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The Hunter Region: An Economic Profile

by John Wilkinson

1 INTRODUCTION

According to the Hunter Valley Research Foundation, "One of the most significant events which occurred in the Hunter Region…was the closure of the BHP steelworks in 1999".[1] Although this closure might have signalled a period of economic adversity for the region, in fact the Hunter has witnessed a rise in its fortunes since that time. Whereas when BHP Steel closed the unemployment rate in the Hunter region was 10.4%, by September 2011 the unemployment rate had fallen to 4.6%.[2]

This e-brief presents a survey of the region, with a focus on the areas of activity that are now the main sources of employment.

2 THE REGION – URBAN AND RURAL PROFILE

2.1 Urban areas

The Hunter Region is divided into the urban areas, based around Newcastle and Lake Macquarie, and the remaining semi-rural and rural areas.

Together, Newcastle, which is the regional centre, and the Lake Macquarie local government areas (LGA's) have 54.8% of the region's total population. Lake Macquarie has the largest of the two urban populations, as can be seen in the table below:

Lake Macquarie and Newcastle Populations: 2010[3]

Lake Macquarie	200,894
Newcastle	156,112

2.2 Rural and semi-rural areas

The nine non-metropolitan LGAs of the region – Cessnock, Dungog, Gloucester, Great Lakes, Maitland, Muswellbrook, Port Stephens, Singleton and Upper Hunter – collectively comprise 45.2% of the population in the Hunter. Their individual populations are as follows:

Rural and semi-rural Population Profile (2010)[4]

Maitland	70,296
Port Stephens	67,825
Cessnock	51,706
Great Lakes	35,924
Singleton	24,182
Muswellbrook	16,676
Upper Hunter	14,198
Dungog	8,673
Gloucester	5,181

Hunter Statistical Division

Source: ABS, *Regional Statistics, New South Wales*, 1362.1, 2004

2.3 Geographical and Commercial Features

The geographical and commercial features of the 11 LGA's in the Hunter region can be summarised as follows:

Lake Macquarie: Lake Macquarie LGA occupies an area of 780 square kilometres. In 2007, 12,000 businesses were located within its boundaries.[5]

Newcastle: Newcastle LGA covers an area of 183 square kilometres. It has 80% of the region's office space and 30% of the region's industrial space.[6] In 2007 there were just over 11,300 businesses in Newcastle.[7]

Maitland:. Maitland LGA occupies an area of 392 square kilometres. It hosts at least three industrial estates (Anambah, Rutherford and Thornton). Various residential property groups have plans to build around 5,000 new dwellings.[8] 4,263 business were based in the Maitland LGA in 2007.[9]

Port Stephens: Port Stephens LGA covers an area of 979 square kilometres. The area has traditionally been a tourist destination, with about 612,000 visitors travelling there each year. Port Stephens LGA also hosts the RAAF base at Williamtown. In recent years Port Stephens LGA has witnessed the arrival of major industrial activity, such as the Rio Tinto/Pechiney aluminium smelter at Tomago and BAE Systems at Williamtown.[10] In 2007 there were 4,428 business in the Port Stephens LGA.[11]

Cessnock: Cessnock LGA occupies an area of 1,966 square kilometres. It has large areas of grazing land and vineyards. Cessnock has 4,500 acres planted with vines and hosts vineyards such as McWilliams and Rosemount. It also hosts the Hydro aluminium smelter at Kurri Kurri.[12] 2,265 businesses were operating in the Cessnock LGA in 2007.[13]

Great Lakes: Great Lakes LGA covers an area of 3,376 square kilometres. It extends over an area north of Newcastle and includes the population centres of Hawks Nest (in the south) and Forster (in the north). Like Port Stephens, the area has traditionally been a tourist destination.[14] 16% of jobs in the Great Lakes LGA are in retail, and 13% of jobs are in the tourism related sectors of accommodation and food services.[15] In 2007, 2,652 businesses were located in Great Lakes LGA.[16]

Singleton: Singleton LGA occupies an area of 4,893 square kilometres. It has traditionally been a centre for primary production, with beef cattle properties, dairy farms and vineyards. Coal mining has also had a long history in Singleton. Currently, coal mines are operated by Rio Tinto (Warkworth and Mt. Thorley) and by Xstrata (Ravensworth). According to Umwelt (Australia), in 2010 there were "16 mining operations based in Singleton..[making] it the biggest producer of coal in NSW."[17] 31% of jobs in Singleton are in coal mining.[18] 1,914 businesses were based in the Singleton LGA in 2007.[19]

