

State Plan Priority P6
Regional Business Growth Plan – Hunter Region
August 2008

1. The region

The Hunter includes the eleven (11) Local Government Areas (LGAs) of Newcastle, Port Stephens, Lake Macquarie, Maitland, Cessnock, Gloucester, Dungog, Great Lakes, Upper Hunter, Singleton and Muswellbrook. As at June 2007 the region had a population of 624,296 which grew by 5 per cent between June 2002 and June 2007¹. Main industries include: manufacturing; coal mining; wine; energy; agribusiness; equine; and tourism. Growth industries: defence/aerospace; boat building; medical research; and bio-technology.

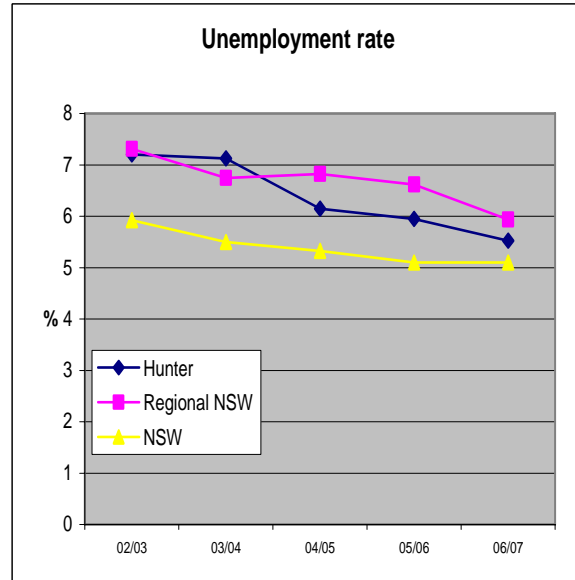
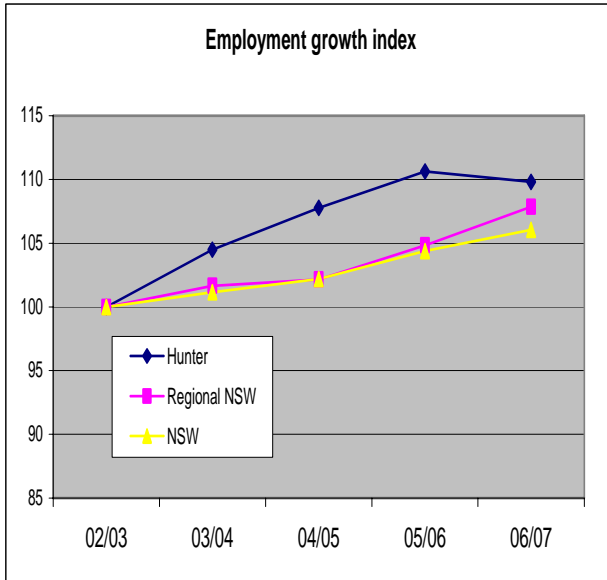
2. Regional opportunities and challenges

TYPE OF ISSUE	OPPORTUNITIES	CHALLENGES
Industry development	<ul style="list-style-type: none"> • Locating port-related industry on land beside Port of Newcastle • Airport related industry-employment zone • Transport and logistics industry development • Prospects for growth in energy-intensive industries (e.g. aluminium) • Prospects for growth in alternative energy industry • Defence industry • Exploration and development of minerals and petroleum 	<ul style="list-style-type: none"> • Some manufacturing operations under pressure from offshore competitors
Infrastructure	<ul style="list-style-type: none"> • Clean coal technologies • Building and construction (commercial) • Opportunities for development contributions to enable the provision of infrastructure necessary to respond to changing demands 	<ul style="list-style-type: none"> • Capacity constraints at Port of Newcastle (coal loading) • Water security for existing and future industry development (including agriculture and mining) in the Upper Hunter • Alignment of infrastructure with business and population growth needs • Balancing development contributions to ensure housing and employment lands affordability and delivering appropriate community infrastructure

¹ Source: ABS, Cat No. 3218.0, Regional Population Growth, Australia, 2006-07.

