



Wollongong Location Analysis: Knowledge Services Capabilities Research Summary

Introduction

Wollongong is a coastal city located in the Illawarra region of NSW, some ~80kms south of Sydney CBD and within a one hour drive from Sydney International Airport. The location is compelling for companies looking to set up knowledge services who require a;

- stable and skilled workforce
- lower business operating costs than Sydney
- higher quality of life
- reliable business infrastructure
- and advantageous connectivity

Knowledge Services span some of the fastest growing sectors of the economy with a focus on providing support services to large, multi-location businesses. Intensive users of technology and skilled people, these business functions cover an array of support functions including back office activities in finance, accounting, HR, administration operations, call centres, IT and tech support desks.

Advantage Wollongong engaged Fifth Quadrant to conduct a study to rigorously assess the knowledge services capability of Wollongong and compare it to that of other knowledge services hubs. This summary presents Fifth Quadrant's assessment of Wollongong's capabilities to attract and support a thriving Knowledge Services sector.




Performance

Key insights from the survey of Wollongong based organisations who participated in the research for this report include:

1. A **diverse range of knowledge services organisations operate** within the Wollongong local government area with varied business sizes from larger ones such as Stellar, Department of Human Services and Australian Health Management to smaller ones such as AST Technologies, Microsolve and Conference National
2. Of the organisations surveyed, **79% of organisations expect an increase in FTE** over the next 12 months. Of those forecasting an increase, the average is by 9.4 FTE (11% growth) per organisation
3. Average length of time in business within the area is 22.1 years. The high tenure within the area indicates a **commitment to the location for a long term sustainable operation**
4. A **significant increase in Software Development, IT Support Functions, Sales and Marketing Functions, Application and Form Processing and Training and Development** is forecast for existing organisations
5. The **top areas of performance** where Wollongong is excelling for current Knowledge Service centres who participated in this survey include:

Top Five Areas Of Performance

1. Reliable telecommunications & data links
 2. Quality of life
 3. Attractive labour rates/wage levels
 4. Lower staff attrition/turnover rates
 5. Proximity to key staff/management
6. Knowledge service centres in Wollongong rate their **overall satisfaction** with their existing location highly at an **average of 8.2/10**
 7. Knowledge service centres in Wollongong strongly recommend the location to other organisations with an **overall Net Promoter Score of 47**
 8. **Staff turnover in Wollongong is 8%, which is significantly lower** than the turnover rate of contact centres across Australia (19%)



"We love Wollongong! It's a beautiful area with low traffic congestion. Great access to the University, close to Sydney, with cheaper housing than a big city, but we're big enough to have all the amenities we need."

Reasons for Choosing Wollongong



Great work life balance, cost of living and its strategic location are some of the reasons given for locating in Wollongong:

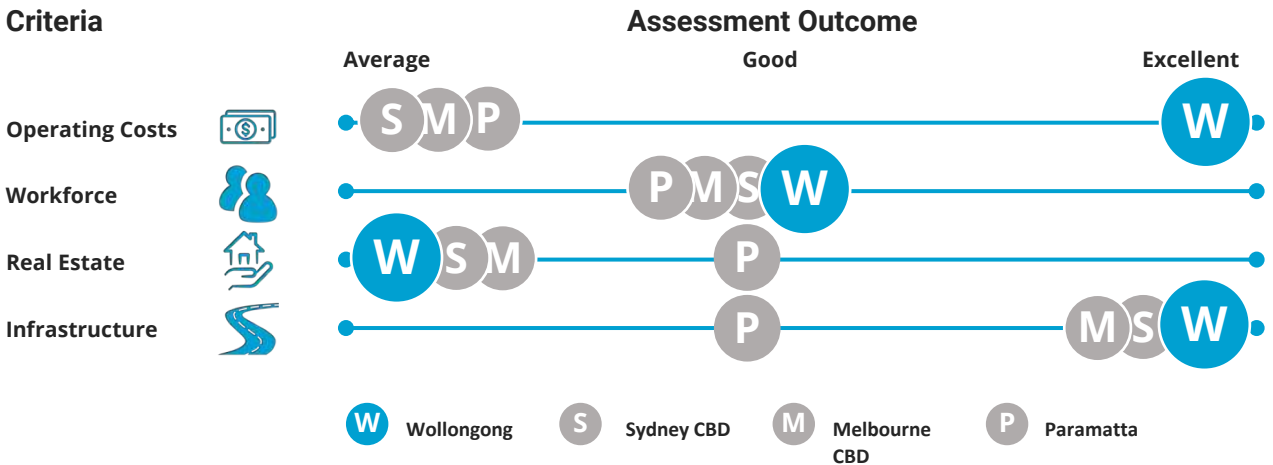
“Wollongong is a city on the up. Quality businesses are choosing to move here, lifting local employment opportunities and flowing benefits into the community. We now have so much more going on in local entertainment, dining and culture. It doesn't feel like we're missing out on what Sydney has anymore.”
Peoplecare Health Insurance

