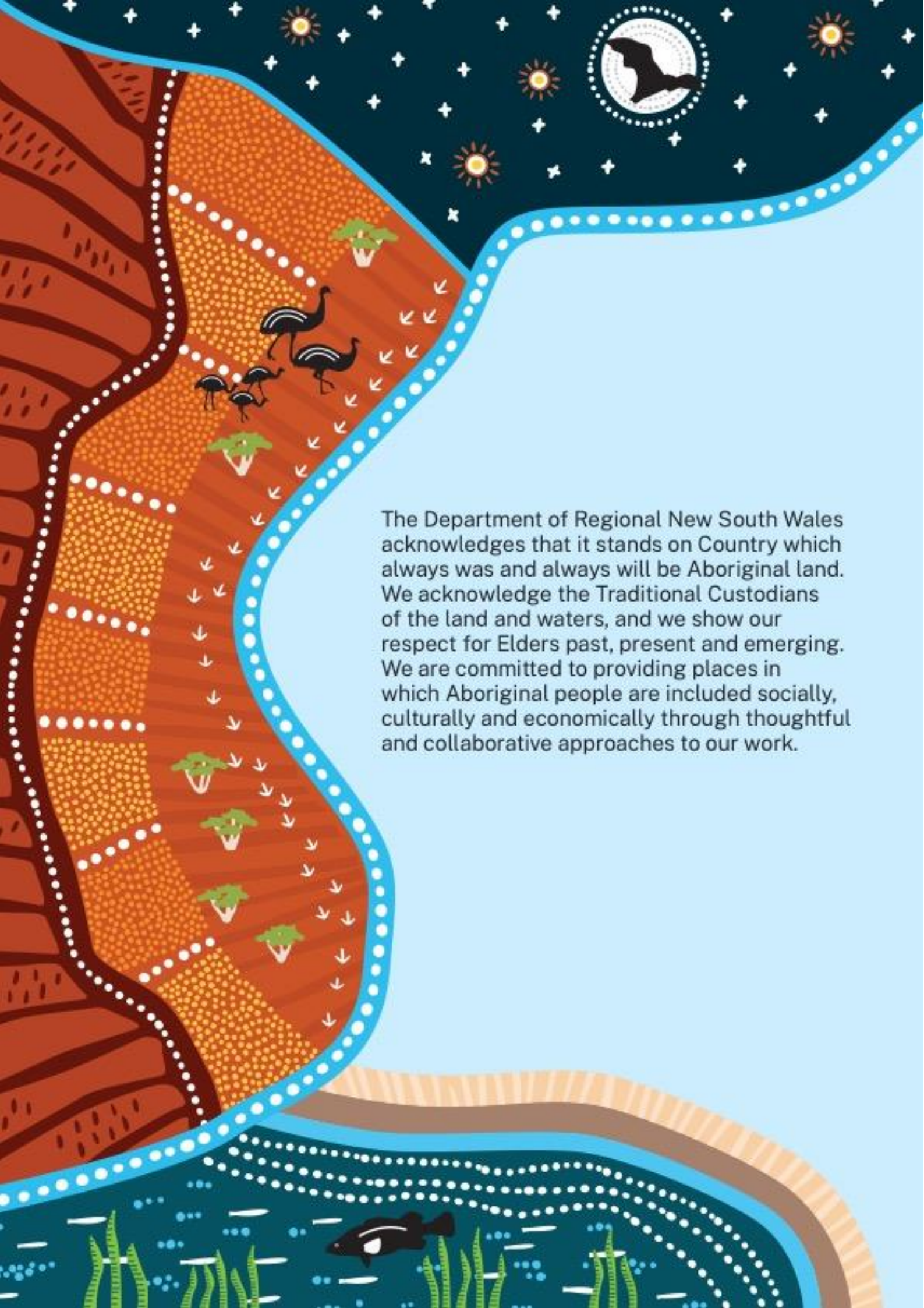


MidCoast Regional Economic Development Strategy – 2023 Update





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.

Published by the Department of Regional NSW

Title: MidCoast Regional Economic Development Strategy - 2023 Update

First published: February 2023

Acknowledgements

The Department of Regional NSW would like to acknowledge the significant contribution of many stakeholders in MidCoast region to the development of the 2023 REDS Update, with particular thanks to staff from MidCoast Council. The Department of Regional NSW also acknowledges the assistance provided by PricewaterhouseCoopers and ProjectsJSA to help deliver the 2023 REDS Update project.

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.

Except where otherwise indicated, photo credit for all images is to MidCoast Council. Cover image: Bennetts Beach at Hawks Nest.

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1. Executive summary

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



Over **\$150 million** invested in **road upgrade projects** including upgrades to the Pacific Highway, Bucketts Way and Gloucester Road.



Over **\$20 million** has been invested in the **Forster Civic Precinct** project.



\$100 million for the **Manning Base Hospital** redevelopment Stage 2.



\$15 million for infrastructure works to support the **Northern Gateway Transport Hub** development.

The region has recorded significant population growth since 2018, which brings opportunities and challenges given low housing vacancy rates



+ **2.8%** population growth since 2018.



Housing vacancy rates sit at **1%**, with median house prices having risen by **48%** since 2018.



The proportion of the population over 55 years has increased **1.1%** since 2018.



Unemployment is marginally higher than the NSW benchmark at **3.7%** as at June 2022, with job vacancies in the region reaching an all-time high of **4,595** in November 2021.

The region's key industries (including agriculture, energy, tourism and healthcare) have remained resilient and continue to drive economic growth



Agriculture and food manufacturing

+ 7.9% Year-on-Year (YoY) growth from 2011-2020

\$344 million Gross Value Added (GVA) in 2020

2,194 jobs supported in 2021



Energy generation and distribution (including renewables)

+ 4.9% YoY growth from 2011-2020

\$201 million GVA in 2020

363 jobs supported in 2021



Tourism

+ 2.5% YoY growth from 2011-2020

\$608 million visitor spend in 2021

7,176 jobs supported in 2021



Healthcare

+ 4.9% YoY growth from 2011-2020

\$511 million GVA in 2020

6,600 jobs supported in 2021

Key themes from local consultation

Stakeholders from the MidCoast region highlighted equitable and sustainable population growth and enhancing local skills capacity as key priorities for the region.

Sustainable population growth



Stakeholders noted that in catering to meeting the needs of population growth, maintaining liveability for existing residents must also remain a priority.

Local skills training and education pathways



Building local skills capacity and capability was raised consistently by stakeholders as being a key focus area for local industry, particularly through improving access to training and employment pathways for younger members of the community.

Equitable socioeconomic outcomes



The arrival of 'tree changers' and 'sea changers' in the region as part of increased regional migration has highlighted a need to focus on addressing socioeconomic disparity within the region's population.

MidCoast REDS - 2023 Update strategies and enablers

Strategies	Enablers
<p>Strengthen the region’s infrastructure and services offering to attract and retain businesses, residents and visitors.</p>	<ul style="list-style-type: none"> • Leverage recent investment in sporting and entertainment infrastructure and investigate the opportunity for a regionally significant sports sub-hub that complements objectives in the Hunter Regional Sport and Active Recreation Plan. • Work with council to identify and activate potential areas of demand for urban release, accounting for enabling infrastructure to support council in their delivery of utilities and services.
<p>Invest in workforce development and create opportunities for local businesses to invest and grow.</p>	<ul style="list-style-type: none"> • Collaborate with education providers and industry, to develop novel, innovative training opportunities, youth development programs and employment pathways.
<p>Actively pursue opportunities to bring investment, businesses and skilled workers to the region.</p>	<ul style="list-style-type: none"> • Work with local businesses and state government to identify and overcome barriers to business growth, including by identifying gaps in critical enabling infrastructure such as energy transmission and digital connectivity. • Partner with Aboriginal and arts community leaders in the region to build business skills and diversify the visitor economy.



Figure 1: Children play in the snow in the MidCoast LGA

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:

- 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.



Figure 2: Wallabies on Diamond Head Beach.



