



JUSTIFICATION FOR THE PROPOSAL

8.1 Need for the Project

The need for this project has been carefully analysed and it has been concluded that there are economic, social and environmental benefits from the implementation of this proposal.

8.1.1 Economic and Social

A detailed economic assessment was carried out of the project and a copy of this is included in Appendix 11. The study looked at the proposed development in the context of the local area and the planning strategies which the New South Wales Government has been developing for this area. The study found that both the Illawarra Regional Environmental Plan and the Illawarra Regional Strategy promoted the provision of employment and the development of employment lands in the region.

The study found that the Illawarra Regional Strategy identifies a shortfall of vacant zoned employment land in the Shellharbour LGA. Of the 535 hectares of vacant zoned employment land within the region, only 49 hectares are in the council area. Shellharbour City Council will need to identify additional employment land over the next 25 years to address this shortfall and encourage small business growth and diversification.

One of the key existing infrastructure facilities within the Shellharbour LGA is the Illawarra Regional Airport and the strategy identified that clustering business with synergies and similar environmental impacts will reduce land use conflicts and improve business efficiency and identity. For example, clustering transport, freight and logistics in and around the Illawarra Regional Airport should be encouraged. Albion Park is identified as the Illawarra Regional Airport. Albion Park is also identified as an existing centre in which revitalisation will be encouraged to improve the mix of employment opportunities and support business viability.

A range of factors will influence the location of employment-generating activities in the Wollongong (SSD) and Shellharbour (LGA). The key drivers of employment growth and requirements are as follows:

- Population growth: Wollongong is expected to experience considerable population increase over the next thirty years. The 2004 Population Projections released from DoP reveal that Wollongong SSD will experience growth of 58,800 over the 2001- 2031 period. This population increase will be a key driver of employment growth and raises implications for the adequacy of employment lands in the sub-region;
- Labour market trends: increasing participation of the female labour force, the growth of part time work, changing occupational structures, the growing importance of small businesses, and the growth of home-based work are all factors reshaping the supply and demand for labour;
- Self-containment improvement of retention: a large share of the region's workforce has jobs in the Sydney area and commutes between Wollongong and Sydney every day. A sustainable community should aim to create an area where people live, work, shop and recreate with minimal environmental costs (travel costs, car emissions) and maximum regional and local multipliers of revenue and benefits.
- Connectivity: The proximity of Wollongong to Sydney's metropolitan system, the access to suppliers, the airport and the port are all key considerations in the current and future location decisions of industry, and;
- Selective spill-over of activities from Sydney: The manufacturing, utilities, and distribution sectors, in particular, are being 'pushed' away from Sydney through intense development pressure. Areas such as Wollongong are increasingly under scrutiny as a potential firm location.

Shellharbour is currently to a certain extent a dormitory residential area. Many residents commute to Wollongong or even Sydney for their jobs. Just 29% of working residents have a job within the Shellharbour municipality.

The Illawarra Regional Strategy aims to retain and where possible to improve the level of self-containment within the region. Local job creation is crucial to achieve this goal and at the same time allow for substantial projected population growth. Shellharbour also shows an above average level of inactive persons due to a low labour force participation rate and a high unemployment rate. Approximately 1 200 additional jobs would be needed to overcome this backlog and have a comparably strong labour market as NSW on average (2001 estimate).

Population growth between 2002 and 2022 in the area is projected to remain strong. Population growth poses substantial pressure on requirements for the creation of additional jobs within Shellharbour. To retain its current self-containment level of 29% at least 1 700 additional jobs need to be created. To significantly increase Shellharbour's self-containment level to 35% in 2022 at least 3 500 additional jobs would be needed.

Projected employment trends show that employment in Shellharbour is expected to grow approximately 1.8% per annum between 2006 and 2031. Wholesale, (light) manufacturing, retail, accommodation and business service activities – sectors that would potentially locate on the proposed site – are expected to grow at a higher pace of 2.0% per annum. These sectors are expected to provide employment for an additional 5 500 persons up to 2031. In addition to that Wollongong SSD and the Illawarra Regional Airport could potentially benefit from firms that are pushed out of Sydney and choose to relocate in the area and benefit from its location benefits.

