, and funding.

Future economic drivers – Sydney’s future growth

With Sydney’s population continuing to grow and higher rents and housing values ensuing, opportunities exist for the Illawarra to position itself as an alternative place to live. This trend may be intensified as technological change increases the capacity to work from home and/or as transport links between Sydney and the Illawarra improve.

Almost 30% of employed Illawarra residents travel outside of the region for work. Such a high share of commuters is often viewed as a negative for the region – if 30,000 Illawarra residents commute outside of the region for work, some argue that this reflects an inability of the region to create sufficient jobs for 30,000 people.

However, this argument ignores the broader gains that can be made both to the Illawarra region and the economy as a whole by its workers going to where their skills are best utilised. It is also likely to be true for many Illawarra residents working in Sydney that the most relevant alternate case is not that their job would be instead located in the Illawarra – it is that the worker would instead reside in Sydney, or another part of Sydney’s hinterland which competes with the Illawarra.

The Illawarra is in direct competition with regions such as the Central Coast and Hunter, as well as southern regions of the greater Sydney metropolitan area such as the Sutherland Shire, in vying to attract workers and businesses connected with Sydney.

This is not to say that the region should not seek to expand its own workforce – a growing workforce is, after all, a key driver of economic growth. In a number of industries the Illawarra has strong potential to establish itself as a key focal point – health, education, and transport, for example. But the Illawarra’s proximity to Sydney means a sizeable share of its workforce will always commute to Sydney.

Another potential opportunity for the region resulting from its proximity to Sydney is in expanding its **tourism** sector. Tourism is a relatively small industry in the Illawarra, especially given its natural amenity and its proximity to Sydney. A common view among stakeholders is that the Illawarra region has considerable potential to increase tourism, but that a lack of infrastructure is holding it back.

For the region to truly take advantage of its proximity to Sydney, it needs a strong **housing market**, which will generate both demand for housing (through the provision of affordable housing), as well as a solid employment base through the construction of new housing.

Finally, a stagnant **office market** hinders the Illawarra’s capacity to truly capitalise on its proximity to Sydney. As Sydney grows and CBD office space becomes more and more expensive, marginal firms will spill out of the CBD. But currently, suburban Sydney markets seem a more attractive possibility to prospective commercial tenants than Wollongong.

The Illawarra's future workforce

Over the next 20 years employment growth in the Illawarra is expected to average 0.5% per annum, compared with 1.0% for New South Wales as a whole.

In part these projections have a demographic dimension, with the average age of Illawarra residents expected to increase more rapidly than the State average, limiting the rate of population growth.

They also have an industry dimension. The region remains over-represented in the manufacturing and mining sectors, which may see employment declines and only modest growth respectively going forward.

At the turn of the century **manufacturing** accounted for some 20,000 jobs in the Illawarra region, a figure that has shrunk to around 12,000 (as of June 2013). This decline is expected to continue throughout the projection period, with the manufacturing sector expected to shed around 4,000 jobs over the next twenty years, the equivalent of 3% of the Illawarra's current workforce.

