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JOBS FOR THE WEST

Employment Proposals for Western Sydney

A RESEARCH REPORT FOR

JOBS FOR WESTERN SYDNEY WORKING GROUP

The *Jobs for Western Sydney Working Group* is a community-based group developing a jobs strategy to meet the employment needs of Western Sydney. The Working Group is not aligned to any political or commercial interests. The employment background of the members is broad-based, spanning local government and state government, the trade union movement, universities, schools, business and the community. The expertise of the Working Group includes economics, engineering, education, sociology and planning.

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Acknowledgements: this report has benefited considerably from the insights and the feedback of a large number of people, particularly those in the Working Group (who also provided valuable material). In addition, Professor Brian Martin from the University of Wollongong provided very useful advice in the final stages of preparation.

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The main report is available at http://jobsforthewest.co/publications/main_report.pdf

The first two short chapters are available as a summary document at <http://jobsforthewest.co/publications/summary.pdf>

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This printing: August 17, 2018.

Preface

The Key Findings chapter condenses the key points from this report into two pages. The Executive Summary chapter expands upon these points, briefly summarising the contents of each chapter. Readers of the main report may choose to skip these two short chapters to avoid repetition.

These first two chapters have been released together as a summary document and further copies are available at the web address shown on the opposite page. The web address for the main report is also shown there.

Note that blue text in the report indicates a link, and clicking on the words takes you to that link.

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Key Findings

The history of Western Sydney shows that residential housing has always expanded much faster than jobs, transport and social infrastructure. Today this pattern continues, with environmental degradation added to the mix.

The most disturbing labour market outcomes are:

- ◁ a 'belt' of disadvantage runs from Blacktown through to Campbelltown, with local government areas like Fairfield and Cumberland enduring unemployment rates of 10%.
- ◁ in Blacktown, nearly 1,600 teenagers are neither studying nor employed and nearly 9,500 young adults in outer Western Sydney are neither studying nor employed.
- ◁ Western Sydney lost 15,000 manufacturing jobs between 2006 and 2016 and large numbers of job losses occurred on the railways.
- ◁ important areas of jobs growth have by-passed Western Sydney. Of the 60,000 new jobs in professional, scientific and technical services which were created in Sydney between 2006 and 2016, less than 10,000 went into Western Sydney.
- ◁ when it comes to commuting, Western Sydney suffers from hub-and-spoke development, with all major public transport routes converging on Central Sydney. Some 9,000 workers in Penrith, and 11,000 in Campbelltown, make the daily journey into the city along these spokes.

The proposal for a Western Sydney Airport (WSA), to be located at Badgery's Creek and to operate 24 hours a day, has been promoted as a partial solution to the problem of jobs. This report examines the employment outcomes which the proponents of the airport claim will result. It finds:

- ◁ contrary to the claims of a 'jobs bonanza', only 120 construction jobs, and 800 airport jobs, would be targeted to Western Sydney workers in the first stages of the project.
- ◁ the overall jobs claims—such as 8,700 aviation jobs by 2031—are vastly exaggerated. Comparable airports, such as Adelaide, support only 1,600 aviation jobs.
- ◁ proposals for an adjacent business park, and also for an aerotropolis, appear unrealistic. Close examination of these

proposals, and a real world comparison with a number of other business parks in Sydney, shows that the job estimates are inflated.

This report examines a range of other employment options for Western Sydney, centred around building a high-speed rail (HSR) system between Sydney and Melbourne (and later extended to Brisbane). These options form an integrated set of proposals which aim to:

- ◁ revitalise manufacturing in Western Sydney, and thus create a large number of skilled and unskilled jobs;
- ◁ rebuild the TAFE system in Western Sydney, providing a steady flow of high-quality skilled tradespersons for the HSR project, as well as for other industries in the region;
- ◁ build innovative waste recycling plants;
- ◁ initiate programs of environmental repair across Western Sydney;
- ◁ promote greater community-based banking in Western Sydney.