Figure 3: A homewares store in the MidCoast region

3. About the MidCoast region

The MidCoast FER incorporates the entirety of the MidCoast Local Government Area, which includes around 195 towns, villages and localities, with the major population centres being Taree and Forster-Tuncurry. The region extends from the Pacific coastline in the east to the escarpment of the Great Dividing Range in the west, and includes the Manning River Valley in the north and the Wallis, Smiths and Myall Lakes systems.

Total area covered (km ²)	10,053
Population (2021)	96,425
Size of the economy (2020)	\$4.317 billion
Total employment (2021)	33,378

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



Figure 4: Map of the MidCoast Functional Economic Region

4. The 2018 MidCoast REDS and 2020 Bushfire Addendum





In the MidCoast 2018 REDS, the region was actively pursuing growth in its key industry specialisations, particularly tourism and agriculture. Endowments recognised in the document spanned natural, social and infrastructure assets, many of which were central to the strategy's approach to enabling economic development for the region. These endowments and specialisations are highlighted in the following pages. Following the 2019-2020 bushfires, the NSW Government developed the 2020 MidCoast Bushfire Impact Addendum, which offered additional areas of strategic focus to support recovery.

2018 MidCoast strategies

	Strengthening the region as a location of choice: delivering improved infrastructure and services which will attract skilled workers to the region.
	Creating a supportive environment for businesses to invest and grow: supporting programs and initiatives which remove barriers to entry or growth for businesses.
	Marketing the MidCoast region: communicating the region's strengths to attract investment, skilled workers and new businesses to the region.
	<p>In addition to the core strategies articulated in the MidCoast REDS, the 2020 MidCoast Bushfire Impact Addendum set out a series of additional priorities focused on recovery and resilience, including:</p> <ul style="list-style-type: none"> • rectifying damaged industry infrastructure and invest in regional infrastructure to improve connectivity, disaster response and resilience • diversifying and intensifying agricultural development, planning and innovation • supporting tourism industry development, encourage emergence of industry clusters • supporting major and emerging industries with appropriate initiatives and infrastructure.






















2018 MidCoast specialisations

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

	Agriculture, forestry and fishing
	Non-metallic mineral mining
	Tourism
	Healthcare and social services

2018 MidCoast endowments

The MidCoast is home to a wealth of physical, institutional, built environment and human endowments. These endowments play a key role in enabling success and growth across its industry specialisations.

Endowments	Relevant 2018 specialisations
Estuaries around the Manning River, Wallis Lake, Karuah River and Port Stephens	 
Prime agricultural land	
Hardwood and softwood forests (western sections of the region)	
Gloucester coal basin	
Wingham beef abattoir	
Private seafood processing facilities	
Saw milling facilities	 
Mining infrastructure	
Pacific Highway	  
Rail infrastructure (North Coast Line)	  
Proximity to Sydney and Newcastle (including Port of Newcastle)	   
Taree Airport	
Northern Gateway transport and logistics hub	 
Availability of land (for employment and non-employment uses)	   
Coastline and waterways (Manning and Myall Rivers, Wallis, Smiths and Myall Lakes)	  
Barrington Tops World Heritage National Park	
TAFE NSW Taree and Tuncurry facilities	   
Aged care and disability support services and infrastructure	

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



Figure 5: Mountain bike riding in the MidCoast LGA.

Significant events impacting major industries

A sustained period of drought, followed by bushfires and flooding has had severe environmental and economic implications for the MidCoast. COVID-19 related movement restrictions further challenged local industry, with particular impacts on the region’s visitor economy. Since 2018, the region has received \$22.9 million in disaster recovery grants. Continuing to recover from the impacts of these events and developing both industry and community resilience represents a key priority for the region.

Drought

The MidCoast region experienced intense drought conditions in 2019, with water restrictions in place for a period of 5 months and 20 days. Throughout this period, all 4 of the region’s supply rivers were severely impacted, and local dam levels dropped to approximately 30%.^[1]

This had implications not only for household quality of life and amenity, but also restricted productivity for industries such as agriculture and manufacturing, which are both important sectors in the local economy.

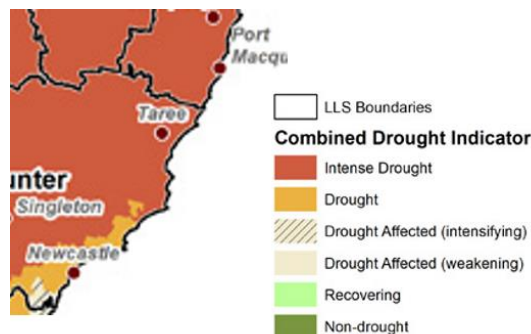


Figure 6: Combined drought indicator, 12 months to 31 December 2019 (Department of Primary Industries (DPI), 2022)

Bushfires

The MidCoast region was impacted by the 2019-2020 bushfires, with approximately 24% of the region burnt in this event.^[2]

The fires had significant implications for industry, with tourism visitation facing a sharp decline during the peak summer period. Firms in the agricultural industry lost assets, impacting productivity and output. Local residents were also affected by disruptions to infrastructure, including major highway damage and closures, while digital connectivity infrastructure was also lost or damaged.^[2]



Figure 7: 2019-20 bushfire impacted areas in the MidCoast region.

COVID-19

The COVID-19 pandemic had a significant impact on businesses in the MidCoast region, with 51% of local businesses reporting that COVID-19 negatively affected their operations.^[3] While the visitor economy felt direct impacts on visitation due to movement restrictions, the implications were more widespread with the local manufacturing industry (a specialisation for the area) facing substantial reductions in employment (an estimated 33% drop from November 2020 to February 2021).^[4] Beyond industry impacts, community wellbeing was affected with jobseeker recipients rising by 42% and health care card recipients by 26% from March to June 2020.^[5]

Floods

The region experienced a number of significant flood events across 2021 and 2022. In March 2021, many parts of the region experienced record level floods, with total estimated damage related to public facilities alone of around \$20 million.^[6] A year later, significant flooding and storm damage across the MidCoast region occurred during the March 2022 floods, with infrastructure damaged and access to goods and services disrupted.^[7]

Following these flood events, the MidCoast region had a relatively high proportion of disaster relief grant claims from small businesses compared to other flood affected areas of the state.^[8] In March 2022, 47% of businesses reported that natural disasters were having negative impacts on their business, indicating that the impact of the shock was widely felt in the region.^[3]



MidCoast was also severely impacted by storms and floods in early July 2022 with extensive damage to roads, bridges, infrastructure and outdoor areas.^[9]





Figure 8: Oyster farming in the MidCoast region

Macroeconomic trends shaping the region’s future

The MidCoast has been impacted by an environment of increasing economic uncertainty in recent years, with successive natural disaster events and the global COVID-19 pandemic having significant impacts on the regional economy and communities. Shifting migration patterns have been particularly evident in the region, with increased opportunities for remote working changing the socioeconomic characteristics of the MidCoast population.