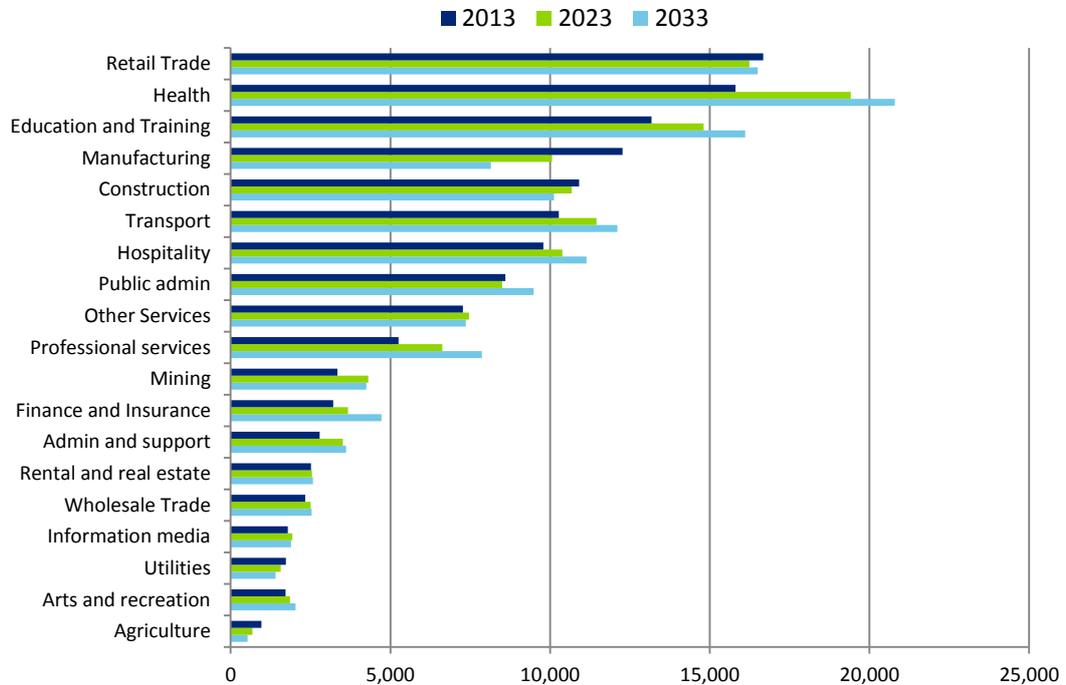
That said, the level of manufacturing output is expected to keep rising over time, with that output growth driven largely by productivity gains. It is also likely that there will be some niche areas within manufacturing where employment growth is seen over time.

The fastest growing sector over the next twenty years is expected to be **health care**, driven primarily by an ageing population, with the sector's workforce expected to grow by the equivalent of nearly 4% of the region's total employment base over the next twenty years. **Education and training** is also expected to grow strongly, by around 3,000 workers over the next twenty years, driven primarily by continuing strength of the region's vocational and tertiary education offerings.

Strong growth is also expected in the services sectors, with **professional and administrative services** leading the pack in terms of average annual growth over the projection period. **Hospitality** employment is also expected to grow reasonably strongly.

Finally, the **transport** sector is expected to see strong growth over the period, of around 2,000 workers and with an average annual growth rate nearly twice the regional total. Two key trends loom positive for the transport sector over the projection period – first, the expectation of additional coal exports through Port Kembla in the short term, followed by potential longer term switching into containerised trade and other exports.

Chart ii: Illawarra employment by industry, 2013, 2023 and 2033



Source: ABS 6291; Deloitte Access Economics

On an **occupational** basis, there are some notable differences in rates of employment growth expected in the Illawarra over the next two decades. Professionals, community and personal service workers and managers are expected to dominate overall employment gains, with strong rates of growth seen over the 20 year period.

Overall, the areas of strongest labour demand are generally also expected to be areas where there are **high skill requirements**. That highlights the importance of continued skills development. A longer term lens should be applied to the skills task, so that the rate of skills development does not fall off, for example, through periods of cyclical weakness.

Infrastructure needs

This report provides an overview of infrastructure projects which have been proposed for the region. Importantly, it does not provide a detailed cost-benefit analysis for any specific project and governments should undertake such an analysis before pursuing any of the projects outlined here.

Transport infrastructure plays an important role in improving accessibility in a region and connecting residents to employment, education and social opportunities.

For example, additional investments in the rail network can not only potentially increase the attractiveness of the region and support population growth, but can increase participation by making it easier for individuals to access employment. Reducing traffic congestion can similarly lead to increased freight productivity by reducing transport times and lead new firms to choose to relocate to a region, boosting local demand for goods and services.

In choosing which transport projects to prioritise in the region it is important to have an understanding of the longer term drivers of transport demand in the region. Key drivers are:

- accommodating the growth of Port Kembla;
- providing transport links to future housing estates in West Dapto and Calderwood; and
- accommodating population growth in the region and the growth of commuters (to Sydney) over time.

