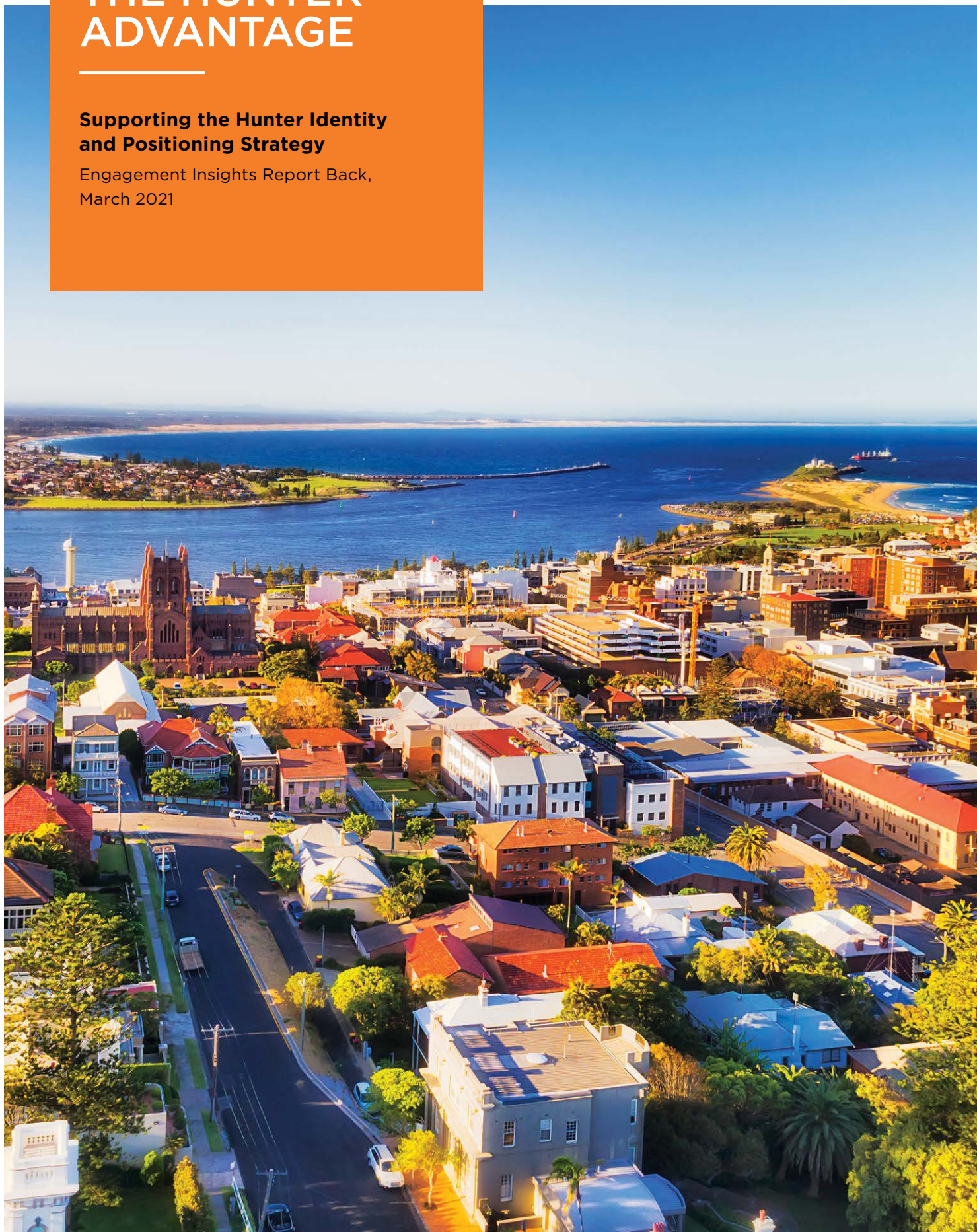


THE HUNTER ADVANTAGE

Supporting the Hunter Identity and Positioning Strategy

Engagement Insights Report Back,
March 2021



UNDERSTANDING THE HUNTER ADVANTAGE

The *Hunter Identity and Positioning Strategy* is a collaboration between the Hunter and Central Coast Development Corporation and the Department of Regional NSW.

To assist the development of the strategy, Astrolabe Group were engaged to work with stakeholders to explore the **Hunter's economic advantages**. Over 60 government and industry stakeholders collaborated to identify industry sectors to be prioritised for investment using the Hunter RDA's *Smart Specialisation Strategy* as a base.

