Department of Regional NSW

Hunter Regional Economic Development Strategy – 2023 Update

The Department of Regional New South Wales acknowledges that it stands on Country which always was and always will be Aboriginal land. We acknowledge the Traditional Custodians of the land and waters, and we show our respect for Elders past, present and emerging. We are committed to providing places in which Aboriginal people are included socially, culturally and economically through thoughtful and collaborative approaches to our work.

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Acknowledgements

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On Country – Artwork by Mumbulla Creative

"On Country" captures the many different countries located within the Department of Regional NSW footprint. Only part of the image is shown on the Acknowledgement of Country page. The regions included in this partial image are detailed below.

The Far West region of NSW is represented by red earth plains, mallee scrubs and an abundant emu population. Freshwater countries are referenced by the expansive network of rivers stretching through the regions. The Riverina Murray region is represented by the roots of a river redgum on the banks of a river, and a large Murray Cod can be seen in the river. The night sky features as it plays an important navigational and story-telling role in traditional life.

Cover image: Sunrise over Bill Rose Sports Complex in the Upper Hunter LGA. Photo Credit: Upper Hunter Shire Council.

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1. Executive Summary

Changes in the Hunter region since 2018

In 2018, the NSW Government developed Regional Economic Development Strategies (REDS) for 38 Functional Economic Regions (FERs) across regional NSW. Since publication, regional NSW has endured shocks including bushfires, floods, COVID-19 and the mouse plague, and significant new economic opportunities have emerged. The 2023 REDS Update provides an updated evidence base to guide governments in making policy and investment decisions to enhance resilience and drive sustainable, long-term economic growth in regional NSW.

The Hunter region has seen significant investment delivered since 2018, with additional projects in the planning or delivery stages

The **$835 million Maitland Hospital** and **John Hunter Health** and **Innovation Precinct**.

The **Hunter-Central Coast Renewable Energy Zone (REZ)** could generate 40GW of renewable energy, translating to **~$100 billion of potential investment.**

Transport connectivity will benefit from more than **$2 billion** invested in upgrades to the **New England Highway, M1 Motorway and the Scone, Muswellbrook and Singleton bypasses.**

The **Williamtown Special Activation Precinct** has received an initial **$25 million** investment to undertake initial works to support the development of a future defence and aerospace hub.

The region has seen significant population growth since 2018, which brings opportunities and challenges of its own

+ 5.6% population growth since 2018.

Housing vacancy rates sit at **1.4%,** with median house prices having risen between **39% and 67%** across the region since 2018.

The proportion of the population **over 55 years old** has increased **3%** since 2018.

Unemployment has gradually trended downwards since 2018 despite major shocks, with job vacancies reaching an all-time high of **6,898** in 2022.

The region's key industries have remained resilient, despite substantial challenges since 2018

Mining

+ 5.5% Year-on-Year (YoY) growth from 2011-2020	**$ 11.4 billion Gross Value Added (GVA)** in 2020	**10,735** jobs supported in 2021

Electricity Supply (incl. renewables)

+ 3.0% YoY growth from 2011-2020	**$ 737 million GVA** in 2020	**2,019** jobs supported in 2021

Agriculture

+ 6.5% YoY growth from 2011-2020	**$ 606 million GVA** in 2020	**3,909** jobs supported in 2021

Manufacturing

- 4.8% YoY growth from 2011-2020	**$ 1.2 billion GVA** in 2020	**8,338** jobs supported in 2021

Defence

+ 8.5% YoY growth from 2011-2020	**$ 1.4 billion GVA** in 2020	**2,429** jobs supported in 2021

Key themes from local consultation

Stakeholders from the Hunter region highlighted economic diversification, leveraging existing assets for future growth and maintaining amenity in the face of a growing population as key priorities.

Diversification that benefits all

Stakeholders recognised a need to take a holistic view of impacts on the region's people, communities and economy as the local economy diversifies.

A growing and changing region

Stakeholders noted a fast-growing population and increasingly urbanised regional centres requires strong strategic foresight, planning and investment to ensure the region's lifestyle offering is not diminished.

Leveraging existing strengths

Stakeholders noted that while major project investment into new assets was a key component of economic growth, investment in enhancing and repurposing existing assets should not be overlooked.

Hunter REDS - 2023 Update strategies and enablers

Strategies	Enablers
Improve inter and intra-connectivity of the region to boost business opportunities in the 'engine' industries of agriculture, mining, manufacturing and tourism.	• Undertake place-based connectivity assessments focused on the needs of emerging industries, making recommendations on transport and digital connectivity to address long-term economic growth. • Collaborate with Port of Newcastle to develop an infrastructure strategy which aligns with cross-government initiatives and enables economic diversification.
Diversify the region's economy to build resilience while leveraging opportunities presented by transformative change in the mining and energy sectors.	• Develop upskilling and reskilling plans to ensure the region's energy generation workforce is well-equipped to contribute to economic diversification opportunities. • Establish a clear policy and planning framework for future uses of mining land and associated assets. • Utilise expert panels under the Royalties for Rejuvenation Fund to examine options to support economic diversification, including by funding infrastructure, services, programs and other activities.
Improve infrastructure, services and amenities to fully realise and sustain the region's growth potential.	• Design and deliver programs that facilitate investment in community spaces, sports and recreation infrastructure, which improves amenity, diversifies the visitor economy, and aids in attracting and retaining a working age population, including families. • Facilitate place-based decision making for housing supply through the Urban Development Program.
Invest in development of the region's local workforce capability and capacity.	• Strengthen partnerships and establish frameworks between industry and education providers to match current and future skills needs with the local training and education offering. • Support investment in multimodal transport (including active transport) in the region to connect people to education, training and work opportunities.

2. About the 2023 REDS Update

In 2018, the NSW Government and local councils developed a series of REDS for 38 Functional Economic Regions (FERs) across regional NSW. FERs are made up of one or more Local Government Areas (LGAs) that work together to create smaller economies with strong economic links.

Supporting the *20-Year Economic Vision for Regional NSW*, the REDS set out a place-based vision and framework for economic development for each FER. The REDS identify each FER's endowments, industry specialisations and key vulnerabilities and opportunities, and outline economic development strategies and actions to leverage these strengths.

Since 2018, regional NSW has endured many challenges including drought, bushfires, floods, COVID-19 and the mouse plague. At the same time a range of broader state-wide trends and actions continue to change the economic landscape across regional NSW, including digital transformation, increased remote working and the shift towards net zero. These challenges and trends have altered the landscape of economic development in many regions and created new opportunities for growth.

The 2023 REDS Update provides an updated evidence base to guide governments in making policy and investment decisions to enhance resilience and drive sustainable, long-term economic growth in regional NSW. The objectives of the update are to:

Figure 1: The Long Table Dinner at the Dungog Festival, Dungog LGA. Photo credit: Destination NSW.

Figure 2: Morpeth Aerial shot at sunset. Photo credit: Maitland City Council.

1. **Highlight progress:** reflect on significant initiatives and investments that have supported progress against the key strategies and actions in the 2018 REDS.
2. **Capture major changes:** identify and assess the impacts of major changes to regional economies since 2018, including the effect of recent ‘shocks’ such as bushfires, droughts, floods, mouse plagues and the COVID-19 pandemic.
3. **Identify strategic opportunities:** identify key strategic opportunities and vulnerabilities for engine and emerging industries, as well as any changes to local endowments.
4. **Set the foundation for the future:** review, affirm and/or adjust the 2018 strategies, including consideration of new strategies to meet emerging priorities, to ensure they remain relevant.
5. **Identify key enablers to guide future action:** develop a non-exhaustive list of priority enabling actions that will support the 2023 REDS Update strategies.

3. About the Hunter region

The Hunter region is adjacent to the city of Newcastle, and is comprised of the 7 LGAs of Upper Hunter Shire, Muswellbrook Shire, Dungog Shire, Singleton, Cessnock City, Maitland City and Port Stephens.

Total area covered (km^2)	21,859
Population (2021)	294,878
Cessnock	64,082
Dungog	9,525
Maitland	90,553
Muswellbrook	16,463
Port Stephens	75,282
Singleton	24,719
Upper Hunter Shire	14,254
Size of the economy (2020)	$24.997 billion
Total employment (2021)	130,362

Source: ABS (2021) Estimated Resident Population, REMPLAN (2020), ABS Census (2021)

Figure 3: Map of the Hunter Functional Economic Region.

4. The 2018 Hunter REDS and 2020 bushfire addendum

In the 2018 Hunter REDS, the region was actively pursuing growth in its key industry specialisations, particularly tourism and agriculture. Endowments that were recognised spanned natural, social and infrastructure assets, many of which were key to the approach to enabling economic development in the region. These endowments and specialisations are highlighted below.

2018 Hunter strategies

	Improve inter and intra-connectivity of the region to boost business opportunities in the 'engine' industries of agriculture, mining and manufacturing.
	Manage transition and risk to the coal mining and electricity generation sector and diversify the region's economy to build resilience.
	Improve infrastructure, services and amenities to fully realise and sustain the region's growth potential.
	In addition to the core strategies articulated in the Hunter region REDS, the 2020 Hunter Bushfire Impact Addendum set a series of additional short, medium, and long-term priorities focused on recovery and resilience: • Supporting recovery, rebuild and strengthening of damaged assets. • Supporting industry recovery to restore and rejuvenate impacted industries. • Ensuring connectivity resilience across the region to minimise risk of disruption to communities and industries. • Promoting resilience to facilitate regional growth and diversification. • Promoting industry development to offset indirect impacts to economic growth.

2018 Hunter specialisations

Key industry specialisations below were identified as comparative advantages for the Hunter region in the 2018 REDS, based on employment concentrations in industry sectors.