TYPE OF ISSUE	OPPORTUNITIES	CHALLENGES
<p>Land use/Planning</p>	<ul style="list-style-type: none"> • Hunter Economic Zone land at Kurri available for large industrial developments • <i>Lower Hunter Regional Strategy</i> finalised in October 2006 provides extensive capacity of new employment lands and protection of existing • Extensive potential exists at the Freight Hub at Beresfield to accommodate intermodal transfers and associated employment lands development • Creation of the Hunter Development Corporation to drive the implementation of the <i>Regional Strategy</i> and the utilisation of lands at Tomago, West Wallsend and Intertrade Park • Newcastle City Centre LEP completed to provide substantial boost to the development capacity of Newcastle, accompanied by an infrastructure plan for civic improvements • Planning reform will improve operation of planning system by providing: streamlined approach to rezoning; transparent assessment of major proposals; faster assessments of routine developments; and improved accountability and affordability of development contributions • Recent gazettal of the Rural Lands SEPP provides greater certainty about resolving rural land use conflict 	<ul style="list-style-type: none"> • Pressures on industry growth due to land-use conflicts • Balance between social, environmental and economic factors
<p>Skills & Employment</p>	<ul style="list-style-type: none"> • Access to a regional university, a regional network of major TAFE facilities and a large number of Registered Training Organisations • Extensive population base with one of the highest projected population increases of any region in the State 	<ul style="list-style-type: none"> • Skill and labour shortages for majority of industries

3. Regional indicators and measures

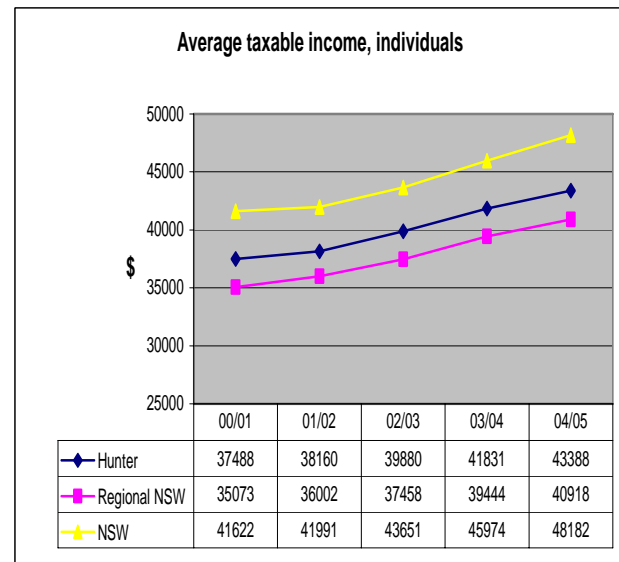
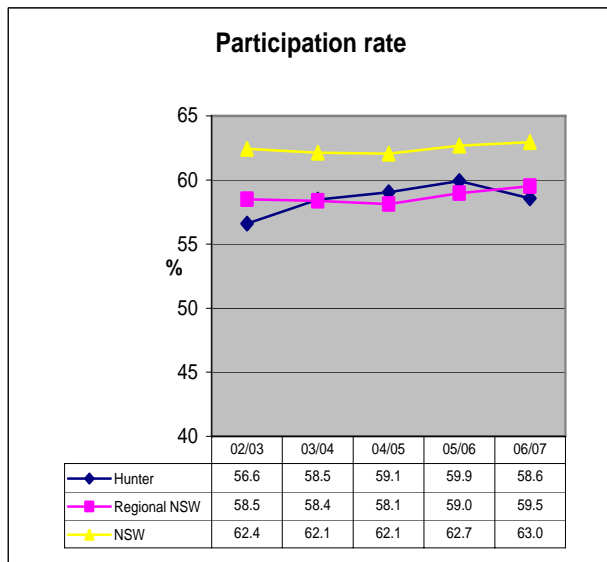


Total Employment, (000's)

	02/03	03/04	04/05	05/06	06/07
Hunter	249	260	268	276	273
Regional NSW	1186	1206	1212	1243	1279
NSW	3118	3154	3187	3255	3307

Total Unemployment (000's)

	02/03	03/04	04/05	05/06	06/07
Hunter	19.3	20.0	17.6	17.5	16.0
Regional NSW	93.6	87.2	88.7	88.2	80.7
NSW	196.6	183.6	179.3	175.0	177.8



Notes: (1) ABS Labour Force regions approximate DSRD regions. (2) Labour force data for the financial year is based on the average of four quarters at August, November, February and May. (3) Taxable income for regions has been based on the postal area – statistical division concordance based on the ABS Cat No 2905.0.55.001, ABS Postal Area Classifications, Aug 2006. The concordance as at 2006 has been applied to previous years. As a result, changes in postal areas or additions and deletions of postal areas in previous years have not been considered. Sources: Labour Force data sources from ABS Cat No 6291.0.00.003 and unpublished ABS data. Taxable income data sourced from the Australian Tax Office at www.ato.gov.au.