As well as HSR, this report proposes orbital rail for Sydney. It outlines the concept of an 'employment arc' whereby efficient local rail networks based on concentric routes—rather than the traditional hub-and-spoke pattern—would foster employment growth in a more decentralised fashion.

The HSR proposal promises enormous environmental and technological benefits for Australia. In addition, a HSR corridor from Sydney to Melbourne would foster regional development along the route. From a planning perspective, increased regional prosperity is a better outcome than more crowded cities.

When it comes to comparing high-speed rail with a second airport for Sydney, it is clear that the two are incompatible. Continued expansion of domestic air travel between Sydney and Melbourne would make any future HSR system unviable. By contrast, HSR is compatible with a single airport, that is, Kingsford Smith Airport. Indeed, HSR between Sydney and Melbourne could divert domestic air passengers on that route from air travel to rail travel. As a result, airline capacity at Sydney's Kingsford Smith Airport would be freed up, thereby allowing for the expansion of international flights. The proposed freight role for Western Sydney Airport would also be rendered unnecessary by connecting Sydney with an inland international freight airport using HSR. In essence, high-speed rail would make the need for a second Sydney airport at Badgerys' Creek redundant.

Executive Summary

A history of failure

Western Sydney has a long history of neglect: since the 1960s residential housing has always expanded much faster than jobs, transport and social infrastructure. Today this pattern continues, with environmental degradation added to the mix. Plans to massively expand residential settlement in Western Sydney are accompanied by plans for an airport which will operate 24 hours a day, without a curfew. High levels of noise and air pollution, and increased traffic congestion, await the residents of Western Sydney. They are told they must accept this if they want more jobs in their region: a classic case of 'job blackmail'.

This report shows that this treatment of Western Sydney is nothing new, and repeats the patterns of the past. Western Sydney has become a vast dormitory suburb for central and north Sydney, with long hours of commuting inflicted on its residents. The green spaces, which were once a feature of the West, are increasingly disappearing, replaced by vast acreages of densely-settled housing estates. Current proposals would see 500,000 new residents being settled in the West by 2041.

The employment needs of Western Sydney

The core problem which Western Sydney faces is a lack of jobs to meet the needs of a constantly increasing population. This directly feeds into problems of unemployment, underemployment and long hours of commuting. This report argues that regional job strategies require a mix of job types: from lower skilled through to higher skilled. The former are important as a way of offering work to those currently unemployed; the latter can reduce the commuting burden for those residents who currently travel long distances to jobs in central or northern Sydney.

Census data show that a 'belt' of disadvantage runs from Blacktown through to Campbelltown, with local government areas like Fairfield and Cumberland enduring unemployment rates of 10% (at a time when North Sydney had an unemployment rate of 3.7%). As well as

unemployment, Western Sydney grapples with the problem of NEETs: young people 'neither in employment, nor education or training'. In Blacktown, nearly 1,600 teenagers are neither studying nor employed. When it comes to young adults (20 to 24 years old) nearly 9,500 of those who live in outer Western Sydney are neither studying nor employed. What this means is that large numbers of young people in Western Sydney are in a 'labour market limbo': a social and economic disaster in the making.

When it comes to commuting, Western Sydney suffers from the history of its hub-and-spoke development, whereby all major public transport routes converge on Central Sydney. Some 9,000 workers in Penrith, and 11,000 in Campbelltown, make the daily journey into the city along these spokes.

Not only does Western Sydney need more jobs located in the West, but a large-scale orbital rail system is needed to enable residents to access jobs in other areas of the West without clogging arterial roads. Such a system would also foster job creation along an 'employment arc' stretching from Liverpool-Campbelltown to Richmond-Windsor. Such an arc—with economic zones located at key 'nodes'—could help revitalise manufacturing, and other blue-collar industries in Western Sydney, thereby providing a larger range of lower-skilled jobs for residents.