	Coal mining
	Manufacturing
	Electricity supply
	Agriculture, forestry and fishing
	Defence

Although not listed as a 2018 specialisation, tourism also represents a significant industry for the Hunter FER.

2018 Hunter endowments

The Hunter region is home to a wealth of physical, institutional, built and human endowments. The following list was identified as key endowments that support and enable success and growth across its 2018 industry specialisations of coal mining, manufacturing, electricity supply, agriculture and defence.

Endowment	Relevant 2018 specialisation
Coal resources	
Diverse soil types	
Coastal water catchment	
Beaches (Port Stephens)	
Dams and waterways	
National parks, state forests, state conservation areas, and reserves	
Proximity to Newcastle and the Central Coast	
Integrated rail networks	
Major road infrastructure (Pacific, New England and Golden Highways, Hunter Expressway)	
Newcastle Airport	
Defence assets (Williamtown Air Force Base and Lone Pine Barracks at Singleton)	
Energy generation infrastructure (power stations & high voltage transmission lines)	
Tomago aluminium smelter	
Equine breeding and training cluster	
Established wineries, vineyards and associated tourism assets	
Meat processing facilities in the Upper and Lower Hunter	
Aboriginal heritage sites	
European heritage sites (e.g. Maitland Correctional Centre)	
Skilled labour force	

5. The big picture: Shocks and trends impacting the Hunter region since 2018

Figure 4: Glenbawn Upper Hunter LGA. Photo credit: Upper Hunter Shire Council.

Significant events impacting major industries since 2018

A sustained period of drought, followed by major bushfires, had severe environmental and economic implications for the region. COVID-19 restrictions further challenged local industries, particularly the visitor economy. From the period 2018 to 2022 the region had 9 disaster declarations[1] and received $16.12 million in disaster recovery grants funding[2]. Recovering from these events and developing both industry and community resilience remains a key priority, with a focus on reducing the social, environmental and economic impacts of natural disasters, climate change and other shocks.

Drought

By 2019, the Hunter region was feeling the full impacts of drought (see Figure 6) between 2017 and 2020, with major dams in the area frequently used for agriculture, horticulture and viticulture industries sitting at below 50%, which impacted water allocations to licence holders.[3]

This viticulture sector was significantly impacted by the extended period of low rain, with some producers estimating yield was down more than 50% in 2019 compared with pre-drought levels.[4]

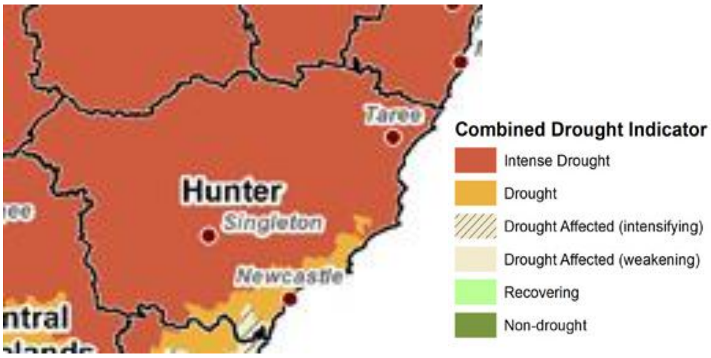

Figure 5: Combined Drought Indicator, 12 months to 31 December 2019 (Department of Primary Industries (DPI), 2022)

Bushfires

The 2019-20 Black Summer bushfires burnt 19% of the region (see Figure 7), with significant loss of livestock and widespread damage to farming infrastructure and crops, while tourism recorded a 19% to 25% decline during the fire period.

The impacts of smoke taint also reduced the total tonnage of wine grapes coming out of the Hunter Valley region in the 2020 vintage by an estimated 80 to 90%, compounding impacts being felt in the sector after a period of extended drought since 2017.[5]

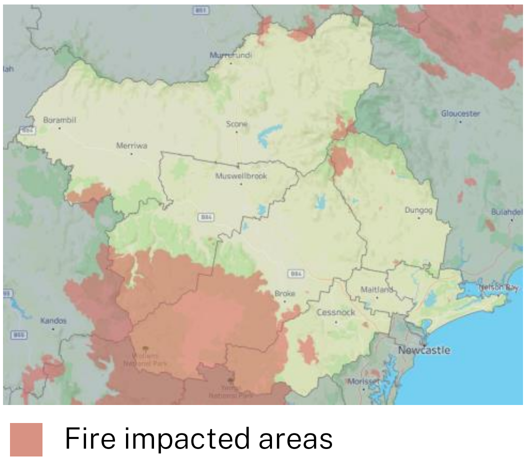

Figure 6: 2019-20 bushfire impacted areas in the Hunter region.

Mouse plague

The 2021 mouse plague had a direct impact on the Hunter region, in particular in the Muswellbrook, Singleton and Upper Hunter LGAs, where significant damage was done to crops, property and infrastructure as a result of the infestation.[6] To support impacted communities, the NSW Government made available up to $95 million for primary producers in financial need, and $45 million for the Small Business and Household Mouse Control Rebate. Under the rebate Program, 4,712 claims totalling $2.36 million were paid out to residents and businesses in the Hunter region impacted by the mouse plague. [7]

COVID-19

The region had more than 5,500 COVID-19 cases in 2020/21[8], placing increased pressure on health infrastructure and services. The pandemic had an impact on residents' ability to access essential services, while the number of health care card holders in the region increased by 22% between March and June 2020.[9]

Beyond direct impacts on the health care system and the community, the pandemic also had significant impacts on the region's businesses. Jobseeker payments were made to 6,894 businesses in the Hunter region in June 2020.[9] Tourism businesses were among those hardest hit, with approximately 95% of businesses in the sector impacted, resulting in a combined estimated loss of $85 million to the Hunter region economy within just the first 3 months of the COVID-19 pandemic.[10]

Changing market conditions

China's imposition of higher tariffs on wine imports in 2021 also had a significant impact on the region's economy.[11] As a result of this policy shift, the value of total Australian wine exports to China dropped by over $400 million, with 46% of this reduction estimated to be related to production in the Hunter.[12]

Floods

Similar to many parts of NSW, the Hunter region experienced multiple major flooding events in 2022. In March 2022, heavy rains resulted in significant flooding of the Hunter River and a range of other waterways. Multiple evacuations were required of low lying areas, with sustained inundation of properties, major roads blocked and significant damage to winter crops.[13]

Further heavy rain led to sustained major flooding in July 2022 with higher peaks and greater impacts across many parts of the Hunter region. [14] Major flooding significantly impacted a range of towns, with Maitland, Broke and Wollombi severely impacted.[15] The floods cut major highways and railway lines, isolated rural properties and caused substantial damage to crops, infrastructure and land. [16]

The confluence of these major external shocks, in particular the need for multiple natural disaster recovery efforts have significantly placed pressure on the availability of trade professionals across the region, exacerbating the current labour shortage being felt across key parts of the local economy.

Macroeconomic trends shaping the region's future

Macro trends relating to climate and migration have played a significant role in the Hunter region since 2018 and are likely to continue to have a strong influence on its future. The Hunter region has so far demonstrated an ability to innovate as part of its response to major trends , and efforts to diversify the regional economy alongside a growing population in the region will continue to present opportunities in the coming decade.

Trend		Opportunities and risks
Digital Transformation	The increasing role of the digital economy has brought about new service delivery methods, with the Hunter New England Local Health District (HNELHD) having one of the most established telehealth programs.[17] [18] Disruptive technologies have had and will continue to have a major impact across the whole value chain of engine industries, creating new opportunities but changing the number and types of jobs offered.	Automation enabled by new technology may improve efficiency, but may also lead to job losses. Federal funding for continued delivery of telehealth services to 2025 provides an opportunity to continue to expand offerings in the region.
Changing Migration Patterns	The relative affordability of the region compared to the nearby population centres of Newcastle and Sydney makes the Hunter region particularly attractive to sea-changers and tree-changers. This trend will be supported by the increased migration to regional areas recorded as a result of the COVID-19 pandemic.[19] The region's growing population will require an ongoing focus on investment in housing, services, and hard and soft infrastructure to enhance liveability. This will be crucial for attracting and retaining a skilled workforce in the region. Prior to the COVID-19 pandemic on labor demand, it was estimated in 2019 that almost two-thirds of businesses in the Hunter region (excluding Newcastle) were experiencing skill shortages. [20] This shortage has been exacerbated by the impacts of COVID-19 on both international and domestic migration patterns.	Growing the region's population offers potential to bolster its skilled local workforce and support economic diversification. Additional demand for key services and infrastructure may impact amenity and liveability for local residents. A place based approach to managing growth in the region can help guide development across the region. Steering groups, such as the East Maitland Catalyst Area Steering Group offer opportunities to support local co-ordination of infrastructure investment in high-growth areas.[21]
Towards Net Zero	Although coal mining is anticipated to remain a key contributor to the Hunter regional economy, the industry's future in region will be impacted by the broader shift towards renewable energy generation in the medium to longer term. The Hunter region has a comparative advantage in energy generation as well as an	6,000 ha of land currently used for mining in the region offers potential opportunities for post-mining land use activities including industrial, manufacturing, intensive agriculture, intermodal,

Trend		Opportunities and risks
	abundance of existing mining and power station infrastructure. These strengths can be leveraged to support development of a significant renewable energy hub, supported by major renewable energy resources driven by the Hunter-Central Coast REZ.[22] There are a range of emerging opportunities in the region associated with hydrogen, wind, solar and storage projects. The Hunter will be home to one of NSW's first green hydrogen hubs, with major investment being made by both the NSW and Commonwealth Government to help catalyse growth.[23][24]	energy generation, food and fibre processing, circular economy processing, and defence use. Some of the mining workforce have highly specialised skills that may not be easily transferrable to other sectors. A strategic, locally led approach to supporting impacted workers will be required.
Rising Uncertainty	Recent natural disasters - drought, floods and bushfires - have taken a toll on the community and economy. The impacts of climate change and increased prevalence of natural disasters will have impacts on the environments, infrastructure and productivity. Recent supply chain challenges and global macroeconomic shifts have also created challenges and risks for the region in securing future markets for goods. Asian markets, namely Japan, China and India, have long been critical export markets for the region's coal. New supply chain relationships are already taking shape with Asian trading partners in commodities such as green hydrogen and ammonia.	Effective land-use planning, innovative approaches to the protection of natural environments will be critical to support improved environmental outcomes and enhancing resilience in the region. Incorporating Aboriginal cultural knowledge and practice into governance and decision-making to heal Country can support enhanced resilience in the region.