The **expansion of the outer harbour at Port Kembla** will result in growing road and rail freight over time. The Port has already commenced the first stage of reclamation works to build the outer harbour, although the reclamation project could take several decades to complete.

The growth of Port Kembla will strengthen the case for the construction of the Maldon to Dombarton rail link. Transport for NSW is currently re-evaluating the case for the Maldon to Dombarton line, which is likely to depend significantly on the degree of growth in activity at Port Kembla.

Utilities infrastructure, namely water, electricity, gas, waste and telecommunications, play an important role in supporting new residential developments, industrial estates and office buildings in the region.

The Illawarra region has significant electricity needs as a result of its dependence on heavy manufacturing including steelworks and mining. However, the relative importance of the manufacturing sector in the region has progressively declined in recent decades, which is likely to result in reduced demand for electricity and natural gas over time.

Another key utility infrastructure that the region will need in the future if it is to continue to focus on innovation and attract business investment is **broadband infrastructure**. The national broadband network (NBN) has already been delivered in parts of Kiama and is under construction in some parts of Wollongong. Ensuring that the region has access to broadband infrastructure and ensuring that it is provided to new housing estates is likely to assist in attracting businesses to the region. It would also assist in promoting telecommuting and the delivery of online health services to the region's ageing population.

Health, social services and education are key components of what is often referred to as 'soft' infrastructure. These components are critical to supporting the welfare of the Illawarra community and supporting economic development and the growth of human capital in the region.

Many of the region's hospitals are also currently experiencing relatively high levels of overall demand. In the longer term, an ageing population will increase the demand for health care in the region, particularly for Wollongong Hospital. However, there is limited scope for the hospital to expand on its existing site. The limited scope of the hospital to expand highlights the need to explore the potential for establishing a new hospital in the region over the longer term.

The demand for tertiary education infrastructure is also expected to grow, driven by both domestic and international enrolments.

Supply chain for key sectors

This report provides an examination of supply chain linkages for two key growth sectors for the Illawarra – professional, scientific and technical services (professional services), and health care and social assistance (health care).

Professional services in the Illawarra are expected to see rapid employment growth over the coming years. This will be supported by technological change and teleworking, which will provide new opportunities for professional services delivery in the region, as well as opening up new sources of competition for those services.

Health care is expected to be the largest contributor to employment growth in the Illawarra over the next two decades, driven by the ageing of the population, and a potential influx of retirees from Sydney. There is significant scope for digital trends such as telehealth or the remote delivery of health services to impact the industry over time.

For both these sectors the bulk of economic activity is generated by operations within each sector, with the flow on (indirect) impact smaller. The direct value added of sample firms made up between 66% and 77% for health care firms and 78% for professional services firms. This is somewhat unsurprising as these industries are labour intensive. Most of their economic impact is local.

The main purchasers of health care are consumers, with 59% of expenditure on health care undertaken by governments, and 37% by households. Only 3% goes to other industry use. This implies that the health care sector's performance will be driven by consumers and that government policy decisions will have a big impact on the size of the sector.

Unlike health care, the main consumers of professional services are other businesses. This makes up around 95% of total expenditure on professional services. The biggest consumers of professional services are the professional services sector itself, along with construction and manufacturing.

Given the fact that the primary consumers of professional services are other firms rather than the government or final consumers, this implies that the performance of this sector would be heavily affected by the performance of the broader economy. The business cycle would play a significant role in determining the performance of these firms.

Geographic analysis suggests that the benefits of growth across professional services and health care will primarily remain in the Illawarra region. Thus these industries have significant potential to influence the economic development of the region.

Conclusions

A number of opportunities exist to support economic development in the Illawarra region.

Many of these will continue to revolve around traditional areas of strength for the region in mining, manufacturing and transport.

But over time the region has also been undergoing structural change, and this is likely to continue to occur, with a greater proportion of activity being devoted to sectors such as health care, education and training, professional services, finance, and hospitality.

In many cases, growth opportunities are being led by smaller firms rather than established players, many growth opportunities are being enabled by changes in technology (digital disruption), and opportunities are likely to have rising skill requirements over time (hence the importance of tertiary education).