4. High priority and high impact strategies to address barriers to business investment

Strategy 1 Provide infrastructure support for energy, water and transport (rail and road)

High Priority and High Impact Initiatives

- Economic Impact Assessment to examine benefits of major infrastructure (e.g. F3 extension).
- Newcastle Airport Masterplan to identify the framework for airport development over the next 20 years.
- Freight Hub Employment Lands Study at Beresfield.
- Tillegra Dam project at Dungog.
- Participation in the Commonwealth Government study of transport options for the Lower Hunter which will look at issues such the viability of the F3 extension, the operation of the Main Northern Line as a dual use coal and passenger service, and options for the New England Highway.

Impacts

- Completion of major infrastructure will stimulate new industrial and residential development creating employment in areas such as Cessnock, Maitland and Singleton.
- Newcastle Airport: focus includes domestic and international passenger growth, establishment of air freight services and growth of aerospace industry cluster. It is anticipated the airport will generate up to 500 jobs over the next 20 years.
- An intermodal freight hub at Beresfield will potentially integrate road/rail freight from north, south and west, and link into the Port of Newcastle.
- Tillegra Dam project: the construction of the new 450,000 megalitre dam will potentially “drought proof” the Hunter and Central Coast regions for at least the next 50 years. The project is estimated to create 200 jobs in construction. It will also provide new business investment opportunities in tourism, hospitality, recreation, support industries and real estate development.

Resources

- A project to identify major infrastructure needs in the Hunter and to develop the business case in support of expediting implementation is nearly completed. This will also need to be in accord with the priorities of the *State Infrastructure Strategy*.
- The Newcastle Airport Masterplan has been developed.
- A Freight Hub Employment Lands Study is being undertaken.
- Tillegra Dam project: Environmental assessment is expected to be submitted to DOP and subsequently placed on public exhibition. In addition, funds have been allocated to Dungog Council to assist prepare a Dungog Shire Land-use Strategy. A Strategic Project Manager position, to assist Dungog Council over the next two (2) years will also be established. A Government Taskforce, including agencies such as DPC, DSRD, Roads and Traffic Authority (RTA), DOP, Hunter Water, Tourism NSW and the Department of Water and Energy (DWE) has been established to assist the Dungog community with broader issues
- Transport options study by the Commonwealth Government has recently been announced.

Strategy 2 Simplify government planning processes and improve access to employment and residential lands, including land for port related industries

High Priority and High Impact Initiatives

- Promote and implement *Lower Hunter Regional Strategy* (LHRS).
- Intertrade Industrial Park (Port of Newcastle).
- Williamtown Defence and Aerospace Employment Precinct Land Use Strategy.

- Creation of nearly 3,000 new home sites at North Tuncurry over the next 17 years.

Impacts

- The release of the LHRS guides the Lower Hunter's growth for the next 25 years by identifying future development areas, principal land use types, settlement patterns and conservation outcomes. It will provide the capacity to accommodate up to 85 per cent of the 66,000 jobs required by 2031.
- 150 hectares was offered to the market in January 2007. The former BHP site has potential for a range of port, freight, general industrial and commercial uses having frontage to a deepwater port. The site is expected to generate up to 7,000 ongoing jobs once fully developed.
- A 100 hectare site adjacent to Newcastle Airport and RAAF base has been identified as an employment zone to support defence and aerospace activities. The Williamtown Defence and Aerospace Employment Precinct Land Use Strategy was finalised in 2007, and land is proposed to be rezoned for development. The precinct is expected to create up to 5,650 jobs.
- Critical mass of population in the Great Lakes Shire.

Resources

- Comprehensive Local Environmental Plans (LEPs) are being prepared by all affected councils, as well as a review of current strategies in cooperation with the Department of Planning (DOP) to ensure that there is consistency with LHRS targets. The establishment of the Urban Development Program will allow monitoring of outcomes in residential and employment lands.
- Intertrade Industrial Park (Port of Newcastle): Expression of Interest documents and a marketing plan have been completed. Further submissions have been sought from two (2) short listed proponents. These are currently being assessed. Funds have been committed for remediation works.
- Landcom and the Department of Lands are funding and managing the significant new residential precinct at North Tuncurry.

Strategy 3 Develop skill strategies to bring skills to the region and to retrain the existing workforce

High Priority and High Impact Initiatives

- TAFE NSW 2008/12 Profile Review project.
- Hunter and Mid-Coast Indigenous Preparation Scheme.
- Professionals Skilled Attraction Program.