Many of the new jobs in the West could come from relocating public sector administrative jobs. At present, nearly 14,000 State government administrative jobs are found in Sydney LGA. Parramatta, with about 5,500 government jobs comes a long way behind. The outlying LGAs in Western Sydney—such as Penrith and Blacktown—have less than 1000 government jobs, while those in the outer parts of South West Sydney—such as Campbelltown—have less than 500 government jobs.

Other types of jobs needed in Western Sydney include those in specialist occupations, such as ITC professions and higher-level clerical jobs. Such jobs are common in banking, finance and corporate management. Workers in these fields invariably travel long distances to work since most of the professional and higher-level clerical jobs located in Western Sydney are predominantly found in health and education.

The last decade in Western Sydney has seen a number of disturbing labour market outcomes. The West lost 15,000 manufacturing jobs between 2006 and 2016 and large numbers of job losses occurred on the railways, as State governments cut back dramatically on staffing numbers. At the same time, important areas of jobs growth by-passed

Western Sydney. Of the 60,000 new jobs in professional, scientific and technical services which were created in Sydney between 2006 and 2016, less than 10,000 went into Western Sydney. Ultimately, the economy of Western Sydney is severely unbalanced: it fails to provide a diverse range of jobs which are needed for the region to prosper.

Is Western Sydney Airport the answer?

This report looks closely at the proposal for Western Sydney Airport (WSA) and the associated aerotropolis to see if it will provide the numbers and the diversity of jobs required in Western Sydney.

The proponents of WSA usually emphasise the ‘total jobs’ which WSA will create. These figures are in the order of about 11,000 for construction, nearly 28,000 for airport operations in 2031, and nearly 48,000 for airport operations in 2041. These are the headline job numbers which are designed to grab attention. They are, however, quite misleading when it comes to assessing the real employment effects of WSA.

Contrary to the claims of a ‘jobs bonanza’, only 120 construction jobs, and 800 airport jobs, would be targeted to Western Sydney workers in the first stages of the project. Chapter 3, below, explores this issue in great detail.

The overall jobs claims—such as 8,700 aviation jobs by 2031—are vastly exaggerated. Comparable airports, such as Adelaide, support only 1,600 aviation jobs. Proposals for an adjacent business park also appear unrealistic, with the airport’s proponents suggesting that another 4,000 jobs will arise from economic activities around the airport. A real-world comparison with a number of other business parks in Sydney also shows that these numbers are massively inflated.

As well as the job numbers, the quality of employment also matters. Underemployment—where workers can’t get enough hours of work—is growing among Australia’s blue-collar workforce. Western Sydney airport is likely to contribute to this problem, as considerable numbers of airport blue-collar jobs increasingly become part-time.

Plans are also underway for an aerotropolis, a mini-city adjacent to the proposed Western Sydney Airport. The planners expect to see economic activities based on engineering, consulting, corporate law, information and communications technology (ICT), international finance and marketing, all relocate to the aerotropolis. They envisage the aerotropolis as an executive hub where board meetings and other

high-level decision making can take place. Realistically, chief executives and general managers of corporations in industries such as these are unlikely to relocate to Badgerys Creek, nor travel there for regular meetings. These people currently live in Eastern, Northern and Central Sydney, and the expectation that they will move to South-Western Sydney, or regularly commute there, is far fetched. It is far more likely that corporate Australia will continue to use Kingsford Smith Airport as their centrepiece, and leave WSA as a budget-airline and freight-airline centre. This suggests that the aerotropolis proposals are not serious policy, but a form of 'window dressing' to bolster support for the airport.

The high-speed rail alternative

In 2010 the Federal Government was committed to high-speed rail but the decision by a later government to develop Badgerys Creek as a second airport for Sydney has undermined any possibility of HSR going ahead. This report argues that high-speed rail between Sydney and Melbourne (and ultimately, to Brisbane) should be an *alternative* to the second airport, *not* a complement to it. Indeed, on commercial grounds alone, the two projects are not compatible. High-speed rail is only economic if domestic airline passengers between Sydney and Melbourne transition to high-speed rail. Building HSR—which would reduce domestic air traffic—would result in the international flight capacity of Kingsford Smith airport increasing, thereby removing the need for a second airport in Sydney to cater for this market. As for the proposal that Western Sydney Airport might provide a 24 hour *freight* airport—this idea is also undercut by high-speed rail. With an inland international freight airport connected to Sydney by HSR, any further need for a second Sydney airport at Badgery's Creek would be made redundant.