Trend	Opportunities and risks	
 <p>Digital transformation</p>	<p>The recent COVID-19 pandemic has accelerated the digital economy in Australia, with increased uptake of remote working arrangements as well as online services such as education and telehealth.^[10]</p> <p>However, the region’s connectivity infrastructure has been identified as being a significant constraint to maximising opportunities presented by online employment and business, with digital blackspots remaining an issue.</p>	<p>Addressing blackspots offers opportunities for local business growth and efficiency.</p> <p>Improving the availability of health care services for residents may be aided through continued growth of the region’s telehealth offering.</p>
 <p>Changing migration patterns</p>	<p>Population growth in the MidCoast region accelerated from 2020 because of substantial internal migration to the region (see Page 19). This is evident in the population shift in 2020-21, with regional NSW gaining an additional 26,800 residents while Sydney declined by 5,200.^[11]</p> <p>Population growth has seen remote workers relocating from metropolitan areas to the Mid-coast region, which has brought about increased demand on infrastructure and services.</p> <p>Stakeholders also expressed concerns around those moving to the region being in a higher income bracket than the local pre COVID-19 average because of their metro-based employment. This has brought about concerns around cost-of-living pressures, housing affordability and increasing socioeconomic gaps.</p>	<p>Pressure on housing availability and affordability brought about by a growing population may constrain the ability of local businesses and service-providers to attract workers.</p> <p>If innovation and entrepreneurship among local businesses can be supported, the skills of a new cohort of professionals otherwise working remotely may be leveraged to grow knowledge-intensive sectors.</p>

Trend	Opportunities and risks	
 <p data-bbox="92 362 268 430">Towards net zero</p>	<p data-bbox="363 257 1069 705">Net zero targets and related policies are likely to have an impact on the economic future of the MidCoast region. Primary production sectors remain important contributors to the regional economy, with the mining sector adding \$181 million in 2020, while agriculture and value-add food manufacturing act as key specialisations for the region. These industries face direct challenges in coming years in adapting practices and processes to decarbonise and meet emission reduction targets, as well as changing supply chain and consumer preferences related to improving sustainability.</p> <p data-bbox="363 721 1024 958">From an energy perspective, the MidCoast is located between the New England and the Hunter-Central Coast Renewable Energy Zones (REZs), so the region could potentially play an important role in establishing transmission corridors between REZs and energy grids within coastal markets.</p>	<p data-bbox="1129 257 1449 430">Repurposing of mining infrastructure may provide an opportunity for industrial growth in the region.</p>
 <p data-bbox="92 1102 255 1169">Rising uncertainty</p>	<p data-bbox="363 1008 1069 1281">Since 2018, the MidCoast region has been subject to drought, fires, and floods, demonstrating the impacts of climate change and growing uncertainty around future weather patterns. The MidCoast’s significant endowments and specialisations across aquaculture and other water based industries are particularly susceptible to climate variations.</p> <p data-bbox="363 1299 1069 1608">Similarly, while the region has attracted significant public and private investment in the visitor economy, this sector was particularly hard-hit during periods of restricted movement. Ongoing supply chain issues and rising costs caused by events, such as the war in Ukraine, may have implications for the feasibility, cost and timelines associated with delivery of major projects in the region.</p>	<p data-bbox="1129 1008 1444 1281">Investing in enhancing the resilience of infrastructure assets will reduce the recovery cost and economic burden associated with future shocks.</p> <p data-bbox="1129 1299 1444 1608">Continuing to support diversification of the region’s agriculture, forestry and fishing industry specialisation will aid in building the sector’s resilience in the face of future shocks.</p>

6. Responding to change: Initiatives and investments since 2018



Since 2018, MidCoast Council, the NSW Government and other key organisations have delivered new and updated key 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
<p>The Hunter Regional Plan 2036 sets out a 20-year blueprint for the future of the region focussing on land-use planning. This is supported by the MidCoast Local Strategic Planning Statement, which sets out a vision for land use planning across the LGA to accommodate future population growth.</p>	
<p>The Draft MidCoast Community Strategic Plan 2022-2032 sets out a plan to build a more resilient, connected community supported by a strong, diverse economy.</p>	
<p>The Draft MidCoast Rural Strategy establishes a plan for how land and water resources outside of population centres will be used in the coming decades.</p>	
<p>The MidCoast Council Housing Strategy considers opportunities and constraints facing the region’s housing market and proposes mechanisms for improving supply and affordability.</p>	
<p>The MidCoast Cultural Plan 2036 aims to build the social and economic capital of the region through supporting and celebrating local arts, culture and creativity.</p>	
<p>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.</p>	

The **North Coast Destination Management Plan 2018-2021** identifies priority strategies to drive the growth of the region’s visitor economy. This aligns with the **MidCoast Destination Management Plan**, which seeks to maximise opportunities presented by increased domestic visitation and support high-value visitation.



The **Greater Hunter Regional Water Strategy** is designed to manage the region’s water needs over the next 30 years, considering existing and near-future risks to water security.



Significant investments since 2018

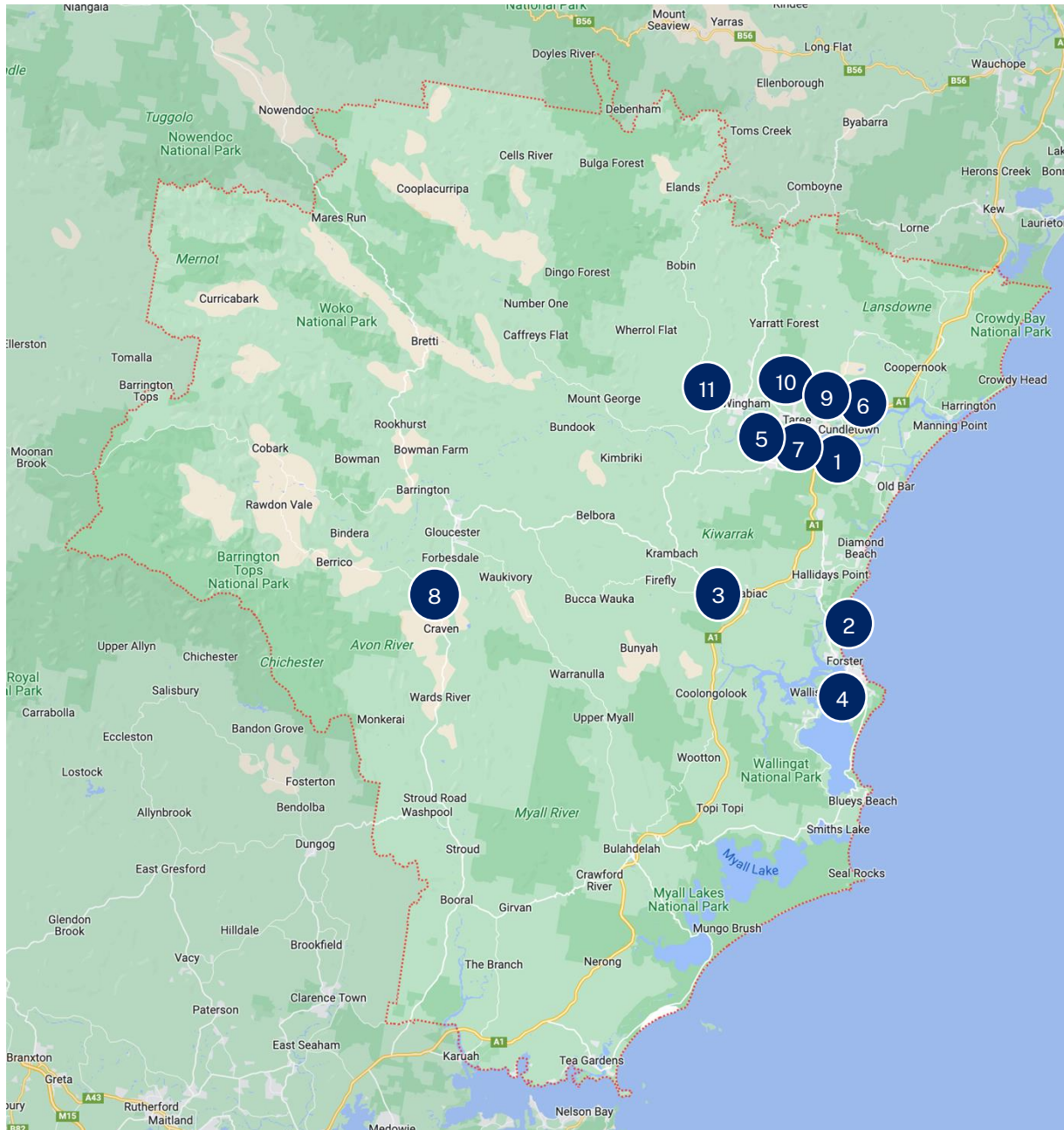







Figure 10: Investment in the MidCoast region. Map data ©2023 Google.