This sector validation approach supports the definition of areas of advantage that can be used to develop a focussed industry attraction narrative for the region to be included in the strategy and its implementation.

A full report, The Hunter Advantage, was prepared following the research and consultation phase. This *Companion Report* provides key insights for stakeholders around the prioritisation of sectors.

About the Hunter Identity and Positioning Strategy

This work forms part of Phase 1 of the wider Hunter Identity and Positioning Strategy. The development of the strategy is on going with completion expected in mid-late 2021.

For more information on the Strategy, please contact:

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THE HUNTER ADVANTAGE STORY

Initial research by the Hunter and Central Coast Development Corporation and the Department of Regional NSW identified three pillars to inform a new brand to build the Hunter Advantage. This narrative will unite and galvanise the Hunter region, attract investment and promote the region to the world, showcasing the Hunter's advantage through the pillars of **lifestyle**, **study** and **invest**.

Lifestyle

The Hunter offers an enviable quality of life, good access to services and amenity, transport connections and exceptional natural environment. These attributes, supported by affordable living, provide a solid foundation for attracting and retaining residents.

Underpinned by:

- Central location with Greater Newcastle as a global gateway city
- Good access to services and amenity
- Events, attractions and entertainment
- Relative affordability when compared to Greater Sydney.

Study

This pillar reflects the strengths in anchor institutions and seeks to partner with the University of Newcastle, TAFE NSW, Nihon University, industry specialisations and other education and training providers to attract and retain talent. Beyond students, this pillar supports research and development and ensures the region's labour market is skilled to deliver for industry and the community and provides a reason to attract and retain young workers.

Underpinned by:

- Expansion of existing and arrival of new institutions underway
- Emerging links between educational institutions and R&D opportunities
- Educational strengths in industries including energy, creative industries, health, agribusiness and equine studies.

Invest

As Australia's largest regional economy, contributing over \$34.7 billion to the NSW economy, there are agglomeration opportunities and supply chain benefits as well as strong confidence in the region. With greater investment, the region can leverage the skills, expertise and infrastructure to create enterprise, high value jobs, products, and services. Focus is required to identify which industry sectors to incorporate into the brand, with a bias towards non-population serving sectors where organic growth will occur without intervention.

Underpinned by:

- A skilled workforce is already available with specialties in STEM and increasingly, innovation
- Scale and opportunities for agglomeration.



Figure 1:
The Hunter region and strategic centres, as identified by the Hunter Regional Plan 2036.

When considering a regional narrative for the Hunter, comparative economic advantage must reflect what is happening within the region and how that compares to other regions.