As well as its transport advantages, high-speed rail has considerable employment benefits. Compared to the second airport proposal, building a 21st century high-speed system in Australia would provide a large number of high-quality jobs over several decades. The Californian HSR project, currently under construction, is expected to create 200,000 jobs over the lifetime of the project.

The construction of the HSR network can also be implemented as a counter-cyclical measure, thereby alleviating the periodic slumps which afflict the construction industry. This report proposes a strategy that would tie high-speed rail into the revitalisation of manufacturing, and the rebuilding of the TAFE system. Both of these areas have haemorrhaged badly over the last decade and a public commitment to their resuscitation is long overdue.

In conjunction with proper planning, high-speed rail can also be a catalyst for the decentralisation of economic enterprise away from Sydney's CBD. Within Sydney, it can be linked with orbital rail to greatly improve employment mobility for the residents of Western Sydney. Outside of Sydney, HSR can help re-invigorate regional NSW and Victoria.

On environmental grounds the case for high-speed rail (HSR) is overwhelming. HSR can become a major contributor to carbon emission reductions. This is because emissions per passenger using rail transport are much lower than air transport and because the HSR system has the potential to draw all its electricity from renewable energy sources.

Employment proposals for Western Sydney

The employment strategy outlined here for Western Sydney makes high-speed rail its centrepiece. At the same time, the proposals for jobs in the West are both far-reaching and integrated. This report argues for revitalising manufacturing in Australia by ensuring that there is local fabrication of both the track and the rolling stock (including locomotives). While this may be shared between New South Wales and Victoria, a large component of this work could take place in Western Sydney (as well as Newcastle and Wollongong). Underpinning both the design and construction of a high speed rail system is the necessity for high levels of technical skill. The long overdue rebuilding of the TAFE system is thus an integral part of this strategy. As a positive spin-off, this would also benefit a large range of local employers, employers who are otherwise likely to face skilled-labour shortages in coming years. This report also stresses the need for building orbital rail in Western Sydney to overcome the destructive spoke-and-hub employment patterns which dominate Sydney.

This report emphasises the importance of the 'circular economy', whereby the benefits of economic development need to be retained within the system. This gives priority to local employment needs and local decision-making and control. Prioritising local supply chains—that is, ensuring that purchases go to a wide range of local businesses—should be a crucial part of publicly funded developments, such as orbital and high speed rail. In this way, employment gains are retained in the local area.

Environmental sustainability is integral to the circular economy and this report outlines the prospects for building innovative waste-recycling plants in Western Sydney. This has become an urgent

issue now that China is no longer accepting Australia's low-grade waste. Complementing this waste strategy could be a broader program of environmental repair across western Sydney, based on efforts to restore the Nepean / Hawkesbury catchment and protect remnant Cumberland Plain woodlands.

Finance is a core part of economic development. As is well known, the chronic failure to adequately fund small and medium businesses (SMEs) remains a core weakness in Australia's economy. Compared to countries like Germany, which has a vibrant community banking sector underpinning its dynamic SME manufacturing sector, Australia trails badly. Australia lacks a strong community-based banking sector and SMEs here face a heavily-concentrated commercial banking sector which overwhelmingly funds property inflation, rather than productive investment. By promoting community-based banking, this report argues that SMEs would be better placed to access finance for expansion. At the same time, an expanded banking and finance industry in Western Sydney would bring an increased number of higher-level clerical and professional jobs into the area. These could complement the higher-level technology jobs which would be required for the high-speed rail projects and for the innovative recycling plants.

The report concludes by posing a number of important questions which implementing these proposals would require. This current report is a strategy document, laying the groundwork for working through some of the complexities around implementation.