The Illawarra region's proximity to Sydney is also a defining feature – one which should be embraced for economic development purposes, not shunned.

The region's continued economic development can be supported by harnessing the 3Ps of population, participation and productivity – the building blocks of economic growth:

- Encourage **population** movement to the Illawarra region through affordable housing, lower costs for business and good infrastructure.
- Encourage **participation** in the labour force by improving skill levels, providing assistance for redeployment from declining sectors, and providing more opportunities for University alumni to remain in the region.
- Encourage **productivity** growth by harnessing the region's natural advantages via Port Kembla, niche manufacturing, tourism, and excellence in health care driven by the region's demographic profile.

Deloitte Access Economics

1 Recommendations

This document outlines recommendations and strategies, developed as part of the Transition Illawarra project, that could be promoted by RDA Illawarra or the region's three local councils. Many of the recommendations suggest further analysis be undertaken in key areas of need.

The recommendations are based on research and areas of focus within the current project (undertaken by Deloitte Access Economics and commissioned by RDA Illawarra). They are focused on promoting economic development and welfare, and are necessarily at a rather broad level. They are not meant to cover off on all the areas that RDA Illawarra may seek to consider as it deems necessary.

While the recommendations are focussed on Illawarra specific issues, not all are solely for direct action by local government.

It is recognised that a lot of work has already been done in many of these areas, and collaboration between RDA Illawarra and relevant stakeholders can maximise the value of work already conducted. The current report is not meant to replace other research – it is intended to highlight areas of opportunity and challenges that the Illawarra region faces both now and into the future.

To be truly effective, a firm commitment from key stakeholders, including all levels of government and the private sector, is required in implementation.

Finally, the current report is the first stage of a three stage process in the Transition Illawarra initiative. Stage two will comprise the prioritisation of recommendations and a comprehensive implementation plan outlining responsibilities, timeframes and key actions.

General

1. **Establish an implementation plan by RDA Illawarra and the Transition Illawarra Stakeholder Group** that highlights responsibilities, timeframes and key actions in relation to the implementation and prioritisation of the recommendations presented below.

Transport links

2. **Continue to support the relevant government agencies in ensuring cost benefit analysis is undertaken on major transport infrastructure projects within the region.**
Projects include:
 - the construction of the Maldon to Dombarton rail link;
 - improvements to commuter rail travel time on both the Illawarra (suburban) line and the South Coast (intercity) line;
 - the construction of the Albion Park Bypass from Yallah to Oak Flats;
 - improvements to a number of interchanges with the M1 motorway and internal transport links within the Illawarra;

- the extension of the F6 (now M1) motorway north to Sydney from Waterfall to Alexandria; and
- the duplication of Picton Road.

Prioritisation should be based on the highest benefit-cost ratio (BCR). Only some of the projects above have been the subject of cost benefit analysis – notably the duplication of Picton Road (Meyrick 2008), the extension of the F6 (ACG 2002), and the Maldon to Dombarton rail freight link (ACIL Tasman 2011).

3. **Continue to work with key agencies in improving rail travel times throughout the Illawarra region** and explore potential options to achieve a 60 minute travel time from Wollongong to the Sydney CBD as recommended in the State Infrastructure Strategy (Infrastructure NSW 2012). Also play a role in encouraging the development of residential and commercial centres at major railway stations and exploring the potential for value capture options to assist in funding improvements to travel times.
4. **Play an active role in working with local councils and other key stakeholders to support these infrastructure projects** and work with Infrastructure New South Wales to ensure there is a clear delivery timeframe for the projects.
5. **Investigate alternative funding sources to reduce the need for government funding** of key infrastructure projects, in particular the potential for private funding (e.g. through Australian/international pension/superannuation funds) of rail freight upgrades such as Maldon to Dombarton (while recognising that a lot of these discussions will occur on a commercial in confidence basis and that some funding for these projects will need to be provided by local, State and Federal governments).