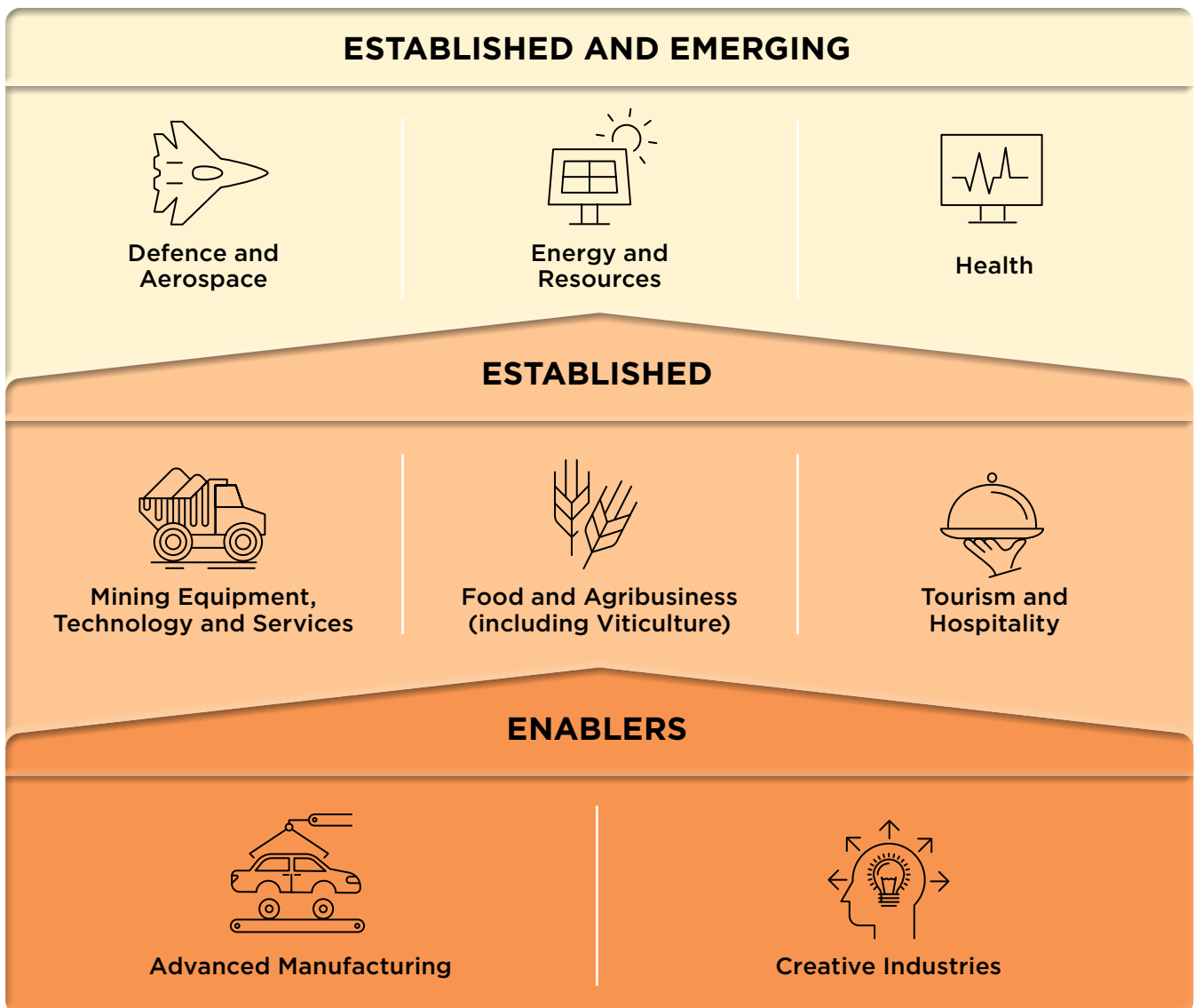
Areas of comparative advantage to elevate identified are:

- Comparative advantage in **defence and aerospace** – with the RAAF base at Williamstown critical to Australia’s air combat capabilities, supported by a concentration of prime defence contractors, an established value chain, and the future Williamstown Special Activation Precinct.
- Future **energy and resources** – in part based on non-resource related advantages (infrastructure, logistics, customers, talent), can drive the nation’s energy transition and is already leading research, testing and trialling of alternative energy sources, including solar, wind, biofuels and hydrogen.
- The alignment of **health and education** can lead outcomes for regional NSW – with similar infrastructure to Sydney’s health and education precincts in a comparatively cheaper and easier location.
- Established reputation for innovation – fostering and supporting the enabling capabilities of **advanced manufacturing** and **creative industries** is central to the narrative and will support ongoing competitiveness in the **mining** and **agribusiness** sectors.
- The region’s tourism platform is varied, with the Hunter Valley an internationally renowned destination. Newcastle Airport and the Port of Newcastle offer an international and domestic gateway, with their potential for tourism yet to be fully realised.

THE HUNTER ADVANTAGE PRIORITY SECTORS

Eight industry sectors have been identified for incorporating into the regional brand – excluding population serving sectors where organic growth will occur anyway. These are:

- Established and emerging regional opportunities in industries experiencing rapid change
- Established industries which will continue to support regional growth as the sectors adapt and change
- The Hunter's enablers, which support opportunities across the region regardless of industry sector.



The co-existence of these sectors within a regional offering is a point of difference for the Hunter, enabling a cross-pollination of skills and capabilities and resilience against economic downturns in single sectors.

SUMMARY OF PRIORITY SECTOR INSIGHTS

PRIORITY SECTOR: Established and Emerging



DEFENCE AND AEROSPACE

- Long-standing role supporting Australia's defence sector, home to key RAAF and Army bases, with leading capability in services and maintenance of technologies for defence and aerospace industries.
- Specialisation and expertise across the defence value chain. Clustering of key defence primes (including BAE Systems and Lockheed Martin) with an emerging SME base supported by the Hunter Defence Taskforce.
- NSW's largest air force base at Williamtown, directly employing 4,500 people and supporting numerous related industries. Home base for over 60 aircraft – including F35 Joint Strike Fighters, Hawk 127, and E-7A Wedgetail squadrons.
- Research, development and innovation clustering at Williamtown. The Astra Aerolab technology park, funded by the NSW Government, is Australia's newest defence and aerospace precinct. A further \$5 million committed to establish a Special Activation Precinct (SAP) at Williamtown expected to bring more than 5,000 direct jobs.
- Leading research capabilities in defence and aerospace with strong industry collaboration, headlined by the University of Newcastle and Williamtown Aerospace Centre. Specialised study opportunities are offered at the University of Newcastle and Hunter TAFE, preparing for future generations in defence and aerospace.