Muswellbrook: Muswellbrook LGA covers an area of 3,405 square kilometres. Traditionally the main activity in the area has been primary production, which includes hosting 26 stud farms.[20] In recent decades Muswellbrook has seen the arrival of power generation and coal mining. The Liddell and Bayswater power stations (currently owned by Macquarie Generation) were opened in 1974 and 1985 respectively. There are also major open cut mines in the Muswellbrook LGA. Anglo-American operates the Drayton mine; Rio Tinto and Wesfarmers run the Bengalla mine; BHP operates the Mount Arthur mine; and Xstrata runs the Mangoola mine.[21] 17% of jobs in the Muswellbrook LGA are in coal mining.[22] In 2007 there were 1,056 businesses in the Muswellbrook LGA.[23]

Upper Hunter: Upper Hunter LGA covers an area of 8,050 square kilometres. It is a rural area based on the town of Scone. Although it extends into the Muswellbrook LGA, it is the Upper Hunter area which is the main base for the region's thoroughbred industry. 70% of Australia's thoroughbred foals are produced in this area, in which there are around 65 stud farms.[24] There are also a number of beef cattle properties.[25] 1,548 businesses were operating in the Upper Hunter in 2007.[26]

Dungog: Dungog LGA covers an area of 2,251 square kilometres. The area is based on agriculture, grazing and timber.[27] 22% of the jobs in the Dungog LGA are in agriculture, forestry and fishing.[28] In 2007 there were 942 businesses in the Dungog LGA.[29]

Gloucester: Gloucester LGA occupies an area of 2,952 square kilometres. 19% of the jobs in the Gloucester LGA are in agriculture, forestry and fishing.[30] 717 businesses were based in the Gloucester LGA in 2007.[31]

2.4 The Hunter and the Sydney Greater Metropolitan Area

For planning purposes, five LGAs in the Hunter are part of the Sydney

Greater Metropolitan Area. In 1993 the Fahey Government released *Sydney's Future: A Discussion Paper on Planning the Greater Metropolitan Region*. The paper foreshadowed the integration of Newcastle and Wollongong into a Great Metropolitan Region, declaring that:

> Newcastle and Wollongong, as a result of improvements to transport links over the last twenty years, and generally closer economic integration, now have a much closer functional interrelationship with Sydney…It is no longer appropriate to plan for Sydney as the only focus of the region.[32]

3 ECONOMIC HISTORY OF THE HUNTER REGION

3.1 Grazing and Coal Mining in the 19th Century

Traditionally, the principal industries in the Hunter were coal mining, sheep and cattle grazing and wine production. Coal mining and grazing were accelerated by the formation in 1824 of the Australian Agricultural Company (AAC). The AAC not only received a grant of 1,000,000 acres, based on the maritime facilities at Port Stephens, but was given the right to mine coal. This resulted in the discovery of the Borehole Seam (in inner Newcastle), in 1848, from which (over 50 years) 140 million tons of coal was produced.

Wine production developed from the 1840s onwards when the Hunter River Vignerons Association was formed.[33]

3.2 Manufacturing and Power Production in the 20th Century

In 1910 James McGowen's newly elected ALP State Government decided that NSW should have a steelworks. Rather than setting up a government run steelworks, as his Party had urged him to do, McGowen induced BHP, then a mining company, to engage in steel making. Because of its access to coal, Newcastle was chosen as the site and the works opened in 1915.[34]

Thirty five years later, the McGirr Government established the Electricity Commission of NSW (ECNSW). From the 1950s, the ECNSW took advantage of the Hunter coal deposits to establish a series of power stations in the region, including Wangi Wangi (1957) Vales Point (1963), Munmorah (1970), Liddell (1974), Eraring (1982) and Bayswater (1985).[35]

As electricity production expanded, aluminium smelting (which uses large amounts of electricity) was encouraged into the region. Alcan Australia established the Kurri Kurri smelter in 1969 (currently owned by Hydro of Norway) and Rio Tinto (in association with Pechiney of France) established the Tomago Smelter in 1983.[36] In 2008 these two smelters produced just over 30% of all aluminium made in Australia. Tomago produced around 525,000 tonnes a year and employed around 1,200 people; Kurri Kurri produced around 160,000 tonnes a year and employed about 500 people.[37] Although BHP closed in 1999 and divested itself of its steel making operations, OneSteel (which emerged from the divestiture) employed 2,000 people when it began operations in 2002.[38]