Impacts

- TAFE NSW has undertaken a review of future demands on TAFE qualifications and courses through mapping of growth, trends and opportunities in various industries to address skills shortages. The flexibility in being able to deliver TAFE courses and targeting areas of high need will address the issue of skill shortages including opportunities for retraining the existing workforce.
- The Hunter and Mid-Coast Indigenous Preparation Scheme will offer participants an opportunity to undertake preparatory training in local industry and identified skills gap/shortage areas, followed by work experience and work place mentoring in local industries.
- Professionals Skilled Attraction Program - Stage 2 includes recruitment of town planners, engineers and doctors to the Hunter to address skills shortages that are impacting on the ability to process rezoning and development applications, and deliver general practitioner (GP) services to rural towns in the region. Targets of up to 20 town planners, 30 engineers and 5 GPs are to be established.

Resources

- Ongoing consultation and close cooperation exists between the Hunter Institute of TAFE and key industry sectors as well as the Department of State and Regional Development (DSRD). A future project will examine the metals engineering, manufacturing and electro-technology growth sectors. The project will identify new and emerging skill sets required to address new technologies and to implement strategies to address growth.
- The Hunter and Mid-Coast Indigenous Preparation Scheme has been established.
- A revised strategy for the Professionals Skilled Attraction Program is being prepared.
- A Hunter Defence Industry Taskforce has been established, coordinated by the Hunter Economic Development Corporation.
- Mining Industry Skills Centre: the 2008/09 NSW State budget includes funding for the design of a new centre for electro-technology training as stage 1 in the development of the Mining Industry Skills Centre.
- Trade School at Glendale, and planned Trade Schools at Hunter River High (Raymond Terrace) and Maitland.

Strategy 4 Facilitate clean coal technology and alternative energy development

High Priority and High Impact Initiatives

- Supporting private sector development of clean coal technology. For example:
 - Corkys Carbon is establishing a clean coal demonstration plant to reduce carbon dioxide (CO₂) emissions through processing biomass and brown coal to produce poly-products including electricity; and support continuing development and expansion of the UCC Energy ultra clean coal demonstration plant at Cessnock. As well as the establishment by sister company, White Energy Pty. Ltd. of a \$9 million coal briquetting demonstration plant.
 - Inbye Mining Pty. Ltd. which is developing coal bed methane gas recovery technology.
 - Solar Heat & Power Pty. Ltd. have designed, manufactured and commissioned several hectares of solar reflector concentrator at Liddell Power Station to produce wet steam for input in the power turbine.
- Support Energy Technology Centre at CSIRO which is developing clean coal technologies to reduce greenhouse gas emissions, in combination with techniques to clean carbon from emissions and store it safely.
- Support the development of Kyoto Energy Park at Scone. This private sector renewable energy centre comprises 47 wind turbines, a solar thermal generator and a closed loop hydro-power station with a total renewable energy output of up to 200 million watts, enough energy to run 90,000 homes. The development is in the planning process.

Impacts

- Each clean coal demonstration plant creates 15 new jobs and reduces CO₂ emissions by up to 40 per cent.
- Kyoto Energy Park at Scone: a proposed private sector renewable energy centre will generate significant construction jobs as well as permanent jobs on completion.

Resources

- Clean coal technology: \$40 million investment by the private sector. Ongoing support from Commonwealth and NSW Government agencies to support and encourage implementation of new technology.
- The CSIRO Energy Technology Centre is currently engaged in a number of key projects in the Hunter in partnership with industry and government.

- Kyoto Energy Park at Scone: an application for planning approval is currently before the NSW Government.
- Delivery of training in Renewable Energy technology at the Muswellbrook Campus of TAFE NSW-Hunter Institute.

Strategy 5 Develop initiatives to attract potential investment in minerals and petroleum

The Hunter region has considerable potential for both minerals and petroleum exploration and development. However the region remains under explored.

High priority and high impact initiatives

- During 2007-08 a seismic survey was completed across the Hunter (and Northern Inland) region. Over the next three years the NSW Department of Primary Industries will undertake further surveys to validate initial findings across the region.
- A helicopter-supported detailed gravity survey is to be undertaken in 2008 to obtain subsurface information on geothermal, geosequestration and minerals potentials of the region.
- Geophysical interpretation of the data will be undertaken and incorporated in a new 3D model of the Sydney-Gunnedah Basin.

Impact

- The new data and information are designed to attract petroleum and geothermal exploration investment into the region.

Resources

- The NSW Government has committed \$16.5 million to the New Frontiers exploration initiative across NSW over the next three years.
- This is expected to be supplemented by additional funding from industry and the Commonwealth Government.

For more information: regional@business.nsw.gov.au