ENERGY AND RESOURCES

- Globally renowned expertise in energy and resources sector, and extensive energy and power distribution networks. The Hunter generates over 44% of power needs for NSW, including coal-fired power stations operated by Origin Energy and AGL.
- Newcastle is the world's leading coal export port, exporting 158 million tonnes of coal valued at \$18.5 billion in 2020. The coal supply chain is well connected to regional, national and international markets through road and rail, Port of Newcastle and Newcastle Airport.
- Diversification from traditional energy sources to renewable sources driven by industry-leading research at the CSIRO Energy Centre and the University of Newcastle's Newcastle Institute for Energy and Resources (NIER).
- Alternative energy including plans for two of the world's largest battery projects (Eraring and Kurri Kurri) and the Hunter's selection to develop Australia's hydrogen supply chain. Human resources including 2,200 people directly employed in power generating industries. The Hunter also has an existing talent pool in energy processes and procedures, with experience in operating environments and managing high voltage assets.



HEALTH

- Growth will occur in population serving health sectors as the region grows. Health Care and Social Assistance is the largest employer, making up 15.5 percent of the Hunter's total workforce in 2020. This sector is projected to have the largest growth by industry in the Hunter in the short-term: 12% growth projected to May 2024.
- Population ageing will continue. The cohort with the largest growth rate in the Hunter is the 65+ age group, projected to grow by 37% to 2041. This is an opportunity to leverage through "living labs" for research and further opportunities with private health care providers.
- A \$780 million NSW Government commitment to establish the John Hunter Health and Innovation Precinct including upgrading John Hunter Hospital and Children's Hospital. Stage 1 works are underway and concept design for Stage 2 prepared.
- Research and innovation, led by the Hunter Medical Research Institute (HMRI), research expertise at the University of Newcastle and the Hunter's National Centre of Excellence for Health and Education supports role as a fast mover in medical technologies and pharmaceuticals – one of the Federal Government's Industry Growth Centres.
- The Health sector can co-design and co-deliver innovation alongside the other industry sector specialisations in the Hunter. For example, in a rapid response to COVID-19, local engineering company AmpControl developed a low-cost back-up ventilator solution.

PRIORITY SECTOR: Established Industries



FOOD AND AGRIBUSINESS (INCLUDING VITICULTURE AND EQUINE)

- The Hunter produced \$628 million of regional produce in 2017-18, primarily from cattle, milk and poultry and leads NSW regional output in commercial fisheries and aquaculture, eggs, milk and cultivated turf.
- Significant agribusiness - in 2016 there were over 3,500 agricultural businesses in the region, delivering almost \$950m million in wholesale value.
- A cluster of allied agribusiness research, training and industry collaboration, including UON, NIER, CSIRO, NSW Department of Primary Industries, TAFE, and Tocal Agricultural College.
- Integration of agribusiness in tourism and lifestyle sectors. Despite producing just two percent of the State's grapes, the region is internationally renowned for its wine industry. The Hunter Valley has more wineries and cellar doors than any other wine region in Australia creating a significant tourism, function and hospitality economy which supports business diversity and resilience.
- The space to size and scale enables new and emerging market opportunities, such as intensive agriculture and food processing. This can support expanding existing industries (dairy, beef, cereals, oil seeds, wine and equine), and exploring emerging (industrial hemp, protected cropping) and new (processing plants) industries.



MINING EQUIPMENT, TECHNOLOGY AND SERVICES

- Short-term, mining will be the most important contributor to the Hunter economy, buoyed by strong international coal demand. The Port of Newcastle is the premier coal port in the world, with expertise in logistics and distribution.
- Today's mining industry is knowledge intensive with rising rates of R&D and innovation. As the region divests from coal-fired power generation, knowledge and skills can be transferred to the broader energy sector and other industries. The Hunter's Mining Equipment, Technology and Services (METS) sector is worth \$15 billion and is the third largest in Australia.
- Significant research capability in METS, led by NIER, supports innovative research in minerals and mining, next generation energy, energy storage, energy management, smart energy integration and resources production and distribution.
- METS is one of six Industry Growth Centres identified by the Federal Government. The region has a supporting ecosystem of skills and talent across the METS value chain – extraction, logistics, and site rehabilitation – coupled with advanced manufacturing capabilities.
- An existing ecosystem to innovate, and SMEs that can start up and scale up. The advanced manufacturing capability will develop technology to drive sustainability and innovation in the mining sector. Ai Group's Hunter Manufacturing Innovation Cluster and HunterNet provide support for industry and help facilitate competitiveness and innovation.