Figure 7: Café seating at Worn Out Wares in Singleton LGA. Photo credit: Destination NSW.

6. Responding to change: Initiatives and investments since 2018

Figure 8: Oaks Cypress Lakes, Cessnock LGA. Photo credit: Cessnock City Council.

Since 2018, local councils, the NSW Government and other key organisations have delivered new and updated strategic documents and plans that help guide economic and community development in the region. These documents support the development of local enabling actions that contribute towards progress against key REDS priorities and strategies.

Strategies and plans	Relevant 2018 strategies
The **Hunter Regional Plan 2041 is** the updated 20-year strategic planning blueprint for the region, with a focus on delivering a sustainable future, achieving ongoing prosperity for the Hunter and creating connected communities. Each council's **Local Strategic Planning Statement** then sets out strategic planning objectives for each LGA in line with the Regional Plan.	
Each of the seven councils have a 10 year **Community Strategic Plan (CSP)** that sets out the community's vision for each LGA, and establishes priority actions to be pursued by councils to achieve this vision.	
The **Hunter Joint Organisation Strategic Plan 2032** draws on state and regional level plans, along with council CSPs to identify the region's highest priorities, with a vision of making the Hunter a globally connected region, that is prepared for change, has pristine environments, a high standard of living and is an economic powerhouse.	
The passage of the **Greater Cities Commission (GCC) Bill 2022** saw the Lower Hunter added to the Six Cities region. The GCC will develop in coming years a Lower Hunter and Greater Newcastle City plan, which will seek to guide coordinated strategic planning to increase intra and inter regional connectivity and attract investment to the region.	

Strategies and plans	Relevant 2018 strategies
The **Hunter Expert Panel** has been established to provide advice and recommendations to support decision making for the **Royalties for Rejuvenation Fund,** which has been set up to ensure the state can support local decision making for coal mining communities as they diversify their economy and achieve a strong and vibrant future.	
The **Upper Hunter Economic Diversification Plan** was developed in 2018 in a collaborative effort by local councils, NSW Government, and the University of Newcastle to encourage the growth of new industries and guide actions to support the long term diversification of the economy in the region.	
Recognising the already growing circular economy capabilities in the region, the **Hunter and Central Coast Circular Economy Roadmap 2022** seeks to set a path for accelerating investment and collaboration in the sector.	
The **Hunter Hydrogen Roadmap** and declaration of the **Hunter-Central Coast REZ** represent a fundamental shift in the region's priorities towards becoming a leading powerhouse in the renewable energy generation and storage sector.	
The **Williamtown Special Activation Precinct draft master plan** is a draft statutory planning document that sets out a rezoning proposal to include employment-generating uses, environmental zones and infrastructure requirements.	
The **Greater Hunter Regional Water Strategy** seeks to enhance water security in the region, to support a growing population, increase resilience in times of drought and to support a mix of industries.	
The **Lower Hunter Water Security Plan 2022** creates a whole of government approach to improving the resilience and sustainability of the region's water supply in the face of increasing demand pressure and variability within the climate.	
The **draft Hunter Regional Transport Plan** provides a vision for how the Hunter's transport network, infrastructure and services will be managed over time to realise community aspirations and deliver services for a growing population.	
The **Destination Sydney Surrounds North Destination Management Plan** guides industry on priorities, strategies and actions needed to guide and support growth in the region's visitor economy.	
Many of the Hunter region councils have also developed their own Destination Management Plans, including the **Destination Port Stephens Strategic Plan 2022-2025**, Maitland City Council's **Destination Management Plan**, the **Dungog Shire Visitor Strategy & Destination Management Plan 2021-2026**, and the draft **Hunter Valley Destination Management Plan**, a joint project between Singleton and Cessnock LGAs.	

Significant investments since 2018

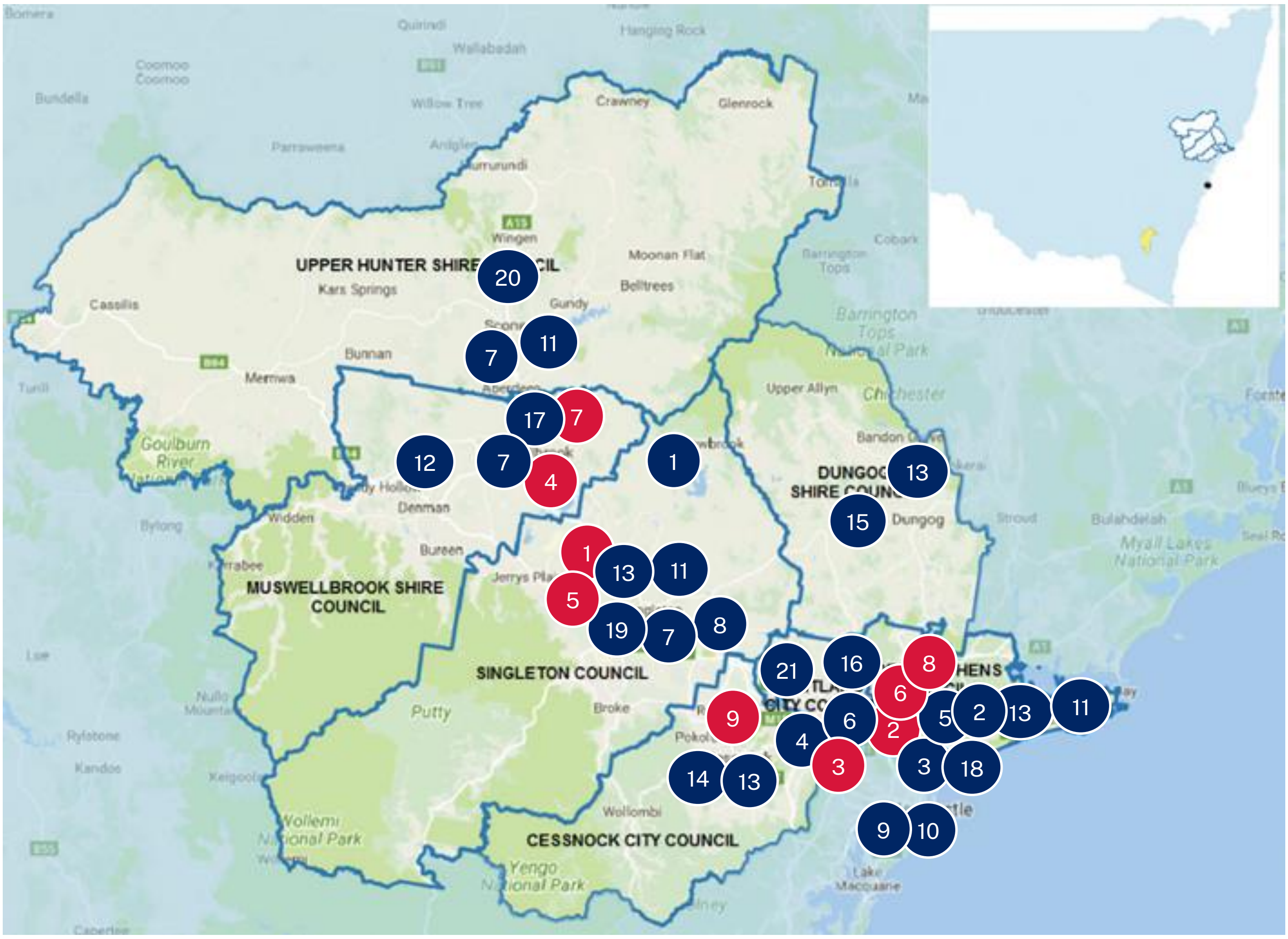

Figure 9: Major investments in the Hunter region since 2018, as set out on pages 18-20.

Since 2018 the region has seen significant local, state and federal funding, as well as private investment. These investments are at varying stages, with some delivered, some underway, and some investments still in the planning stage. Public investments have largely focused on major transport infrastructure upgrades, new health facilities and major transformative projects. Grant funding has played a key role in delivery of many of these projects.