As shown in Figure 10 above, since 2018 the region has received significant local, state and federal funding. These investments are at varying stages of progress, with some delivered, some underway, and some investments still in the planning stage. Investments have largely focused on significant transport infrastructure upgrades, community amenity and cultural infrastructure, and major education and health facility upgrades. Grant funding has played a key role in delivery of many of these projects.

Major public investment since 2018

Investment	Estimated total project value	Relevant 2018 strategies
1 Manning Entertainment Centre - Beryl Jane Fleet Studio	>\$3 million	 
2 Tuncurry Recreation Precinct	Not available	 
3 Safety upgrades to the Pacific Highway	\$40 million	 
4 Forster Civic Precinct Project	\$20.9 million	 
5 Manning River Rowing Club rebuild*	\$1.6 million	
6 Northern Gateway Transport Hub	\$15 million	 
7 Taree Universities Campus	>\$5.5 million	  
8 Road upgrades including Bucketts Way, Harrington-Cooperook overpass and Gloucester Road	\$100 million	 
9 Manning Base Hospital redevelopment Stage 2	\$100 million	
10 The Iron Arena	\$8.2 million	 
11 Fixing Country Bridges projects including Cedar Party Creek Bridge	\$27.5 million	 

*This project was funded by a combination of club raised funding and a grant from the NSW Government.

Regional grant programs

The region has received \$51.86 million in Regional NSW grant funding since 2018. Key programs in the region have included the Stronger Country Communities Fund, with \$15.98 million committed to deliver a number of community infrastructure projects.

Grant category	Approved funding
Community	\$22.46 million
Economic	\$6.5 million
Disaster recovery	\$22.9 million

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

7. MidCoast region 2023 economic snapshot

The region’s population is growing, but a high proportion of retirees creates challenges for the workforce

Although the MidCoast region has seen its population grow since 2018, the region’s current demographic structure demonstrates that future growth strategies need to focus on incentivising or encouraging movement to the region by those in the working age population to help address an ageing population profile.

Population growth

The MidCoast region saw relatively consistent population growth between 2018-2021, with an average annual population growth rate of 0.9%. This translated to a net increase in population from 93,784 to 96,425 residents (an additional 2631 people from 2018-2021).

Despite a slight slowing in population growth between 2017 and 2020, an uplift in the growth rate has been observed since 2020, likely reflecting increased pandemic-related movement to the regions.

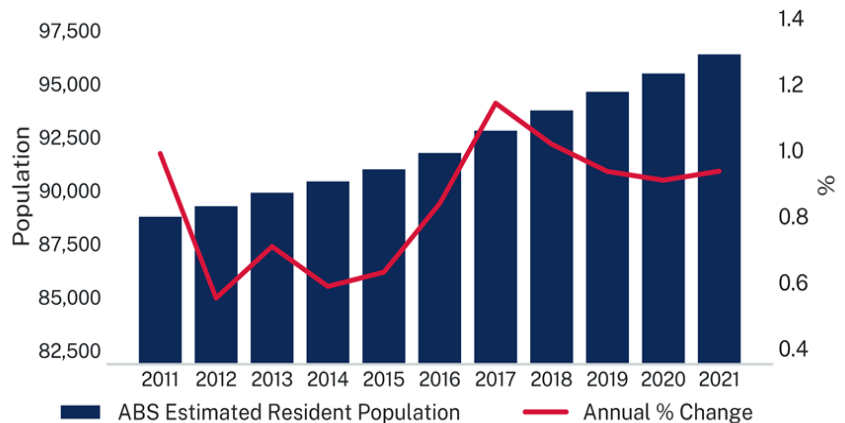


Figure 11: Population growth in the MidCoast FER (ABS ERP, July 2022)

Demographic profile

Almost half (49.2%) of the region’s population is over the age of 55, while just 44.8% is under the age of 49, lower than the NSW rate of 64.2% (see Figure 12). As a result, the MidCoast region has a significantly smaller proportion of the population in the prime working age cohort. This demographic structure highlights a key challenge for the MidCoast region is attracting and retaining a productive workforce.

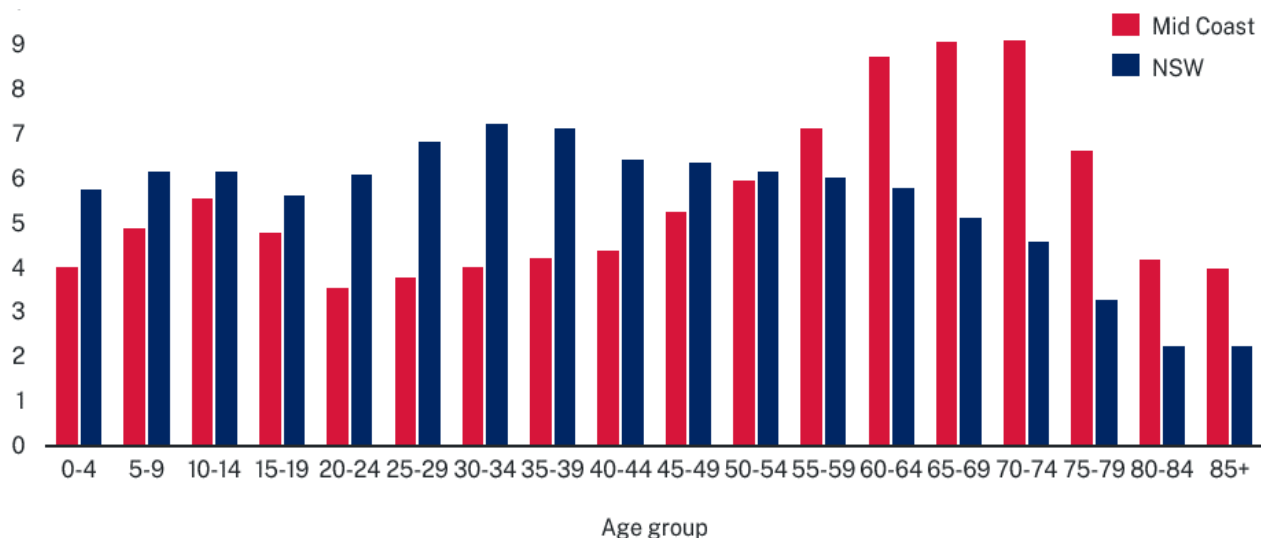


Figure 12: Population by age in the MidCoast FER (ABS ERP, July 2022)

The pandemic saw housing availability fall below 1% and significant increases in house prices in the MidCoast region

Residential vacancy rates in the MidCoast region have remained consistently below 1% since September 2020, with accelerated population growth due to COVID-19 related migration likely playing a role in exacerbating this shortage. While building approvals have remained comparatively high in 2021, indicating a supply-side response to this demand, the persistently low vacancy rate and a steep rise in median dwelling prices in the region over the past 3 years indicate that further action is needed.

Housing availability

Residential vacancy rates in the region have declined from 3.2% in early 2020 to 1% in August 2022 (see Figure 13). Increased internal migration is likely a key factor. While there is always a degree of lag between supply and demand for housing, there is a need to ensure that state and local planning systems (and other land development enablers such as infrastructure provision) are appropriately calibrated to keep pace with projected demand for housing.

Housing affordability

Supply levels of housing not meeting growth in demand has had significant implications for house prices in the MidCoast region. Between June 2018 and June 2022, median house prices in the region increased by 48%, from \$454,000 to \$670,000.^[12] Increased house prices may constrain the region's ability to attract and retain workers, with flow-on implications for major project delivery, service provision and economic growth.