3.3 Government assistance for the Hunter since the 1990s

In the early 1990s the Keating and Greiner federal and State governments respectively jointly raised $175 million for the redevelopment of the Honeysuckle railway marshalling yards, next to the Hunter River. The federal funding was provided through the Building Better Cities or BBC program. The aim of the project was to stimulate employment in the property and business services industry. In 2009 the Hunter Development Corporation reported that Honeysuckle:

> is now home to the headquarters of NIB Health Fund, Sparke Helmore Lawyers, PricewaterhouseCoopers, Hunter Water Corporation, Buildev Group, JSA Financial Services, GHD Consulting and a range of government departments.[39]

Government assistance has also been provided for manufacturing. In 1997, when BHP announced that it would eventually be closing down its steel making operations, the Howard Government announced that it would contribute $10 million to the Newcastle Structural Adjustment Fund (NSAF), which was to be administrated by the NSW Department of State and Regional Development. At the same time, the Carr Government announced that it would provide $10 million for a Hunter Advantage Fund (HAF).

The NSAF was used mainly for development projects, such as an upgrade to the Williamtown Airport. The HAF was used to assist firms wanting to relocate and/or establish in the LGAs of Newcastle, Lake Macquarie, Maitland, Cessnock and Port Stephens. Between the late 1990s and the present day, a number of manufacturing firms have been assisted, such as: Banlaw; Civilbuild Precast; Kemp Australia; Morris Technological Group; Nupress Tools; Schenk Australia; and Walltech Group.[40]

3.4 Diversification of the Hunter economy 1950-2011

A theme explored by the Hunter Valley Research Foundation in its 2011 paper, *Diversification of the Hunter Economy – Post BHP*, is the structural change that has occurred over the past few decades, away from the dominance of primary and secondary industries (mining, agriculture and manufacturing) towards the growth of the tertiary or services sector. According to the Hunter Valley Research Foundation:

> One key factor contributing to the strong improvement in the economic climate in the Hunter during recent years has been the painful, but unavoidable, structural changes made in the past. These structural changes included significant job cuts in manufacturing (e.g. in the BHP plant), accompanied by a strong shift in employment share towards the tertiary sector. This led to the achievement of an advanced stage of economic diversification.[41]

4 KEY ECONOMIC FACTS AND FIGURES

4.1 Value Gross Regional Product

The last available figure for Hunter region gross regional product (GRP) was 2006-07, when GRP amounted to $28.4 billion: 8% of NSW gross State product.[42]

4.2 Business Entries and Exits

In 2007 there were over 43,000 businesses in the Hunter. The figures for concerns operating in the region, as well as for business entries and exits, were as follows:

Businesses Active in the Hunter Region (plus Entries/Exits): 2007[43]

Total Businesses	43,512
Entries	6,894
Exits	6,180

4.3 Employment and unemployment

In late 2010 the following numbers of people were employed in the Hunter region, compared to the number of unemployed:

Employed/Unemployed (November 2010)[44]

Employed	318,300
Unemployed	13,700

By August 2011 there were 321,723 people employed in the Hunter region.
As noted, in September 2011 the unemployment rate was down to 4.6%.[45] In fact, from September 1999, when BHP closed its steel works, there has been a reasonably steady decline in the region's unemployment rate.

Unemployment Rate (September 1999 – September 2011)[46]

Year	Hunter	NSW	Australia
1999	10.4	6.6	7
2000	7.8	5.2	6
2001	10.1	6.3	6.9
2002	6.7	6	6.4
2003	5.8	5.7	5.8
2004	7	5.1	5.4
2005	6.1	5.4	5
2006	5.7	5.3	4.7
2007	4.2	4.7	4.2
2008	4.1	4.9	4.3
2009	4.4	5.4	5.7
2010	4.2	5.1	5.1
2011	4.6	5.4	5.2

The Hunter Valley Research Foundation further reported in September 2011 that the data shows a "strong downward trend in unemployment amongst 15 to 19 year olds…". As the Foundation noted, "Youth unemployment is a key indicator of the economic performance of the Region, as well as its social wellbeing".[47] In fact, it is reported that youth unemployment is high in Newcastle (22.9%) but much lower in the remainder of the Hunter (4.7%).