Major private investment since 2018

Investment	Estimated project value(s)	Relevant 2018 strategies
1 Liddell Battery	$763 million	
2 Newcastle Power Station	$439 million	
3 Kurri Kurri Lateral Pipeline	$264 million	

4	Muswellbrook Pumped Hydro[1]	Not available	
5	Mine expansion projects	>$1 Billion	
6	Lavo Hydrogen Storage Technology – pilot manufacturing at Tomago[2]	>$10 million	
7	The Melt Accelerator - Muswellbrook	Not available	
8	Renaissance One lithium battery factory	$28 million	
9	Cedar Mill Hunter Valley	$192 million	

Major public investment since 2018

	Investment	Estimated total project value(s)	Relevant 2018 Strategies
1	The Hunter-Central Coast REZ	Potential for $100 billion of private investment	
2	Williamtown SAP	$25 million	
3	Hunter Valley Hydrogen Hub[3]	$464 million	
4	Hunter Power project	$610 million	
5	Newcastle Airport – international terminal, runway and airfield upgrades	$286 million*	
6	M1 Pacific Motorway extension	$1.68 billion	
7	Road bypasses – Newcastle Inner City,[3] Scone, Muswellbrook, Singleton	$1.62 billion	
8	New England Highway upgrade	$97 million	
9	Maitland Hospital and John Hunter Health and Innovation Precinct[3]	$1.3 billion	

1 *This project is being supported by grant under the NSW Government's Pumped Hydro Recoverable Grants Program.*
2 *This project was supported by a NSW Government grant through the Regional Job Creation Fund.*
3 *While this investment is physically outside the Hunter FER, it has significant benefits that will flow across the whole of the region.*

10	University of Newcastle STEMM building[3]	$200 million
11	TAFE Connected Learning Centres – Scone, Singleton, Tomaree	$21.4 million
12	Upper Hunter Water Security Project pipeline	$18.9 million
13	Wastewater treatment works upgrades - Cessnock, Dungog, Lower Hunter, Raymond Terrace and Tanibla Bay	~$180m
14	Cessnock Airport upgrade	$8.8 million
15	Dungog LGA roads and bridges upgrade program	>$40 million
16	Maitland Gaol redevelopment	$11.7 million
17	Muswellbrook Town centre rejuvenation – stage 1 (Upper Hunter Innovation Precinct) and stage 2	~$12 million
18	Birubi Information Centre	$11.4 million
19	Singleton Arts and Cultural Centre	$4.1 million
20	Scone Regional Airport Upgrades	$23.5 million
21	Walka Water Works redevelopment – stage 1	$15 million

Regional grant programs

The region has received $268.16 million in regional NSW grant funding approved since 2018. Key programs in the region have included Resources for Regions Fund and Growing Local Economies programs, which saw $86.22 million and $53.09 million approved respectively. Projects have supported community and transport upgrades as well as investment in skills training, arts and innovation.

Grant category	Approved funding
Community	$145.6 million
Economic	$106.45 million
Disaster recovery	$16.12 million

Note: Total grant funding outlined above only includes programs managed by the Department of Regional NSW, accurate as at January 2023.

7. Hunter region 2023 economic snapshot

The Hunter region population is growing, but the proportion of the population in the prime working age cohort remains relatively low

Sustained population growth in the Hunter region is expected to continue over the coming decade. Historically, the strongest growth in the region has been in the peri-retirement age group and young families, while the proportion of the region's population in the prime working age cohort remains below the state average.

Population growth

The Hunter region saw population growth of 5.6% between 2018 and 2021, as shown in Figure 10. This strong growth is predicted to continue over the next decade. [25]

The region's annual population growth rate has remained consistently above 1% since 2011, and above 1.5% since 2018. The uplift in recent years is likely to have been supported by increased migration to the regions resulting from the COVID-19 pandemic.

All LGAs in the Hunter region have experienced population growth since 2011. Maitland and Cessnock have experienced the strongest average annual growth rate at over 2%, reflecting their role as key housing growth areas.

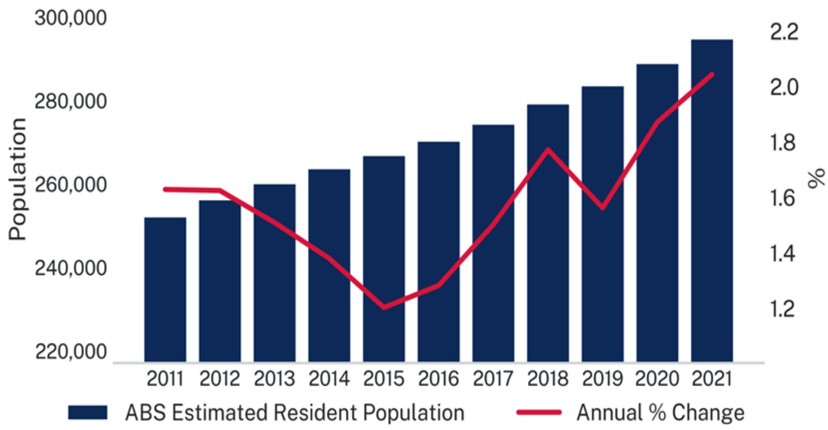

Figure 10: Hunter FER population growth, 2011-2021 (ABS ERP, July 2022).

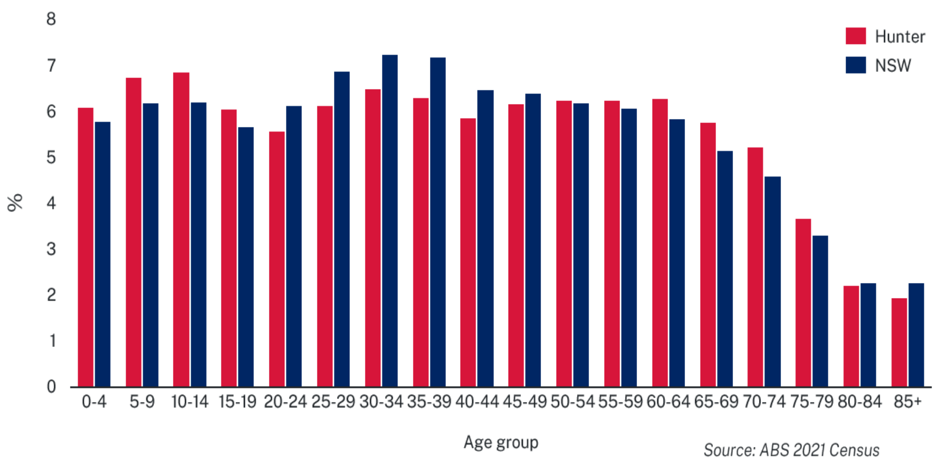

Figure 11: Hunter FER population by age, 2021 (ABS ERP, July 2022).

Demographic profile

Residents in the peri-retirement age cohort (60 to 69 years old) and families in their 30s with primary aged and/or teenage children make up the largest proportion of residents living in the region (see Figure 11). This highlights the need for a focus on meeting increasing demand for services and infrastructure associated with caring for an aging population, as well as investments and actions designed to enhance liveability in the region for younger families.

The region also currently has a smaller proportion of the population in their prime working age (25 to 49 years old) relative to NSW, indicating a need to focus on workforce attraction and retention to support the needs of a growing population and the needs of key industries in the region.

Low housing availability across the region may be constraining growth capacity

Vacancy rates in the Hunter region have remained consistently low since 2018, remaining close to 1% for most of the period since August 2020. Limited supply of housing and increased house prices may be creating challenges for existing residents and skilled workers looking for housing in the region.

Housing availability

As shown in Figure 12, residential vacancy rates in the region have dropped from 1.7% in 2018 to 1.4% in August 2022, with vacancy rates dropping below 1% in mid-2020.

Meanwhile, residential building approvals peaked in mid-2021, having risen from a low point in the last quarter of 2019. Investment to make repairs/rebuilds of properties damaged or destroyed by the bushfires are likely to have played a role in the higher levels seen recent years. While there is always a degree of lag between supply and demand, there is a need to ensure planning systems (and other enablers such as infrastructure provision) are appropriately calibrated to keep pace with demand.

Housing affordability

Between June 2018 and June 2022, median house prices in the region have increased between 39% and 67%.[26] Price rises have varied significantly across LGAs, with increases of:

- 55% in Cessnock, with the median price reaching $615,000.
- 44% increase in Dungog to $620,000.
- 52% increase in Maitland to $713,000.
- 59% increase in Muswellbrook to $460,000.
- 24% increase in Port Stephens to $733,000.
- 67% increase in Singleton to $753,000.
- 39% increase in Upper Hunter to $425,000.

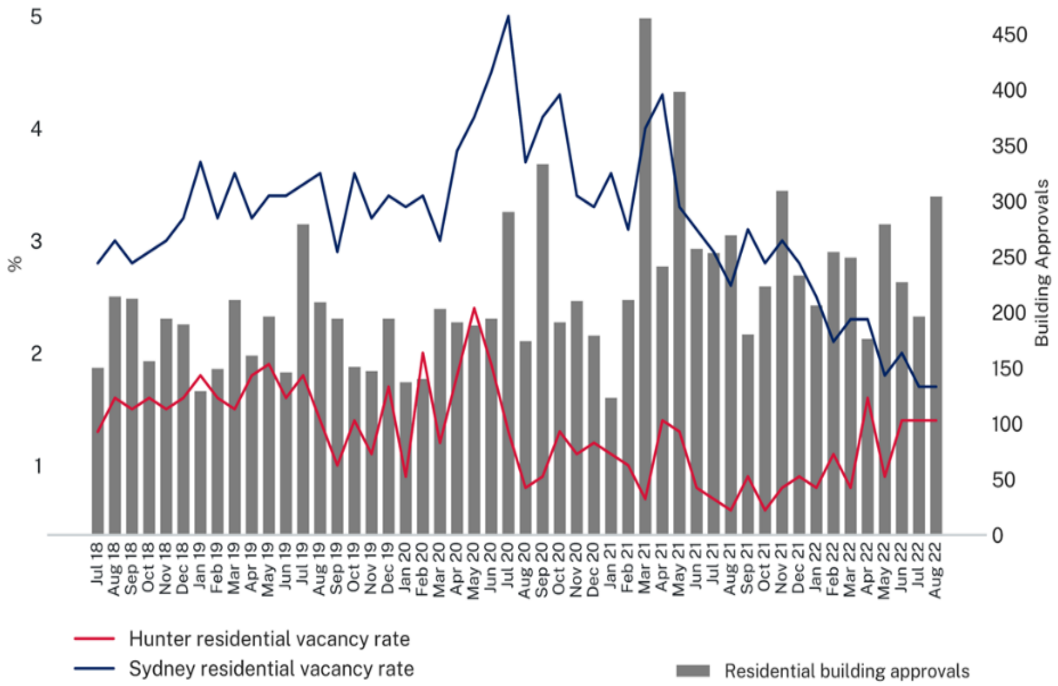

Figure 12: Hunter FER vacancy rate and building approvals, 2018-2022 (REINSW, 2022).