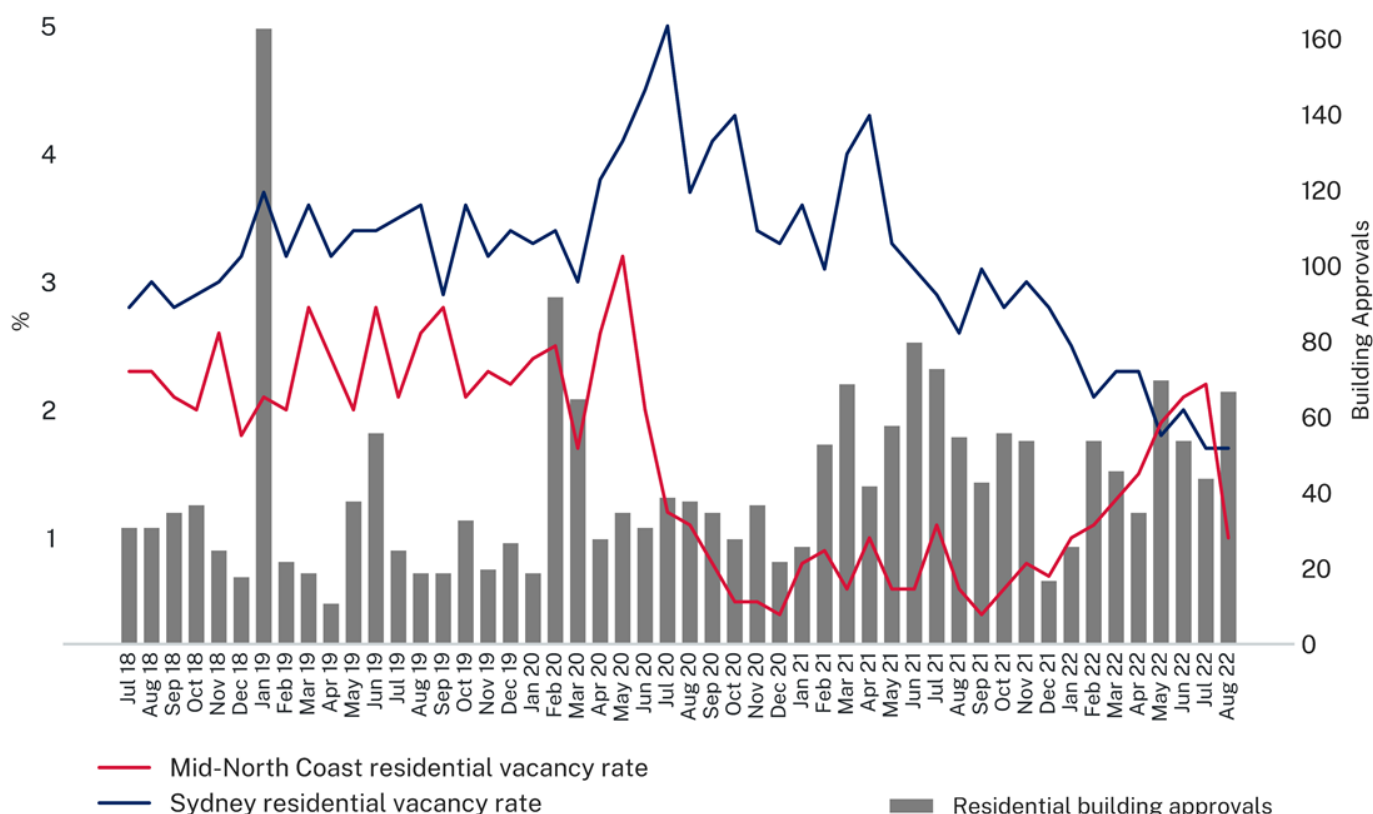


Figure 13: MidCoast FER vacancy rate and building approvals, 2016-2022 (REINSW 2022)

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 MidCoast unemployment rate remains slightly above the NSW benchmark, while job vacancies in the region have surged to a new high

Like many parts of regional NSW, the MidCoast region is experiencing a labour shortage, with job vacancies in the broader North Coast region more than doubling from 2018 to 2022, despite unemployment levels remaining consistent (excluding the spike in the unemployment rate during the COVID-19 pandemic). Prioritising key enablers such as sufficient key worker housing supply and ensuring training opportunities are matched to local industry demand and needs will be critical to addressing this challenge.

Employment

As at June 2022, the Mid-Coast had an unemployment rate of 3.7%, marginally higher than the NSW benchmark of 3.3% (see Figure 14). This represents a significant drop since September 2020 (8.8%), highlighting how the region has remained resilient to recent shocks.

Workforce participation in the MidCoast region was 45.5% in June 2020, markedly lower than the NSW benchmark of 64.8%, suggesting a majority of the population is not seeking work. This reflects a significant part of the population being of retirement age.

Job vacancies in the broader North Coast region that includes the MidCoast LGA have climbed to a record 4,595 in August 2022 (see Figure 15). The health and social services sector are in particular need, with medical practitioners, nurses, carers and aides being the most recorded job vacancies.

Given the higher proportion of ageing population compared to the NSW average, demand for workers in these sectors can be expected to remain high for the MidCoast region into the future.

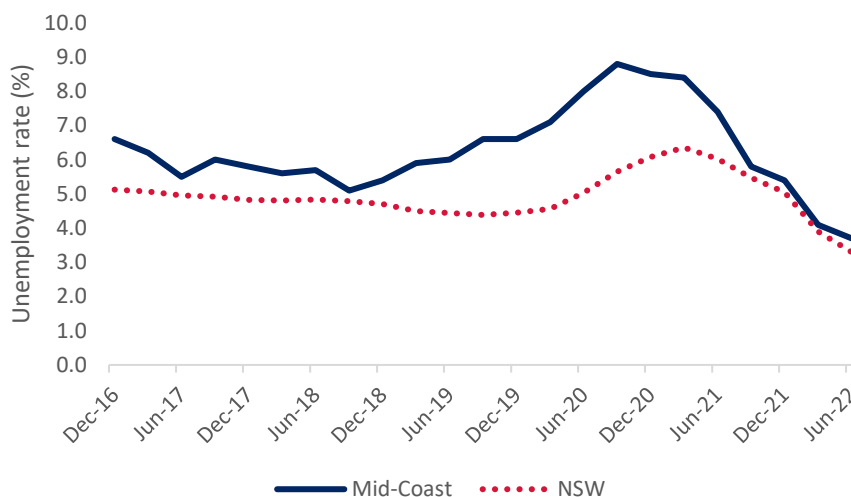


Figure 14: MidCoast FER unemployment rate (%), 2016-2022 (National Skills Commission, 2022; ABS Labour Force, 2022)

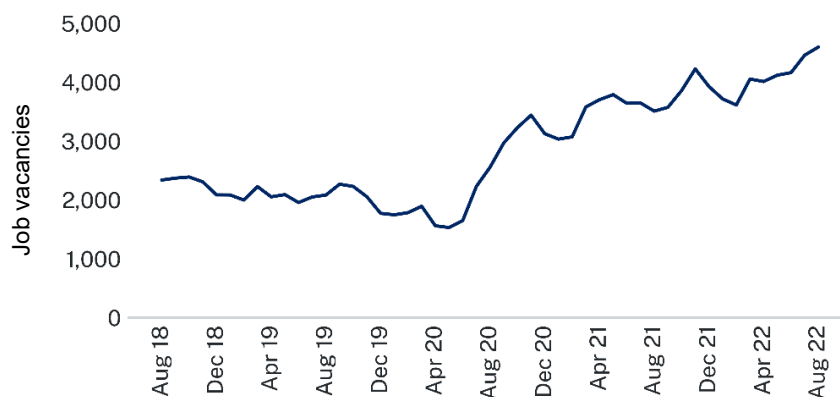


Figure 15: Job vacancies, North Coast (2018-2022) (Regional IVI, National Skills Commission, 2022)

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 noting the limitations mentioned.

Aboriginal economic development

The Aboriginal unemployment rate in the MidCoast region was 13.2% in 2021. This is an improvement from 21.7% in 2016, but higher than the NSW Aboriginal unemployment rate.

Aboriginal unemployment rate: MidCoast	2011	24.0%
	2016	21.7%
	2021	13.2%
NSW Aboriginal unemployment rate	2021	9.8%
NSW unemployment rate	2021	4.9%

Source: ABS Census 2021

The MidCoast Council recently completed the MidCoast Cultural Plan 2036 (MCCP), which included a strategic priority to “celebrate Aboriginal stories and our rich heritage”. This priority can provide a mechanism for helping to support Aboriginal economic development in the region, and relevant actions in the MCCP include:

- supporting the local growth potential of Aboriginal arts and cultural tourism
- establishing a program of workshops about Aboriginal arts, culture and management
- developing plans in partnership with key Aboriginal organisations for new cultural infrastructure
- identifying cultural activities for key demographics that will open up cultural and economic opportunities.