4.4 Employment by Sector

As noted, in August 2011 there were 321,723 people employed in the Hunter region. The breakdown of employment by industry for Newcastle, and for the Hunter (excluding Newcastle) can be set out separately, as follows.

Newcastle Employment: August 2011[48]

Health Care/Social Assistance	35,603
Manufacturing	32,758
Retail	28,414
Accommodation/ Food Services	22,999
Building and Construction	20,984
Professional, Scientific and Technical Services	20,381
Education and Training	19,658
Public Administration and Safety	14,729
Other Services	12,777
Transport, Postal and Warehousing	12,632
Mining	10,928
Administrative and Support Services	8,775
Financial and Insurance Services	8,097
Wholesale	7,602
Electricity, Gas, Water and Waste Services	4,716
Rental, Hiring and Real Estate Services	3,934
Information Media and Telecommunications	3,567
Arts and Recreation Services	2,656
Agriculture, Forestry and Fishing	1,473
TOTAL	272,683

Hunter (excluding Newcastle) Employment: August 2011[49]

Mining	5,426
Manufacturing	5,036
Retail	4,720
Health Care/Social Assistance	4,309
Building and Construction	4,159
Accommodation/ Food Services	4,035
Education and Training	3,902
Transport, Postal and Warehousing	2,713
Agriculture, Forestry and Fishing	2,668
Professional, Scientific and Technical Services	2,313
Administrative and Support Services	1,868
Other Services	1,620
Public Administration and Safety	1,459
Electricity, Gas, Water and Waste Services	1,280
Wholesale	1,164
Rental, Hiring and Real Estate Services	1,130
Financial and Insurance Services	723
Arts and Recreation Services	387
Information Media and Telecommunications	128
TOTAL	49,040

4.5 Hunter Employment by industry: State-wide Comparison

Specific industry levels of employment in the Hunter tend to be a reflection of industry-levels of employment across the State generally, as shown in following table:

Employment by Industry (August 2011): % Hunter Region and % NSW Employment[50]

	% Hunter	% NSW
Health Care/Social Assistance	12.4	11.5
Manufacturing	11.7	8.2
Retail	10.3	10.7
Accommodation/ Food Services	8.4	7.3
Building and Construction	7.8	8.1
Professional, Scientific and Technical Services	7.1	8.5
Education and Training	7.3	7.4
Mining	5.1	1.1
Public Administration and Safety	5	5.7
Transport, Postal and Warehousing	4.8	5.6
Other Services	4.5	4.2
Administrative and Support Services	3.3	3.5
Financial and Insurance Services	2.7	4.9
Wholesale	2.7	3.9
Electricity, Gas, Water and Waste Services	1.9	1.3
Rental, Hiring and Real Estate Services	1.6	1.8
Information Media and Telecommunications	1.1	2.3
Agriculture, Forestry and Fishing	1.3	2.5
Arts and Recreation Services	1	1.7

4.6 Employment growth sectors in the Hunter Region 2001-2011

The two approaches to measuring the contribution of industrial sectors to a region's economy are either in relation to the contribution made to Gross Regional Product (GRP), or by the measurement of employment shares for each sector. As acknowledged by the Hunter Valley Research Foundation, "GRP data is difficult to reliably obtain for the Hunter Region". For this reason, employment data is used in this e-brief.

The employment data presented in this section is based on the ABS electronic catalogue *Labour Force: Australia (Detailed Quarterly)*, which provides statistics on employed persons by region and industry. The figures presented show the four quarter average for 2001 and for the period December 2010 to September 2011.

One note to make is that the ABS *Labour Force* publication includes a commentary on the "quality of regional estimates", to the effect that, compared to State and national estimates "estimates for regions are based on smaller samples and are subject to higher relative standard errors".

It can also be noted that the *Labour Force* figures for 2001 differ to the Census figures for that year, sometimes quite substantially. For example, the 2001 Census figure for the retail sector was 36,646, compared to the *Labour Force* average of 29,275. For the agriculture, forestry and fishing sector, the 2001 Census figure was 9,925, compared to the *Labour Force* average of 6,641. While the Census figures may be considered more reliable, with the 2011 Census data as yet unavailable, the decision has been taken to opt for a single data set, namely the *Labour Force: Australia (Detailed Quarterly).*

On that basis, ranked in terms of absolute increase in employment, the biggest growth sectors in the decade from 2001 to 2011 are set out below. Growth in employment is also expressed in percentage terms, with the mining and electricity, gas and water sectors showing the highest growth rates of 109%. As well as identifying the areas of employment growth over the last decade, this section points to the key players and developments in several industries.