Note: REINSW vacancy data collection is not aligned with the FER boundary map, resulting in an overlap with other FERs. These results are therefore intended to provide an indication of housing vacancies in the region.

The region's price-to-income ratio was estimated at 6.76 in July 2021, below the NSW ratio of 8.12, which indicates that the region maintains a relative advantage in relation to housing affordability.[27] However, further sustained price growth may create challenges for businesses and industry in attracting and retaining skilled workers, and on ensuring a sufficient workforce is available to support major project delivery.

The Hunter region has experienced rising job vacancies and falling unemployment rates, indicating a tightening of the local labour market

Although the region has a relatively high productivity rate compared to the NSW benchmark, relatively low unemployment and a recent spike in job vacancies, coupled with a lower proportion of the population being in their prime working age is generating a need for the region to attract more workers.

Employment

In June 2022, the Hunter region had an average unemployment rate of around 3.8% (see Figure 13) across the LGAs, indicating that the regional economy has remained relatively resilient in the face of successive shocks. As at June 2022, the unemployment rates across the region looks have stabilised, within a range between 2.6% and 5.1%. Meanwhile, workforce participation in the Hunter region was 58.8% in 2021, lower than the NSW benchmark of 66.2%.

A steep rise in job vacancies across this period in the Hunter region (see Figure 14) indicates that despite falling or steady unemployment, a labour shortage is continuing to increase. Total job vacancies in the Hunter region rose 225% from 2,120 in early 2020 to 6,898 by the end of 2021, reflecting the economy wide trend of demand for labour. The highest job vacancy occupations according to online advertisements were automotive and engineering trades workers (461), general administration (585), and sale assistants (405).

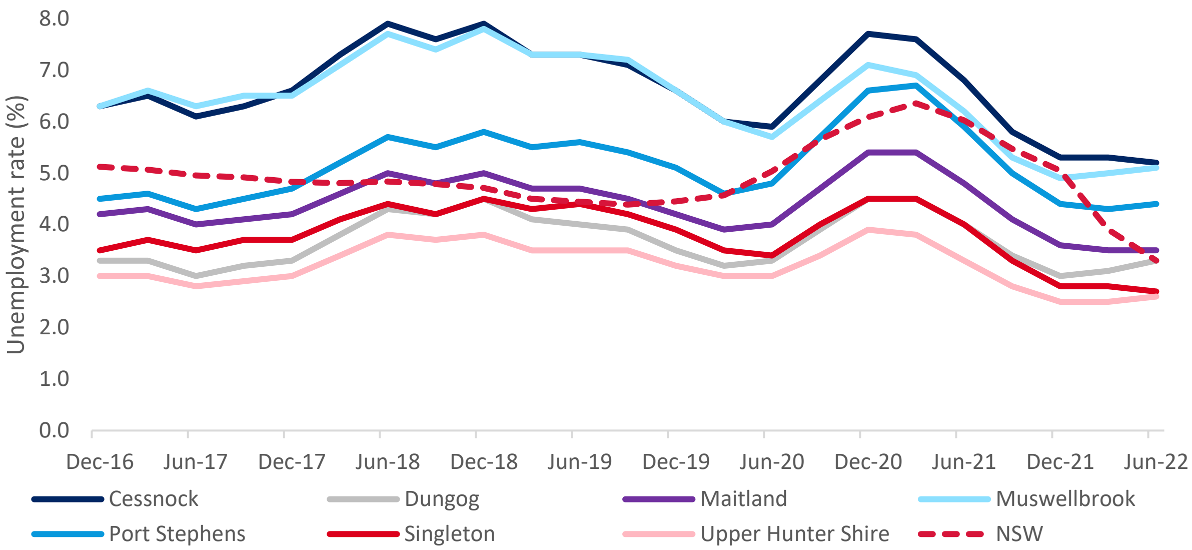

Figure 13: Hunter FER unemployment rates (%), 2016-2022 (National Skills Commission, 2022; ABS Labour Force, 2022).

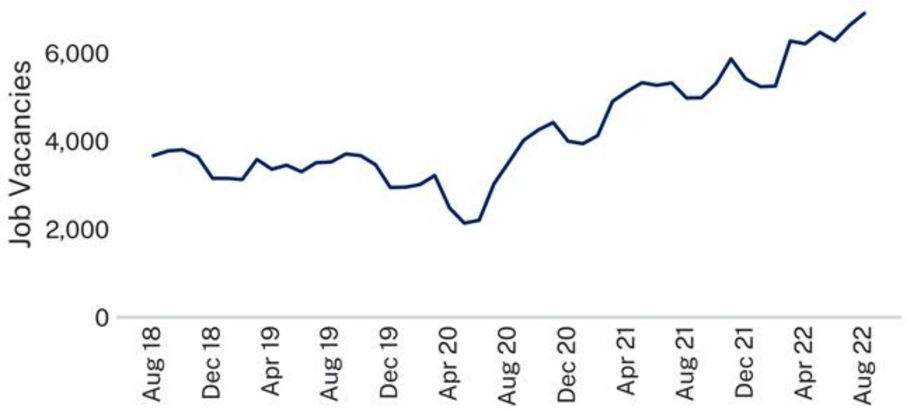

Figure 14: Job vacancies, Hunter region (2018-2022) (Regional IVI, National Skills Commission, 2022).

Note: The regional IVI – National Skills Commission job vacancy data collection is not aligned with the FER boundary map, resulting in an overlap with other FERs. Job vacancy data only includes online job vacancies. These results are therefore intended to provide an indication of job vacancies in the region.

Aboriginal employment

In August 2021, the Aboriginal unemployment rate in the Hunter region sat at 9.7%, on par with the wider NSW Aboriginal unemployment rate of 9.8%. This is a marked improvement on the unemployment rate of 14.9% in 2016, reflecting ongoing improvements in economic participation for Aboriginal communities in the Hunter. However, the unemployment rate still sits over 4 percentage points above the NSW wide rate at the time of the 2021 Census.

An ongoing focus on initiatives that can increase employment opportunities and business development opportunities for Aboriginal communities across the Hunter region will need to be a key focus for all stakeholders, so the positive trends in employment outcomes can be sustained. In particular, major projects present opportunities to maximise Aboriginal economic participation and support business development opportunities in transformative projects for the region.

Aboriginal unemployment rate: Hunter region	2011	14.3%
	2016	14.9%
	2021	9.7%
NSW Aboriginal unemployment rate	2021	9.8%
NSW unemployment rate	2021	4.9%

Source: ABS Census, 2021.

Figure 15: The sun rises over Pokolbin, Cessnock LGA. Photo credit: Josh Vincent.

Hunter region 2023 engine and emerging industries

The Hunter region has a $24.9 billion economy. The region has a well-established history of leveraging its natural endowments to thrive in primary industries and related processing and manufacturing. As demand for renewable energy continues, the region is well placed to develop its capabilities to take advantage of substantial growth. The relative strength of each industry is measured using Location Quotient (LQ) analysis[1] as displayed in Figure 16, where industry size correlates with bubble size.

Engine industries

The **mining** sector (LQ of 9.55) contributed 40% of the region's GVA in 2020 and added $2.78 billion to its GVA between 2011 and 2020 with an average growth rate of 5.5% during that period.

Agriculture contributed $606 million to the regional economy in 2020, with sheep, grain, beef and dairy cattle and poultry and livestock accounting for 74% of this value.

Public administration and safety (LQ of 1.3) also remains a specialisation for the region, with $2.1 billion in GVA in 2020. The defence sector is the region's key strength in this industry, contributing $1.4 billion and with an LQ of 3.7.

With an LQ of 6.1 and a gross value-add of $269 million in 2020, **electricity generation** also remains a regional specialisation, with substantial growth expected with the Hunter-Central Coast REZ.

Although identified as a specialisation in the 2018 REDS, the **manufacturing** industry in the Hunter region has declined at a rate 6 times the NSW benchmark between 2011 and 2020. Despite this, the industry still contributed $1.2 billion to the regional economy in 2020, and sub-sector specialisations remain in non-ferrous metal manufacturing (LQ of 5.0), wine and spirits manufacturing (LQ of 4.7) and veterinary pharmaceutical product manufacturing (LQ of 5.1).

The **tourism** industry also represents an important driver of economic growth for the region, with more than $1.2 billion in visitor spend in 2021.[28] This industry is supported by endowments including proximity to major population centres (Sydney and Newcastle), strong transport links and natural features including a renowned wine region, beaches and national parks.