Figure 16: A gallery in MidCoast LGA, part of the arts and culture industry

MidCoast region 2023 engine and emerging industries

The MidCoast region is a \$4.3 billion economy and has a diverse industry base. The relative strength of key industries in the region is highlighted through location quotient (LQ) analysis¹ as displayed in Figure 17, in which the size of the bubbles correlates with industry size.

Engine industries

The MidCoast's 2018 REDS specialisations remain key strengths with one exception. Having seen average annual growth of -3.9% over the past decade, mining is no longer a key specialisation for the MidCoast. Despite this, the sub-sector specialisation of non-metallic mineral mining continues to make a significant economic contribution (\$21 million in 2020). Recent supply chain shortages in the construction industry highlight that opportunity may exist for growth in this sub-sector, given a renewed focus on enhancing supply chain resilience to external shocks.^[13]

Agriculture, forestry and fishing has grown by an average of 7.9% per year since 2011. Key sub-specialisations include aquaculture (LQ of 21.3) and fishing, hunting & trapping (LQ of 11.3). The region accounts for 36% of the state's seafood manufacturing (LQ of 47.9). In conjunction with expertise in boat manufacturing (LQ of 1.8) and water supply, sewerage and draining services (LQ of 4.1), these specialisations highlight competency across this integrated supply chain.

Health care and social assistance is the largest regional industry, producing \$511 million in GVA, while growing at an average annual rate of 4.9% since 2011. Projected population growth and an ageing population will likely create heightened demand for this industry in coming years.

Despite significant shocks, the **tourism** industry has continued to grow in the region, with accommodation and food services alone adding \$181 million to GVA in 2020. Visitors to the region are estimated to have spent \$608 million in 2021.^[14]

Energy supply also represents a specialisation for the region, with electricity generation and gas supply both with LQ scores above 1.1. The sector recorded strong average annual growth of 4.9% between 2011 and 2020, well above the NSW average growth rate of 3.2% over the same period.

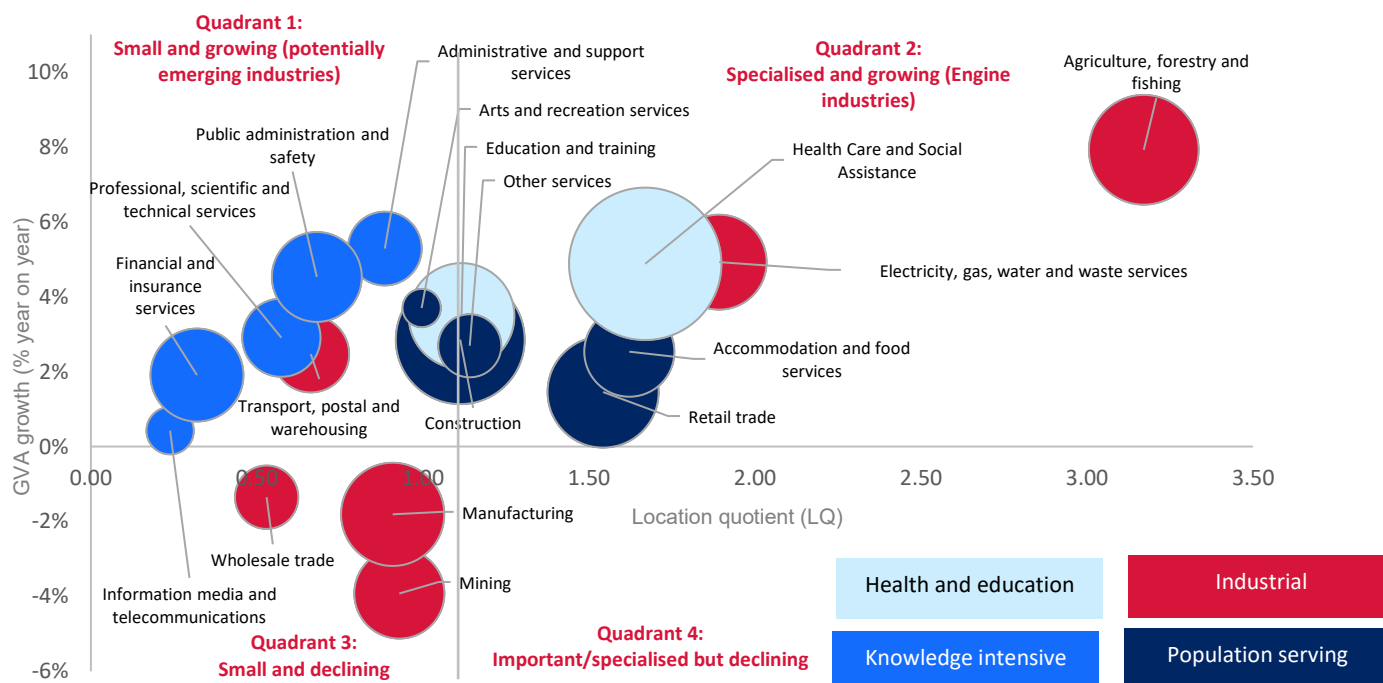


Figure 17: Location quotient (LQ) Analysis by GVA, 2011-2020 (REMPPLAN, 2020)

Note: While the 2018 REDS used employment data as the basis for LQ analysis, the 2022 update has used gross value-added (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

Knowledge-intensive sectors show significant growth potential for the region, including administrative and support services, public administration and safety, professional, scientific and technical services, information media and telecommunications and financial and insurance services. Collectively, these sectors added \$684 million to the regional economy in 2020. Leveraging the skillsets of recent arrivals to the region who maintain remote, metro-based employment in these high-value sectors offers potential to accelerate industry growth if local knowledge intensive businesses.

Knowledge-intensive sub-sectors which made significant individual contributions include public administration and regulatory services (\$146 million in 2020) and finance (\$150 million in 2020), while emerging strengths such as computer system design (\$15 million in 2020) highlight opportunities for the region to promote growth through supporting entrepreneurship and innovation.

The **education and training sector** also shows signs of being an emerging specialisation for the region, having added \$248 million to the MidCoast economy in 2020 and growing by 3.5% on average each year between 2011 and 2020. Targeting growth in this sector, including through collaboration with industry stakeholders, has been identified as a key priority for the region, with a pressing need to address skills shortages.

Robust digital connectivity infrastructure will be a key enabler in promoting growth across these industries by unlocking opportunities for innovation in business development and service provision.