***Health Care and Social Assistance**:* The largest increase in employment has been in health care and social assistance.

Employment in Health Care and Social Assistance (2001-2011)[51]

2001	27,650
2011	39,912
Increase	**+12,262 (44%)**

In 2011 the Hunter New England Health Service employed 1,500 medical officers and 14,500 staff. John Hunter Hospital employed around 2,500 staff.[52]

There are also several private hospitals in the region, including: Christo Road Private; Hunter Valley Private; Lake Macquarie Private; Lingard Private; Maitland Private; Newcastle Private; Toronto Private; and Warners Bay Private. Additionally, there are 56 nursing homes and hostels in the region.[53]

***Professional, Scientific and Technical Services**:* There has also been a significant increase in employment in professional, scientific and technical services (the principal component of, what was previously termed, "property and business services").[54]

Employment in Professional, Scientific and Technical Services (2001-2011)[55]

2001	13,300
2011	22,694
Increase	**+9,394 (71%)**

PricewaterhouseCoopers has a branch in Newcastle and there are also a number of prominent regional accountancy firms, such as Addison Partners; Crosbie Warren Sinclair; Cutcher and Neale; Lawler Partners and Prosperity Advisers. Consultancy firms, such as JSA Financial Services and GHD, also have offices in Newcastle.[56]

***Mining**:* In 2008, NSW accounted for 39% of the nation's black coal exports. During 2008-09 coal exports from NSW were worth $15 billion. The increase in employment in mining is equal only to the electricity, gas and water sector.

Employment in Mining (2001-2011)[57]

2001	7,825
2011	16,354
Increase	**+8,529 (109%)**

The increase in jobs has partly been a result of the arrival of Xstrata. After purchasing the Mt. Owen mine from BHP in 1998, Xstrata now operates 13 mines in NSW, including Beltana, Bulga, Mt. Owen and Ravensworth, which together employ around 3,000 people. Older established companies are also active. Rio Tinto employs over 1,800 people at its Bengalla, Hunter Valley Operations (Singleton) and Mt. Thorley mines. BHP employs over 600 people at its Mt. Arthur mine.[58]

***Accommodation and Food Services**:* The increase in employment in the tourism based sector is as follows.

Employment in Accommodation and Food Services (2001-2011)[59]

2001	18,875
2011	27,034
Increase	**+8,159 (43%)**

As mentioned above, the Hunter benefits from having Port Stephens within its boundaries: traditionally attracting around 612,000 visitors each year. In Newcastle and surrounds there are a number of major hotels and guest houses, such as Crowne Plaza Hunter Valley; Grand Mercure The Vintage; Grand Mercure Hunter Valley

Gardens; Peppers Guest House; and the Sebel Kirkton Park.[60]

***Manufacturing**:* A significant increase in employment has also been recorded in manufacturing.

Employment in Manufacturing (2001-2011)[61]

2001	29,850
2011	37,749
Increase	**+7,899 (26.5%)**

Part of the reason for the increase is the continued presence of medium-sized, as well as large-scale, manufacturing in the Hunter. As noted, OneSteel at its inception in 2002 had 2,200 workers.[62] In 2007 the Tomago aluminium smelter employed over 1,000 people, while the Kurri Kurri smelter currently employs around 500 staff. Japan is the biggest customer for Hunter aluminium and imported product to the value of $552 million from NSW.[63]

A number of the medium-sized manufacturing concerns in the region are based in industrial estates. The Cardiff Industrial Park hosts companies such as Downer Engineering and Inghams. Hunter Industrial Park provides the site for Ampcontrol and Volgren. Muswellbrook Industrial Park hosts Bradken.[64]

***Building and Construction**:* Next in terms of employment growth is the building and construction sector.

Employment in Building and Construction (2001-2011)[65]

2001	17,450
2011	25,143
Increase	**+7,693 (44%)**

Over recent years the building and construction industry has been buoyed by a number of major residential projects. These have included: the Royal Newcastle Hospital site (Mirvac and Landcom); North Cooranbong (Johnson Property and Avondale College); Wallarah Peninsula (Stockland); and Huntlee and Branxton (Huntlee Holdings).[66] As noted, in Maitland a number of property developers have plans to build around 5,000 houses.