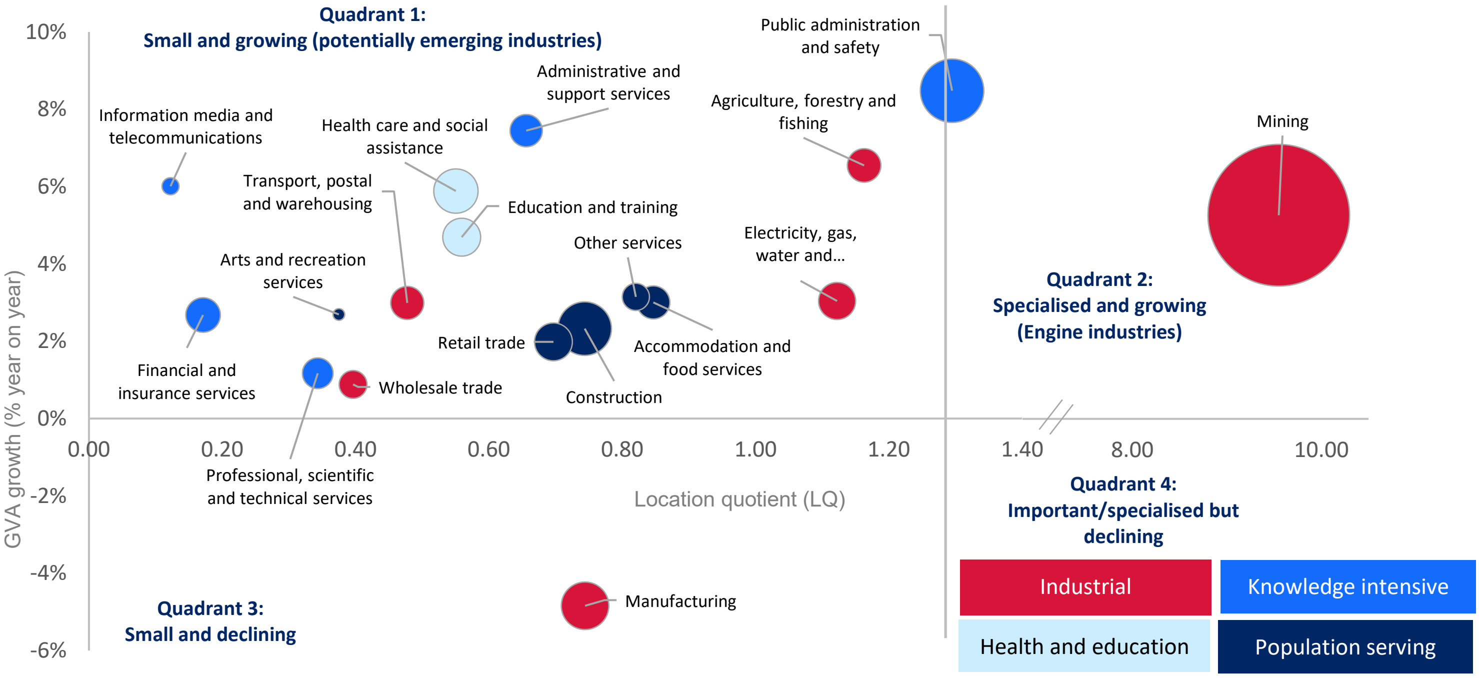

Figure 16: Location Quotient (LQ) Analysis by GVA, 2011-2020 (REMPLAN, 2020).

Note: While the 2018 REDS used employment data as the basis for LQ analysis, the 2023 Update has used Gross Value-Add (GVA) data. This allows for a clear demonstration of the changing economic impact of both engine and emerging industries across the regions.

1 *LQ analysis is used to measure industry specialisation by comparing the relative size of an industry in the region versus the whole of NSW.*

Emerging industries

Increasing digitisation of the workforce enabling remote working and service delivery, as well as population growth across the age spectrum, places knowledge sector and population-serving industries in a strong position to develop as regional specialisations (see Figure 18). Meanwhile, the transport sector continues to display potential as an emerging specialisation, with recent and planned infrastructure investments likely to see this growth continue.

The 2018 Hunter REDs identified the **transport, postal and warehousing** industry as an emerging specialisation for the region. While LQ analysis demonstrates that this sector still holds growth potential for the Hunter region, the industry has seen slightly slower growth in the region compared with the NSW benchmark over the past decade.

Knowledge-intensive sectors, such as **information media and telecommunications**, have demonstrated strong average annual growth over the past decade and represent an emerging opportunity for the region, particularly if underlying digital connectivity infrastructure can be improved. Proximity to Newcastle, as a major population hub and home to significant education and research assets provides the Hunter region with a key competitive advantage in growing these sectors.

Education and training has also become an emerging specialisation for the region. Tertiary education and skills training facility endowments support this industry's growth, which in turn support the growth of other industries, and can also assist in reducing the Hunter region's labour force shortages.

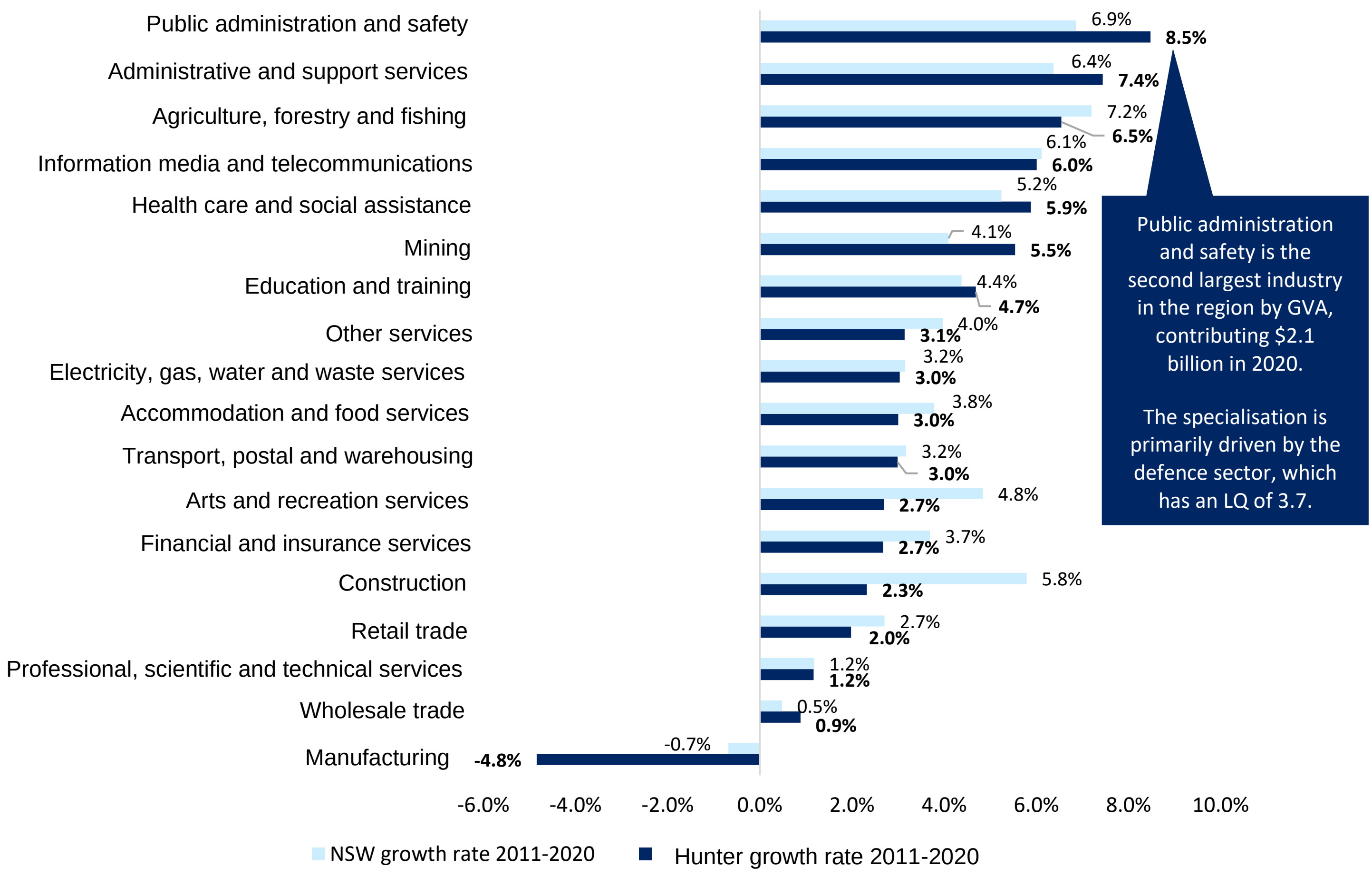

Figure 17: Change in GVA by industry (% YoY), 2011-2020 (REMPLAN, 2020).

Hunter region 2023 endowments

Review of the 2018 endowments

Collectively, the below summary of the Hunter region's extensive endowments identified in the 2018 REDS (see page 11) underpin the region's economic strengths and specialisations. Despite recent shocks impacting many endowments, updated analysis and consultation outcomes have affirmed they remain valid, with key endowments including:

- High-quality coal resources
- Variety of soil types
- Hunter water catchment
- Port Stephens coastline and tourism amenities
- Hunter Valley wine region and industry cluster
- Rail, road and airport infrastructure
- Proximity to Newcastle

Figure 18: Construction of the Donald Horne Building, home of the Upper Hunter Innovation Precinct. Photo credit: Muswellbrook Shire Council.

New endowments

While not yet reflected in the employment and industry specialisation (LQ) analysis, recent investments and policy efforts have led to the creation of new endowments which will underpin new economic opportunities and future specialisations. These specialisations will play an important role in the region's economic shift from a primarily industrialised economy to a knowledge-intensive and service-based hub.

+	Maitland Hospital	$470 million has been invested to deliver the new Maitland Hospital, which will service the health care needs of Maitland and the surrounding Hunter region.
+	Williamtown Special Activation Precinct	The Williamtown SAP will support the development of a defence and aerospace hub, boosting the local economy and generating thousands of new jobs.
+	Hunter-Central Coast Renewable Energy Zone (REZ)	As one of five designated clean energy zones, the Hunter-Central Coast REZ can help make the Hunter region a key renewable energy powerhouse in NSW.