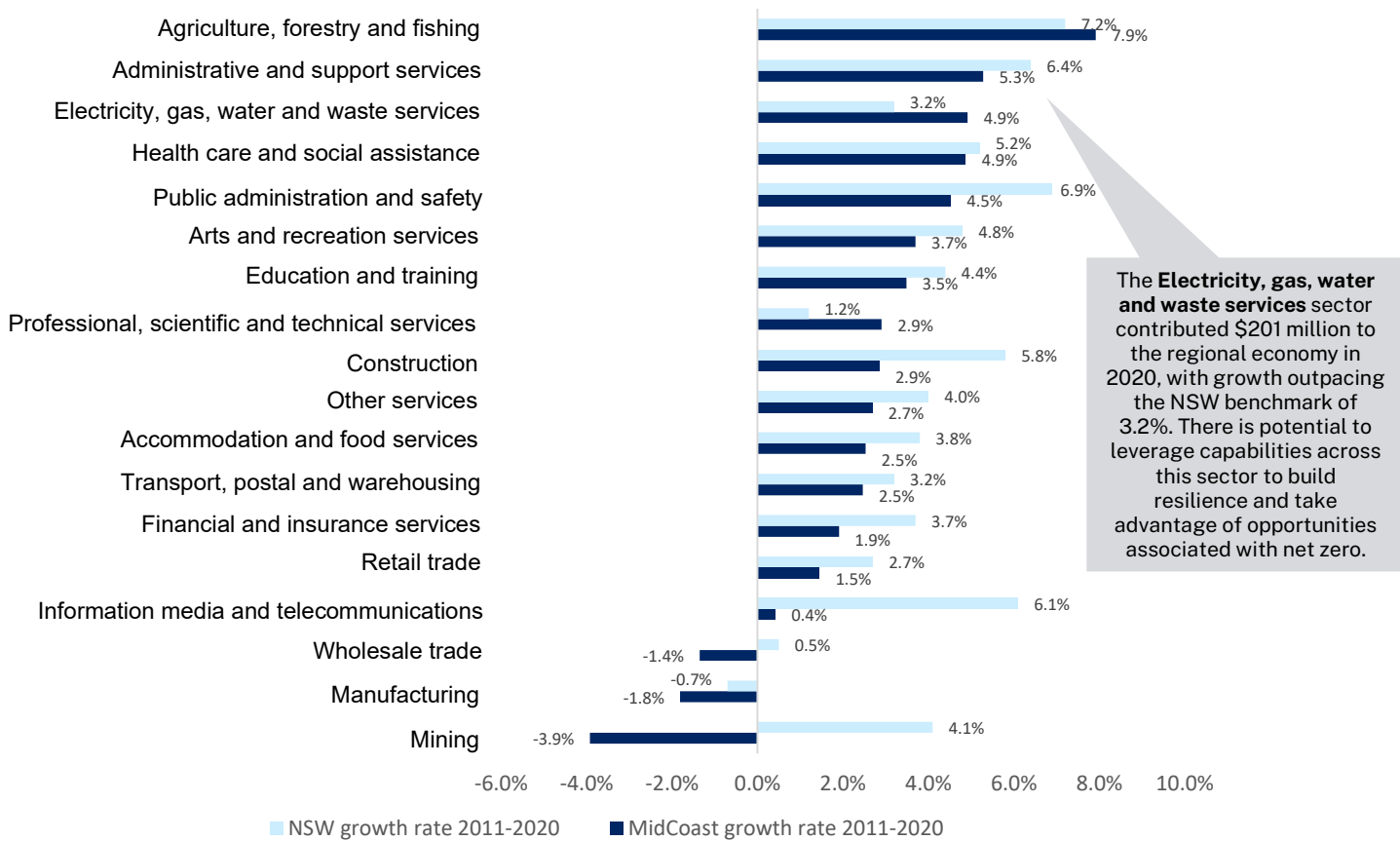


Figure 18: Change in gross value-added by industry (% YOY), 2011-2020 (REMPAN, 2020)

MidCoast region 2023 endowments

Review of the 2018 endowments

The 2018 REDS identified a diverse range of endowments underpinning MidCoast's economy and regional competitiveness (see page 11 for the complete list from the 2018 REDS). Despite recent shocks impacting many key endowments, consultation affirmed that most remain valid, with key endowments including:

- proximity to Sydney and Newcastle
- air, road and rail infrastructure
- agricultural land, water and related assets
- coastal, rural and natural amenity
- healthcare and education facilities

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.

Local stakeholders also noted that the region's community infrastructure should be acknowledged as a key point of difference for the MidCoast. These assets contribute to enhanced amenity and liveability for local residents and assist in attracting visitors and skilled workers to the region.

The MidCoast region is also home to a wealth of important Aboriginal sites which offer social and cultural value, as well as offering potential to support economic prosperity through Aboriginal-led cultural tourism opportunities.



Figure 19: A view of Gloucester from Mograni Lookout

+ Sporting and entertainment facilities	The MidCoast is soon to be home to the Iron Arena, adding to existing assets including Taree Hockey Centre, Manning River Rowing Club, and the Manning Entertainment Centre.
+ Aboriginal cultural heritage	The MidCoast region sits on Biripi and Worimi land, comprising part of the Mid North Coast Aboriginal Culture Trail.

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

Opportunities and vulnerabilities in engine and emerging industries

Agriculture, fishing and food manufacturing

The MidCoast region has maintained and grown its 2018 REDS specialisations in agriculture, fishing and food manufacturing.

GVA (2020, \$m)	344
Employment (2021) ^a	2,194
LQ score (2020) ^b	34.6
LQ aquaculture (2020)	21.3
LQ seafood manufacturing (2020)	47.9

^a Summation of ANZSIC 1 Digit agriculture, forestry and fishing and ANZSIC 2 Digit food manufacturing;

^b LQ is median score across aquaculture and processed seafood manufacturing.

Strengths

- The region's agriculture, forestry and fishing industry contributed \$267 million to the regional economy in 2020.
- The food product sector acts as a significant value-add component to this specialisation, adding \$77 million in 2020. Meat and meat products (LQ of 2.8) and processed seafood manufacturing (LQ of 47.9) represent key regional strengths, accounting for 70% of this additional value.
- Complementary strengths in ship and boat manufacturing demonstrate the region's strong competitive advantage in water-based industries.

Vulnerabilities

- The region's food manufacturing industry relies on availability of primary inputs for optimal productivity. Increasing competition for land use, climate uncertainty, global supply chain issues and increased incidence of natural disasters present challenges.
- A tight local labour market acts as a constraint to growth potential both sectors, particularly where skilled and specialist trades are required.

Opportunities

- Opening up new industrial land for development that enables collaboration between local value-add food manufacturing and primary producers presents an opportunity to maximise the value of outputs across both sectors.
- Improving digital connectivity to support uptake of technology can improve efficiency and environmental sustainability of the sector.

Electricity, gas, water and waste services

Electricity, gas, water and waste services has emerged as a key strength for the region, and significant future opportunities may exist in relation to renewable energy generation and storage.

GVA (2020, \$m)	201
Employment (2021)	363
LQ score (2020)	1.89
LQ water services (2020)	4.1
LQ waste services (2020)	2.5
LQ gas supply (2020)	1.5

Strengths

- The electricity, gas, water and waste services industry has experienced 4.9% average annual growth between 2011 and 2020, with the sector contributing \$201 million GVA to the local economy in 2020.
- Diverse strengths across water supply, sewerage and drainage (\$104 million), electricity distribution (\$69 million) and waste-related services (\$26 million) demonstrate the region's wide-ranging capabilities in this industry.
- Robust local grid infrastructure and access to natural land and water endowments provide competitive advantages for the region.

Vulnerabilities

- The region's supply capacity across both water and electricity is vulnerable to policy shifts, including those related to net zero targets. The region's water, sewerage and waste infrastructure assets are also vulnerable to impacts from natural disasters.
- The region's population is growing, requiring a greater volume of energy, water and waste management. This presents a challenge for the region - water supply systems currently serve around 40,000 properties, while it is estimated they will need to serve 60,000 properties by 2050.^[15]

Opportunities

- Investing in growth across these sectors presents an opportunity for securing water and energy supplies required to grow across other industries, including agriculture, manufacturing and emerging circular economy opportunities.
- In its Climate Action Strategy, MidCoast Council identified specific opportunities around development of potential mid-scale solar generation projects on council-owned sites such as Tuncurry Landfill or Nabiac Water Treatment Plant. The strategy also highlighted significant opportunities for the region in carbon sequestration given its extensive vegetation cover and coastal wetlands.
- MidCoast has significant water resources that may support hydro based renewable energy generation and/or storage, and the potential for offshore wind development. Together, these present opportunities for the region to bolster its role in the renewable energy sector.
- The MidCoast is located between the New England and Hunter-Central Coast Renewable Energy Zones, presenting an opportunity for the region to play a role in meeting the transmission needs for shifting energy from the REZs to key coastal markets.

Tourism

The MidCoast region's relative proximity to the major airports and population centres of Sydney and Newcastle places it in a prime position to appeal to a range of domestic and international visitors. The visitor economy is a significant employer, supporting more than 7,000 jobs in 2021.