TOURISM AND HOSPITALITY

- Existing assets – including the natural environment – can be leveraged for increased visitation and to support study and migration campaigns. Tourism injected nearly A\$3 billion into the region in the year ending June 2019, on the back of a steady 4.2% annual increase in visitor numbers since 2010.
- Proximity to Greater Sydney makes the region popular for daytrips. In 2019, the Hunter was ranked second in Regional NSW for international visitors, second for domestic overnight visitors and second for domestic daytrips. Until international travel resumes, the domestic market is the primary focus.
- The Hunter Valley is the region's premier tourist destination, and the most visited wine region in Australia. The region also offers a variety of visitor experiences, including environmental tourism at Port Stephens, lively and historical Newcastle City Centre, surf beaches along the coast and eclectic villages.
- Major annual events include the Hunter Valley Food and Wine Festival, V8 Supercars in Newcastle, Surfest in Newcastle, live music events at Hunter Valley wineries, supported by a busy conference and wedding offer and boutique festival experiences.
- As international travel resumes the Hunter can grow its share of international tourist visitation – facilitated by upgrades to Newcastle's global gateways including increased capacity at Newcastle Airport and cruise ships at the Port of Newcastle.

PRIORITY SECTOR: Enabling Capabilities



ADVANCED MANUFACTURING

- Priorities include improving links to international markets and access to global supply chains and increasing connections between research and industry.
- Advanced manufacturing contributes \$2 billion to the NSW economy and is second only to Greater Sydney. The Hunter's advanced manufacturing sector comprises almost 2,000 businesses and employs 19,656 people across mining, defence, chemical processing, construction and energy generation and distribution.
- A maturing innovation and research ecosystem is supported by specialised University and vocational education offerings, leading research facilities in NIER, the HMRI, and CSIRO's Energy Centre, smart cities infrastructure, and robust support from the Hunter Business Chamber, HunterNet, Hunter iF and Ai Group. There is close alignment to the defence and aerospace industry. Developing advanced manufacturing, defence and aerospace hubs is a key direction of the *Hunter Regional Plan 2036*.
- The 2018 *NSW Advanced Manufacturing Industry Development Strategy* lists emerging industry sectors that will require advanced manufacturing capabilities, including construction, defence, aerospace, medical technologies, food and beverage manufacturing, transport and mobility, energy technology and creative industries. The Hunter is well placed to build its capability across a number of these.
- The challenge for the Hunter is to host advanced manufacturing supply chains. Opportunities will stem from industry-research collaboration at NIER and the CSIRO Energy Centre and the potential to scale and make things that are invented locally.



CREATIVE INDUSTRIES

- Newcastle's post-industrial transition is anchored by creative industries and the innovation economy.
- The largest concentration of people employed in the creative industries in regional NSW - accounting for one in four creatives. The 2019 Hunter Creative Industries report identified more than 6500 people were employed across the arts, design, the media and information technology sectors and contribute close to \$1 billion in gross regional product.
- University of Newcastle launched its School of Creative Industries in 2017 with new facilities planned for at the University's City Campus. TAFE NSW's Hunter Street campus specialises in fine arts training and is home to the Newcastle Art School and Newcastle Film School.
- The unified Hunter brand will rely on creative industries to create a compelling and distinct lifestyle and tourism offering. Creative industries are important contributors to vibrant communities, the expression of Hunter values and essential for sustainable economic diversification.
- New opportunities are emerging through a focus on smart cities and innovation, driven primarily by Newcastle and Lake Macquarie Councils, providing supporting infrastructure and growth for high tech SMEs.

Acknowledgement of Country

We acknowledge the Traditional Custodians and First Peoples of this Land and pay our respects to Elders, past, present and emerging.

About Astrolabe Group

We create change with empathy.

Astrolabe Group is a change management consultancy delivering strategic services to clients across all tiers of government, industry, universities, not for profit and peak bodies.

We are recognised experts at helping clients build clarity and consensus across diverse stakeholders in the planning of sustainable and resilient cities.

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