***Education and Training**:* The employment growth in education and training is set out below.

Employment in Education and Training (2001-2011)[67]

2001	18,300
2011	23,560
Increase	**+5,260 (29%)**

By 2001 the University of Newcastle had taken BHP's previous position as the biggest single site employer in the city.[68] In 2010 the University had 970 academic staff; 1,447 general staff; and 35,501 students.[69] Hunter TAFE is the largest provider of technical and further education in Australia. It is composed of 15 campuses and has 2,500 teachers and 55,000 students.[70] In the combined Hunter/Central Coast area, there are 299 public schools.[71]

***Public Administration and Safety**:* The next largest increase in employment has been in public administration and safety.

Employment in Public Administration and Safety (2001-2011)[72]

2001	11,425
2011	16,188
Increase	**+4,763 (42%)**

A contributing factor to the increase in employment in this sector (which used to be called "government administration and defence")[73] is the large presence of federal defence institutions in the region, the main establishment being RAAF Williamtown. The air base is the primary fighter aircraft base in Australia and handles around 1,000 aircraft movements a week. There are approximately 4,000 personnel stationed at RAAF Williamtown.[74]

Retail*:* As discussed above, if the 2001 Census figure of 36,646 had been used there would have been a decline in employment in retail. Based on the *Labour Force* statistics, however, an increase is recorded, as shown below.

Employment in Retail (2001-2011)[75]

2001	29,275
2011	33,134
Increase	**+3,859 (13%)**

Coles and Woolworths have a substantial presence in the Hunter. Coles has 27 shops, Woolworths 17. Three major shopping centres have either been completed or are nearing completion: Westfield Kotara, GPT's Charlestown Square and Stockland's Green Hills.[76]

Other Services*:* "Other Services" was originally called "Personal and Other Services" and included: funeral services; dry cleaning; hair dressing; courier services; security services; video hire services; and veterinary care for pets.[77] The increase in employment in this sector is shown below.

Employment in Other Services (2001-2011)[78]

2001	10,725
2011	14,397
Increase	**+3,672 (34%)**

Electricity, Gas, Water and Waste Services*:* In 2009 the Hunter region produced 80% of NSW's electricity requirements. Macquarie Generation alone, in 2007, produced the equivalent of 40% of the State's electricity needs. During the same year, Macquarie Generation was the largest domestic purchaser of Hunter region coal. In 2010 Hunter region power generation employed an estimated 2,200 people.[79] Macquarie Generation itself employed 610 people.[80]

Employment in Electricity, Gas, Water and Waste Services (2001-2011)[81]

2001	2,875
2011	5,996
Increase	**+3,121 (109%)**

Financial and Insurance Services*:* Over the past decade this sector has recorded the following increase in employment.

Employment in Financial and Insurance Services (2001-2011)[82]

2001	5,950
2011	8,820
Increase	**+2,870 (48%)**

Transport, Postal and Warehousing*:* Transport, postal and warehousing has seen the following increase in employment.

Employment in Transport, Postal and Warehousing (2001-2011)[83]

2001	12,500
2011	15,345
Increase	**+2,845 (23%)**

There are around 1,700 ship movements through the Port of Newcastle each year, and the Hunter's transport sector gains from the large amounts of coal shipped through the port.[84] Newcastle is in fact the world's largest coal export port. It has three coal terminals. Bart Lucarelli wrote in 2010 that:

> The Kooragang Coal Terminal…[has a] capacity of 77 [million tonnes per annum] and the Carrington Coal

> Terminal…[has a] capacity of 25 [million tonnes per annum]..The two coal terminals…handled 93.0 [million tonnes]…of black coal exports in 2009…[the first stage of] a third coal terminal known as the Newcastle Coal Infrastructure Group (NCIG) Terminal…began operation in late 2010 with an initial coal handling capacity of 30 [million tonnes per annum].[85]

Other sectors: Employment growth in four other sectors over the past decade has been as follows:

Employment in Administrative and Support Services: Hunter Region (2001-2011)[86]

2001	8,125
2011	10,643
Increase	**+2,518 (31%)**

Employment in Wholesale (2001-2011)[87]