Figure 19: A sunny day by the water in Port Stephens LGA. Photo credit: Port Stephens Council.

8. Looking ahead: Strategic opportunities for growth, resilience and liveability

Opportunities and vulnerabilities in engine and emerging industries

Mining

Mining remains the key specialisation of the Hunter region. Population growth and a shift toward renewable energy production represents a challenge for the sector, however ongoing growth potential remains by maximising the value of existing assets, and exploring opportunities for future repurposing of infrastructure and/or increased adoption of emerging technologies.

GVA (2020, $m)	11,323
Employment (2021)	10,735
LQ score (2020)	9.55
LQ Coal Mining (2020)	11.3
LQ Exploration and Mining Support (2020)	3.9

Strengths

- In 2020, mining represented 40% of the region's GVA, and a very high LQ of 9.55 shows it remains a leading driver of economic activity for the Hunter region.
- The region has an abundance of coal resources, with reliable, easy access to one of the nation's largest export hubs in the Port of Newcastle.

Vulnerabilities

- The industry is will need to remain agile and adapt to changing demand for extractive resources used for energy generation.
- Major coal mining dependent energy generation facilities including Eraring, Liddell and Bayswater power stations are all set to close by 2033, which could result in significant workforce displacement if a co-ordinated approach to supporting economic diversification across the region is not achieved.
- Challenges also lie in gaining or holding land rights in the face of increased competition for land use.

Opportunities

- There are opportunities for the sector to repurpose land, infrastructure and skilled labour to support growth in emerging industries such as renewable energy production and storage or circular economy processes.
- The Hunter-Central Coast REZ presents an opportunity for the region to repurpose land and infrastructure assets used for mining and coal powered energy generation to deliver renewable energy generation and transmission projects, as well as to support new employment opportunities for a large workforce with a range of potentially transferrable skills.

Agriculture

Agriculture, forestry and fishing remain important specialisations for the Hunter region. Population growth, natural disasters and climate change represent key challenges for these sectors, while the adoption of new and emerging technologies, such as agtech, can support sustainable future growth.

GVA (2020, $m)	606
Employment (2021)	3,909
LQ score (2020)	1.16
LQ Poultry and other livestock (2020)	3.6
LQ Aquaculture (2020)	2.7

Strengths

- Strong average annual growth between 2011 and 2020 of 5.3% for the agriculture sector highlights the sector's resilience despite significant external shocks.
- Poultry and other livestock, sheep, grains, beef and dairy represent key agricultural strengths for the region, adding $221 million and $230 million respectively to the regional economy in 2020. Aquaculture is also an important specialisation for the region in the agriculture sector.
- The sector benefits from a wealth of productive, fertile lands and a variety of soil types across the region, as well as strong transport and export links to market.
- The Hunter region has a well-established cluster of agricultural research and training institutions, including Tocal Agricultural College, TAFE, the Cooperative Research Centre for High Performance Soils, the University of Newcastle and the DPI Port Stephens Fisheries Institute.

Vulnerabilities

- The industry relies upon the availability of productive land to remain viable. Increasing competition for commercial, industrial and residential use of land across the Hunter region to serve a growing population is likely to be a key future challenge for the sector.
- The industry is also highly susceptible to natural disasters such as drought, bushfires and floods, which are predicted to occur with increasing frequency in coming decades.[29]

Opportunities

- Agtech is predicted to become Australia's next $100 billion industry this decade.[30} The Hunter region's existing specialisations are supported by robust industry networks and a range of research and education facilities. There is significant opportunity to drive the uptake of agtech in the region to support sustained growth and improved productivity in the agriculture sector.
- Ensuring that planning and regulatory instruments support the continued use of agriculturally productive lands as the region's population grows will be critical to supporting the industry's ongoing resilience in the region and maintaining its long term growth prospects.
- While the region has a long established tourism drawcard associated with its viticulture sector, there remains significant potential to develop a range of other agritourism offerings in the Hunter region.

Manufacturing

Despite statewide decline in the manufacturing industry, the Hunter region has maintained its 2018 specialisation in this area through ongoing strength in metals and wine manufacturing, which is closely tied to the local mining and viticulture sectors.

GVA (2020, $m)	1,199
Employment (2021)	8,338
LQ score (2020)	0.74
LQ Non-ferrous metals (2020)	5.0
LQ Wine and spirits (2020)	4.7
LQ Veterinary pharmaceutical product manufacturing (2020)	5.1

Strengths

- The manufacturing industry in the Hunter region recorded an average annual decline in GVA of 4.8% between 2011 and 2020, compared to a 0.7% decline across NSW. Despite this, the industry contributed the fourth highest GVA to the economy ($1.2 billion) in the region.
- The key regional sub-sector specialisations include non-ferrous metal manufacturing (LQ of 5) and wine and spirits manufacturing (LQ of 4.7), which contributed $170 million and $89 million GVA to the regional economy in 2020 respectively.
- Proximity to key export infrastructure, in particular the Port of Newcastle, as well as to the large domestic markets of Sydney and Newcastle provides a competitive advantage.

Vulnerabilities

- The COVID-19 pandemic demonstrated that the sector is vulnerable to global supply chain disruptions, while the impacts of drought and bushfire highlighted the impact climatic events can have on key supply inputs for the wine and spirits manufacturing sector.[4]
- The sector is exposed to significant changes in the cost base due to external impacts, as reflected in recent times by significant upwards inflationary pressure on key input and freight transport costs.
- Increasing competition for land as the region continues to experience population and industry growth is likely to present a challenge to new or expansion of existing manufacturing businesses.
- Current limitations on container capacity limit at Port of Newcastle creates challenges for achieving larger scale of production for major producers and on overall sector export capability.

Opportunities

- Investment to enhance the resilience of infrastructure, including transport infrastructure can reduce the vulnerability of key supply chains during shocks.
- Building, enhancing and formalising synergies with key local producers, as well as collaborating with local education providers to ensure relevant skills training is available to meet industry needs represents significant value-add opportunities for the sector.
- Opportunities associated with advanced manufacturing, in particular energy storage manufacturing and hydrogen production represent key potential growth areas for future the manufacturing sector in the Hunter region.

Electricity generation (including renewables)

Energy generation and distribution continues to represent a consistent growth industry for the Hunter region, with emerging opportunities in alternative energy production promising future potential.

GVA (2020, $m)	737
Employment (2021)	2,019
LQ score (2020)	3.5
LQ Electricity distribution (2020)	0.8
LQ Electricity generation (2020)	6.1

Strengths

- The Hunter region is home to several large-scale coal-fired power stations and has seen significant funding committed to deliver renewable energy generation initiatives including the Hunter Valley Hydrogen Hub and the Hunter-Central Coast REZ.
- The existing high-voltage transmission infrastructure related to major power stations and proximity to major transport and population hubs places it in a strong position to continue as a key energy production region in NSW.
- Alongside potential for solar and on-shore wind renewable electricity generation facilities, the region has also been identified as a key region with significant opportunity for offshore wind generation.[31]

Vulnerabilities

- Large-scale energy generation projects often require a large amount of land, which is an increasingly in-demand resource to accommodate commercial, industrial and residential growth in the region.
- The region will likely require additional housing to accommodate workers to deliver new projects, as well as improved training offerings to better meet skills requirements in the industry.
- A number of major coal fired power plants in the region will close by 2033 including Eraring, Liddell and Bayswater, bringing about significant challenges associated with mitigating the impacts of associated job and economic output losses.

Opportunities

- The Hunter-Central Coast REZ will drive substantial investment into the economy, as highlighted by the registration of interest process, where 80 major potential renewable energy projects were identified with a combined value exceeding $100 billion.
- Planning action focused on ensuring local businesses benefit from major projects, enhancing local skills training so that it is well aligned with ongoing employment opportunities, and ensuring adequate housing is provided for workers are key actions needed to unlock the growth potential of the sector.
- The REZ can underpin the growth of low carbon industries in the region through guaranteeing significant supply of renewable energy, which can deliver a range of potential products and specialisations that can service both domestic and major export markets across the world.
- The Hunter Valley Hydrogen Hub is NSW's first major investment into green hydrogen production and distribution, placing the region in a prime position to become a leader in this emerging global energy market.

Defence

The defence industry provides major value add and employment centres within the regional economy. With the industry contributing over $1 billion to the economy and employing thousands of workers and defence personnel, this sector can continue to support ongoing efforts to diversify the Hunter region's economy.

GVA (2020, $m)	1,352
Employment (2021)	2,429
LQ score (2020)	3.7

Strengths

- Public administration and safety contributed $2.12 billion to the Hunter region's economy in 2020, with the defence sector alone accounting for 64% of this value ($1.35 billion).
- Key endowments include the RAAF Base at Williamtown and Lone Pine Barracks at Singleton, and committed investment and development of the Williamtown SAP will develop a leading defence and aerospace precinct and further grow the sector.
- Close proximity to the major population centres of Sydney and Newcastle and the skilled workforce these locations can provide represents another competitive advantage for the defence sector.

Vulnerabilities

- The industry is susceptible to a range of macroeconomic forces including geopolitical tensions, creating a potentially volatile operational and planning environment.
- An ageing population may present challenges for the defence industry in attracting young recruits, while a lack of housing availability may inhibit the workforce relocating to the area.
- Supply chain issues may challenge industrial defence sub-sectors including manufacturing of parts or equipment.