“Wollongong has good transport links, including being close to an international airport, allowing NEC staff to easily visit our interstate and international clients. The Wollongong region provided a strong work-life balance opportunity for NEC staff. We knew we could recruit experienced IT executives who had been commuting to Sydney as well as new graduates from the University of Wollongong.”
NEC

Areas of Competitive Advantage

Fifth Quadrant assessed Wollongong in comparison to Sydney & Melbourne CBDs and Parramatta against key Service Centre location selection attributes.

Wollongong's key competitive advantage is in operating costs, where the area's performance exceeds the requirements of a Service or Contact Centre location. By contrast, Sydney and Melbourne CBDs offer only one competitive advantage and Parramatta is not exceeding performance on any of the key attributes.



* **Excellent Capability:** performance exceeds the requirements of a Service or Contact Centre location
 * **Good Capability:** performance adequately meets the requirements of a Service or Contact Centre location
 * **Average Capability:** performance is moderate but is sufficient to meet the requirements of a Service or Contact Centre location

Staff Turnover Indicative Cost Comparison – 150 seats

Based on our indicative calculations, the cost to replace frontline staff at a turnover rate of 19% for Australia, a 150 seat centre would have a total of \$316,514 in costs to maintain operations. With a lower salary level and significantly lower staff turnover, the cost for the same size operation in Wollongong would be \$96,923, a potential saving of \$219,591 per annum. **This is a 69% savings for business in Wollongong compared to businesses in other parts of Australia.**

	Wollongong	Australia
Staff Turnover	8%	19%
Cost of Staff Turnover	\$ 96,923	\$ 316,514
% difference to Wollongong		69%

1. Assumes staff are 50% less productive as an average over the speed to competency period.
2. Recruitment costs not included as vary significantly
3. Trainer resource costs not included

Indicative Cost Per Location – 150 seats

Sydney is the most expensive location with higher salaries and the most expensive real estate costs at a total of \$11,706,514 for an indicative 150 seat Knowledge Service centre operation, followed by Melbourne at \$11,176,514.

Wollongong is the least expensive location with the lowest salary and real estate costs at a total of \$7,886,923 for an indicative 150 seat Knowledge Service centre operation **delivering a savings in the range of 28-33% relative to comparable locations.**

	Sydney	Parramatta	Melbourne	Wollongong
Total Salaries	\$9,640,000	\$9,640,000	\$9,635,000	\$7,090,000
Cost of Staff Turnover	\$316,514	\$316,514	\$316,514	\$96,923
Real Estate @ 1,750m ²	\$1,750,000	\$962,500	\$1,225,000	\$700,000
Total	\$11,706,514	\$10,919,014	\$11,176,514	\$7,886,923
% Savings to Wollongong	33%	28%	29%	

Source: FY18-19 Hays Salary Guide