2001	7,025
2011	8,766
Increase	**+1,741 (25%)**

Employment in Rental, Hiring and Real Estate Services (2001-2011)[88]

2001	3,375
2011	5,064
Increase	**+1,689 (50%)**

Employment in Arts and Recreation Services (2001-2011)[89]

2001	2,125
2011	3,043
Decrease	**+918(43%)**

4.7 Declining Industries in the Hunter region 2001 to 2011

A decrease in employment over the period from 2001 to 2011 is recorded in two sectors, as follows:

Employment in Information Media and Telecommunications (2001-2011)[90]

2001	4,100
2011	3,695
Decrease	**-405(-10%)**

Employment in Agriculture, Forestry and Fishing (2001-2011)[91]

2001	9,925
2011	4,141
Decrease	**-5,784(-58%)**

As noted, based on the 2001 Census figures, job losses in the agriculture, forestry and fishing sector would have been lower (falling from 6,641 to 4,141). But however calculated some of the decline can be attributed to the decision in 2000 to eliminate price controls for milk. The Howard Government provided $1.7 billion through the Dairy Structural Adjustment Program for dairy farmers to leave the industry.[92]

Forestry has also been in decline in some of the smaller LGAs. Buchan Consulting has written that in the:

> rural LGAs with the smaller populations - Dungog and Gloucester. . .[there] have been some losses in jobs from…industry restructuring…and the decline of the timber industry…[93]

5 CURRENT ISSUES AND FUTURE PROSPECTS

The foregoing discussion suggests that, while some sectors have experienced decline, in employment at least, overall the Hunter region has prospered over the last decade or so. Consistent with contemporary economic trends, the service sector is on the rise, including health care and social assistance, accommodation and food services and education. But so too are the more traditional areas of manufacturing and mining. The mining sector is an example of where direct employment in the industry is supplemented by indirect employment in other sectors, by a factor of 1:4 it is suggested.[94]

One key to the region's success is diversification. Appearing before a budget estimates committee in 2009, the then Minister for the Hunter, Jodi McKay, said that we "weathered closure…of the BHP facility" through the "great deal of work…done in the past 10 years…to diversify". Appearing before a similar committee in 2011, the current NSW Treasurer, Mike Baird, endorsed the strategy of diversification more generally, stating:

> I certainly think that a diversified economy is best open to deal with broad economic shocks. If a particular sector is under pressure, we have commodities, agriculture, services, education, tourism, whatever the mix is, across New South Wales. We have a reasonably diversified economy. That is a basic economic principle that you should be pursuing.[95]

The Hunter region is one embodiment of that broad strategic principle. Of course there are challenges and tensions, as acknowledged by Regional Development Australia Hunter (RDA Hunter) in its Regional Plan 2010-2012. These include challenges associated with population growth, with the pressures this creates for infrastructure, housing and transport. Population ageing presents an added dimension to this issue, with RDA Hunter noting that

> Population growth is generally welcomed in the region but greater balance in terms of age structure would potentially benefit the region, especially if new developments and economic diversification seek a younger work force.

According to RDA Hunter, one source of tension relates to land use:

> Competing demands for land from agriculture and resource exploitation, combined with population growth and urbanisation, and the need for long term water security, are already sources of growing tension in the Hunter.

These tensions are currently evident in the debate over coal seam gas, an industry which could make a significant economic contribution to the Hunter region but the development of which has proved controversial.

This and other issues will remain to be resolved. Overall, however, the portrait presented by RDA Hunter of the region's economy is positive and consistent with the broad theme of the benefits of economic diversification. The report states:

> The Hunter is an important contributor to the wealth and economic stability of the Australian and NSW economies, with the potential to play an even more strategic role to the nation in coming decades. Over the past 20 years the Region has been transformed from one dependent on heavy industry, to a diversified resource, services and business powerhouse. It has a gross regional product – the key measure of regional activity – of $35 billion. This is 9.24 per cent of the NSW total, and nearly three per cent of the national total.

[1] Hunter Valley Research Foundation (HVRF), *Diversification of the Hunter Economy – Post BHP* (HVRF, Newcastle, 2011), p.9.

[2] See ABS, *Labour Force (Historical Time Series): Australia*, ABS Catalogue 6204.0.55.001 (Table 16A – Hunter Statistical Region); ABS, *Labour Force: Australia*, ABS Catalogue 6291.0.55.001 (Table 16 – Hunter Statistical Region).

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