Visitor spend (2021, \$m) ^[14]	608
Employment (2021) ^a	7,176
LQ score (2020) ^b	1.62
LQ accommodation (2020)	2.3
LQ food and beverage services (2020)	1.4

^a Tourism employment value is the sum of ANZSIC 1 Digit industries retail trade, accommodation and food services and arts and recreation services.
^b LQ score is for the accommodation and food services industry.

Strengths

- Relative proximity to the major airports and populations centres of Sydney and Newcastle places the region in a prime position to appeal to day-trippers and short-stay visitors.
- The region's nature-based endowments, including coastline and national and State parks, are major drawcards for visitors.
- Popular coastal destinations, including Forster-Tuncurry, Tea Gardens and Harrington, as well as regional villages such as Gloucester and Wingham, provide a diverse range of destinations within the visitor economy offering.

Vulnerabilities

- Shocks experienced in the region since 2018, including bushfires, floods, and the COVID-19 pandemic have demonstrated the vulnerability of the sector to major external events.
- The industry is also vulnerable to workforce shortages, an issue exacerbated by a shortage of housing supply in the region which then affects worker attraction and retention. This shortage may also place pressure on short-term accommodation for tourists.

Opportunities

- Aboriginal sites throughout the MidCoast region, including those on the Mid North Coast Aboriginal Culture Trail, provide a strong point of difference for the region and opportunities for Aboriginal-led cultural tourism experiences.
- Enhanced access to markets via the expansion of Newcastle Airport also provide opportunities for visitor economy growth in the region. Ensuring transport connections are efficient and easily accessible will be key to taking advantage of this opportunity.
- The region has significant natural endowments and existing visitor economy infrastructure such as mountain bike trail networks that can support an expanded ecotourism and adventure tourism offering.

Healthcare and social assistance

Housing supply and local skills will be critical to supporting ongoing growth in key population serving industries, such as healthcare and social assistance sectors.

GVA (2020, \$m)	511
Employment (2021) ^a	6,600
LQ score (2020)	1.67
LQ residential care and social assistance (2020)	2.0
LQ healthcare services (2020)	1.4

^a ANZSIC 1 Digit healthcare and social assistance

Strengths

- The region's healthcare and social assistance industry is served by major health infrastructure endowments, such as Manning Base Hospital, supported by smaller private providers including Forster Private Hospital and Mayo Private Hospital.
- Proximity to John Hunter Hospital Newcastle supplements health care capacity in the region.
- Committed investment to expand health infrastructure, in particular \$100 million for the Manning Base Hospital Redevelopment Stage 2 will increase capacity for acute and inpatient beds and bolster the industry.

Vulnerabilities

- A growing population and the additional demand for health services that this brings presents challenges for the region's health system, particularly given the demographic mix skewed towards older age cohorts which require specialised aged care services and infrastructure.
- A shortage of skilled workers also acts as a constraint for the sector. Particular areas of concern include ensuring positions can be filled for key roles such as medical practitioners, nurses, carers and aides.
- Exacerbating this issue is a current undersupply of housing, which restricts the capacity of service providers to attract and retain skilled health workers from outside of the MidCoast region.

Opportunities

- The region's growing strengths in the education and training sector provides an opportunity for collaboration with health service providers as a means of growing the sector's local skilled worker base. Developing work and study programs or providing study grants tied to local employment offers represents an approach that should be further considered.
- A current lack of preventative healthcare services may be detrimental to the wellbeing of the region's community, highlighting a need to support an increased focus on health counselling, education and early-intervention screening initiatives in the region.

Key themes in stakeholder consultation

MidCoast stakeholders noted the region currently finds itself at a crossroads, with challenges arising from a pandemic-related population increase that is yet to translate into local business growth. The region faces challenges in targeting this economic development while addressing basic issues like access to education, health care and social services, particularly for lower income residents.

Addressing underlying infrastructure capacity, including in water, sewerage, waste, and digital connectivity, was also identified as a key focus area for enabling economic development in the region. Ensuring basic enablers can cope with projected population increases and support industry growth will require investment across all levels of government and comprehensive consultation.

Sustainable population growth

Stakeholders noted that in catering for accelerating population growth, maintaining liveability for existing residents needs to remain a priority. This priority transcends many areas including service provision, housing supply, land use planning, and infrastructure development and maintenance.

Local skills training and education pathways

Building local skills capacity was raised consistently by stakeholders as a key focus area for local industry. Demand for skilled labour was noted as transcending any single sector and was identified as a significant growth constraint. One commonly cited means of dealing with this challenge was improving knowledge of and access to skills training and employment pathways for local youth.

Equitable socioeconomic outcomes

The arrival of ‘tree changers’ and ‘sea changers’ in the region because of pandemic-related regional migration has highlighted a need to address growing socioeconomic disparity in the region’s population. Improving access to preventative health services, addressing the ‘digital divide’ and ensuring initiatives are in place to maintain housing affordability were also highlighted as key priorities for the region.

MidCoast REDS – 2023 Update strategies

The 2018 strategies were broadly considered still relevant to the MidCoast region during consultation. However concerns were raised that the strategies did not clearly articulate their purpose and were not communicated in an actionable and direct manner which could be used to support investment. Significant updates have been made to all three strategies to focus on key economic growth constraints that have been highlighted during the process to develop the 2023 REDS Update. The changes made:

- create a focus on strengthening infrastructure and service offerings to increase regional amenity;
- reflect a key focus on investing in workforce and local business development in the region, and
- highlight the need to bring investment, businesses and skilled workers to the region.

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

Amended	Strengthen the region’s infrastructure and service offerings to attract and retain businesses, residents and visitors.
Amended	Invest in workforce development and create opportunities for local businesses to invest and grow.
Amended	Actively pursue opportunities to bring investment, businesses and skilled workers to the region.

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
Strengthen the region's infrastructure and services offering to attract and retain businesses, residents and visitors.	Services	Leverage recent investment in sporting and entertainment infrastructure and investigate the opportunity for a regionally significant sports sub-hub that complements objectives in the Hunter Regional Sport and Active Recreation Plan.	MidCoast Council; Office of Sport; Destination NSW; Destination North Coast NSW	High-quality sporting and recreational infrastructure, alongside a strategic location accessible to major centres, places the region in a strong position to grow as a sporting events hub.
	Government, regulation and information	Work with council to identify and activate potential areas of demand for urban release, accounting for enabling infrastructure to support council in their delivery of utilities and services.	Department of Planning and Environment (DPE); MidCoast Council; Department of Regional NSW (DRNSW)	Poor housing availability in the region is hampering workforce attraction and retention capabilities.
Invest in workforce development and create opportunities for local businesses to invest and grow.	People and skills	Collaborate with education providers and industry, to develop novel, innovative training opportunities, youth development programs and employment pathways.	Training Services NSW, Department of Education; NSW Health; Aboriginal Affairs NSW; MidCoast Council; TAFE NSW; Office of Regional Youth	A skills shortage in the region alongside an unemployment rate which is higher than the NSW benchmark highlights the need to build local workforce capacity.

Strategy	New Enablers		Lead and support	Rationale
<p>Actively pursue opportunities to bring investment, businesses and skilled workers to the region.</p>	<p>Government, regulation and information</p>	<p>Work with local businesses and state government to identify and overcome barriers to business growth, including by identifying gaps in critical enabling infrastructure such as energy transmission and digital connectivity.</p>	<p>DRNSW; MidCoast Council; DPE; EnergyCo; NSW Telco Authority</p>	<p>Remove current barriers for businesses to expand operations.</p>
	<p>Government, regulation and information</p>	<p>Partner with Aboriginal and art community leaders in the region to build business skills and diversify the visitor economy offering.</p>	<p>DRNSW; MidCoast Council; Office of Aboriginal Affairs; Create NSW; Registered Arts Development Organisations (RADO); Destination NSW; Destination North Coast NSW</p>	<p>The region is home to a wealth of cultural heritage endowments, which can be leveraged to create economic opportunities for the local Aboriginal population.</p>

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