Health and ageing

6. **Support initiatives such as the creation of a Centre for Excellence in Aged Care** and work with the University of Wollongong to support initiatives to enhance aged care provision and research. This will assist in promoting the region as a retirement destination, supporting businesses that operate in the sector (both existing and potential), and transforming the region into a nationally recognised 'base' for the provision of excellence in aged care services more broadly.
7. **Review existing assessments of the region's health and aged care needs both now and into the future.**
 - In relation to health care, consideration should be made of the extent to which the region's current health services are sufficient to support an ageing population. RDA Illawarra and local councils should work with the Illawarra-Shoalhaven Health District to ensure that the delivery of new medical facilities is co-ordinated with opportunities to accommodate additional aged care places in the region.
 - In relation to aged care, analysis should be conducted into the extent to which elderly citizens' care needs are being met. This will give an indication of whether certain types of care (for example, residential versus community care) are needed more urgently than others. Using this information RDA Illawarra should work with State and Federal authorities to ensure any areas of unmet need are addressed as a priority.
8. **Undertake an audit of the region's aged care workforce needs now and into the future.** In addition to assessing workforce needs, the audit should consider the

barriers that might exist in attracting workers to the aged care sector (as well as strategies for addressing those barriers), and a comparison with other sectors' abilities to attract and retain appropriately qualified staff.

9. **Work with local councils and the NSW Department of Planning & Infrastructure** to ensure that an integrated approach is taken to strategic and land use planning to ensure sufficient land is allocated for health and aged care needs now and in the future.
10. **Support the development of more research, courses and curriculum at the University of Wollongong (including the IHMRI), TAFE Illawarra, Healthy Cities Illawarra, the Illawarra-Shoalhaven Medicare Local, and other training providers to place greater focus on the provision of education in health care and related disciplines** to help support the region's ageing demographic, and to ultimately expand the availability of 'home grown' health and aged care professionals.
11. **Identify entrepreneurial opportunities associated with the health and aged care sector**, and support local businesses seeking to harness the business opportunities that might flow from an ageing population

Business development

12. **Work with key agencies and current initiatives (such as Advantage Wollongong) to actively market the region both to prospective businesses and residents.** The Illawarra's proximity to Sydney presents a considerable opportunity to diversify the economy. Over the longer term, the more Sydney based workers that decide to live in the region, the more attractive and feasible it will become for businesses to open offices in the region.
13. **Coordinate a telework campaign for the Illawarra region** that encourages teleworking, and recognises the benefits of teleworking, both to individual firms and employees, as well as the broader economy. A similar recommendation was made in the Illawarra Digital Strategy (Explor Consulting 2013), and could include:
 - making public submissions and participating in telework forums etc. to help 'brand' Illawarra as being a telework region; and
 - supporting current and proposed telework hubs in the region – whereby multiple businesses can be located in shared offices and investigate with State and Federal government departments the possibility of them being the anchor tenants for future facilities. For example, the Digital Strategy notes the possibility of residents in, say, Kiama or Shellharbour commuting to a 'telework centre' in Wollongong which would allow them to connect remotely to their job in Sydney, or alternatively commute to 'Smart Hubs' in Kiama where high speed broadband currently exists.
14. **Work with NSW Trade & Investment to create a more favourable environment for businesses to relocate to the Illawarra** or establish secondary or support facilities there. Further, local councils should continue to monitor the supply of different grades of industrial and commercial real estate within the region, and ensure the planning framework supports the expansion of professional services over time.
15. **Explore and prioritise ways to enhance the manufacturing sector's capacity to adapt to changing economic times, and provide support for relevant organisations to work together more effectively.** For example, collaboration between facilities

such as the UOW's Innovation Campus or SMART Infrastructure Facility, AIIM, AiGroup, i3net, Clean Tech Illawarra, and manufacturing employers might facilitate a switch in focus toward 'advanced manufactures' or manufacturing services.