Opportunities

- Funding for the Department of Defence and Australian Signals Directorate has increased to 2.11% of Gross Domestic Product (GDP) based on the 2022-23 Commonwealth Budget, reflecting 10 straight years of real growth in defence expenditure.[32]
- Embracing technology represents one of the most high-value opportunities for the defence sector, with potential to streamline internal processes and enhance national defence capabilities.[33]
- Major Commonwealth Government investments, including awarding a $41 million advanced engineering and manufacturing company Varley (based in Tomago) and committing $100 million to expand the F35-A maintenance depot at Newcastle Airport, demonstrate the key role the region will continue to play in the defence sector. [34]
- The Williamtown SAP seeks to capitalise on the region's emerging defence and aerospace capacities around RAAF Base Williamtown and Newcastle Airport, and will promote jobs growth and economic development opportunities within the defence sector and associated supply chains, including complementary emerging knowledge-intensive specialisations. [35]

Tourism

The tourism industry creates significant value add and employment in the Hunter region. The industry contributes more than $1 billion to the region's economy and employs thousands of workers, and offers the region significant opportunities for diversification and growth.

Visitor Spend (2021, $m)[28]	1,215
Employment (2021)[a]	23,779
LQ score (2020)[b]	0.7
LQ accommodation (2020)	1.2
LQ food and beverage services (2020)	0.7

a *Summation of ANZSIC 1 digit retail trade, accommodation and food services, arts and recreation services.*
b *LQ score is for the accommodation and food services industry.*

Strengths

- The region has a range of endowments supporting nature-based and adventure tourism, including beaches and estuaries, multiple national parks and sporting infrastructure.
- The Hunter Valley is Australia's oldest winegrape growing region, with a long-established reputation for producing high-quality wine. The region's variety of soil types and climate conditions provide ideal growing conditions, while industry agglomeration and ease of access to major ports places the industry in a strong economic position.
- Accessibility from major population centres of Newcastle and Sydney also serves the region's visitor economy well.

Vulnerabilities

- The industry suffered a significant reduction in GVA and employment as a result of the 2019-20 bushfires and the COVID-19 pandemic restrictions, demonstrating the challenges the industry faces in building resilience against unforeseen external shocks.
- Challenges remain in addressing key service sector skills gaps in the industry, with reduced immigration due to border closures limiting access to a key element of the industry's workforce.
- The region relies on availability of land and good growing conditions for optimal productivity in the viticulture sector. Increasing competition for land use, climate uncertainty and increased incidence of natural disasters present significant challenges to the industry.

Opportunities

- A continued focus is needed on strengthening collaboration across industry sectors to build a diverse offering in cultural, ecological, food and wine, agricultural and experience based tourism.
- The region's visitor economy would benefit from further investment in accommodation and transport infrastructure, so to build capacity to meet increasing demand for domestic travel post the COVID-19 pandemic, and to prepare for future growth in international visitors driven by major investment to upgrade the international terminal at Newcastle Airport.
- Continued investment to deliver key visitor economy supporting infrastructure can help support ongoing growth, building on recent investments such as the Morpeth to Walka Water Works shared pathway, the Hunter Valley Wine Country tourist signage and a range of amenity upgrades.

Key themes in stakeholder consultation

The Hunter region is building an increasingly diversified economy and a key focus is needed on catering a growing and changing population. The region's potential role in renewable energy production, alongside its geographic location relative to major population centres creates significant opportunities for the region.

However, success will rely on collaboration and investing in maintaining the way of life which attracts people to the region. Feedback from key stakeholders throughout the process has reinforced that taking advantage of these opportunities is front of mind and will be central to shaping the future strategic focus for the Hunter region's economy.

Diversification that benefits all

Given the region's significant reliance on coal mining both in terms of employment and economic output, stakeholders recognised a need to take a holistic view of impacts on the region's people, communities and economy as the coal powered electricity generation sector declines over time.

A focus on upskilling and re-skilling of the workforce, repurposing mining land and infrastructure, and embracing opportunities such as those associated with the Hunter-Central Coast REZ were seen by stakeholders as critical in meeting this significant challenge for the region.

Stakeholders also highlighted the key role that Newcastle has in supporting economic development in the Hunter region. A focus on enhancing the relationship between the region and Newcastle was highlighted as critical to supporting efforts to diversify the region's economy.

A growing and changing region

Stakeholders noted the region is facing concurrent significant demographic and economic change. Development to cater for a fast-growing population and increasingly urbanised regional centres requires strong strategic foresight to ensure the region's lifestyle and amenity offerings are not diminished.

Robust transport, telecommunications and social infrastructure, as well as improved housing availability and affordability were also seen as critical components to help ensure sustainable growth.

Leveraging existing strengths

The Hunter region is home to significant built and natural endowments which can be leveraged to create economic and social value for the region. Stakeholders noted that while major project investment was a key component of economic growth potential, investment in enhancing and repurposing existing assets should not be overlooked as an important complementary priority.

This perspective also extended to the region's human capital. While skilled worker attraction strategies are important for building workforce capacity, similar attention must also be given to the value of investing in training and education to build regional capabilities and to keep locals local.

Hunter REDS - 2023 REDS Update strategies

The 2018 strategies broadly remain relevant to the Hunter region. However, a number of changes have been made to reflect key opportunities associated with economic diversification, with a key focus on building resilience in the economy and the community. Changes have been made to:

- recognise the importance of improved connectivity to support tourism in the region,
- create a focus on leveraging opportunities presented by transformative change to build resilience in the economy through diversification,
- ensure the strategies have a focus on achieving sustained growth in the region; and
- to add a new strategy focus on investing in human capital in the Hunter region, with a particular focus on developing workforce capability and capacity.

Reflecting the changes outlined above, the 2023 REDS Update strategies for the Hunter region are listed below (amendments made to existing 2018 strategies are highlighted in **bold**):

Amended	Improve inter and intra-connectivity of the region to boost business opportunities in the 'engine' industries of agriculture, mining, manufacturing **and tourism**.
Amended	Diversify the region's economy to build resilience **while leveraging opportunities presented by transformative change in the** mining and energy sectors.
Amended	Improve infrastructure, services and amenities to fully **realise and sustain** the region's growth potential.
New	**Invest in development of the region's local workforce capability and capacity.**

Key enablers of economic growth

A number of key enablers have been identified to assist with delivering each of the strategies. This list is non-exhaustive, with a focus on identifying priority short- to medium-term enablers. Responsibility for implementation of these enablers sits with various levels of government, and in some cases may also include business, industry or non-government bodies. Collaboration across these entities at a local level will be key to achieving results.

Strategy	New Enablers		Lead and support	Rationale
Improve inter and intra-connectivity of the region to boost business opportunities in the 'engine' industries of agriculture, mining, manufacturing and tourism.	Infrastructure	Undertake place-based connectivity assessments focused on the needs of emerging industries, making recommendations on transport and digital connectivity to address long-term economic growth.	**Department of Regional NSW (DRNSW),** Transport for NSW (TfNSW), NSW Telco Authority	Enhancing digital connectivity in the region will be a key enabler of economic growth, particularly in emerging knowledge-intensive specialisations.

Strategy	New Enablers		Lead and support	Rationale
		Collaborate with Port of Newcastle to develop an infrastructure strategy which aligns with cross-government initiatives and enables economic diversification.	**Local councils,** Port of Newcastle, DRNSW	Realise productivity gains and supply chain efficiencies for businesses in the Hunter region through infrastructure improvements at the Port of Newcastle.
Diversify the region's economy to build resilience while leveraging opportunities presented by transformative change in the mining and energy sectors.	People and skills	Develop upskilling and reskilling plans to ensure the region's energy generation workforce is well-equipped to contribute to economic diversification opportunities.	**DRNSW,** TAFE NSW, Training Services, Department of Education (DoE), Office of Regional Youth, Hunter Expert Panel	Power generation will change in the face of decarbonisation and progress towards net zero. Existing coal suppliers to the domestic market could seek a pivot to export capacity.
	Government, regulation and information	Establish a clear policy and planning framework for future uses of mining land and associated assets.	**Department of Planning and Environment (DPE),** local councils, Mining, Exploration & Geoscience (DRNSW), Hunter Expert Panel	Maximise the community benefit (for businesses, workers and the environment) as the region moves towards a low emissions economy.
		Utilise Expert Panels under the Royalties for Rejuvenation Fund to examine options to support economic diversification, including by funding infrastructure, services, programs and other activities.	**DRNSW,** local councils	

Strategy	New Enablers		Lead and support	Rationale
Improve infrastructure, services and amenities to fully realise and sustain the region's growth potential.	Infrastructure	Design and deliver programs that facilitate investment in community spaces, sports and recreation infrastructure, which improves amenity, diversifies the visitor economy, and aids in attracting and retaining a working age population, including families.	**DRNSW,** DPE, Office of Sport, Destination NSW, TfNSW, Create NSW, Destination Sydney Surrounds North, local councils, Hunter and Central Coast Development Corporation	Improving amenity and liveability will aid the region in attracting and retaining skilled workers and their families.
	Infrastructure	Facilitate place-based decision making for housing supply through the Urban Development Program.	**DPE,** DRNSW, TfNSW, local councils	A shortfall in housing supply is constraining industry growth.
Invest in development of the region's local workforce capability and capacity.	People and Skills	Strengthen partnerships and establish frameworks between industry and education providers to match current and future skills needs with the local training and education offering.	**Training Services NSW,** Office of Regional Youth, TAFE NSW, DRNSW, University of Newcastle, Registered Training Organisations	Ensure the region's skills training offering matches current and future industry needs will support economic diversification and growth.
	Infrastructure	Support investment in multimodal transport (including active transport) in the region to connect people to education, training and work opportunities.	**TfNSW,** Office of Regional Youth, DoE, TAFE NSW	Enhancing access to education and training services will be critical to keeping young people in the region and building a skilled local workforce.

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