Shellharbour Council indicates it perceives there is a shortage of industrial land. Additional supply to allow for future economic growth is limited to a few, predominantly small sites that are dispersed over the council area. Most vacant land available in Shellharbour consists of parcels between 1 000 and 5 000 square metres, in terms of number of parcels and a large proportion of total area. Supply of parcels in the range of 5000m² to 1ha is limited (3 vacant parcels in 2004).

Projected additional demand for industrial land between 2006 and 2031 is expected to lie between 66 and 92 hectares for selected activities. Total demand for employment land is expected to lie between 93 and 130 hectares. These estimates do not include potential influx of displaced activities from Sydney or any other major

developments. It is expected demand would be aimed at small parcels between 1 000 and 5 000 square metres and to medium-sized parcels of 5 000 m² to 1 hectare. Currently, most supply of industrial land is dispersed over the area. A larger combined industrial estate would offer flexibility to certain users. In addition, there is a perceived unmet demand for parcels of between 3 and 5 hectares.

The current supply of land within Shellharbour LGA would not be sufficient for projected demand for industrial land. The potential shortage of land would be a severe barrier to future economic growth in Shellharbour and would worsen local issues of self-containment and youth unemployment. The proposed development could potentially reduce the impending shortage of employment land. The proposed development would offer 47 hectares of industrial land, which is enough to offset future demand according to the low scenario or to significantly reduce land shortage according to the high scenario.

8.1.2 Environmental

Over 30% of the site will be retained as an Environmental Management Area. This area contains a significant Wetland which is listed in SEPP14, and watercourses which are considered to be of conservation significance. As part of the proposal to develop the Business Park, it has been decided to rehabilitate these areas and to hand them over to the Council for ongoing care and management at no cost to the Council. This area is currently part of a farming operation and has become degraded and has suffered damage from the cattle on the site and from other agricultural activities and from nutrient discharge.

In addition to these environmental benefits from the project, the site itself is well located to enable its development without adverse environmental impacts. The site is on the edge of a growing urban area and is adjacent to a regional airfield. The site is easily accessed from the major road system in the area and is close to the Albion Park rail station. The proposed Business Park will fit into the surrounding environment and will not create any adverse visual impacts.

8.2 Options Considered

The current farming operation on the site is not considered to be viable because of the size of the holding and the impacts resulting from the encroachment of urban development on the area and the continuing operation of the adjacent airport. As a result an alternative use needs to be found for the site. The site is adjacent to an airport, and has been recognised in regional planning strategies as an area which would be suitable for the establishment of employment generating uses. Because of the operation of the airport the site would not be suitable for residential use.

Further, there are major environmental considerations in relation to the site relating to the adjacent wetland areas and the potential for flooding and as a result any development of the site would require comprehensive planning and implementation.

As a result of the above considerations, an employment generating use appeared to be the most appropriate option for the future use of the site as this provided the following:

- A use which could successfully cohabit with the airport
- A development which could allow for the rehabilitation and conservation of the environmentally significant areas on the site and provide for their ongoing maintenance at no cost to the public
- A use which would implement the major objectives of the regional planning documents which apply to the site
- A use which would provide significant economic and social benefits to the Shoalhaven LGA and the Illawarra Region
- A use which would fulfil sustainability objectives by reducing the need for people to commute to work and by providing a development on the site based on sustainability principles.

As a result of the above, the proposal for the site as developed in this concept plan was considered to be the best option for the development of the site and for the Shoalhaven LGA and the Illawarra Region.

8.3 Consequences of Not Proceeding

If this proposal were not to proceed then the site would most likely remain in its current situation until the farming uses ceased for economic reasons as they are not considered to be viable in the long term. An opportunity to provide a modern employment generating Business Park adjacent to the Illawarra Regional Airport would be lost and this would have adverse economic, social and environmental impacts in the Illawarra Region.

Further, there would be continued degradation of the significant wetland on the site and the area would not be improved and made available for public use.