16. **Work with landholders and relevant stakeholders to identify strategic land use opportunities to meet business demands.** This may include both public and private land.
17. **Maximise the opportunities available at the UOW Innovation Campus,** with a particular focus on encouraging further related IT and professional services employment. For example, despite the UOW being the State's largest provider of IT graduates, IT accounted for only 1% of the region's workforce at the 2011 Census.
18. **Work with key stakeholders to further develop and promote the region's IT sector.** This should include support and promotion of existing assets (e.g. new data centre), investigating the potential for future investment in IT related assets, and facilitating collaboration between the UOW's IT faculty and the region's nascent IT workforce.
19. **Undertake an audit of existing business support and entrepreneurial programs available to SMEs** as a means of nurturing that sector and providing them with a better understanding of what is available in the region, for example, the Wollongong Small Business Club. The audit should include a review of business engagement levels and challenges to determine whether any changes need to be made, and the results of the audit should be made publicly available and promoted appropriately.

Workforce development

20. **Encourage local training providers to focus on training needs identified in key demand areas,** noting an expected increase in demand for post-school qualifications, particularly in health care and social assistance.
21. **Work with key stakeholders and industry to develop more opportunities for long term disadvantaged employment seekers.** This should, as far as practicable, identify entry level positions in key growth sectors and highlight any preparatory needs of job seekers to take up those opportunities.
22. **Work with State and Federal agencies to ensure that adequate resources are available to assist where possible those affected by a changing economic environment,** and maximise the use of current programs to up-skill existing workers. This is especially given the long term shift towards a more service oriented workforce. Such assistance could involve, for example, the provision of interview training or assistance with job seeking for retrenched workers, or assistance in reskilling/upskilling existing workers to ensure they remain competitive in a changing labour market.
23. **Identify and collate case studies on successful approaches to help older workers (45+) to remain in and, if necessary, re-enter the workforce following retrenchment.** The latter recognises in particular the increasing difficulty that older workers face, particularly in regional areas, when re-entering the workforce following a job loss.
24. **Work with key stakeholders to further build on the region's strengths in the education sector** to find opportunities to export education and to attract overseas students to the region. Particular opportunities may be found in government programs.

25. **Work with local councils and the NSW Government to highlight the opportunities available through a greater and more consistent approach to social procurement.** While considerable effort has gone into developing guides and parameters around social procurement, practical implementation has been slower than anticipated.

Housing

26. **Work with local Councils and the NSW Department of Planning and Infrastructure to ensure the region is able to accommodate future housing needs.** While sufficient land exists in new housing release areas to meet likely greenfield demand over the next 20 years, it will also be important to ensure that adequate leading infrastructure is provided to support the development of these sites as well as infill areas. This will ensure adequate release of land for residential housing so that the region can continue to provide affordable housing for first home buyers.

Tourism

27. **Work with local councils and key tourism organisations to look at opportunities to explore barriers to Asian tourism in the region.** Despite its proximity to Sydney Airport, the Illawarra region has remained largely unaffected by the huge growth in tourism from developing Asia, with the majority of its international visitors coming from 'traditional' sources such as the UK, the United States or New Zealand.
28. **Undertake a detailed assessment of the tourism assets required to further support the development of tourism within the region,** including expanded tourism facilities near the region's beaches.
29. **Work with key stakeholders to ensure local organisations have the opportunity to leverage off one another for events occurring in the region.** For example, conferences held at UOW provide an excellent opportunity to promote the region as a destination for recreational, academic and business related tourism.

Limitation of our work

General use restriction

This report is prepared solely for the use of Regional Development Australia Illawarra. This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose of providing research on the Illawarra economy and its prospects. You should not refer to or use our name or the advice for any other purpose.

This report does not necessarily represent the views of the Australian Government, its officers, employees or agents.

Contact us

Deloitte Access Economics
ACN: 149 633 116

Level 1
9 Sydney Avenue
Barton ACT 2600
PO Box 6334
Kingston ACT 2604 Australia

Tel: +61 2 6175 2000
Fax: +61 2 6175 2001

www.deloitteaccesseconomics.com.au

Deloitte Access Economics is Australia's pre-eminent economics advisory practice and a member of Deloitte's global economics group. The Directors and staff of Access Economics joined Deloitte in early 2011.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

About Deloitte

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's approximately 170,000 professionals are committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 5,400 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2013 Deloitte Access Economics Pty Ltd